

Indian and Northern Affairs Canada  
Application for Registration

Affaires indiennes et du Nord Canada  
Demande d'enregistrement

Send Two Copies to:

Indian and Northern Affairs  
Indian Lands Registry  
Terrasses de la Chaudière  
Ottawa, Ontario K1A 0H4  
Attention: Registrar of Indian Lands

Envoyer deux copies à:

Affaires indiennes et du Nord Canada  
Registre des terres indiennes  
Terrasses de la Chaudière  
Ottawa, Ontario K1A 0H4  
Attention: Le registraire des terres indiennes

The undersigned hereby requests that the instrument, the particulars of which are set out below, be entered, pursuant to the Indian Act, in the appropriate register of the Indian Land Registry.

Le/La soussigné(e) demande par la présente que le document dont les détails sont indiqués ci-dessous, soit inscrit conformément à la loi sur les Indiens dans le Registre des terres indiennes concerné.

Log # / # au registre	Log Date / Date au registre	Regional File # / # de dossier régional
P42604	2003/May/12	2003-185
dd/mm/yy jj/mm/aa		

NAME OF PARTIES TO INSTRUMENT / NOM DES PARTIES DU DOCUMENT

Grantor / Cédant

Name / Nom

HER MAJESTY THE QUEEN

Grantee / Cessionnaire

Name / Nom

CARRINGTON ROAD HOLDINGS LTD.

Instrument Type / Type de document: LEASE (or / ou Code) 14

Instrument Date / Date du document: 2003/May/05

Purpose / Objet: RESIDENTIAL (or / ou Code) 002

LAND DESCRIPTION / DESCRIPTION DE LA TERRE

Province: BRITISH COLUMBIA

Reserve Name / Nom de la réserve: TSINSTIKEPTUM NO. 9

Crown Land Name / Nom de la terre de la couronne:

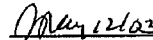
Legal Description - Land Affected /  
Description Légal - Terre:

LOTS 346 AND 347 CLSR PLAN 87445

Remarks / Remarques: SUBJECT TO PERMITS NO. 284601, 284521 AND 284565



( )



Signature of Applicant  
Signature du requérant

Tel. # of Applicant  
# Tél. du requérant

email  
courriel

Date

Return To:

Address:

WESTBANK FIRST NATION  
LANDS DEPARTMENT

Suite 201 515 Highway 975  
Kelowna BC V1Y 3Y2

Indian and Northern Affairs Canada  
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Affaires indiennes et du Nord Canada  
Registre des terres indiennes  
Terrasses de la Chaudière  
Ottawa, Ontario K1A 0H4  
Attention: Le registraire des terres indiennes

Registration Number / Numéro d'enregistrement: 308801  
Registration Date / Date d'enregistrement: May 23/03 and Time / et heure: 11:10 (A.M.) / P.M.  
[Signature]  
Signature of Registration Officer / Signature de l'officier d'enregistrement Date

Comments / Commentaires:  
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Reason for rejection / Raison du rejet  
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\_\_\_\_\_  
Signature of Registration Officer / Signature de l'officier d'enregistrement Date

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**RESIDENTIAL GROUND LEASE**

**Her Majesty the Queen in right of Canada,  
as represented by the Minister of Indian Affairs  
and Northern Development**

**AND**

**CARRINGTON ROAD HOLDINGS LTD.**

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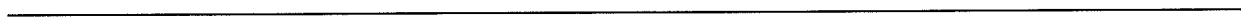
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**INDIAN AND NORTHERN AFFAIRS CANADA**

**RESIDENTIAL GROUND LEASE**

This Lease, effective as of \_\_\_\_\_, 2003,

**BETWEEN:**

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA**, as represented by the  
Minister of Indian Affairs and Northern Development,

(the "Lessor")

**AND:**

**CARRINGTON ROAD HOLDINGS LTD.**, a company duly registered  
under the laws of the Province of British Columbia, having an office at 224,  
1959 152<sup>nd</sup> Street, Surrey, British Columbia, V4A 9E3

(the "Lessee")

**WHEREAS:**

- A. The Lands leased under this Lease are part of Tsinstikeptum Indian Reserve No. 9, which are held for the use and benefit of the Band.
- B. The Lands are in the lawful possession of the Ronald M. Derrickson, Margaret Derickson and Archie Kelly Derrickson who have applied to the Lessor for the Lands to be leased and consented to the terms of the Lease, as evidenced by the consent attached as Schedule "G" to this Lease.
- C. The Lessor is authorized to grant this Lease pursuant to Section 58(3) of the *Indian Act*.
- D. The Lessee has applied to lease the Lands.

**NOW THEREFORE**, with mutual consideration the Parties covenant and agree as follows:

## **1.0 INTENT & INTERPRETATION**

### **1.1 Definitions**

In this Lease, the terms defined in Schedule "A" have, unless otherwise specifically provided elsewhere in this Lease, the meanings ascribed them in that Schedule.

### **1.2 Reference to Sections**

Any reference in this Lease to an article, section, subsection, paragraph or clause will mean an article, section, subsection, paragraph or clause of this Lease unless otherwise expressly provided.

### **1.3 Headings**

All headings in this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit, enlarge, modify or explain the scope or meaning of the Lease or any of its provisions.

### **1.4 Plurality and Gender**

Reference to a Party will be read as if all required changes in the singular and plural and all grammatical changes rendered necessary by gender had been made. All words in the singular will include the plural and vice-versa.

### **1.5 Joint and Several**

If a Party is comprised of more than one Person then all covenants and agreements of that Party will be deemed joint and several.

### **1.6 All Terms are Covenants**

All agreements, terms, conditions, covenants, provisions, duties and obligations to be performed or observed by the Lessee or the Lessor under this Lease will be deemed to be covenants.

### **1.7 Net Lease**

This Lease is to be a completely carefree net lease for the Lessor and notwithstanding anything in this Lease to the contrary the Lessor is not to be responsible during the Term for any costs, charges, expenses or outlays of any nature whatsoever arising from or relating to the Premises, the use or occupancy of the Premises or the business carried on at the Premises.

## **1.8 Governing Law**

This Lease will be governed by and interpreted in accordance with the applicable laws of Canada and of the Province of British Columbia.

## **1.9 Entire Agreement**

This Lease constitutes the entire agreement between the Parties with respect to the subject matter of this Lease and supersedes and revokes all previous negotiations, arrangements, letters of intent, offers to lease and representations. No modifications of the Lease are effective unless in writing and executed in the same manner as the Lease.

## **1.10 Time is of the Essence**

Time is of the essence in this Lease.

## **1.11 Severability**

If any part of this Lease is declared or held invalid for any reason, the invalidity of that part will not affect the validity of the remainder which will continue in full force and effect and be construed as if this Lease had been executed without the invalid portion.

## **2.0 PREMISES & MINERALS**

### **2.1 The Demise**

The Lessor leases to the Lessee, and the Lessee leases from the Lessor, the Lands to have and to hold the Lands during the Term, paying Rent to the Lessor during the Term and subject to the terms, conditions, provisos, exceptions and reservations contained in this Lease.

### **2.2 Minerals**

The Lessor excepts and reserves from the demise all Minerals in, on or under the Lands and retains the right to enter the Premises to prospect and drill for and to work Minerals subject to reasonable notice being provided to the Lessee.

### **2.3 Compensation for Interference**

The Lessor will determine and give a notice of compensation to the Lessee if any compensation is to be paid for interference with this Lease pursuant to section 2.2 Minerals, such compensation to be the sum of the fair market value of the Lessee's interest in the Lease including all Improvements made by the Lessee to the Lands based upon the guidelines for establishing fair market value used by the Appraisal Institute of Canada.

## **2.4 Lessee's Disagreement with Compensation**

If the Lessee disagrees with the compensation as determined by the Lessor pursuant to section 2.3, then the Lessee may, at its expense and within 60 days from delivery of the notice referred to in section 2.3 refer the matter to Federal Court pursuant to section 17 of the *Federal Court Act* for a review of the determination of compensation. If the Lessee fails to refer the matter to Federal Court within the specified time then the compensation will be deemed to be that set out in the Lessor's notice.

## **2.5 No interference with existing Improvements**

Any action taken by Her Majesty relating to prospecting and drilling for minerals shall not interfere with the then existing Improvements on the Lands.

## **3.0 USE OF PREMISES**

### **3.1 Types of Use**

The Lessee may develop and use the Lands for any of the following purposes:

- (1) Subject to section 3.2(1), any form of residential use, including Multi-Family Developments;
- (2) recreation center and common facilities;
- (3) roads, parks, utility structures, and other construction appurtenant to the Development Plan; or
- (4) any purposes ancillary to the above.

all in accordance with and subject to the terms and conditions set out in any Laws, this Lease and other agreement to which the Lessee is a party, and the Lessee will not develop or use or permit to be developed or used the Lands or any portion thereof for any other use or purpose.

### **3.2 Restrictions on Use.** Notwithstanding anything contained in this Lease, the Lessee will not:

- (1) Develop or use any manufactured, mobile, knock-down or trailer homes unless consented to by the Minister in the Minister's sole discretion, provided however that this restriction shall not prohibit use of such facilities as a temporary sales center, which use is expressly permitted.
- (2) Use the recreation center described in section 3.1(2) other than for the exclusive use of residents of the Lands and subject to such recreation center being assessed for taxation purposes as residential and the Lessee not deriving on going revenue from its operation.

**3.3 Restrictions re: Servicing Requirements.** The Lessee will not:

- (a) (i) use, build on or otherwise develop or cause or permit any other person to use, build on or otherwise develop the Lands;
- (ii) make any application to any Lawful Authority to use, build on or otherwise develop or to permit any other person to use, build on or otherwise develop the Lands; or
- (iii) make any application to any Lawful Authority for permission to occupy the Lands or Premises or any portion thereof,

unless and until any requirements of Her Majesty and the Band for the provision of Services and Facilities to and in respect of the Premises have been satisfied. Without limiting the generality of the foregoing or the provisions of any servicing and development agreement with the Band in respect of the Lands:

- (b) no building permit or certificate will be issued in respect of any portion of the Premises unless and until plans for any Services and Facilities required by the Band (including any off-site Services and Facilities) have been approved by the Band and any security required for the completion of such required Services and Facilities pursuant to this Lease or any Law has been provided to the Band; and
- (c) no occupancy permit or certificate will be issued in respect of any portion of the Premises unless and until such required Services and Facilities have been completed in accordance with this Lease and any Law, provided that the Band will act reasonably in considering any request for any occupancy permit or certificate where the essential Services and Facilities have been completed to adequately provide for occupancy and use and the Band has been provided with any security required for the completion of any outstanding Services and Facilities pursuant to this Lease or any Law, such as where seasonal considerations delay the completion of non-essential Services and Facilities.

**3.4 No Vacating or Abandoning**

The Lessee will not vacate or abandon the Premises at any time during the Term without the prior written consent of the Lessor.

**3.5 Access**

The Lessee's obligation under this Lease is specifically subject to access to the Premises by public or private road or right of way being and remaining available during the Term of this Lease and any renewal term, and the Lessor will not unreasonably restrict access for ingress and egress to the Premises.

### 3.6 Quiet Enjoyment

The Lessee, by paying the Rent and observing and performing the covenants in this Lease, may peaceably and quietly possess, hold and enjoy the Premises during the Term without any interruption or disturbance by the Lessor, provided however that the Lessee's use of Lot 347 is non-exclusive and the Lessee expressly agrees subject to the approval of the Lessor, to facilitate the extension of road and utility services to lots adjacent to Lot 347 at no cost to the Landholder.

### 3.7 Other Interests

The Lessor hereby reserves the right to further charge the Lands, or any part thereof, by way of easement, right of way, or restrictive covenant in favour of any Authority and the Lessee agrees, at the request of the Lessor, to expeditiously execute and deliver to the Lessor such instrument as may be necessary to subordinate the Lessee's right and interest in the Premises under this Lease to such charge, provided such charge does not materially interfere with the Lessee's use of the Premises as permitted in section 3.1.

### 4.0 RENT

#### 4.1 Rent to be Paid

The Lessee covenants and agrees to pay the Lessor as Rent during the Term, in lawful money of Canada, without abatement, deductions or set-off, by certified cheque or bank draft in favour of the Receiver General for Canada or if permitted or required in writing by the Minister, by certified cheque or bank draft in favour of such other person or at such place as may from time to time be designated by the Minister.

4.1.1 The Lessee will pay as Rent the following amount in the manner hereinafter provided.

4.1.2 Rent will consist of Minimum Basic Rent, Additional Rent and Option Rent as follows:

- (a) **Minimum Basic Rent** - Rent ("Minimum Basic Rent") shall be payable in the amounts and pursuant to the time period commencing from the Commencement Date described in Schedule H (the "Rent Schedule"), and:
- (b) **Additional Rent** - Additional Rent ("Additional Rent") shall be calculated and payable as follows:
  - i) Interest on the Minimum Basic Rent shall be calculated at six percent (6%) per annum compounded semi-annually not in advance from the Commencement Date to the date of payment and paid not later than the payment date in the Rent Schedule; and

- ii) multiplying the number of residential units approved by the Band to be constructed by the Lessee in a Phase by Twelve Thousand One Hundred Seventy-Six Dollars (\$12,176.00) less Seventy-Three Thousand Dollars (\$73,000.00) for each acre or portion thereof comprising the respective Phase (Density Rent). Interest shall be calculated on the Density Rent from the Commencement Date to the date of payment herein, calculated in accordance with section 4.1.2(b)(i). Density Rent (if any) shall be payable with respect to each Phase within fifteen (15) days of Band approving the density for a given Phase.
- (c) **Option Rent** – The Lessee may, at its unilateral option, extend all payment dates except Payment No. 1 set forth in Schedule “H” by six months by making a one time payment of Fifty Thousand Dollars (\$50,000.00) (the “Optional Rent”), provided that such extension may only be exercised on or before the fifth payment date under the Rent Schedule (the “Exercise Date”). Each of the payment dates under the Rent Schedule following the Exercise Date shall be automatically extended by the same six (6) months. The Lessee acknowledges that this Option Rent is in addition to the Minimum Basic Rent and Additional Rent.

4.1.3 Rent may, at the option of the Lessee, be prepaid at any time without notice after the Commencement Date subject to the currency of the Lease. Any payment of Rent beyond the minimum Payment Amount shown on Schedule “H” in any year from and including the Commencement Date in the Rent Schedule will be credited against minimum Rent Payment Amounts in subsequent years described in Schedule “H”.

4.1.4 Payment by the Lessee of the minimum Payment Amount described in Schedule “H” shall entitle the Lessee to develop in accordance with the Development Plan one or more Phases comprising at least the Minimum Acres described in Schedule “H” and to apply to the Band for approval to construct thereon residential units for sale to a Sublessee.

## 4.2 Payment over to Beneficiary

4.2.1 The Lessee acknowledges and agrees that:

- (1) any Rent paid to the Lessor will have been paid over to the benefit of the Landholder and will not be available to be refunded to the Lessee;
- (2) the Lessee will have no right to a refund of, and the Lessor will not be liable to the Lessee for refunding, any Rent in the event of termination of this Lease;
- (3) the Lessee will have no right of set off or deduction of Rent against sums alleged by the Lessee to be due to it from the Lessor.

