Schedule “G”
Rent Charge/219 Covenant

TERMS OF INSTRUMENT – PART 2

RENT CHARGE AGREEMENT – AMENITIES AND SERVICES
SECTION 219 COVENANT

BETWEEN:

NORTHLAND PROPERTIES CORPORATION, a company continued under the laws of the Province of British Columbia and having an office located at 2950 Camozzi Road, Revelstoke, BC V0E 2S0

(hereinafter collectively called the "Grantor")

AND:

REVELSTOKE MOUNTAIN RESORT INC., a company incorporated under the laws of the Province of British Columbia and having an office located at 2950 Camozzi Road, Revelstoke, BC V0E 2S0

(hereinafter called the "Grantee")

WHEREAS:

A. The Grantor is the present registered owner of the Lands (as hereinafter defined) located in the City of Revelstoke and more particularly described in Item 2 of Part 1, of the Land Title Act Form C to which this Agreement is attached and which forms part of this Agreement;

B. The Grantee is a company related to the developer of the Resort (as hereinafter defined) and may provide to the Grantor and other owners and occupiers of the land at the Resort the Amenities and Services (as hereinafter defined) on the condition that the Grantor pay to the Grantee an annual rent charge (as hereinafter defined) calculated in accordance with this Agreement.

C. Section 219 of the Land Title Act, R.S.B.C., 1996 c. 250, provides that a covenant, in favour of the Grantee, whether of a negative or positive nature, in respect of the use of the Lands (as hereinafter defined) or that the Lands are or are not to be built on, may be registered as a charge against the title to the Lands and is enforceable against the Grantor and its successors in title even if the covenant is not annexed to land owned by the Grantee;

D. The Grantee has been designated under section 219(3)(c) of the *Land Title Act*, evidence of which designation has been filed in the Kamloops / Nelson Land Title Office under instrument number LB090393;

E. The Grantor has agreed to grant to the Grantee a charge against the Lands to secure payment of the Rent Charge herein created and to enter into this Covenant with the Grantee in accordance with section 219 of the *Land Title Act*; and

F. The Grantor attests that the Lands encumbered by this Agreement do not lie within an Agricultural Land Reserve.

THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises, payment of $10.00 by the Grantee to the Grantor and other good and valuable consideration, the receipt and sufficiency of which each party acknowledges, the parties agree as follows:

ARTICLE 1 - DEFINITIONS

1.01 **Definitions.** In this Agreement, unless the context otherwise requires:

"Amendment" has the meaning set forth in section 6.01;

"Amenities and Services" means the services and amenities, if any, provided by the Grantee to owners of properties within the Resort base area, including but not limited to the Grantor, which may include:

(a) snow removal services in respect of public access trails and when the service provided by the City is insufficient, public roads;

(b) landscaping services for Resort areas which are not on private land;

(c) erection of Resort banners and signage; and

(d) operation and maintenance services for future public amenities which may include, but are not limited to, a skating rink or Resort tennis courts, if the Grantee, in its sole discretion, provides any of such amenities;

"City" means the City of Revelstoke;

"Development" means any development created on any of the Lands;

"Expenses" means all costs, and expenses incurred by or on behalf of the Grantee in respect of the provision of the Amenities and Services including, without limitation, all taxes payable thereon, amounts paid to any Related Person in respect of the provision of any Amenities and Services and a general administration charge not to exceed 10% of all other costs and expenses;

"Indebtedness" means the Rent Charge, any interest due on arrears and all other amounts payable by the Grantor to the Grantee pursuant to this Agreement;

"Land Title Office" means the Kamloops / Nelson Land Title Office;

"Lands" means those lands and premises described in Item 2 of Part 1, of the Land Title Act Form C to which this Agreement is attached and which forms part of this Agreement;

"Lot" means:

(a) any individual fee simple parcel resulting from subdivision of the Lands; and

(b) any strata lot within a building constructed on the Lands or any bare land strata lot created by subdivision of the Lands, in accordance with the *Strata Property Act* (British Columbia) and any amendments, replacements or re-enactments thereof;

"Owner" means any Person who is the registered owner of a Lot subject to this Agreement or another Rent Charge Agreement from time to time;

