

SUBLEASE

THIS AGREEMENT DATED FOR REFERENCE the ____ day of _____, 202__, is made:

BETWEEN:

SHELTER BAY PARTNERSHIP

(the “Sublandlord”)

AND:

XXX and XXX

(the “Subtenant”)

WHEREAS:

- A. **Ronald Michael Derrickson and Douglas Noll Theodore Derrickson** (together, the “**Lessor**”) granted a Lease to the Sublandlord of the Lands effective September, 2017 for a term of 125 years expiring on October 1, 2142 which Lease was registered in the Registry on September 29, 2017 under number 5022735 which lease was modified by Modification of Lease made as of October 1, 2020 and registered in the Registry on January 20, 2021 under No. 5026056 (the original lease, as modified, is hereinafter called the “**Lease**”);
- B. The Sublandlord wishes to grant a sublease of the Subleased Premises to the Subtenant and the Subtenant wishes to accept a sublease of the Subleased Premises from the Sublandlord on the terms set out herein;

1. DEFINITIONS, INTERPRETATION AND BASIC TERMS

1.1 Definitions and Interpretation. In this Sublease (including the above Recitals), the following terms will have the following meanings:

- (a) “**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 First Nation Council and any utility company lawfully acting under its statutory power;
- (b) “**Bylaws**” means the Bylaws and the rules and regulations of the Owner Association in effect from time to time;
- (c) “**CMHC**” means Canada Mortgage and Housing Corporation or its successor;
- (d) “**CEAA**” means the *Canadian Environmental Assessment Act*, S.C. 2012 and regulations made thereunder all as amended or replaced from time to time;
- (e) “**Common Costs**” means those costs set out in Schedule B, which costs will be determined by the Sublandlord from time to time;

- (f) **“Common Insurance Cost”** means the annual cost to take out and maintain insurance as required by the Lease and the Sublandlord;
- (g) **“Common Area”** means all of the Lands other than the Subleased Premises and other units subleased to subtenants and includes:
 - (i) that portion of the unit comprising the Subleased Premises and all other units subleased to subtenants that is considered Common Area;
 - (ii) any roads, curbs, parking areas, walkways, sidewalks, street lighting, landscaping, amenity building, swimming pool, beach access, beach pavilion and other beach area amenities, docks and all other amenities forming part of the Project; and
 - (iii) all electrical and mechanical systems, drainage and sewer systems, waterworks, structural components, passageways, fences, gates, buildings, structures, works, utilities, services and any other improvements, foundations, perimeter walls, exterior walls, common walls, Party Walls, any amenity building roof and parking areas contained within, in whole or in part, the Lands which are not part of Subleased Premises;
- (h) **“Common Tax Cost”** means the total, without duplication, of all taxes, rates, duties, general and special assessments and charges levied or imposed on or in respect of any of the Common Area by any competent authority;
- (i) **“Constitution”** means the Westbank First Nation Constitution proclaimed effective April 1, 2005 as same may be amended from time to time;
- (j) **“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;
- (k) **“Environmental Laws”** means any Laws, now existing or amended, enacted or re-enacted from time to time, relating, in whole or in part, to the protection and enhancement of the Environment, public health, public safety, and transportation of dangerous goods, and any decisions, specifications, mitigative measures, and environmental protection measures issued, ordered or otherwise provided for under such Laws, including any decision under CEAA pertaining to any project on the Lands;
- (l) **“Exclusive Use Area”** means any Common Area or facilities set aside for the exclusive use of the Subtenant or any group of subtenants;
- (m) **“First Nation”** means the Westbank First Nation or any successor to the First Nation pursuant to a federal statute;
- (n) **“First Nation Council”** means the governing body of the First Nation, elected under the Constitution or otherwise in accordance with the Laws;

- (o) **“Improvements”** means all buildings, structures, works, facilities, services, 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 any improvements which serve the Subleased 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;
- (p) **“Interest Rate”** means the interest rate equal to the prime rate established from time to time by the Royal Bank of Canada, or its successor, as the case may be, plus 4% per annum;
- (q) **“Lands”** means those lands situate, lying and being in the Reserve in the Province of British Columbia more particularly known and described as:

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including any further consolidation or subdivision thereof and subject to existing easements, permits and rights of way (if any) in favour of utility companies;

- (r) **“Laws”** means all laws, statutes, regulations, bylaws, rules, codes, guidelines, standards, declarations, notices, ordinances, requirements and directions of any Authority in force from time to time;
- (s) **“Lease”** means the Lease described in Recital A above, as amended and in effect from time to time;
- (t) **“Lessor”** means Ronald Michael Derrickson and Douglas Noll Theodore Derrickson and their respective heirs, administrators successors and assigns from time to time;
- (u) **“Minerals”** means ore or metal and every natural substance that can be mined and that:
 - (i) 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
 - (ii) 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.
- (v) **“Mortgage”** means any Mortgage entered into in accordance with Article 9;
- (w) **“Mortgagee”** means any mortgagee under any Mortgage and includes CMHC;
- (x) **“Obligation”** means any duty, obligation or liability whatsoever, including that arising under any acknowledgement, covenant, agreement, representation, warranty, release, indemnity, breach or default;