### **4.3 Damage, Loss, or Expense**

4.3.1 If at any time before or after the expiration or earlier termination of the Lease the Lessor suffers or incurs any damage, loss or expense by reason of any failure of the Lessee to perform or observe any of the Lessee's covenants or makes any payment for which the Lessee is liable under this Lease, or if the Lessor is compelled or elects to incur any expense (including, without limitation, legal fees in instituting, prosecuting or defending any action or proceeding instituted by reason of any default of the Lessee under this Lease, including any action or proceeding against the Lessee), then in every such case the amount of damage, loss, expense or payment (including legal fees of the Lessor on a solicitor-client basis), together with interest, will be expeditiously paid by the Lessee to the Lessor on notice from the Lessor and be recoverable in the manner provided by law for the recovery of Rent in arrears.

### **4.4 Arrears to Bear Interest**

4.4.1 If the Rent or any other sum owing by the Lessee to the Lessor under this Lease is not paid within 30 days from the date on which it is due then it will bear interest at the rate established from time to time by the Treasury Board of Canada for Indian moneys held in the government of Canada's Consolidated Revenue Fund, calculated quarterly and compounded semi-annually, plus 2.5%, from the date the Rent or the sum is due until the date of the payment by the Lessee. This stipulation for interest will not prejudice or affect any other remedies of the Lessor under this Lease or otherwise, or be construed to relieve the Lessee from any default in making the Rent payment at the time and in the manner specified in this Lease.

### **4.5 Designation of Prepaid Lands**

4.5.1 Upon payment of an installment of Minimum Basic Rent and Additional Rent as applicable the Lessee or a Mortgagee or Lessee Corp. acting pursuant to section 21.12 shall be entitled to designate a portion or portions of the Land for which payment has been made as Prepaid Lands.

## **5.0 RECORDS**

### **5.1 Lessee to Retain Documents**

The Lessee will retain all documents or records pertaining to any expenditure made by or on behalf of the Lessee with respect to the Premises for five years after the end of the year in which the expenditure was made.

### **5.2 Lessee to Deliver Documents**

The Lessee will, upon written request by the Lessor and within 15 days of such request in the case of documents or records of the Lessee and within 30 days of such request in the case of documents or records of any other Person, deliver to the Lessor copies of such documents or records required to be retained pursuant to Article 5 as the Lessor requires.



## **6.0 ASSIGNMENTS, SUBLEASES & MORTGAGES**

### **6.1 Assignments**

The following provisions apply to assignments:

- 6.1.1 Except as provided in section 6.3 and section 21.12, the Lessee will not assign the whole or any part of its interest in this Lease without the prior written consent of the Lessor.
- 6.1.2 Except as provided in sections 21.12 to 21.16, without limiting section 6.1.1, no assignment is valid until the proposed assignee has executed a written agreement (substantially in the form set out in Schedule "C") covenanting and agreeing with the Lessor that, upon the Lessor's consent to the assignment, the assignee will observe and perform all of the conditions, covenants and agreements to be observed or performed by the Lessee under this Lease and any further conditions, covenants and agreements that the Lessor considers advisable.

### **6.2 Subleases**

The following provisions apply to subleases:

- 6.2.1 Except as provided in section 6.3 , the Lessee will not sublet the Premises without the prior written consent, in substantially the form as set out in Schedule "D" to this Lease, of the Lessor.
- 6.2.2 No sublease will be valid unless it includes the following provisions:
  - (a) the sublease must terminate no later than one day before the expiration of the Term of this Lease;
  - (b) the sublease will be expressly subject and subordinate to this Lease and to the rights of the Lessor under this Lease subject to the provisions of sections 21.12 to 21.16 and will terminate upon the termination of this Lease;
  - (c) the sublease will bind the Sublessee to all terms of this Lease and will provide that in the event of conflict between the terms of this Lease and the sublease the terms of this Lease will govern;
  - (d) the sublease must be registered in the Indian Land Registry;
  - (e) that the Sublessee will be required to join in with and make all covenants and agreements and fulfill and comply with all of the obligations of the Lessee under this Lease, insofar as such covenants, agreements and obligations relate to the Subleased Lands;

- (f) that Her Majesty and the Band will have the benefits of and be entitled to enforce the obligations of the Sublessee in favour of Her Majesty and the Band set out in the Sublease.

### 6.3 Mortgages

- 6.3.1 The Lessee will not grant a Mortgage of the whole or any part of its interest in this Lease, and the Mortgage will not be valid, without the prior written consent of the Lessor, which consent will be by way of agreement with the Mortgagee, substantially the same as that set out in Schedule "E".
- 6.3.2 Notwithstanding anything else in this Lease, any Mortgage and any consent of the Lessor to a Mortgage will be subject to the following conditions:
- (a) if the Mortgagee takes possession (including the appointment of a receiver or receiver-manager) of the Premises or acquires the Lessee's equity of redemption then the Mortgagee will perform and observe all the Lessee's covenants and agreements under the Lease until the Lease is assigned in accordance with the provisions of this Lease;
  - (b) the Mortgagee will not cause or permit any assignment of the leasehold interest pursuant to the exercise of the Mortgagee's remedies under its Mortgage or at law without the prior written consent of the Lessor, and any assignment will be in accordance with the provisions of this Lease;
  - (c) the Mortgage will provide that the proceeds of all insurance policies with respect to the Premises will be used solely for rebuilding or repairing the loss or damage to the Premises as set out in Article 16 of this Lease; and
  - (d) subject to this section, every Mortgage will be made expressly subject to the rights of the Lessor under this Lease.
- 6.3.3 If any of the conditions in section 6.3.2 are not performed or included within a Mortgage, then consent to the Mortgage will be deemed not to have been given and a failure to observe or perform a covenant of this Lease will be deemed to have occurred.
- 6.3.4 Subject to sections 6.3.2 and 6.3.3, the Lessor's consent to any Mortgage will be deemed to include consent to the right of the Mortgagee to exercise any power of sale or any other remedy with respect to the leasehold interest under the Mortgage not inconsistent with the provisions of this Lease.
- 6.3.5 The Lessee will observe and perform all of its obligations incurred in respect of any Mortgage and will not suffer or allow any such obligations to be in default; if any such default occurs, the Lessor may, but will not be obliged to, rectify such default for the account of the Lessee, and any amount paid by the Lessor in so doing, together with all costs and

expenses of the Lessor, plus an administration fee of 15 percent of such costs and interest at the rate set forth in this Lease for arrears, will be reimbursed to the Lessor by the Lessee on delivery of notice.

#### **6.4 Consent Limited**

Consent to any assignment, sublease or Mortgage will not be construed as consent to any other assignment, sublease or Mortgage.

#### **6.5 No Relief of Obligations**

Save as herein provided the assignment, sublease or mortgage of the Lessee's interest in this Lease by the Lessee will not relieve or discharge the Lessee from any of its obligations or liabilities under this Lease.

#### **6.6 Release of Lessee or a Mortgagee Upon Assignment**

Upon the assignment of this Lease by the Lessee or a Mortgagee in accordance with this Article 6, the Lessee or a Mortgagee will be released from any and all further obligations arising under this Lease which arise after the time of such assignment, provided that the Lessee or a Mortgagee will not be released from or in respect of any default or any obligation of the Lessee under this Lease which is in respect of any matter occurring after the Commencement Date but prior to the effective time of the assignment and all obligations of the Lessee arising under this Lease prior to the time of such assignment will remain unaltered and in full force and effect, notwithstanding that any default or failure to perform may not become known until after such time.

#### **6.7 Assignment to Owner Association**

The Lessor acknowledges that it is likely that the Lessee will want to assign this Lease or a portion thereof to a Lessee Corp. as described in section 21.12 and the Lessor agrees in principle to such an assignment, subject to any requirements set out in this Lease or the Indian Act. The Lessor agrees that upon the written request of the Lessee while not in default of the provisions hereof or in the event of default by the Lessee which puts the Lessor in a position to declare the terms herein ended and cancel this Lease pursuant to the provisions of Article 21 upon the written request of any duly-created Lessee Corp. the Lessor will consent to an assignment of a Lease to the Lessee Corp. upon it providing to the Lessor any reasonable assurances that may be required by the Lessor in connection therewith. If a Lessee Corp. takes assignment of this Lease or a portion thereof and if an approved Mortgage is in place the Lessee Corp. acknowledges that its assignment will be subject to the prior rights of the Mortgagee arising under the Mortgage.

#### **6.8 Assignment to Mortgagee or Assigns**

In the event of default hereunder by the Lessee a Mortgagee may desire to cause this Lease or a portion of the Lease or the Lands and Premises to be assigned to itself or its assignee and the Lessor agrees in principle to such an assignment, subject to any requirements set out in this Lease or the

Indian Act. The Lessor agrees that in the event of default by the Lessee which puts the Lessor in a position to declare the Term herein ended and cancel this Lease pursuant to the provisions of Article 21 upon the written request of a Mortgagee the Lessor will consent to an assignment of this Lease to a Mortgagee or its assigns upon it providing to the Lessor any reasonable assurances that may be required by the Lessor in connection therewith.

#### **6.9 Splitting of Lease for Assignment**

The Lessor will consent to a division of the Lease separating the Prepaid Lands from those portions of the Lands which are not Prepaid Lands and shall execute and register a modification of this Lease at the expense of the Lessee, Lessee Corp. or Mortgagee as the case may be for the purposes set forth in sections 6.7 and 6.8. All portions of the Lands following subdivisions shall remain subject to the provisions of this Lease.

#### **7.0 CONSENT AND REGISTRATION**

##### **7.1 Provide Four Copies**

The Lessee will submit for registration to the Registry, in a form acceptable to the Registry, four originally executed copies of every document referred to in Article 6 to which the Lessor is required to consent.

##### **7.2 Consent No Assurance**

Neither the Lessor's consent to any disposition of the leasehold nor anything contained in this Lease will constitute any assurance to anyone that:

7.2.1 the instrument being consented to will be registered in the Registry, and the consent will not relieve the Lessee from the obligation to provide the form of document required for registration;

7.2.2 this Lease or any assignment, sublease, Mortgage or other disposition of the leasehold can or may be registered in the provincial land title office.

#### **8.0 COMPLIANCE WITH LAWS**

##### **8.1 General Requirement**

The Lessee will at its expense observe, perform and comply with all applicable Laws of any Authority concerning this Lease, the Premises or any activity on the Premises.

## **8.2 Notice**

If any notice is given from any Authority lawfully requiring the execution of works by the Lessee at the Premises during the Term, the Lessee will, upon receiving the notice, expeditiously forward it or a copy of it to the Lessor and the Band. The Lessee will expeditiously, upon completion of the works required by the notice, provide evidence satisfactory to the Lessor of compliance with the terms of the notice, including but not limited to any certificates of inspection issued in respect of the works.

## **8.3 Contesting the Validity**

Without relieving or modifying the obligation of the Lessee to comply with section 8.1, the Lessee may at its expense, contest or appeal (to the Authority or other Person, as may be set out by any Laws) the validity of the requirement of the Authority provided that the Lessee expeditiously commences any proceedings to contest or appeal the validity and continues the proceedings with all due diligence.

## **9.0 TAXES**

### **9.1 General Requirement**

Without limiting the generality of Article 8, the Lessee will pay on or before the due date in each and every year during the Term all applicable taxes, trade licences, rates, levies, duties and assessments of any kind lawfully imposed by any Authority, whether in respect of the Premises, fixtures, machinery, equipment, sales, transactions or business relating to the Premises or in respect of occupation of the Premises by any Person.

### **9.2 Contesting the Validity**

Without in any way relieving or modifying the obligation of the Lessee to comply with section 8.1 the Lessee may at its expense, contest or appeal (to the Authority or other Person, as may be set out by any Laws) the validity or amount of any tax, trade licence, rate, levy, duty or assessment provided that the Lessee expeditiously commences any proceedings to contest or appeal the validity or amount and continues the proceedings with all due diligence.

### **9.3 Provision of Documents**

The Lessee will upon request by the Lessor, provide the Lessor with official receipts of the Authority or other proof satisfactory to the Lessor evidencing payment of any taxes, trade licences, rates, levies, duties or assessments.

## 10.0 UTILITIES

### 10.1 Lessee's Responsibility to Provide

The Lessee will provide and maintain, at its expense, all services and facilities required from time to time for the use of the Subleased Lands, including, without limitation, water, gas, telephone, light, power, heat, air-conditioning and sewage and garbage disposal services and facilities.

### 10.2 Interruption Not a Disturbance

The interruption of any service or facility provided to the Premises will not be a disturbance of the Lessee's enjoyment of the Premises or render the Lessor liable for injury to or in damages to the Lessee or relieve the Parties from their obligations under this Lease.

## 11.0 ENVIRONMENT

### 11.1 Covenants of Lessee

The Lessee covenants with the Lessor, which covenants survive the expiration or earlier termination of this Lease, as follows:

#### *General Compliance*

11.1.1 Without limiting the generality of Article 8, the Lessee will use and occupy the Premises in compliance with all Environmental Laws;

#### *Hazardous Substances*

11.1.2 The Lessee will not use or permit or suffer the use of the Premises to generate, manufacture, refine, treat, transport, store, handle, dispose of, transfer, produce or process any Hazardous Substances except in strict compliance with Environmental Laws and with the prior written consent of the Lessor;

#### *Report of Release*

11.1.3 Upon the Release of Hazardous Substances, or discovery of a Release of Hazardous Substances, by the Lessee in, on or under the Premises, the Lessee will:

- (a) immediately deliver written notice to the Lessor and any appropriate Authority of the occurrence of the Release and details relating to the Release including, without limitation, the time of the Release, the estimated amount of Hazardous Substances which were released, and remedial action taken prior to the delivery of the notice, the remedial action which the Lessee intends to take in order to contain or rectify the Release and any Persons observed who appeared to have caused or who were in the vicinity of the Release;

- (b) at its own expense, immediately take all remedial action necessary, in compliance with all Environmental Laws, to fully rectify the effects of the Release;
- (c) provide the Lessor with an independent audit, satisfactory to the Lessor, of its activities under section 11.1.3(b) and the state of the Premises after such activities compared with the state of the Premises prior to the Release; and
- (d) do such further activities as the Lessor may reasonably require, based on the audit referred to in section 11.1.3(c), to rectify the Release.

#### ***Removal of Hazardous Substances***

- 11.1.4 If requested by any Authority, the Lessee will at its own expense remove from the Premises any Hazardous Substances which are or have been located, stored or incorporated in, on or under the Premises;
- 11.1.5 Prior to the end of the Term, the Lessee will at its own expense remove from the Premises any Hazardous Substances which are or have been located, stored or incorporated in, on or under the Premises; and

#### ***Increased Risks***

- 11.1.6 The Lessee will not carry out any operations or activities or construct any Alterations or Improvements which materially increase the risk of liability to the Lessor (whether direct or indirect) as a result of the application of Environmental Laws (as determined by the Lessor acting reasonably).

#### **11.2 Inspection**

The Lessor may, at any time during the Term, inspect the Premises in order to assess the existence of any Hazardous Substances and to conduct an environmental site assessment, environmental audit or any other testing or investigations which the Lessor deems necessary in order to ascertain the compliance of the Lessee's operation on the Premises with Environmental Laws and to determine the extent of any contamination of the Premises due to the presence of any Hazardous Substances in, on or under the Premises. The reasonable costs to the Lessor of conducting any of the foregoing will be payable by the Lessee upon the Lessor delivering notice of its costs.