"Person" means any individual, corporation, body corporate, partnership, joint venture, trust, estate, unincorporated association or other entity or any government or governmental authority however designed or constituted;

"Related Person" in respect of any Person, means:

(a) any affiliate of such Person, within the meaning of the *Business Corporations Act* (British Columbia) or the *Canada Business Corporations Act*;

(b) any associate of such Person, within the meaning of the *Business Corporations Act* (British Columbia) or the *Securities Act* (British Columbia); and

(c) any partnership, including a limited partnership, in which such Person is a partner;

"Rent Charge" means the annual amount payable by the Grantor to the Grantee pursuant to section 3.02, and in addition refers to the charge granted hereby by the Grantor against the Lands to secure payment of the Indebtedness to the Grantee pursuant to this Agreement;

"Rent Charge Agreement" means this Agreement or any similar agreement in respect of lands which form part of the Development whereby use is subject to a rent charge in respect of the Amenities and Services similar to the rent charge provided herein;

"Resort" means all the lands and roads from time to time that comprise Revelstoke Mountain Resort;

"Stipulated Rate" means the Prime Rate plus 12% per annum; and "**Prime Rate**" means that rate of interest per annum designated by the Royal Bank of Canada (or its successor, including by amalgamation or merger) from time to time as the reference rate used by it to set interest rates on commercial loans of Canadian dollars and commonly referred to by such bank as its prime rate, and if at any time Royal Bank of Canada or its successor ceases to exist or ceases to designate a Prime Rate, then the Prime Rate will be the Prime Rate established by the Grantee, acting reasonably; for example, if the Prime Rate is 6% , then the Stipulated Rate would be 18% per annum; and the Stipulated Rate will change whenever the Prime Rate changes; and

"Term" means the initial term of this Agreement as set out in section 4.01 and includes any extension or renewal thereof.

ARTICLE 2 - AMENITIES AND SERVICES

2.0 I **Provision of Amenities and Services.** The Grantee will determine, in its sole discretion, the Amenities and Services which it will provide or cause to be provided, having regard to the funds available for the payment thereof from the Rent Charge and other sources and such other factors as may be determined by the Grantee. The Grantee will not be required to provide any Amenities and Services unless they specifically agree to do so in writing and the Grantee will not have any duty, obligation, or liability whatsoever in connection with the provision of the Amenities and Services or the failure to provide or discontinuance of any Amenities and Services.

ARTICLE 3 - THE RENT CHARGE

3.01 **Grant of Rent Charge.** The Grantor, on behalf of itself and all Persons deriving title to the Lands or any portion thereof, it being the intention and agreement of the Grantor that the provisions hereof be

annexed to and run with and be a charge upon the Lands, and each and every portion thereof, hereby conveys and grants to the Grantee in fee simple and charges the Lands with payment of the Rent Charge, including the annual Rent Charge in the amount specified in section 3.02, during the Term. The Rent Charge will commence and be payable in accordance with the terms of this Agreement from and after the date of the granting of this Rent Charge and will continue throughout the Term. The Rent Charge will be a charge upon and will issue and be payable out of the Lands, and each and every Lot created by any subdivision of the Lands or any portion thereof. Notwithstanding the sale, transfer or other disposition of the Lands or any portion thereof, the Rent Charge will survive and the purchaser, transferee or other person acquiring title to the Lands or such portion thereof will be subject to the Rent Charge and this Agreement.

3.02 **Calculation of Rent Charge.** The Grantee will, in its sole discretion, establish from to time the amount of the annual Rent Charge which will be payable by the Grantor and others in connection with the Grantee's provision of the Amenities and Services. The Rent Charge payable as of the date of this Agreement is set out in Schedule A. The Grantee may revise the Rent Charge, the method of calculation of the Rent Charge and the intervals for the payment of the Rent Charge at any time, upon written notice to the Grantor.

3.03 **Assurances re: Rent Charge.** The Grantee covenants and agrees that:

(a) all Rent Charge amounts collected by the Grantee will be applied by the Grantee toward the payment of Expenses and for no other purpose whatsoever;

(b) the Grantee will not incur Expenses except in accordance with the then current plan and budget, as described in sections 3.05(a) and 3.05(b);

(c) the Rent Charge amounts will be fair and reasonable, based on the Amenities and Services provided by or on behalf of the Grantee; and

(d) the annual Rent Charge amounts in respect of the Lands or any portion thereof for any calendar year will not exceed 0.3% of the fair market value of the Lands or any portion thereof, as applicable, including the value of all improvements thereon.