- (y) **“Owner Association”** means Shelter Bay Owner Association, a society incorporated under the laws of British Columbia, of which all of the members are comprised of the Sublandlord and the subtenants in the Project and which is at all times controlled by the Sublandlord or the subtenants in the Project;
- (z) **“Party”** means a party to this Sublease and **“Parties”** means any or all of them;
- (aa) **“Party Wall”** means any common wall located wholly or partially on the Subleased Premises used by a subtenant in common with others;
- (bb) **“Permitted Uses”** means:
 - (i) any Residential Use;
 - (ii) home office use and home-based businesses, as accessory and subordinate to Residential Use and carried on indoors. Home office uses must not cause noise or nuisance to other owners and must be operated in accordance with the Bylaws;
- (cc) **“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;
- (dd) **“Prepaid Rent”** means the rent provided for in section 3.1;
- (ee) **“Project”** means the residential development on the Lands;
- (ff) **“Property Taxes”** means all of the following, without duplication:
 - (i) general property, realty or school taxes, rates, duties, assessments, levies or charges and all other taxes, rates, duties, assessments, levies or charges in lieu thereof;
 - (ii) specified area, parcel, frontage, local improvement, limited purpose or limited area taxes, rates, duties, assessments, levies or charges and all other taxes, rates, duties, assessments, levies or charges in lieu thereof; and
 - (iii) other taxes, rates, duties, assessments, levies or charges of a similar nature which are levied or charged by cities, municipalities or regional districts within the Province of British Columbia;all to the extent that they are lawfully charged by a competent authority;
- (gg) **“Proportionate Share”** means the proportion of the Common Costs for which the Subtenant is responsible, as set by the Sublandlord or the Owner Association from time to time, acting reasonably;
- (hh) **“Registry”** means the Westbank First Nation Land Registry ;

- (ii) **“Reserve”** means Tsinstikeptum Indian Reserve No. 10, which has been set apart for the use and benefit of the First Nation;
- (jj) **“Residential Use”** means a use providing for the accommodation and home life of one or more individuals and includes subordinate activities customarily associated therewith and as further described in section 4.1.
- (kk) **“Services and Facilities”** means all on-site and off-site services, utilities, amenities and facilities in respect of or for the use of the Subleased Premises, including any roads, curbs, walkways, sidewalks, trails, street lighting, parks, common areas, community facilities, amenity building, recreation facilities including the pool, beach amenities and docks, 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, geothermal energy, ventilation or air conditioning services and facilities;
- (ll) **“Sublandlord’s Representatives”** means any person duly authorized by the Sublandlord to represent the Sublandlord, including any officer, employee, agent, contractor, subcontractor, consultant or advisor of the Sublandlord so authorized;
- (mm) **“Subleased Premises”** means the unit described and shown outlined in bold on the plan attached as part of Schedule “A” provided that:
 - (i) the boundary of the Subleased Premises shall be the centerlines of the structural portions of the exterior walls, floor and ceiling (with the exterior portion of all such walls, floor and ceiling being Common Area);
 - (ii) all exterior doors, exterior lights and garage doors shall be considered to form part of the Subleased Premises; and
 - (iii) in the event of any dispute as to what constitutes the boundary of the Subleased Premises, unless otherwise expressly provided herein the matter shall be determined as if the Subleased Premises were a strata lot governed by the Strata Property Act of British Columbia, or its successor.
- (nn) **“Taxes and Charges”** means all of the following, without duplication:
 - (i) all Property Taxes;
 - (ii) user fees or charges for any of the Services and Facilities;
 - (iii) 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 Subtenant or any person claiming through or under the Subtenant;
 - (iv) amounts added to Property Taxes pursuant to any Laws; and
 - (v) interest and penalties charged on any of the above amounts,all to the extent that they are lawfully charged by an Authority;

(oo) “**Term**” means the term of this Sublease, as set out in section 2.3, and any renewal or extension thereof;

(pp) “**Year**” means a calendar year.

1.2 This Sublease. The phrase “this Sublease” means this Sublease between the Parties, including any attached Schedules.

1.3 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.

1.4 All Terms are Covenants. All agreements, terms, conditions, covenants, provisions, duties and obligations to be performed or observed by the Subtenant or the Sublandlord under this Sublease will be deemed to be covenants.

1.5 Statutes. Any reference to a statute or other Laws includes and is a reference to such statute or other Laws and to the regulations made pursuant thereunder, with all amendments made thereto as are in force from time to time, and to any statute or any regulation that may be passed which have the effect of supplementing or superseding any such statute or regulation.

1.6 Schedules. The following are the Schedules to this Sublease:

Schedule A Subleased Premises Description and Plan
Schedule B Common Costs
Schedule C Prepaid Rent

2. DEMISE, TERM AND LICENSE

2.1 Demise. In consideration of the covenants and agreements set out in this Sublease and other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Sublandlord subleases the Subleased Premises to the Subtenant for the Term, subject to the terms and conditions contained in this Sublease, together with the non-exclusive right to use Common Area designated by the Sublandlord for the use of the Subleased Premises (in common with the other the subtenants in the Project), subject to payment by the Subtenant of its Proportionate Share of the Common Costs. This Sublease and the non-exclusive right to use the Common Area shall be subject to any Bylaws, rules and regulations of the Owner Association, as amended from time to time, regulating the use thereof, provided such Bylaws, rules and regulations are of general application to all members of the Owner Association or to the members having the same or similar rights to use the Common Area.