#### **11.3 Title to Hazardous Substances**

The Lessee acknowledges and agrees that, notwithstanding any rule of law to the contrary, any Hazardous Substances, which are located, stored or incorporated in, on or under the Premises remain the sole and exclusive property of the Lessee and will not become the property of the Lessor regardless of any degree of affixation of the Hazardous Substances to the Premises. This section will survive the expiration or earlier termination of this Lease, save only that, to the extent that the

performance of any obligation pertaining to it requires access to or entry upon the Premises after the expiration or earlier termination of this Lease, the Lessee will have entry and access only at such times and upon such terms and conditions as the Lessor may from time to time specify in writing.

#### **11.4 Additional Termination Rights**

Without limiting Article 21, upon:

- 11.4.1 the breach by the Lessee of any provision contained in this Article;
- 11.4.2 the Lessor becoming aware of a breach of Environmental Laws with respect to the Premises or the presence of any Hazardous Substances on, in or under the Premises which raises a material risk of liability to the Lessor, as determined by the Lessor;

the Lessor may give notice to the Lessee specifying details of the breach and the requirements to remedy such breach and the Lessee shall have 90 days from the date of its receipt of such notice to remedy such breach, failing which the Lessor may terminate this Lease upon the delivery to the Lessee of 30 days written notice.

#### **11.5 Environmental Indemnity**

Without limiting the generality of Article 23, the Lessee hereby indemnifies and saves harmless the Lessor from and against all claims, demands, actions, suits or other proceedings, judgments, damages, penalties, fines, costs, liabilities and losses (including any diminution in the market value of the Lands, based on the highest and best use of the Lands as opposed to the uses permitted by this Lease), sums paid in settlement of any claims, reasonable legal, consultant and expert fees or any costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any Authority) which arise during or after the term and are in any way based upon, arise out of or are connected with:

- 11.5.1 the presence or suspected presence of Hazardous Substances in, on or under the Premises or in the soil, groundwater or surface water in, on, under or near the Premises as a result of the actions or omissions of the Lessee; or
- 11.5.2 the Release of any Hazardous Substances from the Premises by or at the direction of the Lessee;

unless the presence of the Hazardous Substances is solely attributable to the negligence or willful misconduct of the Lessor. This indemnity will survive the expiration or earlier termination of this Lease.



## **11.6 Environmental Audit**

- 11.6.1 The Lessee has undertaken, at the Lessee's own expense, and provided to the Lessor an environmental audit report conducted by an independent consultant designated or approved by the Lessor, which report assessed the existing environmental condition of the Premises. The environmental consultant reviewed the site history and inspected the Premises to identify portions of the Premises with indicators of contamination and conducted appropriate testing to assess suspect soil and, if practical, water. In identifying such portions of the Premises, the consultant relied on historical information and instances of visually apparent unusual soil, water or vegetation conditions.
- 11.6.2 The report referred to in section 11.6.1 is *prima facie* evidence between the Parties of the environmental condition of the Premises immediately prior to the Commencement Date of this Lease.
- 11.6.3 Within 120 days of the expiration or earlier termination of this Lease, the Lessee undertakes, at the Lessee's own expense, and provide to the Lessor an environmental audit report conducted by an independent consultant designated or approved by the Lessor. The consultant will be required to examine the Premises for indications of environmental problems and to conduct testing at high risk locations following the same procedure as was employed for the report referred to in section 11.6.1.
- 11.6.4 The Lessee hereby authorizes the Lessor to make enquiries from time to time of any Authority in respect of the Lessee's compliance with any Laws. The Lessee will, immediately upon demand, provide the Lessor or the Authority, as the case may be, with written authorization for the Lessor to obtain such information.

## **11.7 Representations and Warranties of the Lessee**

The Lessee represents and warrants to the Lessor, and acknowledges that the Lessor is specifically relying on such representations and warranties, that:

- 11.7.1 neither the Lessee nor any affiliated company of the Lessee, other company controlled by the same shareholders having control of the Lessee or any directors of the Lessee has ever been prosecuted or convicted of any offences under any Environmental Laws;
- 11.7.2 neither the Lessee nor any affiliated company of the Lessee or other company controlled by the same shareholders having control of the Lessee has ever been the recipient of any notices of non-compliance or orders under any Environmental Laws; and
- 11.7.3 the conduct of the Lessee's operations does not involve the storage or Release of any Hazardous Substances.

## **12.0 NUISANCE, WASTE & RUBBISH**

### **12.1 Nuisance**

The Lessee will not cause, permit or suffer any nuisance at the Premises, however, without limiting the foregoing, the Lessee will, upon written notice from the Lessor, abate any nuisance arising directly or indirectly out of the use or occupation of the Premises by the Lessee. Written notice under this section will be deemed to be a request to remedy a default. The normal carrying on at any time of the uses permitted by Article 3 to the standards required under the provisions of this lease will not be considered a nuisance for the purposes of this section.

### **12.2 Waste**

Except as required by the construction of the Improvements, the Lessee will not cause, permit or suffer the commission of any waste of the Premises.

### **12.3 Rubbish**

Without limiting section 12.1, the Lessee will not cause, permit or suffer any rubbish or debris to be placed or left at the Premises except as is reasonably necessary in accordance with the uses permitted by this Lease or as otherwise permitted in writing by the Lessor.

## **13.0 NEW IMPROVEMENTS**

### **13.1 Obtain Permits and Approvals**

Prior to commencing any development of Improvements on the Lands, and as soon after the Commencement Date as possible, the Lessee will apply to the Authority or to Vintage Hills Golf Corporation as the case may be to obtain any required permits or approvals necessary to construct the Improvements.

### **13.2 Provide Plans**

Concurrently with the Lessee's obligation in section 13.1, the Lessee will provide the Lessor with a Development Plan for the Lessor's consent, but which consent, if given, will be given pursuant to Article 15.

### **13.3 Construction**

As soon as is reasonably practical following the Commencement Date the Lessee will deliver the Development Plan to the Lessor for its consent. Once the Lessee has received all required permits and approvals from any authority having jurisdiction over the Lands and lawful possessors of adjacent lands, the Lessee will construct the Improvements expeditiously and in a proper and workmanlike manner in accordance with the Development Plan, the materials upon which any permits or approvals are based and Article 15.

### **13.4 Substantial Completion of Improvements**

The Improvements will be deemed to have been substantially completed when an Architect or Engineer has issued a certificate to the Lessor, signed and sealed by the Architect or Engineer, certifying that:

- 13.4.1 the Improvements are substantially complete in all material respects in a proper and workmanlike manner and in accordance with the Development Plan and the specifications and supporting documents submitted to and accepted by the Lessor and upon which the issuance by the Authority of any development permit and building permits for the Improvements has been based, except for deficiencies the correction of which, in the opinion of the Architect or Engineer, is adequately ensured;
- 13.4.2 all applicable Laws have been complied with by the Lessee, except for deficiencies the correction of which, in the opinion of the Architect or Engineer, is adequately ensured;
- 13.4.3 all work has been completed in accordance with mitigative measures identified in any decision pursuant to CEAA and the Development Plan;
- 13.4.4 all permits for occupancy which may be required by the Authority have been obtained; and
- 13.4.5 the Improvements are ready for occupancy.

For purposes other than section 13.4.2, substantial completion may be in respect of portions of the Improvements.

### **13.5 Occupancy**

The Improvements may not be occupied by any Person until they have been Substantially Completed, and the occupation of them prior to the Lessor receiving the certificate referred to in section 13.4.1 may be considered by the Lessor to be a breach of a covenant of this Lease.

### **13.6 Additional Documents**

Upon completion of construction of the Improvements and if requested by the Lessor, the Lessee will expeditiously provide the Lessor with:

- 13.6.1 reproducible, as-built drawings certified correct by an Architect or Engineer; and
- 13.6.2 operation and maintenance manuals.

### **13.7 Signs**

The Lessee will not affix or exhibit upon the Premises any billboard or other similar advertising device except with the prior written consent of the Lessor. Notwithstanding the foregoing the Lessee may affix or exhibit on portions of the Lands designated for sublease and residences reasonable "for sale" or "for lease" signs.

### **14.0 MAINTENANCE AND ALTERATIONS**

#### **14.1 Maintenance**

The Lessee will, at its expense, maintain from time to time all Improvements in a good and tenable condition in every respect as would a careful owner in occupation.

#### **14.2 Alterations**

Whenever Alterations to the Premises are performed the Lessee will not undertake the work without first having received the written consent of the Lessor.

### **15.0 CONSTRUCTION REQUIREMENTS**

#### **15.1 General Requirement**

Without limiting Article 8, all construction of the Improvements on the Premises pursuant to Articles 13 and 14 will be carried out and completed to the highest standard and quality of any industry or construction standards for the respective type of Improvements, as those standards may be amended or replaced from time to time, and, in the case of Alterations pursuant to Article 14, also at least as high as those of any Improvements which are to be subject to the Alterations.

#### **15.2 Development Plan**

Whenever work under this Lease requires the Lessor's consent, the Lessee will provide the Lessor with a Development Plan and such other documents requested by the Lessor as will enable the Lessor to determine whether the work will comply with the provisions of this Article.

#### **15.3 Approval Process for Development Plan**

If the Lessor requires amendments or revisions to the Development Plan submitted, the Development Plan, as then amended or revised, must be re-submitted to the Lessor.

#### **15.4 Lessor Not Responsible**

No consent or absence of consent by the Lessor to the Development Plan will in any way be an assumption of responsibility by the Lessor for the Development Plan or any work completed in accordance with the Development Plan.

### **15.5 Failure to Comply with the Development Plan**

Notwithstanding anything to the contrary in this Lease, if the Lessee fails in any material or substantial way to construct the Improvements or perform Alterations in accordance with the Development Plan, the Lessor may consider this failure to be a breach of this Lease.

### **15.6 Security for Construction**

Without in any way relieving the Lessee from any other obligation under this Lease, if any work which the Lessee is required to perform under this Lease involves a cost in excess of \$50,000, as estimated in accordance with provisions of this Lease, then, before the Lessee commences the work, unless otherwise agreed to in writing by the Lessor, the Lessee will provide the Lessor with a performance bond, letter of credit or other similar security which is acceptable to the Lessor as evidenced in writing, in an amount at least equal to the estimated cost of the work without equivocation and a labour and material bond, letter of credit or other similar security which is acceptable to the Lessor as evidenced in writing, for the payment of all labour and material in connection with the work. The security provided under this section will be in a form satisfactory to the Lessor with sureties, if required, approved by the Lessor. The provision of a performance bond, letter of credit or other similar security directly to the Band if required by them shall be deemed to fully satisfy the requirements of this section.

### **15.7 Builder's Liens**

If the Lands are or become registered in the provincial land title system, then, prior to performing any construction on the Premises, the Lessee will sign a "Notice of Interest" as agent for the Lessor in the land title office at the sole cost of the Lessee. Notwithstanding the foregoing, the Lessee hereby indemnifies and saves harmless the Lessor for any liens on the Premises (or any failure to file a Notice of Interest) and any claims or judgments arising out of such liens, which indemnity will survive the expiration or earlier termination of this Lease.

## **16.0 REPLACEMENT ON DESTRUCTION**

### **16.1 Rent will not Abate**

The destruction, in whole or in part, of the Improvements by any means will not cause this Lease to terminate or entitle the Lessee to surrender possession or demand any abatement or reduction of the Rent.

### **16.2 Lessee's Obligations When Improvements Partially Destroyed**

In the event of damage to or partial destruction of the Improvements, the Lessee will, subject to applicable Laws, repair, replace, or restore any part of the Improvements so destroyed.

### **16.3 Lessee's Obligations When Improvements Substantially Destroyed**

In the event of complete or substantially complete destruction of the Improvements, the Lessee will, subject to applicable Laws, reconstruct or replace the Improvements with structures comparable to those being reconstructed or replaced and in addition to other remedies available to the Lessor, should the Lessee fail to reconstruct or replace the Improvements the Lessor may, in its absolute discretion, do so, in which case all costs and expenses incurred by the Lessor in relation thereto will be collectable as Rent.

### **16.4 Condition of Premises**

In the event of any damage to or destruction of any Improvements, the Tenant will, with all reasonable dispatch, clean up the Premises in a good and workmanlike manner, remove from the Lands any damaged Improvements which are not repaired or restored and return the Premises to a neat, tidy, and safe condition of repair, all to the satisfaction of the Minister, and in accordance with all Laws.

### **16.5 Use of Insurance Proceeds**

If there is any damage to or destruction of the Premises or any portion thereof for which there are insurance proceeds payable pursuant to any insurance required to be taken out by the Lessee pursuant to this Lease, then, whether or not the Lessee elects to restore and repair the damaged Improvements, unless otherwise agreed in writing by the Minister, prior to the distribution of any of such insurance proceeds to the Lessee, any Approved Mortgagee or any other person:

- (1) there will be paid to or to the order of Her Majesty in trust the amount equal to the amount estimated under seal by the Lessee's Professional Architect or Professional Engineer, with the approval of the Minister, acting reasonably, required to be paid to satisfy the Lessee's obligations pursuant to section 16.4, in respect of such damage or destruction, plus 20% of such amount; such amount will be paid firstly from the insurance proceeds and if such proceeds are not sufficient, then from the funds of the Lessee;
- (2) the amount paid into trust pursuant to section 16.5(1) will not be released from trust until the Lessee's obligations pursuant to section 16.4 with respect to such damage or destruction have been fulfilled to the satisfaction of the Minister, provided that the Lessee may apply to the Minister to have the Minister permit funds so held in trust be paid directly to any person performing such work, as such work is completed, and the Minister will act reasonably in considering any such request;
- (3) if the Lessee's obligations pursuant to section 16.4 with respect to such damage or destruction have not been fulfilled within a reasonable time following the occurrence of such damage or destruction, the Minister may, but will not be obligated to, upon written notice to the Lessee and any Approved Mortgagee, carry out or cause to be carried out such obligations and if the Minister does so, the Minister may cause to be

paid from the trust funds held pursuant to section 16.5(1) any amount required to carry out such obligations; and

- (4) following the fulfilment of the Lessee's obligations pursuant to section 16.4 with respect to such damage or destruction and the payment of all amounts with respect to such work, including the Minister's reasonable administrative costs, the balance of the funds held in trust, if any, will:
  - (a) in the case of any single residence owned by a Sublessee, be paid as follows:
    - (i) firstly, to any Approved Mortgagee, as their interest may appear;
    - (ii) secondly, to any Sublessees, as their interests may appear;
    - (iii) thirdly, to the Lessee, as its interest may appear; and
    - (iv) any balance thereafter, to Her Majesty; and
  - (b) in any other case, be divided among and paid to any Approved Mortgagee, any Sublessee, the Lessee and Her Majesty and any other loss payee as their interest may appear, taking into account the number of years remaining in the term of this Lease and any affected Sublease,

provided that if there are insufficient insurance proceeds held in trust pursuant to section 16.5(1) to fulfil the Lessee's obligations pursuant to section 16.4 with respect to such damage or destruction, the Lessee will forthwith pay for any shortfall. If there is any dispute as to the division of the insurance proceeds, then any Party may refer the matter to the court for a determination of the division in accordance with Article 27.