If at any time the Grantor takes the position that the annual Rent Charge amounts for any calendar year exceed 0.3% of the fair market value of the Lands or portion thereof, then:

(e) the Grantor will deliver to the Grantee a written notice setting out the Grantor’s position as to the fair market value of the Lands or portion thereof, together with a written appraisal of the Lands or portion thereof prepared and signed by an appraiser duly qualified and licenced under the laws of British Columbia; and

(f) for the purposes of section (d), the fair market value of the Lands or portion thereof for the calendar year in which the Grantor's notice was given will be deemed to be the amount set out in the Grantor's notice unless within 60 days after receipt of such notice the Grantee delivers to the Grantor a written notice setting out the Grantee's position of the fair market value of the Lands or portion thereof prepared and signed by an appraiser duly qualified and licenced under the laws of British Columbia, in which case the fair market value of the Lands or any portion thereof for such calendar year will be deemed to be the average of amounts set out in the Grantor's notice and the Grantee's notice,

and after such determination of the fair market value the annual Rent Charge for such calendar year will be reduced by the amount, if any, that it exceeds 0.3% of the fair market value of the Lands or portion thereof.

3.04 **GST and Other Taxes.** The Grantor will pay all goods and services tax and other taxes payable on the Rent Charge and any other Indebtedness. If required by the Grantee at any time, the Grantor will pay such taxes to the Grantee, in which case the Grantee will be responsible for remitting the taxes collected to the taxing authority.

3.05 **Annual Estimates and Reconciliations.** The Grantee will estimate the Expenses and the annual Rent Charge for each Lot for each calendar year based on:

(a) its operating plan for the provision of Amenities and Services; and

(b) its budgeted Expenses for the provision of Amenities and Services,

and will provide the Grantor with written notice thereof on or before March 15 in each calendar year. Within a reasonable time after the end of each calendar year the Grantee will provide to the Grantor a statement of the actual Expenses for such calendar year, together with a statement as to the actual annual Rent Charge payable for each Lot for such calendar year in accordance with this Agreement, based on the actual Expenses. If such statement shows that the Grantor owes any amount to the Grantee in respect of the annual Rent Charge for such calendar year, the Grantor will pay such amount to the Grantee within 30 days of receipt of such statement. If such statement shows that the Grantee owes any amount to the Grantor in respect of the annual Rent Charge for such calendar year, the Grantee will either pay such amount to the Grantor with such statement or apply such amount as a credit to future annual Rent Charge payments payable by the Grantor, as determined by the Grantee.

3.06 **Payment of Monthly Instalments.** The Grantor covenants to pay the annual Rent Charge to the Grantee, without set off or deduction, by twelve monthly instalments payable on the first day of each month of each calendar year. Each instalment will be 1/12 of the Rent Charge for that calendar year, as estimated by the Grantee in accordance with section 3.05, subject to the annual adjustment once the Expenses for that calendar year have been determined, as specified in section 3.05. The Grantor will pay the Rent Charge to the Grantee at the address shown above or such other address as the Grantee may advise the Grantor in writing.

3.07 **Late Charges and Interest.** If a Grantor defaults in the payment of any monthly instalment of the Rent Charge or any portion thereof, then the Grantor will pay to the Grantee any late charge amount determined by the Grantee, in its sole discretion and, in addition, the amount in default will bear interest payable to the Grantee at the Stipulated Rate, compounded monthly and payable daily, and the repayment of such interest will be secured hereby, and the interest will be a charge upon the defaulting Grantor's Lot in the same manner as the Rent Charge. The Grantee will have the same remedies for recovery of such interest if unpaid after demand, as for the Rent Charge. This stipulation for interest will not prejudice or effect any other remedy of the Grantee under Agreement.

3.08 **Grantee's Certificates.** Upon request of the Grantor or the purchaser or mortgagee of the Lands or any Lot, the Grantee will issue a certificate to such Person within 10 days of such request, certifying:

(a) the then current annual Rent Charge per Lot; and

(b) the Indebtedness, if any, of the Grantor at the time of such certificate.