2.2 Exclusive Use Area. The Sublandlord and the Owner Association shall be entitled to designate the right to use any Exclusive Use Area which shall be on terms established by the Sublandlord or the Owner Association and the Sublandlord and the Owner Association shall be entitled to revoke or rescind any such designation but only with the approval of the sublessee or the sublessees for whose benefit the designation was originally made. The areas identified as “exclusive use areas” on Schedule “A” are hereby designated by the Sublandlord as Exclusive Use Area for the benefit of the Subtenant and the Subleased Premises.

2.3 **Term.** The Term of this Sublease will be the period from and including the date of the registration of this Sublease in the Registry up to and including the day that is one day prior to the expiration of the Lease, including any extensions or renewals to the term of the Lease, unless this Sublease is terminated before that date in accordance with the terms of this Sublease.

3. PREPAID RENT, TAXES AND CHARGES, AND COMMON COSTS

3.1 **Prepaid Rent.** The Subtenant will pay the Sublandlord the Prepaid Rent without any set-off or deduction as set out in Schedule "C" and payable in advance on the date of this Sublease, and no other rent of any kind will be payable by the Subtenant.

3.2 **Place of Payment.** All payments will be made to the appropriate Party at the address set out in section 30.6.

3.3 **Taxes and Charges.** The Subtenant will pay when due all Taxes and Charges applicable to the Subleased Premises or the Subtenant and the Subtenant will fully indemnify and save harmless the Sublandlord in respect of all such Taxes and Charges and any interest or penalty thereon. The Subtenant will give the Sublandlord reasonable proof of the payment of any Taxes and Charges upon the written request of the Sublandlord.

3.4 **Contesting Payment.** Without in any way relieving, limiting or modifying the obligation of the Subtenant to comply with section 3.3, the Subtenant may, at its expense, contest or appeal the imposition or amount of any amount payable pursuant to section 3.3, provided that the Subtenant does so in accordance with any requirement under any Laws and the Subtenant commences any proceedings to contest or appeal the validity or amount forthwith and continues with the proceedings with all due diligence.

3.5 **Arrears to Bear Interest.** If any amount, including, but not limited to the Prepaid Rent, owing by the Subtenant under this Sublease is not paid on the date on which it is due then it will bear interest at the Interest Rate compounded monthly from the date the sum is due until the date of the payment by the Subtenant, but this stipulation for interest will not prejudice or affect any other remedies of the Sublandlord under this Sublease or otherwise, or be construed to relieve the Subtenant from any default in making any payment at the time and in the manner specified in this Sublease.

3.6 **The Subtenant's Proportionate Share.** The Subtenant will pay its Proportionate Share at such time and in such manner as the Sublandlord directs from time to time.

3.7 **Increased Common Costs.** The Subtenant will not do or permit anything to be done which will cause an increase in the Common Costs.

3.8 **Payment of Proportionate Share.** Common Costs for each Year (or such other 12 month period as the Owner Association shall determine) shall be estimated by the Owner Association and communicated to the Sublessee. The budget for Common Costs during any Year may be readjusted at any time and specific Common Costs may be reallocated, in whole or in part, to the Sublessee based on a determination by the Owner Association that the Sublessee is solely or partially responsible for such costs, in which event the amount payable by the Sublessee as its Proportionate Share shall be adjusted accordingly. The Sublessee will pay its Proportionate Share of the estimated Common Costs for each Year on a monthly basis in advance during each Year. Within a

reasonable time period following the end of each Year, the Owner Association will advise the Sublessee in writing of the actual amount of the Common Costs for the Year and the actual amount required to be paid as the Sublessee's Proportionate Share of the Common Costs for the Year. In the event that the actual Common Costs for such Lease Year are less than the Common Costs that had been estimated by the Owner Association, the overpayment by the Sublessee shall be applied to the Common Costs payable to the Owner Association or the Sublessor, as the case may be, for the next Year. In the event the actual Common Costs for such Year are greater than the Common Costs that had been estimated by the Owner Association, the Owner Association shall have the right to either include the amounts in the Common Costs for the upcoming Year or assess the Sublessee for the shortfall, and the Sublessee shall pay such additional amounts at the time or times required by the Owner Association.

3.9 Daily Accrual. The Proportionate Share is deemed to accrue from day to day. If it is necessary to calculate the Proportionate Share for a period of less than one Year, then the Sublandlord will make a pro rata adjustment.

3.10 Allocation by Competent Authority. If a competent authority does not issue a separate allocation of taxes, rates, duties, assessments or charges with respect to the parts of the Common Area, then the Sublandlord may, from time to time, apply to such authority for a determination of a separate allocation. If the Sublandlord cannot obtain such an allocation, then the Sublandlord will determine the portion of taxes, rates, duties, assessments or charges attributable to each of the parts of the Common Area using the then current principles of assessment employed by taxing authorities and will add this portion to the Common Costs.