16.6 Notwithstanding the foregoing if Canada Mortgage and Housing Corporation shall have granted or insured a mortgage of a Dwelling Unit, if the Premises are destroyed to at least 25% of the full replacement cost the Mortgagee shall have the option of determining whether the Premises should or should not be repaired, replaced, rebuilt, or restored.

## 17.0 REMOVAL OF IMPROVEMENTS AND FIXTURES

### 17.1 Removal of Fixtures

At any time during the Term, if the Lessee is not in default under the Lease, or within 30 days after the expiration or earlier termination of this Lease, the Lessee may, at its expense, remove all of its Fixtures, and may permit Sublessees to remove all of their Fixtures, from the Premises. This section will survive the expiration or earlier termination of this Lease to the extent required by the Parties to fulfil their respective obligations.

## **17.2 No Removal of Improvements**

The Lessee will not remove any of the Improvements from the Premises without the prior written consent of the Lessor, and, except as provided by section 17.3, the Improvements will be the property of the Lessor at the expiration or earlier termination of the Lease.

## **17.3 Removal of Improvements or Fixtures on Notice**

The Lessee will, at its expense, upon written notice from the Lessor given on or before the 90th day after the expiration or earlier termination of this Lease, expeditiously remove from the Premises any or all of the Improvements and Fixtures as the Lessor requires and leave the remainder of the Premises in good and substantial repair and condition and free from all debris to the reasonable satisfaction of the Lessor. This section will survive the expiration or earlier termination of this Lease to the extent required by the Parties to fulfil their respective obligations.

## **17.4 Lessor May Remove**

If the Lessee or Sublessees do not remove their respective Fixtures and the Lessee does not remove the Improvements requested to be removed by the Lessor, as provided in section 17.3, from the Premises, then the Lessor may remove them and dispose of them in the Lessor's absolute discretion. The Lessee will, upon notice from the Lessor, expeditiously pay to the Lessor all of the Lessor's costs and expenses incurred in the removal and disposal of such Fixtures and Improvements and in making good all damage caused to the Premises by any removal. The Lessor will not be responsible to the Lessee or Sublessees for any loss suffered by any of them as a result of the removal or the disposal of the Fixtures and Improvements. This section will survive the expiration or earlier termination of this Lease.

## **17.5 Lessee not in Possession**

The Lessee will not be construed as being in possession of the Premises solely by its exercise of rights under this Article.

## **18.0 INSURANCE**

### **18.1 Liability & Property Insurance**

18.1.1 The Lessee will maintain throughout the entire Term, including, without limitation, prior to Substantial Completion of the Improvements and any period when it is in possession of the Premises, at its expense, with one or more companies satisfactory to the Lessor:



- (a) comprehensive general liability insurance to keep each of the Lessor and Lessee, as their interests may appear, insured against claims for personal injury, death or property damage or loss occurring at or about the Premises in an amount of not less than **TEN MILLION DOLLARS (\$10,000,000.00)** for any one occurrence or to such other reasonable amount as the Lessor may notify the Lessee in writing from time to time;
- (b) property insurance written in the name of the Lessee and the Lessor as insureds with loss payable to the insureds and any Mortgagee as their respective interests appear insuring the Improvements for 100% of their full replacement cost against loss or damage by fire and other perils under supplementary coverage obtained by prudent owners (including, the hazards of lightning, flood, earthquake, explosion, wind storm, cyclone, tornado, hail, riot, civil commotion, malicious damage, aircraft, smoke, vehicle damage, and rupture or leak of pressure vessels and ancillary equipment and systems) to the extent such perils, or any of them, may be obtained;
- (c) builder's risk insurance from damage to any improvements and building materials on the Lands from time to time during construction by an "all risks" form including resultant damage from error in design and faulty workmanship, to the full replacement cost thereof; and
- (d) Other insurance as the Minister may reasonably require from time to time in amounts and for perils against which a prudent Lessee would protect itself in similar circumstances.

## 18.2 Insurance Provisions

18.2.1 The Lessee covenants and agrees that:

18.2.1.1 every insurance policy required under this Lease will:

- (a) contain an agreement by the insurer that it will not cancel or substantially alter the policy without first giving the Lessor at least 30 days prior written notice; and
- (b) contain a clause to the effect that the Lessee may not unilaterally enter into any release from liability;

18.2.2 if any insurance policy contains a co-insurance provision, then the Lessee will at all times maintain sufficient insurance to prevent the Lessor and the Lessee from being co-insurers and permit full recovery from the insurer, and the insurance will contain a waiver of subrogation so that the insurance will protect the Lessor and the Lessee as if they were fully insured under separate policies;

18.2.3 the Lessee will not do, permit or suffer anything to be done at the Premises which might cause any insurance policy required by this Lease to be invalidated or cancelled;

18.2.4 the Lessee will deliver certificates of the insurance evidencing every insurance policy that is required by this Lease to the Lessor immediately after the insurance is effected and will deliver a certificate of renewal or other evidence satisfactory to the Lessor that the insurance has been renewed or replaced to the Lessor at least ten days before the expiry of any insurance policy in force;

18.2.5 the Lessee will, upon written request from the Lessor, deliver a certified copy of every insurance policy requested by the Lessor; and

18.2.6 the Lessee will, prior to commencing any construction or other work under this Lease which request the consent of the Minister, the Lessee will provide the Minister with evidence of compliance with the applicable governmental requirements relating to worker's compensation insurance, including payments due thereunder.

### **18.3 Release from Liability**

The Lessee releases the Lessor from all liability for loss or damage caused by or resulting from any of the perils or injury against which it has covenanted in this Lease to insure.

### **18.4 Payment of Loss Under Insurance**

- (1) The insurance moneys payable under any or all of the policies of insurance referred to in this Lease will, notwithstanding the terms of the policy or policies, be paid to the order of the Trustee.
- (2) The Trustee will use such insurance moneys for the repair, restoration, reconstruction, or replacement (as set out in Article 16) of the loss or damage in respect of which such insurance moneys are payable hereunder against certificates of the Architect engaged by the Lessee or such other person as the Lessor and the Lessee may agree upon who is in charge of such restoration, reconstruction, or replacement.

### **18.5 Lessor's Right to Repair and Receive the Insurance Proceeds**

Should the Lessee fail to effect the restoration, reconstruction, or replacement as set out in section 16.5 of the loss or damage in respect of which the insurance moneys are payable without unreasonable delay, the Lessor will be entitled to effect such repair, restoration, reconstruction, or replacement and the Trustee will pay or cause to be paid to the Lessor such insurance moneys in the same manner the Trustee would have done had the Lessee effected such repair, restoration, reconstruction, or replacement.

#### **18.6 Insurance May be Maintained by Lessor**

The Lessee agrees that should the Lessee at any time during the Term fail to insure or keep insured the Improvements as required by this Lease, then the Lessor, although not obliged to do so, may obtain and maintain such insurance in such amount with such deductible amounts and for such period as the Lessor deems advisable. The Lessee covenants to pay to the Lessor as Additional Rent within 30 days after receipt of any invoice from the Lessor such amounts as the Lessor has expended for such insurance.

18.7 Notwithstanding the foregoing all insurance obligations of the Lessee shall be waived during such time as title to the Lands is held by Canada Mortgage and Housing Corporation in the event that it has granted or insured a mortgage and subsequently acquired title to the Lands by reason of the default of the Lessee.

#### **19.0 INSOLVENCY**

19.1 If the Lessee becomes insolvent, bankrupt, makes an assignment for the benefit of creditors, or, if it is a corporation, proceedings are begun to wind it up or a receiver, receiver-manager or trustee has been appointed then:

19.1.1 Rent shall be calculated at the same rate as would have been payable by the Lessee if no bankruptcy or other such event had taken place, will become due and payable as of one day prior to the date of bankruptcy, or other such event, and the Lessee acknowledges and agrees that it holds such Rent in trust for the Lessor, whether or not it holds it separate and apart from its own funds, until such Rent is actually paid over to the Lessor; and

19.1.2 the Lessor may upon 45 days prior written notice to Mortgagees and Sublessees declare the Term ended unless within the notice period Mortgagees and/or Sublessees shall invoke the provisions of section 21.12 or 21.13, as the case may be, or should the Mortgagee proceed to enforce its Mortgage security as provided for by this Lease and as expeditiously as possible take all such legal measures as are necessary to obtain the requisite relief.

#### **20.0 CHANGE IN CONTROL OF LESSEE**

If the Lessee is one or more corporations, and if by the sale or other disposition of the securities of the corporation, or of any one of the corporations, the control or the beneficial ownership of 50 percent or more of the voting shares of any class of shares of such corporation is changed after the Commencement Date without the Lessor's prior written consent, the Lessor may, within 60 days of becoming aware of the change in control or ownership, deem this change to be a default under this Lease.

21.0 **DEFAULT & REMEDIES**

21.1 **Default**

If the Lessee:

21.1.1 fails to pay any Rent or any other sum required to be paid by the Lessee when due under this Lease;

21.1.2 fails to perform or observe any other condition of this Lease; or

21.1.3 is otherwise in default hereunder,

then the Lessor may give the Lessee notice of the default.

21.2 **Termination**

If the Lessor gives the Lessee notice of default under this Article and either:

21.2.1 the default is a default mentioned in subsection 21.1.1 or is reasonably capable of being cured within 45 days after the notice is given and the Lessee fails to cure the default within the 45 days; or

21.2.2 the default is not a default mentioned in subsection 21.1.1 and is not reasonably capable of being cured within 45 days after the notice is given and the Lessee fails to commence to cure the default promptly upon receipt of the notice and to proceed to cure it with all due diligence to completion,

then the Lessor may by notice to the Lessee, subject to sections 21.4, 21.6, 21.7 and 21.12, declare the Term ended.

21.3 **Right of Mortgagee to Notice**

No notice to the Lessee under this Article will be valid for any purpose unless and until a copy of such notice is also sent to any Mortgagee.

21.4 **Curing of Default**

Any curing of a default by a Person other than the Lessee will be construed as a curing of that default by the Lessee.

## **21.5 New Lease to Mortgagee**

In the event of a default under Articles 19 or 20, if, after receipt of notice from the Lessor under section 21.3, a Mortgagee has given notice to the Lessor that it intends to realize upon its security, the Lessor will, concurrently with terminating this Lease, at the request of the Mortgagee, enter into a new lease with the Mortgagee or its assignee approved by the Lessor acting reasonably for the balance of the Term on the same terms as contained in this Lease.

## **21.6 Realization by Mortgagee**

If a Mortgagee is realizing upon its security of a mortgage of this Lease, the Lessor will permit the Mortgagee to cure any defaults of the Lessee and to assign this Lease to a party approved by the Lessor, acting reasonably, provided the assignee agrees to be bound by all of the Lessee's covenants under this Lease.

## **21.7 End of Lease**

If the Lessor declares the Term ended then, except as otherwise expressly provided in this Lease, this Lease and everything contained in it and the estate and Term will terminate without re-entry or any other act or legal proceedings, and the Lessor may re-enter the Premises and possess and enjoy them as if the Lease had not been made; notwithstanding a declaration by the Lessor that the Term has ended, the Lessor will be entitled to recover from the Lessee:

21.7.1 the Rent then accrued or accruing; and

21.7.2 any outstanding amounts, costs, damages (including solicitor and own client costs), as well as all prospective losses and damages, arising from the unexpired portion of the Term (had the Lease not ended) based on a present recovery for unpaid future rent, and for any other consequential loss, including losses arising from the Lessee's failure to carry on business,

and enforce any right of action against the Lessee in respect of any antecedent breach of any of the Lessee's covenants including a right of action under any provisions which survive the expiration or earlier termination of this Lease.

## **21.8 Right to Cure**

If the Lessor gives the Lessee notice of a breach of any of the Lessee's obligations and such breach is not fully rectified within 45 days, then the Lessor, without relieving the Lessee of its obligations under this Lease and without limiting any other right of the Lessor, may undertake the performance of any necessary work in order to complete such obligations of the Lessee, but having commenced such work, the Lessor will have no obligation to the Lessee to complete such work. All of the Lessor's costs and expenses of such performance will be Additional Rent expeditiously payable by the Lessee upon the Lessor delivering notice of its costs.

## **21.9 Access to Inspect and Perform**

The Lessee acknowledges and agrees that the rights of the Lessee to the Premises are subject to the rights of Her Majesty's Representatives and the Band's Representatives to enter onto the Premises, with or without vehicles and equipment, and to cross and recross over the Premises for any of the following purposes:

21.9.1 Inspection of the Premises or any portion thereof for the purpose of confirming whether or not the Lessee is carrying out its obligations to Her Majesty or the Band respectively under this Lease, any agreement between the Lessee and Her Majesty or the Band or pursuant to any Law; or

21.9.2 exercising any of the rights of or performing any of the obligations of Her Majesty or the Band under this Lease or pursuant to any Law,

provided that in so doing Her Majesty's Representatives and the Band's Representatives will take reasonable steps to minimize any interference or inconvenience to the Lessee or any Lessee and will exercise such rights during normal hours (which may include normal working hours on weekends), and provide the Lessee with reasonable written notice of the exercise of such rights, except in the case of an emergency.

## **21.10 Right to Let**

21.10.1 If the Premises are vacated or abandoned, the Lessor will have the right, at the Lessor's option, to enter the Premises as the agent of the Lessee either by force or otherwise without being liable for any action or for any loss or damage caused by the entry or the use of force and to let the Premises as the agent and at the risk of the Lessee, and to receive the rent for any letting.

21.10.2 Rent received by the Lessor as agent for the Lessee for any letting may be applied by the Lessor to any expenses incurred by the Lessor in the entry of the Premises and in the letting and to any other monies owing to the Lessor under this Lease in such proportions and in such order of priority as the Lessor may decide.

21.10.3 The Lessor will not be construed as entering the Premises as agent of the Lessee if prior to the entry the Lessor has declared the Term ended.

## **21.11 Remedies Cumulative**

All rights and remedies of the Lessor are cumulative and are in addition to and do not exclude any other right or remedy provided in this Lease or otherwise allowed by law. All rights and remedies of the Lessor may be exercised concurrently.

## 21.12 Protection to Sublessee

In the event the Lessor is in a position to declare the Term herein ended and cancel this Lease pursuant to the provisions of Article 21 the Lessor will consent to a division of the Lease separating the Prepaid Lands from those portions of the Lands which are not Prepaid Lands and the Lessee shall execute an assignment of the Lease of the Prepaid Lands for the unexpired Term of the Lease to a company incorporated pursuant to the Laws of the Province of British Columbia for this express purpose (herein called "Lessee Corp."), and the Lessor shall execute a consent to such Assignment of Lease and further shall attend to the immediate registration of the Assignment and modification of the Lease dividing it as aforesaid despite any act, omission or default of the Lessee under this Lease, subject to the following conditions:

- (a) The Lessor is in a position to cancel this Lease pursuant to the provisions of Article 21;
- (b) If applicable Lessee Corp. is in good standing with respect to filing of annual reports with the Registrar of Companies in British Columbia;
- (c) The shares of Lessee Corp. have been issued to the Sublessees of the Prepaid Land on the basis of one share per Sublessee;
- (d) If applicable the Mortgagee is owner of a Mortgage registered against inter alia the Prepaid Lands;
- (e) Rent for the Prepaid Lands has been paid in full pursuant to section 4.1.2 and 4.3.1 as amended herein;
- (f) The Prepaid Lands have been subdivided and are capable of being leased for the unexpired Term hereof;
- (g) The Prepaid Lands are capable of being accessed or serviced for water, gas, telephone, light, power, air conditioning, sewer and garbage disposal independently from the Lands which are not developed or prepaid and do not encroach in any way on the Lands which are not developed or prepaid; and
- (h) No soil or other substance has been placed on the Lands that have not been prepaid by the Lessee and remains on that portion of the Lands or if such soil or other substance has been so placed the Lessee Corp. shall covenant to forthwith remove it or take such other remediation measures as are required by the Lessor, or both, at the sole expense of the Lessee Corp.