The certificate will be conclusive evidence of any matter certified in it. The Grantee or its agent may charge the Person who requests a certificate under this section a reasonable processing fee for such certificate, which fee will initially be $25 per certificate and which may be increased from time to time by the Grantee, acting reasonably.

3.09 **Rent Charge to Accrue Day to Day.** The Rent Charge will accrue from day to day.

ARTICLE 4 – TERM

4.01 **Initial Term and Renewal Terms.** Subject to section 4.02, the initial Term of the Rent Charge and this Agreement will be the period commencing on the day this Agreement is registered in the Land Title Office and ending 40 years thereafter, and the Term of the Rent Charge and this Agreement will be automatically extended for an unlimited number of consecutive periods of 10 years each thereafter, unless at the end of any extension the Grantee elects not to extend the Rent Charge and this Agreement further, by written notice to the Grantor of such election or public notice of such election.

4.02 **Discontinuance by Grantee.** The Grantee may elect at any time in its sole and unfettered discretion to discontinue providing the Amenities and Services by giving public notice to such effect. In such event, the Rent Charge will cease and this Agreement will terminate and be at an end as of the effective date set out in such notice and the Grantee will, upon written request by any Owner, execute and deliver to the Owner a discharge of this Agreement in registrable form.

ARTICLE 5 – ENFORCEMENT

5.01 **Power of Entry and Distraint.** If the Grantor defaults in payment of any instalment of the Rent Charge or any other amount payable under this Agreement in respect of any Lot for the period of 60 days after the due date, then at any time after that date and without further notice, the Grantee may enter upon such Lot and may distrain upon any property, including, without limitation, the Lot and any improvements thereon, for the amount in arrears and may exercise all powers of distress, including the power to sell such property to satisfy the amount owing.

5.02 **Power of Sale.** If the Grantor defaults in payment of any instalment of the Rent Charge or other amount payable under this Agreement in respect of any Lot for the period of 180 days after the due date, then the Grantee may, at any time thereafter, sell and absolutely dispose of such Lot, either by public auction or private contract, on such terms and conditions as the Grantee determines; and the Grantee may enter into, complete, rescind or vary any contract or sale or resale without being responsible for any loss occasioned thereby, and may convey and assure the Lot to the purchaser in fee simple and the Grantor hereby constitutes the Grantee, its successors and assigns, the attorney or attorneys irrevocable by death or otherwise, of the Grantor, its heirs, executors, administrators, successors or assigns, to make such conveyance or conveyances provided that:

(a) such power of sale must not be exercised until after one month's notice in writing has been given to the Grantor, either by delivery to the Grantor, or by delivery to an adult Person resident or in occupation of the Lot, or if the Lot is vacant by substituted service in the manner allowed under the Supreme Court Rules of the Province of British Columbia or any enactment in replacement thereof; and

(b) the Grantor does not, before the Grantee completes any contract for the sale of the Lot, pay the amount in default, with interest thereon, together with all expenses incurred by

the Grantee in connection with any such notice and proceedings of sale or otherwise in relation to the Lot, including legal costs on a solicitor and own client basis.

5.03 **Survival of Rent Charge.** Despite any transfer or other disposition in fee simple of any Lot, whether under section 5.02 or otherwise, in respect of which the Rent Charge or any amount payable under this Agreement is in default, the Rent Charge will survive and the purchaser in fee simple will be subject to the terms of this Agreement. The transfer or other disposition in fee simple of a Lot under section 5.02 or otherwise will, as regards to the purchaser, be deemed to be valid despite any impropriety or irregularity with respect to the sale of the Lot to the purchaser and the remedy, if any, of the Grantee in respect of any impropriety or irregularly of any sale will be in damages only, and the purchaser on any sale will not be required to see the application of the proceeds of the sale or be accountable for any loss, misappropriation or misapplication thereof.

5.04 **Application of Proceeds of Sale.** The money realized by reason of any sale described in section 5.02 or otherwise will be applied by the Grantee:

(a) first, in payment of the expenses incurred by the Grantee in connection with the enforcement of the Rent Charge, the proceedings of sale, the sale or otherwise in relation to the Lot, including realtor's fees and legal costs on a solicitor and own client basis;

(b) second, in satisfaction of the Rent Charge with interest thereon and other amounts then owing and secured by this Agreement;

(c) third, to discharge any mortgages or liens registered against title not assumed by the purchaser; and

(d) fourth, the balance, if any, to the Grantor or as the Grantor directs.