4. USE AND RIGHT OF OCCUPATION

4.1 Permitted Uses. The Subtenant may use the Subleased Premises for the Permitted Uses and in accordance with and subject to the terms and conditions set out in any Laws, this Sublease and any other agreement to which the Subtenant is a party and the Subtenant will not use or permit to be used the Subleased Premises or any portion of the Subleased Premises for any other use or purpose. Residential Use shall include short term rentals (for a period of not less than 5 consecutive days). It is the Sublandlord's intention that the Subtenant's right to short term rentals as described herein cannot be altered or revoked by the Owner Association. Notwithstanding the foregoing, hot tubs may only be located in areas specifically approved by the Sublandlord and cannot exceed the weight specified by the Sublandlord.

5. SUBLANDLORD'S RIGHTS OF WAY AND EASEMENTS

5.1 Granting of Other Interests. The Sublandlord 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, provided that no such easement, right of way or restrictive covenant will interfere with the purpose of the Sublease as set forth in section 4.1. The Subtenant agrees, at the request of the Sublandlord, to expeditiously execute and deliver to the Sublandlord such instrument as may be necessary to subordinate the Subtenant's right and interest in the Lands under this Sublease to such charge.

6. QUIET ENJOYMENT

- 6.1 **Quiet Enjoyment.** Upon payment in full of the Prepaid Rent, and by observing and performing its obligations under this Sublease, the Subtenant will peaceably and quietly possess, hold and enjoy the Subleased Premises during the Term, on the terms and conditions contained in this Sublease, without any disturbance by the Sublandlord or any person claiming under or through the Sublandlord except as set out in the Lease, this Sublease and in any Laws.

7. NUISANCE, WASTE AND RUBBISH

- 7.1 **Nuisance.** The Subtenant will not cause, permit or suffer any nuisance to be created on or to emanate from the Subleased Premises or the Common Area.

- 7.2 **Waste.** The Subtenant will not cause, permit or suffer the commission of any waste at, on, within or in respect of the Subleased Premises or the Common Area.

- 7.3 **Rubbish.** The Subtenant will not cause, permit or suffer any rubbish, garbage, solid waste or debris on or within the Subleased Premises or the Common Area except in suitable containers and as may be reasonably necessary and in accordance with the Permitted Uses and any Laws.

8. ASSIGNMENT AND SUBLETTING BY THE SUBTENANT

- 8.1 **Right to Assign.** The Subtenant may assign or transfer the whole or any part of its interest in this Sublease subject to the following terms and conditions:

- (a) the assignment or transfer of the Sublease must be completed in a form acceptable for registration in the Registry;
- (b) the assignment or transfer must include covenants and agreements pursuant to which the assignee or transferee covenants and agrees in writing, with the Sublandlord and Owner Association, to be bound by and liable under all terms, conditions, covenants and agreements of the Subtenant under this Sublease;
- (c) the Subtenant shall not be in default of its covenants and agreements set out in this Sublease, and in particular shall have paid its Proportionate Share of all Common Costs and shall have paid to the Owner Association all amounts due for the period to and including the date of the assignment or transfer;
- (d) prior to any assignment or transfer the Subtenant shall at the expense of the Subtenant request a certificate from the Sublandlord or its representative confirming that to the Sublandlord's knowledge the Sublease is in good standing;
- (e) concurrent with completion of the assignment, and as a condition of the assignment, pay the Sublessor an assignment administration fee equal to one percent (1%) of the greater of the selling price for the assignment of Sublease or the most recent assessed value of the Leased Premises; and
- (f) if the Subtenant is a Corporation, any change in control will be deemed to be an assignment.

8.2 Release of Subtenant Upon Assignment. Upon the assignment of this Sublease by the Subtenant in accordance with this Article 8, the Subtenant will be released from any and all further obligations arising under this Sublease which arise after the time of such assignment, provided that the Subtenant will not be released from or in respect of any default or any obligation of the Subtenant under this Sublease which is in respect of any matter occurring after the commencement of the Term but prior to the effective time of the assignment and all obligations of the Subtenant arising under this Sublease 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.

9. MORTGAGE OF SUBLEASE

9.1 Mortgaging. The Subtenant may grant a Mortgage of this Sublease without the consent of the Sublandlord or the Lessor.

9.2 Registration of Mortgage by Subtenant. A Mortgage of this Sublease in accordance with section 9.1 must be registered by or on behalf of the Subtenant in the Registry at the expense of the Subtenant.

10. ASSIGNMENT BY SUBLANDLORD

10.1 Assignment. The Sublandlord may directly or indirectly assign, transfer, convey or otherwise dispose of the Lease, and thereby concurrently assign, transfer, convey or otherwise dispose of its interest in this Sublease, without the consent of the Lessor or the Subtenant. The Sublandlord's interest in this Sublease and its obligations under this Sublease will be automatically assigned to the assignee under any assignment of the Sublease.