### **21.13 Protection to Approved Mortgagee**

In the event the Lessor is in a position to declare the Term herein ended and cancel this Lease pursuant to the provisions of Article 21 the Lessor will consent to a division of the Lease separating the Prepaid Lands or a portion of the Lands for which the Mortgagee causes the Rent to be paid from those portions of the Lands which are not Prepaid Lands and the Lessee shall execute an assignment of the Lease of the Prepaid Lands for the unexpired Term of the Lease to a Mortgagee or its Assignee, and the Lessor shall execute a consent to such Assignment of Lease and further shall attend to the immediate registration of the Assignment and modification of the Lease dividing it as aforesaid despite any act, omission or default of the Lessee under this Lease, subject to the following conditions:

- (a) The Lessor is in a position to cancel this Lease pursuant to the provisions of Article 21.
- (b) A Lessee Corp. shall not have elected to take an assignment of the Prepaid Lands subject to the Mortgage;
- (c) The Mortgagee is owner of a Mortgage registered against inter alia the Prepaid Lands
- (d) Rent for the Prepaid Lands has been paid in full pursuant to section 4.1.2 and 4.3.1 as amended herein or is paid by the Mortgagee at the time of a request for an assignment;
- (e) The Prepaid Lands have been subdivided or are capable of being subdivided and leased for the unexpired Term hereof;
- (f) The Prepaid Lands are capable of being accessed or serviced for water, gas, telephone, light, power, air conditioning, sewer and garbage disposal independently from the Lands which are not developed or prepaid and do not encroach in any way on the Lands which are not developed or prepaid; and
- (g) No soil or other substance has been placed on the Lands that have not been prepaid by the Lessee and remains on that portion of the Lands or if such soil or other substance has been so placed the Mortgagee shall covenant to remove it or take such other remediation measures as are required by the Lessor, or both, at the sole expense of the Mortgagee.

### **21.14 No disturbance of Sublessee of Prepaid Lands**

It is hereby provided, and notwithstanding anything to the contrary herein, Sublessees of Prepaid Lands may peaceably and quietly possess, hold and enjoy their Subleased Lands during the term of the Lease and their Sublease without interruption or disturbance by the Lessor, or anyone claiming under it, despite any default by the Lessee of its obligations hereunder.



**21.15 Non-Prepaid Lands**

Her Majesty's rights and remedies under the Lease with respect to the Lands which are not Prepaid Lands and not assigned pursuant to section 21.12 shall continue in full force and effect.

**21.16 Minister authorized to execute Assignment of Lease**

In the event the Lessee refuses or neglects to execute an Assignment of Lease to Lessee Corp. as required by section 21.12 herein, the Minister is irrevocably authorized for and on behalf of the Lessee to execute the Assignment of Lease and such other documents as are required (if any) to be signed by the Lessee to give effect to the provisions of section 21.12.

**22.0 SURRENDER OF POSSESSION**

Subject to Article 17, when the Term expires or otherwise ends, the Lessee will peaceably surrender the Premises to the Lessor maintained, repaired and renewed as provided in this Lease.

**23.0 INDEMNITY**

**23.1 Lessee's Sole Cost and Expense**

All obligations of the Lessee under this Lease and all work carried out by or required to be carried out by the Lessee under or in connection with this Lease will be carried out at the sole cost and expense of the Lessee and the Lessee will bear all cost and expenses of compliance with terms and conditions of this Lease.

**23.2 Indemnity by Lessee**

The Lessee hereby agrees to fully indemnify and save harmless each of Her Majesty and Her Majesty's Representatives from and against any and all actions damages costs and expenses whatsoever and howsoever arising, in respect of any of the following:

- (a) any act or omission by the Lessee under or in connection with this Lease;
- (b) the use, occupation, conduct or management of the Premises, or from any work or thing whatsoever done in, on or about the Premises whether done by the Lessee or any other person;
- (c) any condition of or within the Premises or emanating from the Premises, including, without limitation, in respect of any Environmental Law or any Hazardous Substance except as identified in the Environmental Audit Report referred to in section 11.5 which the Lessee is not required to remedy or rectify;

- (d) any breach or default on the part of the Lessee in the performance or observance of any obligation or agreement on the part of the Lessee to be performed or observed pursuant to the provisions of this Lease;
- (e) any person occupying, using or being in, on or about the Premises, whether with or without the knowledge or permission of the Lessee or their agents, servants, invitees or permittees;
- (f) any accident, injury or death whatsoever to any person or damage to property occurring in, on or about the Premises;
- (g) the failure to obtain adequate or sufficient insurance;
- (h) the development of any Improvement;
- (i) the insuance of any Development Approval or any other approval given by Her Majesty, the Band or the Band Council with respect to the Premises or the Development or any Improvement; or
- (j) any consent given by the Minister to any construction or other work

except to the extent, if any, that such actions or damages are caused by any negligent act or willful default of Her Majesty, or those for whom Her Majesty are responsible at law or any breach by Her Majesty of any term or condition in this Lease. This Article 23.2 will survive the termination of this Lease or the expiry of the Term.

### **23.3 Exclusion in Favour of Her Majesty and the Minister**

Except to the extent of the negligence or willful default of Her Majesty, the Minister or any person for whom Her Majesty or the Minister is responsible at law, the Lessee hereby fully releases and discharges Her Majesty and Her Majesty's Representatives from any and all liability arising directly or indirectly from any of the matters described in section 23.2 or any other matter arising from this Lease save and except the Landholders, as expressed in the Agreement to Lease made with the Lessee as of the 8<sup>th</sup> day of August, 2002.

## **24.0 WARRANTIES**

### **24.1 Lands capable of development**

The Lessor acknowledges and agrees that the Lessee is leasing the Lands on the basis that they are capable of development of a residential subdivision, subject to the Lessee obtaining all requisite authorizations, permits, easements, rights of way and the like for any necessary Services and Facilities and that to the best of the Lessor's knowledge and belief they are not subject to environmental, heritage, or cultural prohibitions to such development. If such is not the case due to matters beyond the control of the Lessee, the Lessee shall have the right to terminate this Lease on the basis of frustration of contract.

**24.2 Lessees independent investigation of Lands**

The Lessee acknowledges and agrees that it has inspected the Lands and has conducted all independent investigations of the Lands, including, without limitation, any investigations relating to the compliance of the Lands with any Laws and the presence of Hazardous Substances on, in or under the Lands, which it has deemed prudent prior to taking possession of the Lands.

**24.3 No representation by Lessor as to condition of Lands**

The Lessee has not relied upon any representations or warranties by the Lessor or the Band with respect to the condition of the Lands, including, without limitation, the compliance of the Lands with any laws and the presence of Hazardous Substances on, in or under the Lands, save and except the representations of the Landholder, as expressed in the Agreement to Lease made with the Lessee as of the 8<sup>th</sup> day of August, 2002.

**25.0 PREFERENTIAL EMPLOYMENT**

The project to be undertaken pursuant to this Lease will result in employment and training opportunities. The Lessee herewith agrees that, as a condition of the Lessor granting this Lease, subject to the Lessee's minimum qualifications and comparable costs being met, priority will be given with respect to those employment and training opportunities first to Band members, second to aboriginal persons who are not Band members and thereafter to non-aboriginal persons.

**26.0 DELIVERY**

**26.1 General Requirement**

All Rent to be paid and notices or demands to be given or made under this Lease must be in writing (in the case of notices) and delivered in accordance with this Article to the following addresses:

**To the Lessor:**

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA**

**C/O WESTBANK FIRST NATION**

Suite 301 515 Highway 97 S

Kelowna, B.C. V1Z 3J2

Fax: (250) 769-4377

With a copy to:

Ashcroft & Company

205 - 1544 Marine Drive

West Vancouver, B.C., V7V 1H8

Fax: (604) 913-1622

**To the Lessee at:**

**CARRINGTON ROAD  
HOLDINGS LTD.**  
having an office at 224, 1959 152 nd  
Street, Surrey B.C. V4A 9E3

Fax: (604) 535-1505

With a copy to:

Porter Ramsay  
200 1465 Ellis St.  
Kelowna, B.C. V1Y 2A3  
Fax: (250) 762-9960

**To the Landholders at:**

c/o Ronald Derrickson  
2280C Louie Drive  
Westbank, B.C., V4T 1Y2

With a copy to:  
Wageman Glazier & Polley  
2<sup>nd</sup> Floor 1674 Bertram St  
Kelowna, B.C. V1Y 9G4  
Fax: (250) 763-9524

To approved Mortgagees at the  
address set out in the written  
consent to their Mortgage issued  
by the Lessor.

**26.2 Delivery**

If any question arises as to the date on which payment, notice or demand was made, it will be deemed to have been delivered on the earlier of:

26.2.1 the day it was received;

26.2.3 if sent by fax, the day of transmission; or

26.2.4 if sent by mail, on the sixth day after the notice was mailed.

**26.3**

**Change of Address**

Any Party may change the address shown in this agreement (or the Mortgagee may change its address previously supplied to the Lessor) by informing the respective Party of the new address, and such change will take effect 15 days after the notice is received.

**27.0 DISPUTE RESOLUTION**

27.1 Where this Lease provides that a question may or will be referred to the Federal Court for determination then the decision of the Federal Court is considered final and binding upon the Parties.

27.2 If upon a reference to it, the Federal Court refuses jurisdiction or otherwise fails to determine the question then the question may be referred by either Party to any other court of competent jurisdiction and the Parties may exercise any other right or remedy they may have under this Lease or otherwise.

27.3 A Mortgagee shall have the right to participate in any dispute resolution proceedings if it considers that such proceedings may affect the mortgage security.

## **28.0 MISCELLANEOUS**

### **28.1 Binding on Successors**

This Lease will be for the benefit of and be binding upon the heirs, executors, administrators, successors, assigns and other legal representatives, as the case may be, of each of the Parties. Every reference in this Lease to any Party includes the heirs, executors, administrators, successors, assigns and other legal representatives of the Party.

### **28.2 No Waiver**

No condoning, excusing or overlooking by the Lessor of any default by the Lessee at any time or times in performing or observing any of the Lessee's covenants will operate as a waiver of or otherwise affect the rights of the Lessor in respect of any continuing or subsequent default and no waiver of these rights will be inferred from anything done or omitted by the Lessor except by an express waiver in writing.

### **28.3 No Shares to Parliament**

Pursuant to section 38 of the *Parliament of Canada Act*, R.S.C. 1985, c. P-1, no member of the House of Commons will be admitted to any share or part of this Lease or to any benefit to arise from this Lease.

### **28.4 Not a Joint Venture**

The Parties acknowledge and agree that nothing in this Lease will be construed as making the Lessor an agent, partner, joint venturer or other such associate with the Lessee or as creating any relationship between the Parties other than the relationship of lessor and lessee.

### **28.5 Corporate Authority**

The Lessee is a corporation or society, then the Lessee:

28.5.1 warrants and represents to the Lessor that:

- (1) the Lessee has the corporate authority pursuant to its documents of incorporation to enter into this Lease and to perform all of the covenants and agreements contained herein; and

(2) the Lessee is a Corporation duly registered under the laws of the Province of British Columbia, is not a reporting company and is a valid and subsisting company currently registered with the provincial corporate registry; and

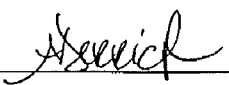
28.5.2 Without limiting Article 8, will remain in good standing with respect to the filing of annual reports with the provincial corporate registry.


**28.6 Agreement to Lease**

All provisions of that certain Agreement to Lease entered into between the Lessee and the Landholder and dated the 8<sup>th</sup> day of August, 2002, where not inconsistent with the provisions of this Lease, shall be incorporated into and form part hereof. Where such provisions are inconsistent with the provisions of this Lease, the provisions of this Lease shall prevail.

**IN WITNESS WHEREOF** the Parties have executed this Lease as of the date of execution by the Lessor.

EXECUTED in the presence of: ) **HER MAJESTY THE QUEEN** in Right of  
 ) Canada as represented by the Minister of Indian  
 ) Affairs and Northern Development  
 )

  
 \_\_\_\_\_  
 As to the signature of the Lands  
 Manager appointed by the Band  
 Council of the Westbank First Nation  
 pursuant to Order in Council P.C.  
 1989-998 dated May 25<sup>th</sup>, 1989 in the  
 presence of: )

  
 \_\_\_\_\_  
 Lands Manager

D	M	Y
05	05	03

SIGNED, SEALED AND DELIVERED )  
 on the 16 day of April )  
 2003 in the presence of: )

CARRINGTON ROAD HOLDINGS LTD.  
 by its authorized signatory:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Name: **DALE R. DOAN**  
*Barrister & Solicitor*  
 Address: **15178 Buena Vista Avenue**  
**White Rock, B.C. V4B 1Y3**  
 Occupation: )

## Schedule "A"

### DEFINITIONS

**"Additional Rent"** means rent calculated as provided in section 4.1.2(b) of this Lease.

**"Alterations"** means all substantial alterations, restorations, renovations, relocations, reductions, additions, expansions, reconstructions, removals, replacements, modifications and improvements, or any one or more of them, to the Premises.

**"Approved Mortgagees"** means all mortgagees to whose mortgages the Minister has consented.

**"Architect"** means a person who is registered or licensed as a professional architect under the *Architects Act*, R.S.B.C. 1996, c. 17, as amended or replaced from time to time.

**"Assignment"** means an assignment of this Lease as provided herein.

**"Authority"** means any one or any combination of federal, provincial, municipal, local and other governmental and quasi-governmental authorities, departments, commissions and boards having jurisdiction, including, without limitation, the Band Council and any utility company lawfully acting under its statutory power.

**"Band"** means the Westbank First Nation, also known as Westbank Indian Band or any successor.

**"Band Council"** means the Band's "council of the band", within the meaning of the *Indian Act*, or any successor.

**"Band's Representative"** means the Band Council and any person duly authorized by the Band Council to represent the Band or the Band Council, including any officer, employee, agent, contractor, subcontractor, consultant or advisor of the Band or the Band Council so authorized.

**"Bank of Canada Review"** means that publication that is published by the Bank of Canada on a monthly basis and named the "Bank of Canada Review" or any similar publication that is published by the Bank of Canada on at least a monthly basis as a replacement for the Bank of Canada Review and in which the chartered banks' rate or rates on prime business loans (ie., the per annum interest rate that is charged by Canadian chartered banks to their most creditworthy commercial borrowers) from time to time in effect on the last Wednesday of the month or upon another day or days in substitution for the last Wednesday of the month are published.