5.05 **Other Remedies.** In addition to the above provisions for enforcement of the Rent Charge and other amounts due under this Agreement, the Grantee, at its option, may bring or take legal action for payment or to compel a mortgage or for foreclosure in a court of competent jurisdiction or may exercise any and all other remedies of a rent charge holder at law or in equity. All of the remedies of the Grantee will by cumulative and will be in addition to every other remedy available to the Grantee and all such remedies and powers of the Grantee may be exercised concurrently from time to time. If the Grantee exercises or attempts to exercise any of its remedies, the Grantor will pay all of the costs incurred by the Grantee in so doing, including the Grantee's legal costs on a solicitor and own client basis.

5.06 **Lot by Lot Basis.** Notwithstanding the foregoing provisions for enforcement of the Rent Charge and other amounts due under this Agreement, the Grantee agrees that once the Lands are subdivided as contemplated by the definition of "Lot", the Grantee will only exercise its rights and remedies in case of default against the Owner who is in default and against such Owner's Lot, but not against any other Owner or Lot.

5.07 **Exclusion or Exemption by Grantee.** The Grantee will have the right to exclude or exempt any Lot, including any Lot owned by the Grantee, from the Rent Charge for such period as the Grantee may determine or discharge this Agreement from any Lot where in the opinion of the Grantee the circumstances warrant such exclusion, exemption, or discharge. The Grantee will also have the right to limit the amount of the Rent Charge applicable to any Lot, including any Lot owned by the Grantee, for such period and on such terms as the Grantee may determine where in the opinion of the Grantee the circumstances warrant such limit.

ARTICLE 6 -AMENDMENTS AND SUBDIVISION

6.01 **Grantee's Amendments.** The Grantee may propose amendments to this Agreement which in its opinion are necessary because of changes in the law or to implement and carry out the true intent and meaning of this Agreement. The Grantee will give notice of any such proposed amendment (the **"Amendment")** to each Owner in accordance with section 7.01. An Owner may object to the Amendment by providing written notice of such objection to the Grantee within 10 days of receipt or deemed receipt from the Grantee of the notice of the Amendment. All Owners will be bound by the Amendment if the Owners who have objected to the Amendment by way of notice as herein provided represent in the aggregate less than a majority of all Owners. An Amendment will not become effective and binding on the Owners if a majority of the Owners by notice as herein provided object thereto. Where a Lot is owned by more than one Person, then for the purpose of this section all such Persons will comprise the Owner and will have a single vote.

6.02 **Amendments to Other Rent Charges.** Notwithstanding section 6.01, this Agreement will not be amended in the manner set out herein unless every other Rent Charge Agreement in effect is also amended in similar manner.

6.03 **Subdivision.** If the Lands are subdivided, either wholly or in part, at any time, either under the provisions of the *Land Title Act* (British Columbia) or the *Strata Property Act* (British Columbia), as amended from time to time, or other similar legislation enacted from time to time, on the deposit of a plan of subdivision, strata plan or similar plan, as the case may be, this Agreement and the Rent Charge will run with and continue to be a charge upon each of the new parcels, lots, strata lots or other subdivided parcels shown on such plan and the remainder, if any, of the Lands subdivided, and will be read and construed *mutatis mutandis.* No consent of the Grantor or the owner or owners of the Lands to any such subdivision will be required but, nevertheless, without restricting the generality of the foregoing, the Grantor and the Grantee covenant and agree each with the other that each will execute and deliver in registrable form any and all documents and plans, and that will do all things, reasonably necessary in order to give effect to section.