10.2 Release of Sublandlord Upon Assignment. Upon the assignment of the Lease by the Sublandlord in accordance with section 10.1, the Sublandlord will be released from any and all further obligations arising under this Sublease which arise after the time of such assignment, provided that the Sublandlord will not be released from or in respect of any default or any obligation of the Sublandlord under this Sublease which is in respect of any matter occurring after the commencement of the Term but prior to the effective time of the assignment and all obligations of the Sublandlord arising under this Sublease 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.

11. CONSENTS

11.1 Sublandlord's Consents. Except as otherwise specifically provided herein, wherever in this Sublease the Subtenant is required to obtain the consent of the Sublandlord, the Sublandlord will act reasonably and without delay in giving or withholding such consent.

12. COMPLIANCE WITH RULES, LAWS AND INSURANCE POLICIES

12.1 Compliance with Rules, Laws and Insurance Policies. The Subtenant will:

- (a) observe and comply with the Bylaws and such reasonable rules and regulations respecting the use of the Common Area and the Subleased Premises, or any part

thereof as will be made by the Sublandlord or the Owner Association from time to time;

- (b) observe and comply with all Laws applicable to the Common Area and the Subleased Premises and observe and comply with the requirements of all policies of insurance required to be carried by the Subtenant pursuant to this Sublease.

However, failure to comply with such Bylaws and rules and regulations (other than payment of Common Costs or any other monetary amounts owing to the Owner Association or a default which would constitute a default under the terms of the Lease) will not result in termination rights referred to in Article 25 notwithstanding anything to the contrary herein.

13. ENVIRONMENTAL STANDARDS

- 13.1 Compliance with Environmental Laws.** The Subtenant will at all times use and maintain the Subleased Premises in compliance with all applicable Environmental Laws. Notwithstanding anything else in this Article, this Sublease will not be terminated by the Sublandlord as a result of any environmental contamination of the Subleased Premises or the Lands which is not caused by the Subtenant or a person for whom they are responsible at law.

14. SERVICES AND DEVELOPMENT PROPERTY

- 14.1 Interruption of Services and Availability of Common Property.** No interruption of any of the utility services provided to the Subleased Premises or the Common Area or the availability of the Common Area, will be deemed to be a disturbance of the Subtenant's enjoyment of the Subleased Premises or render the Sublandlord liable to the Subtenant or any person claiming through or under the Subtenant, unless and to the extent that such interruption is caused by the negligence of the Sublandlord.

15. ALTERATIONS AND ADDITIONS

- 15.1 No Alterations.** Except as provided in Article 20, the Subtenant will not alter, remove, add to, replace, or make substitutions on the Subleased Premises, without first having received the written consent of the Owner Association, which consent may be withheld in the discretion of the Owner Association.

16. IMPROVEMENTS

- 16.1 Compliance with Provisions.** Any improvements to the Subleased Premises made by the Subtenant must be made in compliance with the provisions of this Sublease and the Lease and any applicable Laws and the Subtenant shall, upon the expiry or sooner termination of the Term, at the option of the Sublandlord in writing, immediately remove from the Subleased Premises all improvements made to the Subleased Premises by the Subtenant and restore the improvements on the Subleased Premises to their original condition (reasonable wear and tear excepted). All improvements made to the Subleased Premises by the Subtenant which are not removed shall automatically and at no cost to the Sublandlord become the property of the Sublandlord and the Subtenant shall not make any claim for compensation, recompense or other allowance or consideration whatsoever in respect of other improvements.

17. REPAIR OF SUBLEASED PREMISES

17.1 **Repair of Subleased Premises**. The Subtenant will, at its expense at all times during the Term repair, renew, replace and maintain the Subleased Premises in a good and tenantable condition and in accordance with all Laws, in every respect as would a careful subtenant in occupation, excepting reasonable wear and tear only insofar as is not inconsistent with the foregoing. At no time will the Sublandlord or the Owner Association be obliged to the Subtenant to repair, renew, replace or maintain any areas within the Subleased Premises unless the Sublandlord or the Owner Association specifically agrees in writing to do so.

18. SIGNS

18.1 **No Signs**. The Subtenant will not at any time during the Term affix or exhibit upon the Subleased Premises any sign or other advertising device except with the prior written consent of the Sublandlord, such consent not to be unreasonably withheld, and except where necessary and ancillary for carrying out the purpose permitted in Article 4.

18.2 **Subtenant Responsible**. The Subtenant shall be responsible for the repair, maintenance, strengthening or removal of any sign or advertising device.

19. NO LIENS

19.1 **No Liens**. Other than in respect of any Mortgage, the Subtenant will use all reasonable efforts not to suffer or to permit any liens or charges of whatever nature to exist or to be registered against title to the Subleased Premises or any part thereof and should any such lien or charge so exist or be so registered, the Subtenant will cause to be discharged the same forthwith. Notwithstanding the foregoing, the Subtenant will have the right to contest the validity of any such lien or charge or the amount thereof by appropriate legal proceedings if the Subtenant prosecutes such legal proceedings with all due diligence. The Subtenant hereby agrees to indemnify and save harmless the Sublandlord from and against any action or damage whatsoever in respect of any such lien or proceeding.