**"Base Rent"** means the amounts identified as periodic Rent in sections 4.1 of this Lease.

**"CEAA"** means the *Canadian Environmental Assessment Act*, S.C. 1992, c. 37, and any regulations made pursuant to it, all as amended or replaced from time to time.

**"CEPA"** means the *Canadian Environmental Protection Act*, R.S.C. 1985, c. C-15.3, and any regulations made pursuant to it, all as amended or replaced from time to time.

**"Commencement Date"** means the date the Minister consents to this Lease in writing.

**"Commencement of Construction"** means that all necessary permits, approvals or consents have been obtained from any Authority and the Lessor and the foundations and footings of the Improvements have been commenced as certified to the Lessor by an Architect or Engineer.

**"Damage"** means any loss, cost, damage, expense or liability of any kind or nature whatsoever, including that in respect of negligence, negligent misrepresentation or misstatement, failure to warn, nuisance or other tort, personal injury, death, contract damage or debt, economic loss, consequential damage and any reasonable legal or other professional fee or disbursement on any of the foregoing and any tax on any of the foregoing.

**"Density Rent"** means that portion of Additional Rent payable when the Band approves construction of in excess of five (5) residential units upon each acre or portion thereof of the Lands, such sum to be calculated pursuant to the formula prescribed in section 4.1.2(b)(ii).

**"Development Approval"** means an approval given by the Band on behalf of the Lessor of the Development Plan.

**"Development Plan"** means the complete and detailed conceptual plans, development plans, as-built plans, design briefs, construction specifications and cost estimates prepared by an Architect or Engineer, unless and to the extent the Lessor otherwise agrees in writing, and includes, without limitation, all site plans drawn to scale showing the following required features with appropriate dimensions:

- (1) boundary lines with dimensions and acreage;
- (2) natural and artificial features of subject property and adjacent property, including Improvements;
- (3) "North" arrow;
- (4) title block, including drawing scale, date, developer's name and address and reference numbers;
- (5) location, dimension, size and construction specifications of roads;
- (6) location, dimension and size of proposed sublease lots;
- (7) location, dimension, size and construction specifications of on-site sanitary sewer connections; and
- (8) location, dimension, size and construction specifications of existing and/or proposed water mains.

**"Dwelling Unit"** means a single family residence.

**"Engineer"** means a person who is registered or licensed as a professional engineer under the *Engineers and Geoscientists Act*, R.S.B.C. 1996, c. 116, as amended or replaced from time to time.



“**Environment**” means all the components of the earth including, without limitation, all layers of the atmosphere, air, land (including, without limitation, all underground spaces and cavities and all lands submerged under water), soil, water (including, without limitation, surface and underground water), organic and inorganic matter and living organisms, the interacting natural systems that include the foregoing and all other external conditions or influences under which humans, animals and plants live or are developed.

“**Environmental Laws**” means any Laws relating, in whole or in part, to the protection and enhancement of the Environment, occupational safety, product liability, public health, public safety, and transportation of dangerous goods; and any decision and any specifications, mitigative measures, and environmental protection measures described or contained in any decision under CEAA pertaining to any project (as that term is used in CEAA) on the Lands, which decision is attached as Schedule “B” and incorporated in this Lease.

“**Federal Court**” means the court established by the *Federal Court Act*.

“**Federal Court Act**” means the *Federal Court Act*, R.S.C. 1985 c.F-7, and any regulations made pursuant to it, all as amended or replaced from time to time.

“**Fixtures**” means fixtures as determined at common law and includes the personal chattels installed during the Term by or on behalf of the Lessee or any Sublessee in, on or which serve the Premises pursuant to Article 3 of this Lease and which Fixtures the Lessee or any Sublessee is permitted to remove only to the extent permitted by this Lease, but Fixtures do not include Improvements or any inventory of the Lessee or any Sublessee.

“**Hazardous Substances**” means:

- (1) any pollutants, wastes, special wastes or other such substances, including, without limitation, any flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls, chlorofluorocarbons, hydro chlorofluorocarbons, urea formaldehyde foam insulation, radon gas, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances (as that term is used in CEPA) or related materials, nutrients (as that term is used in CEPA) and petroleum and petroleum products, and any substance declared to be hazardous or toxic under any Environmental Laws; and
- (2) any substances, whether or not defined as hazardous, toxic, or a threat to public health or the Environment under any Environmental Laws, that the Lessor reasonably deems to be hazardous.

“**Her Majesty**” means Her Majesty the Queen in Right of Canada, as represented by the Minister of Indian Affairs and Northern Development.

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**“Her Majesty’s Representatives”** means the Minister and any person duly authorized by Her Majesty or the Minister to represent Her Majesty or the Minister, including any officers, employees, agents, contractors, subcontractors, consultants or advisors of Her Majesty or the Minister so authorized, the Band and the Band Council.

**“Improvements”** means all works, facilities, services, buildings, structures, landscaping and other improvements by whomsoever made and which are at any time and from time to time situate on, under or above the Lands and all Alterations thereto, and any improvements which serve the Premises, determined according to the common law, including all equipment, machinery, apparatus and fixtures forming part of or attached to the improvements and all Alterations thereto, but excluding Fixtures and Dwelling Units constructed on the Lands.

**“Indian Act”** means the *Indian Act*, R.S.C. 1985, c. I-5, and any regulations made pursuant to it, all as amended or replaced from time to time.

**“Interest Rate”** means the interest rate equal to the Prime Rate plus 4% per annum.

**“Landholder”** means Ronald Michael Derrickson and Margaret Mary Derickson and Archie Kelly Derrickson.

**“Lands”** means those lands situate, lying and being in the Reserve in the Province of British Columbia and more particularly known and described as:

Lots 346 and 347, Tsinstikeptum Indian Reserve No. 9 as shown on Plan of Survey No. 87445 deposited in the Canada Lands Survey Records but always subject to permits registered in favour of Lot 296, Plan 83560 deposited in the Canada Lands Survey Records, Lot 297, Plan 83560 deposited in the Canada Lands Survey Records, and Lot 298, Plan 83650 deposited in the Canada Lands Survey Records, registered under numbers 284601, 284521, and 284565.

**“Lawful Authority”** means Her Majesty, the Minister, the Band, the Band Council and any federal or other government or governmental authority, office or official having jurisdiction, including any authorized delegate, appointee, board, bureau, commission, department, administrative agency or regulatory body thereof, including any policy or fire authority.

**“Laws”** means all laws, statutes, regulations, by-laws, rules, codes, guidelines, standards, declarations, notices, ordinances, requirements and directions of any Authority in force from time to time.

**“Lease”** means this lease agreement, including any schedules attached to it, which form part of and are integral to the agreement, but not including any attachments to it, which are for information purposes only and do not form part of the agreement.

“Lessee” means the second party and any Person mentioned as Lessee in this Lease, whether one or more, including, without limitation and where the context allows, the directors, officers, servants, employees, contractors and sub-contractors, agents, invitees and licensees of the Lessee and all other Persons over whom the Lessee may reasonably be expected to exercise control or is in law responsible.

“Lessor” means the first party and its authorized representatives and in any section of this Lease that contains a release or other exculpatory language in favour of the Lessor, the term Lessor includes any of the Lessor’s officials, employees, servants, agents, contractors and subcontractors.

“Minerals” means ore of metal and every natural substance that can be mined and that:

- (1) occurs in fragments or particles lying on or above or adjacent to the bedrock source from which it is derived, and commonly described as talus; or
- (2) is in the place or position in which it was originally formed or deposited, as distinguished from loose, fragmentary or broken rock or float which by decomposition or erosion of rock, is found in wash, loose earth, gravel or sand,

and includes coal, petroleum and all other hydrocarbons, regardless of gravity and howsoever and wheresoever recovered, natural gas, building and construction stone, limestone, dolomite, marble, shale, clay, sand and gravel.

“Minister” means the Minister of Indian Affairs and Northern Development, or the successor thereto, and such persons authorized representatives.

“Mortgage” means any mortgage charging the leasehold interest of the Lessee in the Premises or a Sublessee in a portion of the Premises (including, without limitation, any debenture, deed of trust, bond, assignment of rents or any other means) made to a Mortgagee as security.

“Mortgagee” means a mortgagee under a Mortgage to which the Lessor has consented in writing and includes Canada Mortgage & Housing Corp. where applicable.

“Multi-Family Development” means any Development on the Lands for a Residential Use containing four or more Dwelling Units.

“Party” means a party to this Lease.

“Person” includes any individual, partnership, firm, company, corporation, incorporated or unincorporated association or society, co-tenancy, joint venture, syndicate, fiduciary, estate, trust, bank, government, governmental or quasi-governmental agency, board, commission or authority, organization or any other form of entity howsoever designated or constituted, or any group, combination or aggregation of any of them.

**"Phase"** means a portion of the development included in the Development Plan which comprise Prepaid Lands and with respect to which the Band has approved construction of residential units pursuant to an application described in section 4.1.4.

**"Premises"** means the Lands and the Improvements and every reference in this Lease to the Premises includes a reference to any part of the Premises.

**"Prepaid Lands"** shall mean those portions of the Lands, whether or not subdivided from the Lands, the Minimum Basic Rent and Additional Rent of which has been prepaid for the balance of the term of this Lease and which the Lessee, a Mortgagee or a Lessee Corp. shall have designated on a plan of the Lands as Prepaid Lands pursuant to Section 4.5.1.

**"Prime Rate"** means, for any particular calendar month, the chartered Banks' rate on prime business loans (ie., the per annum interest rate that is charged by Canadian chartered banks to their most creditworthy commercial borrowers) in effect upon the last Wednesday of the month as the rate is ascertained and published for the month in the Bank of Canada Review, or if more than one such rate is published for the last Wednesday of the month, the average of all such rates or if another day or other days are substituted for the last Wednesday of the month in the Bank of Canada Review, the rate or the average of all rates published for the day or days substituted for the last Wednesday of the month.

**"Professional Architect"** means a person who is registered or licensed as a professional architect under the Architects Act, R.S.B.C. 1996, c.17.

**"Registry"** means the Indian Land Registry, established pursuant to the *Indian Act*, or any successor or replacement registry with registration jurisdiction over the Lands.

**"Release"** includes releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping.

**"Rent"** means Minimum Basic Rent, Additional Rent, Density Rent, and Option Rent described in Section 4.1.2 plus any sums payable pursuant to Section 4.3.

**"Reserve"** means the Tsinstikeptum Indian Reserve No. 9 which has been set apart for the use and benefit of the Band.

**"Services and Facilities"** means all on-site and off-site services, utilities, amenities and facilities in respect of or for the use of the Premises, including any roads, curbs, walkways, sidewalks, trails, street lighting, parks, common areas, community facilities, recreation facilities, water, sanitary sewer, garbage or solid waste removal or disposal, storm drainage or other drainage facilities, natural gas, propane, fuel, telephone, electricity, lighting, cablevision, communication, heating, energy, ventilation or air conditioning services and facilities.

**"Sublessee"** means the lessee in any sublease or other interest in land of any of the Lessee's leasehold interest in the Premises herein granted.

**"Subleased Lands"** means that portion of the Lands included in a sublease granted pursuant to this Lease.

**"Substantial Completion"** means the degree of completion set out in section 13.4 of this Lease.

**"Taxes and Charges"** means all of the following, without duplication:

- (a) all Property Taxes;
  - (b) user fees or charges for any of the Services and Facilities;
  - (c) development cost charges and all fees and charges for connecting to any Services and Facilities;
  - (d) general and specific taxes, licence fees, permit fees, inspection fees, rates, duties, assessments, levies and charges relating to or in respect of any occupation, business, operation or activity of the Tenant or any person claiming through or under the Tenant on or in respect of the Premises, other than income taxes, corporation taxes or Capital taxes;
  - (e) general and specific taxes, license fees, permit fees, inspection fees, rates, duties, assessments, levies and charges relating to or in respect of any Improvements or any personal property owned or installed by the Lessee or any person claiming through or under the Lessee;
  - (f) amounts added to Property Taxes pursuant to any Law; and
  - (g) interest and penalties charged on any of the above amounts;
- all to the extent that they are lawfully charged by a Lawful Authority.

**"Term"** means the period of 99 years commencing on the Commencement Date.

**"Trustee"** means, for the purposes of the insurance provisions of this Lease, the Receiver General for Canada (in which case, delivery for whom can be made at the address of the Lessor) or a trust company appointed by the Lessor.

**ENVIRONMENTAL ASSESSMENT SCREENING - WESTBANK FIRST NATION**

Preliminary Screening (see Part C)

Final Screening Schedule "B"

**Report Title (date):** Environmental Assessment Proposed Residential Development, Sept. 2002 and Addendum to Environmental Assessment, January 31, 2002  
**Site Identification:** Tsinstikeptum I.R. No. 9, Vintage Hills Subdivision  
**Submitted By:** Golder Associates Ltd.  
**Purposes:** Lease Agreement Development Approval  
**EBA File Number:** 0805-5800116

**CERTIFIED TRUE COPY**  
*Lynn Patricia Vanderburg*  
 Commissioner For Taking Affidavits for British Columbia  
 No. 2000-1164

PART A: SCREENING					PART B: INFORMATION SOURCES	
Valued Ecosystem Components (VEC)	Summary of Effects*				Expires October 31, 2003	Used
	N/A	U	I	S		
Groundwater			X		Westbank First Nation	X
Surface Water			X		Feasibility study	
Aquatic Biology			X		Engineering Design	X
Air Quality	X				Terrain Analysis Study	
Land / Soil			X		Environmental Study	X
Flora (vegetation)			X		Site Reconnaissance	X
Fauna (wildlife)			X		Published Literature	X
Habitat			X		Consultation / Meetings	X
Noise	X				Correspondence	X
Special Places **		X			Federal Gov't Depts.	
Health and Safety			X		Prov. / Municipal Gov'ts	
Socio-Economic			X		Other (specify)	
Recreational Resources			X			

\* Effects: N/A=not applicable; U=unknown; I=insignificant; S=significant  
 \*\* Special Places: Cultural, Traditional, Historical, Scientific, Archeological

**PART C: SCREENING DECISION**

- Decision from list below is: 1**
- 0 Environmental Assessment underway = no decision yet
  - 1 Effects not likely significant (mitigated); further assessment not warranted - Project Supported
  - 2 Effects likely significant and cannot be justified - Project Not Supported
  - 3 Follow up / Further Assessment warranted with reports submitted to Westbank First Nation

**COMMENTS:** (see attached for further discussion)

*Darryl Arsenault* 4 Feb '03  
 Screening Decision By: (signature & date)  
 Darryl Arsenault, R.P.Bio., Project Manager  
 EBA Engineering Consultants Ltd.

*Lynn Vanderburg*  
 Decision Approved By: (signature & date)  
 Lynn Vanderburg, Property Management *hand*  
 Westbank First Nation *manager*

**Schedule "C"**

**INDIAN AND NORTHERN AFFAIRS CANADA**

**CONSENT TO AN ASSIGNMENT OF LEASE**

This Agreement, effective as of \_\_\_\_\_, 20\_\_,

**BETWEEN:**

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA**, as represented by the Minister of Indian Affairs and Northern Development, 300 - 1550 Alberni Street, Vancouver, BC, V6G3C5

(the "Lessor")

**AND:**

**ASSIGNEE'S FULL NAME** and address. [If corporation, society, utility or municipality, include statute under which authority given and Incorporation Number. If more than one party, state whether they are joint tenants or tenants in common.]