ARTICLE 7 – NOTICES

7.01 **Notices.** Any notice, invoice, demand, or other communication required to be given hereunder will be in writing and may be sufficiently given by personal delivery, email or by fax to the party receiving the same and will be deemed to have been given and received on the day of delivery, email, or fax. Any notice may also be given by prepaid registered mail within the Province of British Columbia by the party giving the same to the party receiving the same at the address of the party to whom such notice, invoice demand, or other communication is to be given appearing in the records of the Land Title Office and will be deemed to have been given and received on the fifth day following mailing, except in the event that there will be a disruption in postal services at the date of mailing, in which case notice will be effected by personal delivery or by fax as stated above. In the case of any notice to the Grantee, a notice must also be given to Grantee at the following address:

Revelstoke Mountain Resort Inc.
P.O. Box 2460 204B 1st Street West Revelstoke, B.C. V0E2S0
Fax No.: (250) 837-4675
E-Mail: _____
Attention: President

ARTICLE 8 – GENERAL

8.01 **Number and Gender.** Singular words contained herein will be read to include the plural and masculine words will be read to include the feminine and the neuter, and *vice versa*.

8.02 **Delegation by Grantee.** The Grantee may at any time and from time to time delegate to any Person (including, without limitation, any Related Person) any of its rights, duties, and obligations hereunder.

8.03 **Time of the Essence.** Time will be of the essence of this Agreement.

8.04 **Governing Law.** This Agreement will be governed by the laws of the Province of British Columbia.

8.05 **Non-Limiting.** The word "including"; when following any general statement, will be construed to refer to all other things that could reasonably fall within the scope of such general statement, whether or not non-limiting language (such as "without limitation", or "without limiting the generality of the foregoing") is used with reference thereto.

8.06 **No Waiver.** No failure or delay on the part of the Grantee in exercising any right, power, or privilege under or in respect of this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. Except as may be expressly limited herein, the Grantee may, in its sole discretion, exercise any and all rights, powers, remedies and recourses available to it under or in respect of this Agreement or any other agreement and such rights, powers, remedies and recourses may be exercised concurrently or individually without the necessity of making any election.

8.07 **Further Assurances.** The Grantor hereto will at all times and from time to time upon reasonable request by the Grantee execute and deliver such further and other documents and instruments and do and perform such further and other acts and things as may be reasonably required by the Grantee for the purpose of evidencing or giving full force and effect to the provisions or intent of this Agreement.

8.08 **Joint and Several.** If the Grantor is comprised of more than one person, then all of the covenants, agreements, representations, and warranties of each person comprising the Grantor will be joint and several covenants, agreements, representations, and warranties.

8.09 **Severability.** If any term or provision hereof is judicially declared to be invalid, illegal, or unenforceable, that term or provision will be severed from this Agreement and will not affect the validity, legality, or enforceability of any of the remaining terms and provisions hereof.

8.10 **Perpetuities.** To the extent the rule against perpetuities applies to this Agreement or any right, power or enforcement remedy provided for herein, then the perpetuity period be 80 years from the grant hereof or such longer period as may be provided by law.

8.11 **Assignment by Grantee.** The Grantee will have the right to assign to any Person (including any Related Person) this Agreement provided that such Person assumes the obligations of the Grantee hereunder. Upon such assignment being made, the assignor will be relieved of all of its obligations hereunder and all references to the Grantee will thereafter be construed as references to the assignee.

8.12 **Enurement.** The covenants contained herein will enure to and be for the benefit and will be binding upon the Grantee, its successors and assigns and will be annexed to and run with and be a charge

upon the Lands, and each and every portion then

ARTICLE 9 – 219 COVENANT

9.01 **Section 219 Covenant.** The Grantor shall not make use of the Lands or a Lot unless it pays the Grantee the annual Rent Charge during the Term of this Agreement, without deduction or set-off whatsoever.

As evidence of their agreement to be bound by this Agreement, the parties have executed the Land Title Act Form C attached to and forming part of this Agreement.

SCHEDULE A

RENT CHARGE AMOUNTS

The Grantee has not yet established the Rent Charge amounts.

In addition to the Rent Charge, the following charges will apply:

- Late Payment Charge: $10.00 per occurrence (plus interest at the Stipulated Rate)
- NSF or returned cheque charge: $25.00 per NSF or return cheque

Notes:

1. The above Rent Charge amounts are those in effect as of the date of this Agreement. The Grantee may change or supplement any of the foregoing at any time, in accordance with any requirements set out in this Agreement.

2. The Grantor will pay all GST and other taxes and charges payable on all Rent Charge amounts.

- **END OF DOCUMENT** -