20. REMOVAL OF IMPROVEMENTS AND CHATTELS

20.1 **Subtenant May Remove Goods**. At any time during the Term, the Subtenant may, if not in default hereunder, at the Subtenant's expense, remove from the Subleased Premises any or all of the moveable goods and chattels placed on the Subleased Premises by the Subtenant provided that the following conditions are met:

- (a) the Subtenant complies with section 20.3;
- (b) any requirements in the Lease are complied with, and the Sublandlord agrees to comply with such requirements on behalf of the Subtenant, provided that the Subtenant complies with this Article 20; and
- (c) the Subtenant shall not remove, damage or interfere with any part or parts of the Subleased Premises or the improvements of the Sublandlord constructed upon any part or parts of the Lands.

- 20.2 Removal of Moveable Goods on Demand.** The Subtenant will, at the sole cost and expense of the Subtenant, upon written demand by the Sublandlord given on or before the 30th day after the expiration or earlier termination of this Sublease, forthwith remove from the Subleased Premises any or all of the Subtenant's moveable goods and chattels and any moveable goods and chattels of any other person on the Subleased Premises as the Sublandlord may require.
- 20.3 Leave Subleased Premises in Good Condition.** The Subtenant will, upon the expiration or earlier termination of this Sublease, or upon the removal of any moveable goods and chattels and tenant's fixtures from the Subleased Premises, all as applicable, pursuant to this Article 20, whichever is later, leave the Subleased Premises in good and substantial repair, in a neat, clean and tidy condition and free from all waste and debris to the reasonable satisfaction of the Sublandlord.
- 20.4 Sublandlord May Remove Goods.** If the Subtenant does not remove any moveable goods, chattels or tenant's fixtures from the Subleased Premises as provided in this Article 20 or pursuant to a notice or demand given pursuant to section 20.2, then the Sublandlord may remove them and dispose of them as they see fit. The Subtenant will pay to the Sublandlord all reasonable costs and expenses incurred in the removal and disposal of the moveable goods, chattels and tenant's fixtures and in making good all damage caused to the Subleased Premises by the removal forthwith upon demand by the Sublandlord. The Sublandlord will not be responsible to the Subtenant for any loss by the Subtenant as a result of the removal or the disposal of moveable goods, chattels or tenant's fixtures.

21. SUBTENANT'S INSURANCE

- 21.1 Subtenant's Insurance.** The Subtenant covenants with the Sublandlord that it will obtain and keep in force during the Term the following insurance:
- (a) an "All Risks" type condominium unit owners insurance policy, which includes the perils of earthquake and sewer back-up and provides coverage for the following:

Subtenant's personal property;

any betterments to the Subleased Premises; and

property loss assessment coverage.
 - (b) personal liability insurance providing coverage to the Subtenant against third party claims brought upon them for bodily injury, including, sickness, illness, disease, disability, or death, or personal injury or property damage, including loss of use thereof, arising out of the ownership, occupancy, maintenance and use of the Subleased Premises and or Common Area and or Exclusive Use Area in an amount not less than two million dollars (\$2,000,000) in respect of any one occurrence, or such higher limits that the Sublandlord or the Owner Association may require from time to time;
 - (c) condominium corporation deductible type coverage; and

- (d) such other insurance as the Sublandlord may occasionally require from time to time in amounts and for perils against which a prudent subtenant would protect itself in similar circumstances.

21.2 Short Term Rentals. If the Subleased Premises are to be used for short term rentals as permitted by Section 4.1 then the insurance policy held by the Subtenant shall be endorsed to allow for this.

22. SUBLANDLORD'S INSURANCE

22.1 Sublandlord to Maintain Insurance on Common Area. The Sublandlord will maintain or will cause the Owner Association to maintain, property insurance and third-party liability insurance for the Common Area. The costs of such insurance will be part of the Common Insurance Cost which shall form part of the Common Costs.

23. INSURANCE PROVISIONS

23.1 Terms of Insurance. Each required insurance policy listed in Section 21.1 will be on the following terms and on such other terms and conditions and with such insurers as are from time to time approved by the Sublandlord:

- (a) the liability insurance will name the Lessor and the Sublandlord as additional insureds, as their respective interests may appear; and
- (b) to the extent it is obtainable, the policy will contain an agreement by the insurer that it will not cancel the policy midterm or amend the policy without first delivering to all of the insureds at least 15 days' prior written notice by registered mail.

23.2 Evidence of Insurance. The Subtenant will, upon written request from the Sublandlord, deliver a certified copy of every insurance policy requested by the Sublandlord.

23.3 Not Invalidate Insurance. The Subtenant will not do, permit or suffer anything to be done on or from the Lands that might cause any policy of insurance to be invalidated, either in whole or in part, or canceled, and the Subtenant will comply forthwith with every notice in writing from the Sublandlord or any insurer requiring anything to be done or not done in order to avoid invalidation or cancellation of any insurance.

23.4 Obligation to Make Up. The Subtenant will forthwith make up from its own resources any and all deficiencies in the proceeds of any insurance received to be maintained by the Subtenant pursuant to the terms of this Sublease.