(the "Assignee")

**WHEREAS:**

- A. At the request and with the consent of the <BAND> (the "Band"), the Lessor leased certain lands in <RESERVE NAME> No. <RESERVE #> more particularly known as <LAND DESCRIPTION FROM LEASE> (the "Lands") to <LESSEE> (the "Lessee"), dated <MONTH DAY, YEAR> (the "Lease") as registered in the Indian Land Registry under No. <NUMBER> ;
- B. The Lessee wishes to enter into an assignment agreement (attached as Schedule "A" to this Agreement) with the Assignee in order to assign its interest in the Lease to the Assignee;
- C. Pursuant to section 6.1 of the Lease, no assignment of the Lease is valid unless the Lessor has provided prior written consent to such assignment.

**NOW THEREFORE**, in consideration of the covenants and consent in this Agreement, the parties agree as follows:

1. Lessor's Consent

- 1.1\_ The Lessor consents to the assignment of the Lease from the Lessee to the Assignee on the terms of this Agreement.

1.2\_ By such consent, however, the Lessor will not be deemed to have:

1.2.1 waived compliance and observance on the part of the Lessee or the Assignee of any of the terms in the Lease to be complied with, observed and performed on their part;

1.2.2 waived, impaired or restricted in any way whatsoever any of the rights and remedies of the Lessor in respect of the Lease or the property rights thereby demised or granted; or

1.2.3 approved of the form or any of the terms of the assignment agreement.

1.3 The Lessor represents and warrants that, to the best of the Lessor's knowledge, the Lease is in good standing as of the date of this Agreement.

1.4 Notwithstanding anything else contained in this consent, the Lessor makes no representations or warranties with respect to the state of title to the Lands or matters contained within the Indian Land Registry.

2. Covenants of Assignee

2.1 The Assignee covenants with the Lessor to:

2.1.1 observe and perform all of the terms to be observed or performed by the Lessee in the Lease;

2.1.2 enter into an agreement with the Lessor respecting the modification of the Lease so as to observe and perform the following additional terms:

(a) ....

The Lease will survive the execution of this Agreement and not merge in this Agreement.

2.2 The Assignee has inspected the Premises (as defined in the Lease) and accepts the Premises as is and confirms that the Lessor has made no representations as to the terms of the Lease, the condition of the Premises or the suitability of the Premises for any particular use.

2.3 The Assignee hereby makes the same representations and warranties to the Lessor that the Lessee made in the Lease.

3. General



3.1 This Agreement will enure to the benefit of and be binding upon the parties and their respective heirs, administrators, successors, representatives and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

EXECUTED in the presence of:

) HER MAJESTY THE QUEEN in Right of  
) Canada as represented by the Minister of Indian  
) Affairs and Northern Development  
)  
)  
)

D	M	Y

\_\_\_\_\_  
As to the signature of the <TITLE>,  
<DIRECTORATE>, BC Region

) <TITLE>  
) <DIRECTORATE>  
) BC Region  
)  
)  
)

D	M	Y

\_\_\_\_\_  
As to the signature of the Assignee

) <ASSIGNEE> Company Name  
) Title  
) Authorized Signing Officer  
) I/We have the authority to bind the  
) Assignee.  
)

\* [or executed under seal]

Schedule "D"

INDIAN AND NORTHERN AFFAIRS CANADA

CONSENT TO A SUBLEASE

WHEREAS:

- A. At the request and with the consent of the <BAND> (the "Band"), the Lessor leased certain lands in <RESERVE NAME> No. <RESERVE #> more particularly known as <LAND DESCRIPTION FROM LEASE> (the "Lands") to <LESSEE> (the "Lessee"), dated <MONTH DAY, YEAR> (the "Lease") as registered in the Indian Land Registry under No. <NUMBER> ;
- B. The Lessee wishes to sublease its interest, or a portion of its interest, in the Lease (as set out in the attached sublease (the "Sublease") to the lessee in said sublease (the "Sublessee");
- C. Pursuant to section 6.2 of the Lease, the Sublease is not valid unless the Lessor has provided prior written consent to it.

NOW THEREFORE, the Lessor consents to the Sublease on the following terms:

- 1.1\_ The Sublease must terminate no later than one day before the expiration of the term of the Lease.
- 1.2\_ The Sublease is expressly subject and subordinate to the Lease and to the rights of the Lessor under the Lease and will terminate upon the termination of the Lease;
- 1.3\_ The Sublessee is bound by all the terms of the Lease and that in the event of conflict between the terms of the Lease and the Sublease the terms of the Lease will govern;
- 1.4\_ The Sublease must be submitted for registration in the Indian Land Registry; and

[ONLY IF YOU WANT SUBLESSEE'S TO DO ENVIRONMENTAL ASSESSMENTS...

- 1.5\_ The Sublessee will not in any way use the subleased portion of the Premises (as defined in the Lease) for a "project", as that term is defined in the *Canadian Environmental Assessment Act*, until the Sublessee has obtained from the Lessor (or duly delegated authority) approval to proceed with such project, such approval to be granted in compliance with the environmental review process established by the Lessor.]
- 1.6 The Lessor will not be deemed to have approved of the form or any of the terms of the Sublease.

1.7 Notwithstanding anything else contained in this consent, the Lessor makes no representations or warranties with respect to the state of title to the Lands or matters contained within the Indian Land Registry.

1.8 This Agreement will enure to the benefit of and be binding upon the parties and their respective heirs, administrators, successors, representatives and assigns.

EXECUTED in the presence of: ) HER MAJESTY THE QUEEN in Right of  
) Canada as represented by the Minister of Indian  
) Affairs and Northern Development  
)  
)

D	M	Y

\_\_\_\_\_  
As to the signature of the <TITLE>, ) <TITLE>  
<DIRECTORATE>, BC Region ) <DIRECTORATE>  
) BC Region  
)  
)

Schedule "E"

INDIAN AND NORTHERN AFFAIRS CANADA

CONSENT TO A MORTGAGE OF LEASE

This Agreement, effective as of \_\_\_\_\_, 2003.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by the  
Minister of Indian Affairs and Northern Development, 300 - 1550 Alberni Street,  
Vancouver, BC, V6G 3C5

(the "Lessor")

AND:

\_\_\_\_\_  
\_\_\_\_\_

(the "Mortgagee")

AND:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(the "Lessee")

WHEREAS:

A. At the request and with the consent of the Westbank First Nation (the "Band"), the Lessor  
leased certain lands in Tsinstikeptum Indian Reserve No. 9 more particularly known as:

Lots 346 and 347, Tsinstikeptum Indian Reserve No. 9 as shown on Plan of Survey No.  
\_\_\_\_\_ deposited in the Canada Lands Survey Records

(the "Lands")

to the Lessee pursuant to a lease dated \_\_\_\_\_ (the "Lease") which is registered  
in the Indian Land Registry under No. \_\_\_\_\_;

- B. The Lessee wishes to mortgage its interest in the Lease to the Mortgagee by way of the proposed mortgage attached as Schedule "A" to this Agreement (the "Mortgage");
- C. Pursuant to section 6.3.1 of the Lease, no mortgage of the Lease is valid unless the Lessor has provided prior written consent to such mortgage; and
- D. As a condition of advancing funds to the Lessee, the Mortgagee requires that the Lessor confirm certain information to the Mortgagee and enter into this Agreement.

**NOW THEREFORE**, in consideration of the covenants and \$1.00 (ONE DOLLAR) and good and valuable consideration now paid by the Mortgagee to the Lessor, of the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

#### 1.0 CONSENT

1.1 The Lessor consents to the grant of the Mortgage to the Mortgagee on the terms of this Agreement.

#### 2.0 COVENANTS OF MORTGAGEE

The Mortgagee consents and agrees with the Lessor that:

- 2.1 subject to the provisions of section 6.3.1 of the Lease, if the Mortgagee takes possession of the Premises (as defined in the Lease) or acquires the Lessee's equity of redemption then the Mortgagee will perform and observe all of the Lessee's covenants and agreements under the Lease until the Lease is assigned in accordance with the provisions of the Lease;
- 2.2 the Mortgagee will not cause or permit any assignment of the leasehold interest pursuant to the exercise of the Mortgagee's remedies under its Mortgage or at law without the prior written consent of the Lessor, provided that consent will not be unreasonably withheld, and any assignment will be in accordance with the provisions of the Lease;
- 2.3 the proceeds of all insurance policies with respect to the Premises will be used solely for rebuilding or repairing the loss or damage to the Premises as set out in articles 17 (REPLACEMENT ON DESTRUCTION) and 19 (INSURANCE) of the Lease [Note that "Premises" does not include "Dwelling Units"] and the rebuilding or repairing of the Dwelling Units, if any, Premises; and
- 2.4 the Mortgage is expressly subject to the rights of the Lessor under the Lease.

#### 3.0 COVENANTS OF LESSOR

In addition to the obligations of the Lessor and rights of the Lessee pursuant to sections 6.7, 6.8,

21.12, and 21.13 of the Lease, the Lessor covenants and agrees with the Mortgagee that the Lessor will:

- 3.1 in connection with matters relating to the Lease, provide to the Mortgagee such information as may reasonably be required by the Mortgagee from time to time regarding the status of the Lease upon the written request of the Mortgagee;
- 3.2 give the Mortgagee forty-five (45) days written notice before terminating the Lease for any reason provided in the Lease and, at the written request of the Mortgagee delivered within such forty-five (45) day period, permit the Mortgagee to pay any arrears due under the Lease or to remedy any other default under the Lease;
- 3.3 at the Mortgagee's request permit the Mortgagee to enter the Premises to cure any default (and the Lessee by its execution of this Agreement provides its consent thereto);
- 3.4 not unreasonably withhold consent to the assignment of the Lease or any new lease granted pursuant to the terms of the Lease or subletting or other party with possession by the Mortgagee of the Premises;
- 3.5 endeavor to periodically notify the Mortgagee of any default of the Lessee of which is aware (provided it will have no liability to the Mortgagee if it fails to do so);
- 3.6 refuse to accept a request by the Lessee for surrender of the Lease, in whole or in part, or any modification of the Lease, until the written consent of the Mortgagee has been obtained.

#### 4.0 EXERCISE OF REMEDIES

- 4.1 So long as the Mortgagee is not in breach of its obligations in section 2 of this Agreement, the Mortgagee may exercise any power of sale or any other remedy with respect to the leasehold interest under the Mortgage not inconsistent with the provisions of the Lease.

#### 5.0 NO APPROVAL

- 5.1 This consent shall not be constructed as an approval by the Lessor of the form or any of the terms of the Mortgage.

#### 6.0 STATUS OF LEASE

- 6.1 The Lessor represents and warrants that, to the best of the Lessor's knowledge, the Lease is in good standing as of the date of this Agreement.

7.0 TITLE

7.1 Notwithstanding anything else contained in this consent, the Lessor makes no representations or warranties with respect to the state of title to the Lands or matters contained within the Indian Land Registry.

8.0 NOTICES

8.1 Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by prepaid first-class mail, by facsimile or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fourth business day after the post-marked date thereof, or if sent by facsimile, shall be deemed to have been received on the business day following the sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to the individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications shall be delivered by hand or sent by facsimile and shall be deemed to have been received in accordance with this section. Notices and other communications shall be addressed as follows:

(a) if to the Lessor:

[Lessor's name and address]  
Attention:  
Fax Number:

(b) if to the Mortgagee:

[Mortgagee's name and address]  
Attention:  
Fax Number:

(c) if to the Lessee:

[Lessee's name and address]  
Attention:  
Fax Number:

or to such other address as any party may specify by notice.

9.0 LESSEE CONSENT

9.1 The Lessee acknowledges and consents to the provisions of this Agreement.

10.0 ENUREMENT

10.1 This Agreement will enure to the benefit of and be binding upon the parties and their respective heirs, administrators, successors, representatives and assigns.

11.0 COUNTERPARTS AND FACSIMILE

11.1 This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument. Execution of this Agreement may be by facsimile signature, which, for all purposes, shall be deemed to be an original signature.

**HER MAJESTY THE QUEEN IN  
RIGHT OF CANADA**

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**MORTGAGEE**

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LESSEE**

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**Schedule "F"**

[Improvements existing at the Commencement Date]

NIL

## Schedule "G"

### Landholder Consent

The undersigned, Ronald M. Derrickson, member of the Westbank First Nation, of Tsinstikeptum Indian Reserve No. 9, in the Province of British Columbia (hereinafter called the "Locatee"), does hereby declare that he is lawfully in possession of the following lands situated, lying and being in Tsinstikeptum Indian Reserve No. 9, in the Province of British Columbia, and more particularly known and described as:

Lots 346 and 347, Tsinstikeptum Indian Reserve No. 9 as shown on Plan of Survey No. 87445 deposited in the Canada Lands Survey Records

(hereinafter called the "Lands")

The Locatee does hereby apply to Her Majesty the Queen in right of Canada, as represented by the Council of the Westbank First Nation (hereinafter called "Her Majesty"), for the Lands to be leased for his benefit pursuant to subsection 58(3) of the *Indian Act* to Carrington Road Holdings Ltd. (hereinafter called the "Company") for a term of ninety nine (99) years from \_\_\_\_\_, 20\_\_ pursuant to the terms and conditions contained in the form of the lease attached hereto (hereinafter called the "Lease").

The Locatee does hereby declare that he has been advised by Her Majesty to obtain independent legal advice from his own solicitor prior to signing this application, declaration, consent and release (hereinafter called the "Application and Release") and further declare that he has obtained independent legal advice from his own solicitor, Murray Glazier of Kelowna, British Columbia prior to signing this Application and Release as certified by a Certificate of Independent Legal Advice to be provided.

The Locatee hereby declare that he has read and understood all the terms and conditions of the Lease and the Application and Release.

The Locatee further agree, for and in consideration of the payment of the sum of ONE DOLLAR (\$1.00) and other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged, to release and forever discharge; and by these presents do for himself, his heirs, executors, administrators, successors and assigns, remise, release and forever DISCHARGE Her Majesty, the Westbank First Nation and the Council of the Westbank First Nation, their successors, employees and assigns, of and from any and all actions, causes of actions, claims and demands, suits, debts, duties, sums of money whatsoever and wheresoever, whether at law or in equity and whether known or unknown, unsuspected or unsuspected which the said Locatee or his heirs, executors, administrators, successors and assigns have or hereafter can, shall or may have with respect to, or which have resulted from the issuing of the Lease.

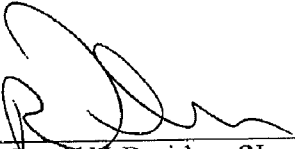
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The Locatee further declares that in making this release and agreement it is understood and agreed that he rely wholly on his own judgement, belief and knowledge of the nature of this contract and have not been influenced to any extent whatsoever in executing this Application and Release by any representations or statements regarding the Application and Release, the Lease and the rights of the parties thereto or any other representations or statements made by Her Majesty or the Westbank First Nation or the Council of the Westbank First Nation that is hereby released of by any person or persons representing any of them.