23.5 Release of Liability for Insured Damage. The Subtenant hereby fully releases and discharges and agrees to fully indemnify and save harmless the Sublandlord from and against any and all actions and damages whatsoever caused by, resulting from or in respect of any of the perils or injury against which it has covenanted in this Sublease to insure, unless the action or damage arises out of the negligence or omission of the Sublandlord or those

for whom the Sublandlord is at law responsible and even if the Subtenant has failed to so insure, unless insurance is not available for that peril or injury.

23.6 Mortgages Insured by CMHC. Notwithstanding any other term or condition of this Sublease, if the Mortgage is insured by CMHC, then during any such time as CMHC has possession of the Subleased Premises or holds the equity of redemption in the Subleased Premises, CMHC will not assume or be responsible for the duties, obligations or liabilities whatsoever for taking out or maintaining insurance as set out herein.

23.7 Deductible. If the Subtenant makes a claim on the insurance described in Section 22.1, the Subtenant shall be responsible for the deductible portion of such claim if the Subtenant is responsible for the loss or damage that gave rise to the claim.

23.8 Property Loss Assessment. If following a loss to the Improvements there is a shortfall in the actual cost to repair or replace the damaged Improvements from proceeds of insurance of insurance policies noted in section 22.1, the Sublandlord or Owners Association may assess each Subtenant their proportionate share of the shortfall.

24. INDEMNITY AND RELEASE

24.1 Indemnity. The Subtenant will indemnify and save harmless the Sublandlord, its officers, employees, agents or contractors, against and from all liability, loss, costs, claims, demands, expenses, actions, damages, suits and other proceedings, whatsoever, including consequential, howsoever arising out of or related to any breach of the Subtenant's covenants herein contained and/or for personal injury, death or property damage or loss arising out of or related to any act or omission of the Subtenant, its officers, employees or agents or any person for whom the Subtenant is responsible at law.

24.2 CMHC. There shall be no obligation for CMHC to indemnify the Sublandlord herein.

25. DEFAULT AND REMEDIES

25.1 The Subtenant's Covenants. All obligations to be observed or performed by the Subtenant in favour of the Sublandlord under this Sublease will be deemed to be the Subtenant's covenants and all the obligations in favour of the Sublandlord in this Sublease are made on behalf of the Subtenant and its successors and assigns.

25.2 Sublandlord's Right to Cure Default. If the Subtenant fails to observe or perform any of its obligations under this Sublease then, without limiting any other remedy of the Sublandlord under this Sublease, the Sublandlord may, at its option, and upon not less than 45 days' written notice to the Subtenant, perform or cause to be performed the obligation, but having commenced such work, the Sublandlord will have no obligation to the Subtenant to fulfill such obligation. The Subtenant will pay to the Sublandlord any reasonable cost or expense incurred by the Sublandlord in performing the obligation forthwith upon demand by the Sublandlord and such amount will bear interest at the Interest Rate from the date that such reasonable cost or expense is incurred by the Sublandlord and compounded monthly until the date of the payment by the Subtenant. The performance by the Sublandlord of any of the Subtenant's obligations pursuant to

this section will not be an acknowledgment or admission of any liability or responsibility on the part of the Sublandlord nor give rise to any liability for the Sublandlord.

25.3 Notice of Default and Termination. If and whenever the Subtenant defaults in the observance or performance of any obligation in favour of the Sublandlord or the Lessor under this Sublease on the Subtenant's part to be observed or performed, the Sublandlord may give the Subtenant written notice of the default, specifying the particulars of the default. If the Sublandlord gives the Subtenant a notice of default pursuant to this section and:

- (a) the default is in respect of a monetary payment or is reasonably capable of being cured within 45 days (or such longer period as is permitted under any Laws) after the notice is given and the Subtenant fails to cure or to cause the Subtenant to cure the default within 60 days (or such longer period as is permitted under any Laws) after the notice is given; or
- (b) the default is in respect of a non-monetary matter and is capable of being cured but is not reasonably capable of being cured within 45 days after the notice is given and the Subtenant 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, subject to section 25.4, the Sublandlord may by notice to the Subtenant declare the Term ended. If the Sublandlord declares the Term ended then, except as otherwise expressly provided in this Sublease, this Sublease and everything contained in it, the Subtenant's estate under this Sublease and the Term will thereupon terminate without re-entry or any other act or legal proceedings in respect thereof, and the Sublandlord may re-enter and possess the Subleased Premises and the Sublandlord may enjoy the Subleased Premises and its former estate therein as if this Sublease had not been made with respect thereto.

25.4 Notices and Opportunity for Others to Cure. The Parties acknowledge that Mortgagees have an interest in the Subleased Premises. Accordingly, the Parties agree as follows:

- (a) The Sublandlord will provide a copy of any notice to the Subtenant pursuant to section 25.3 to each Mortgagee at the address in the Registry, and no notice given pursuant to section 25.3 will be validly given unless the Sublandlord has done so. The copies of such notices may be given to each Mortgagee on the same terms and conditions as are applicable to notices referred to in this Sublease;
- (b) each Mortgagee will have the same opportunity to cure or cause to be cured defaults as is afforded to the Subtenant pursuant to section 25.3 and a cure by any of such persons will be deemed to be a cure by the Subtenant;
- (c) The Sublandlord shall not exercise effectively as against the Mortgagee any right of re-entry or distress or right to terminate this Sublease until:
 - (i) The Sublandlord gives to the Mortgagee at least 45 days notice in writing of the intention to re-enter or to distrain or to terminate specifying the full particulars of the grounds therefore,