The Locatee hereby request the Council of the Westbank First Nation to approve the issuing of the Lease by resolution.

IN WITNESS WHEREOF the Locatee has hereunto set his hands and seals at Kelowna, in the Province of British Columbia this 31 day of MARCH, 2003.

SIGNED, SEALED AND DELIVERED in )  
the presence of: )  
\_\_\_\_\_)  
Name: **MURRAY D. GLAZIER** )  
**BARRISTER & SOLICITOR** )  
Address: 2nd Fl. - 1674 Bertram Street )  
Kelowna, B.C. V1Y 9G4 )  
Tel: (250) 763-3343 Fax: (250) 763-9524 )  
\_\_\_\_\_)  
Occupation: )

  
\_\_\_\_\_)  
Ronald M. Derrickson (No. \_\_\_\_\_)

### Landholder Consent

The undersigned, Archie Kelly Derrickson, member of the Westbank First Nation, of Tsinstikeptum Indian Reserve No. 9, in the Province of British Columbia (hereinafter called the "Locatee"), does hereby declare that he is lawfully in possession of the following lands situated, lying and being in Tsinstikeptum Indian Reserve No. 9, in the Province of British Columbia, and more particularly known and described as:

Lots 346 and 347, Tsinstikeptum Indian Reserve No. 9 as shown on Plan of Survey No. 87445 deposited in the Canada Lands Survey Records

(hereinafter called the "Lands")

The Locatee does hereby apply to Her Majesty the Queen in right of Canada, as represented by the Council of the Westbank First Nation (hereinafter called "Her Majesty"), for the Lands to be leased for his benefit pursuant to subsection 58(3) of the *Indian Act* to Carrington Road Holdings Ltd. (hereinafter called the "Company") for a term of ninety nine (99) years from \_\_\_\_\_, 20\_\_ pursuant to the terms and conditions contained in the form of the lease attached hereto (hereinafter called the "Lease").

The Locatee does hereby declare that he has been advised by Her Majesty to obtain independent legal advice from his own solicitor prior to signing this application, declaration, consent and release (hereinafter called the "Application and Release") and further declare that he has obtained independent legal advice from his own solicitor, Murray Glazier of Kelowna, British Columbia prior to signing this Application and Release as certified by a Certificate of Independent Legal Advice to be provided.

The Locatee hereby declare that he has read and understood all the terms and conditions of the Lease and the Application and Release.

The Locatee further agree, for and in consideration of the payment of the sum of ONE DOLLAR (\$1.00) and other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged, to release and forever discharge; and by these presents do for himself, his heirs, executors, administrators, successors and assigns, remise, release and forever DISCHARGE Her Majesty, the Westbank First Nation and the Council of the Westbank First Nation, their successors, employees and assigns, of and from any and all actions, causes of actions, claims and demands, suits, debts, duties, sums of money whatsoever and wheresoever, whether at law or in equity and whether known or unknown, unsuspected or unsuspected which the said Locatee or his heirs, executors, administrators, successors and assigns have or hereafter can, shall or may have with respect to, or which have resulted from the issuing of the Lease.

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The Locatee further declares that in making this release and agreement it is understood and agreed that he rely wholly on his own judgment, belief and knowledge of the nature of this contract and have not been influenced to any extent whatsoever in executing this Application and Release by any representations or statements regarding the Application and Release, the Lease and the rights of the parties thereto or any other representations or statements made by Her Majesty or the Westbank First Nation or the Council of the Westbank First Nation that is hereby released of by any person or persons representing any of them.

The Locatee hereby request the Council of the Westbank First Nation to approve the issuing of the Lease by resolution.

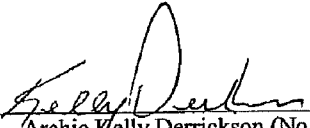
IN WITNESS WHEREOF the Locatee has hereunto set his hands and seals at Kelowna, in the Province of British Columbia this 30 day of APRIL, 2003.

SIGNED, SEALED AND DELIVERED in )  
the presence of: )

Name: )

MURRAY D. GLAZIER )  
Address: BARRISTER & SOLICITOR )  
2nd Fl. - 1874 Bertram Street )  
Kelowna, B.C. V1Y 9G4 )  
Tel: (250) 763-3343 Fax: (250) 763-9524 )

Occupation: )

  
Archie Kelly Derrickson (No. \_\_\_\_\_)

## Landholder Consent

The undersigned, Margaret Mary Derickson, member of the Westbank First Nation, of Tsinstikeptum Indian Reserve No. 9, in the Province of British Columbia (hereinafter called the "Locatee"), does hereby declare that she is lawfully in possession of the following lands situated, lying and being in Tsinstikeptum Indian Reserve No. 9, in the Province of British Columbia, and more particularly known and described as:

Lots 346 and 347, Tsinstikeptum Indian Reserve No. 9 as shown on Plan of Survey No. 87445 deposited in the Canada Lands Survey Records

(hereinafter called the "Lands")

The Locatee does hereby apply to Her Majesty the Queen in right of Canada, as represented by the Council of the Westbank First Nation (hereinafter called "Her Majesty"), for the Lands to be leased for her benefit pursuant to subsection 58(3) of the *Indian Act* to Carrington Road Holdings Ltd. (hereinafter called the "Company") for a term of ninety nine (99) years from \_\_\_\_\_, 20\_\_ pursuant to the terms and conditions contained in the form of the lease attached hereto (hereinafter called the "Lease").

The Locatee does hereby declare that she has been advised by Her Majesty to obtain independent legal advice from her own solicitor prior to signing this application, declaration, consent and release (hereinafter called the "Application and Release") and further declare that she has obtained independent legal advice from his own solicitor, Murray Glazier of Kelowna, British Columbia prior to signing this Application and Release as certified by a Certificate of Independent Legal Advice to be provided.

The Locatee hereby declare that she has read and understood all the terms and conditions of the Lease and the Application and Release.

The Locatee further agree, for and in consideration of the payment of the sum of ONE DOLLAR (\$1.00) and other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged, to release and forever discharge; and by these presents do for herself, her heirs, executors, administrators, successors and assigns, remise, release and forever DISCHARGE Her Majesty, the Westbank First Nation and the Council of the Westbank First Nation, their successors, employees and assigns, of and from any and all actions, causes of actions, claims and demands, suits, debts, duties, sums of money whatsoever and wheresoever, whether at law or in equity and whether known or unknown, unsuspected or unsuspected which the said Locatee or his heirs, executors, administrators, successors and assigns have or hereafter can, shall or may have with respect to, or which have resulted from the issuing of the Lease.

---

The Locatee further declares that in making this release and agreement it is understood and agreed that she rely wholly on her own judgment, belief and knowledge of the nature of this contract and have not been influenced to any extent whatsoever in executing this Application and Release by any representations or statements regarding the Application and Release, the Lease and the rights of the parties thereto or any other representations or statements made by Her Majesty or the Westbank First Nation or the Council of the Westbank First Nation that is hereby released of by any person or persons representing any of them.

The Locatee hereby request the Council of the Westbank First Nation to approve the issuing of the Lease by resolution.

IN WITNESS WHEREOF the Locatee has hereunto set her hands and seals at Kelowna, in the Province of British Columbia this 30 day of APRIL, 2003.

SIGNED, SEALED AND DELIVERED in )  
the presence of: )

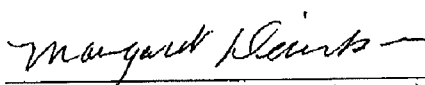
Name: )

MURRAY D. GLAZIER )

Address: BARRISTER & SOLICITOR )  
2nd Fl. - 1674 Bertram Street )  
Kelowna, B.C. V1Y 6S4 )

Tel: (250) 763-3343 Fax: (250) 763-9524 )

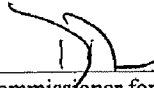
Occupation: )

  
Margaret Mary Derickson (No. \_\_\_\_\_)

**PROOF OF EXECUTION BY CORPORATION**

I CERTIFY that on the 16 day of April, 2003, at the City of Kelowna, in the Province of British Columbia, Adrian Bloch, who is personally known to me, appeared before me and acknowledged to me that he is the authorized signatory of Carrington Road Holdings Ltd., and that he is the person who subscribed his name and affixed the seal of the corporation to the instrument, that he was authorized to subscribe his name and affix the seal to it (and that the corporation existed at the date the instrument was executed by the corporation.)

IN TESTIMONY of which I set my hand and seal of office at the City of Kelowna, in the Province of British Columbia, this 16 day of April, 2003.



A Commissioner for taking Affidavits  
within British Columbia

**DALE R. DOAN**  
*Barrister & Solicitor*  
15178 Buena Vista Avenue  
White Rock, B.C. V4B 1Y3

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**SCHEDULE "H"**

**MINIMUM RENT SCHEDULE**

<b>Payment No.</b>	<b>Payment Date</b>	<b>Minimum Acres</b>	<b>Base Payment</b>	<b>Interest</b>	<b>Payment Amount</b>
1	Commencement Date	8.17	\$ 596,410.00	-	\$ 596,410.00
2	1 <sup>st</sup> Anniversary	7.54	\$ 550,420.00	\$ 33,520.58	\$ 583,940.58
3	2 <sup>nd</sup> Anniversary	7.54	\$ 550,420.00	\$ 69,082.56	\$ 619,502.56
4	3 <sup>rd</sup> Anniversary	7.54	\$ 550,420.00	\$ 106,810.26	\$ 657,230.26
5	4 <sup>th</sup> Anniversary	7.54	\$ 550,420.00	\$ 146,835.59	\$ 697,255.59
6	5 <sup>th</sup> Anniversary	7.54	\$ 550,420.00	\$ 189,298.45	\$ 739,718.45
7	6 <sup>th</sup> Anniversary	7.54	\$ 550,420.00	\$ 234,347.30	\$ 784,767.30
8	7 <sup>th</sup> Anniversary	7.54	\$ 550,420.00	\$ 282,139.63	\$ 832,559.63
9	8 <sup>th</sup> Anniversary	7.54	\$ 550,420.00	\$ 332,842.51	\$ 883,262.51
10	9 <sup>th</sup> Anniversary	7.54	\$ 550,420.00	\$ 386,533.20	\$ 937,053.20
11	10 <sup>th</sup> Anniversary	7.54	\$ 550,420.00	\$ 443,699.74	\$ 994,119.74
12	11 <sup>th</sup> Anniversary	7.54	\$ 550,420.00	\$ 504,241.60	\$1,054,661.60
13	12 <sup>th</sup> Anniversary	0.07	\$ 5,110.00	\$ 5,277.58	\$ 10,387.58
<b>Lease Commitment</b>		<b>91.18</b>	<b>\$6,656,140.00</b>	<b>\$2,734,729.00</b>	<b>\$9,390,869.00</b>



# WESTBANK FIRST NATION

## LANDS DEPARTMENT

Suite 201 - 515 Highway 97 South, Kelowna, B.C. V1Z 3J2

Telephone: (250) 769-4999 — Fax: (250) 769-2443

### WESTBANK FIRST NATION COUNCIL RESOLUTION

Chronological Number: 2003/2004 – LN 020.

The undersigned Chief and Councillors of the Westbank First Nation do hereby certify that the following is a resolution that was duly moved, seconded and approved by a majority of the Council at a duly convened meeting held at the Administration Offices of the Westbank First Nation located at Suite #301-515 Hwy 97 South, Kelowna, British Columbia, Tsinstikeptum Indian Reserve No. 10 on the 5 day of May 2003.

**WHEREAS** by Order in Council P.C. 1989-988 dated May 25<sup>th</sup> 1989 issued pursuant to Section 60 of the *Indian Act* ("P.C. 1989-988), the Westbank First Nation as represented by its duly elected Council, has been granted the authority to control and manage lands within Westbank First Nation's reserves and to exercise powers of the Minister under the *Indian Act*.

**BE IT HEREBY RESOLVED AND AGREED THAT** we approve and consent to the issuing of a Ninety-Nine (99) Year Lease commencing on the 5th day of May 2003 between Her Majesty the Queen in Right of Canada and the following:

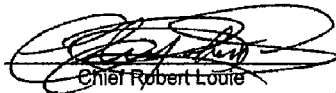
**Lessee:** Carrington Road Holdings Ltd.

**On lands particularly described as:**

Lot 346 and 347 Tsinstikeptum Indian Reserve No. 9,  
as shown on Plan of Survey No. 87445 deposited in  
the Canada Lands Survey Records at Ottawa,  
Ontario.

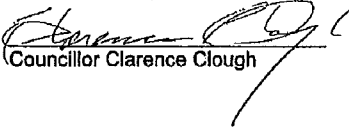
**BE IT FURTHER RESOLVED AND AGREED THAT** we authorize the Lands Manager to execute this Lease on behalf of the Council.

A quorum for Westbank First Nation is three (3) members.

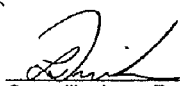


Chief Robert Louie

\_\_\_\_\_  
Councillor Rafael DeGuevara



Councillor Clarence Clough



\_\_\_\_\_  
Councillor Larry Derrickson



Councillor Michael Werstak

**AFFIDAVIT OF WITNESS**

**I, Angie Derrickson of 515 Highway 97 S, in the City of Kelowna, in the Province of British Columbia, make oath and say:**

- 1. I was present and saw the within instrument duly executed by Lynn Vanderburg on behalf of Her Majesty the Queen in Right of Canada as represented by the Minister of Indian Affairs and Northern Development.**
- 2. I know the said Lynn Vanderburg and I believe that she is of the full age of majority for the Province of British Columbia.**
- 3. I am the subscribing witness to the instrument and I am of the full age of majority for the Province of British Columbia.**
- 4. I verily believe that the person who signature I witnessed is the party of the same name referred to in the instrument.**

**SWORN** before me at Tsinstikeptum  
Indian Reserve No. 10 )  
in the City of Kelowna )  
in the Province of British Columbia )  
this 5th day of May, 2003 )

  
\_\_\_\_\_  
Witness to Signature

A Notary Public in and for the  
Province of British Columbia or a  
Commissioner for taking Oaths. (Indicate  
Under what authority and when Commission  
Expires)

  
\_\_\_\_\_

**KIRK DRESSLER**  
Barrister & Solicitor  
#310 - 515 Hwy 97 S.  
Kelowna, BC V1Z 3J2

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Indian Lands Registry  
Registration Control Sheet

Date Received

RECEIVED  
MAY 15 2003

Sec 53 and/or 60 Bands \_\_\_\_\_

Registration No. 308801

Date: May 23/03

Time: 11:10 (am/pm)

Pending File No. P42604 Region BC

Reserve Name TsinstiKeptam #9

Instrument Type Lease Purpose \_\_\_\_\_

Term \_\_\_\_\_ From \_\_\_\_\_ To \_\_\_\_\_

Retire PIN Yes  No

EOT Required: Yes  No

Cancels EOT: \_\_\_\_\_

PIN(s)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Legal Description/Land Affected.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Remarks/Registration Numbers Affected  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

New PIN(s) Created  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Legal Description  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Examined By: \_\_\_\_\_

Date: \_\_\_\_\_

Verified By: \_\_\_\_\_

Date: \_\_\_\_\_