- (ii) The Mortgagee does not during that 45 day period either remedy all specified proper grounds for re-entry or distraint or termination or give to the Sublandlord notice in writing that the Mortgagee intends to take, or has taken, formal proceedings for the enforcement of its Mortgage and the protection of its position, and
 - (iii) The Mortgagee, having given the notice specified in section 25.4(c)(ii), has had reasonable time to pursue to their conclusion all reasonable proceedings for the enforcement of its Mortgage and the protection of its position.
- (d) If, upon the conclusion of proceedings by the Mortgagee for the enforcement of its Mortgage and the protection of its position, the rights of the Subtenant have been released to the Mortgagee or foreclosed or sold then thereupon all then existing grounds for re-entry or distress or termination and all then existing rights (if any) of re-entry or distress or termination shall terminate and the Mortgagee or purchaser shall become the Subtenant free of all liability for such grounds; and
- (e) where the Sublandlord, at the request of the Subtenant, intends to terminate the Sublease either by surrender of sublease or otherwise, notice of such intention shall be given in writing to the Mortgagee, allowing the Mortgagee at least 45 days to obtain repayment in full of the outstanding mortgage, inclusive of interest and penalties, or take mortgage default enforcement action with its rights pursuant to this Article 25 intact. If the Mortgagee provides to the Sublandlord notice of its intention to commence or the commencement of Mortgage default enforcement action to realize on its security, including but not limited to foreclosure proceedings, the Sublandlord shall not accept the surrender of this Sublease.

25.5 Right of Sublandlord to Re-let. Without limiting any rights or remedies of the Sublandlord hereunder, if the Subtenant is in default and such default is not cured in the manner and within the times provided for in sections 25.2, 25.3 and 25.4, and if at such time the Subleased Premises are deserted or vacant, then unless there is a Mortgage of such Subleased Premises, the Sublandlord may re-enter the Subleased Premises and re-let as agent for and on behalf of the Subtenant and at the expense and risk of the Subtenant and none of the Sublandlord or the Sublandlord's Representatives will be liable for any damage in connection therewith. The Sublandlord will not be construed as re-entering if prior thereto the Term has ended or the Sublandlord has given notice of the termination of this Sublease.

25.6 Antecedent Liability Remains. Notwithstanding the expiry or earlier termination of this Sublease or any re-entry, the Subtenant will remain liable in respect of, and the Sublandlord will be entitled to enforce any right of action against the Subtenant in respect of, any default or breach of any of the Subtenant's obligations under this Sublease occurring prior to the end of the Term of this Sublease.

25.7 Remedies Cumulative. All rights and remedies of the Sublandlord are cumulative and are in addition to and do not exclude any other right or remedy provided in this Sublease or otherwise allowed by law. All rights and remedies of the Sublandlord may be exercised concurrently but will not give rise to duplicative liability of the Subtenant.

25.8 Surrender of Subleased Premises. When the Term expires or otherwise ends or is terminated, the Subtenant will peaceably surrender the Subleased Premises to the Sublandlord in accordance with the terms of this Sublease.

26. CMHC

26.1 Notwithstanding any other provisions of this Sublease, where the whole or any part of the interest of the Subtenant under this Sublease is mortgaged to a Mortgagee, insured against borrower default, under the *National Housing Act*, then:

- (a) The Sublandlord shall not exercise effectively as against the Mortgagee any right of re-entry or distress or right to terminate this Sublease until:
 - (i) The Sublandlord gives to the Mortgagee at least 45 days notice in writing of the intention to re-enter or to distrain or to terminate specifying the full particulars of the grounds therefore,
 - (ii) The Mortgagee does not during that 45 day period either remedy all specified proper grounds for re-entry or distraint or termination or give to the Sublandlord notice in writing that the Mortgagee intends to take, or has taken, formal proceedings for the enforcement of its mortgage and the protection of its position, and
 - (iii) the Mortgagee, having given the notice specified in (ii), has had reasonable time to pursue to their conclusion all reasonable proceedings for the enforcement of its mortgage and the protection of its position; and
- (b) If upon the conclusion of proceedings by the Mortgagee for the enforcement of its Mortgage and the protection of its position the rights of the Subtenant have been released to the Mortgagee or foreclosed or sold then thereupon all then existing grounds for re-entry or distress or termination and all the existing rights (if any) of re-entry or distress or termination shall terminate and the Mortgagee or purchaser shall become the subtenant free of all liability for such grounds; and
- (c) where the Sublandlord, at the request of the Subtenant, intends to terminate the Sublease either by surrender or otherwise, notice of such intention shall be given in writing to the Mortgagee, allowing the Mortgagee at least 60 days to obtain repayment in full of the outstanding mortgage, inclusive of interest and penalties, or take mortgage default enforcement action with its rights pursuant to paragraphs a, b and c herein intact. If the Mortgagee provides to the Sublandlord notice of its intention to commence or the commencement of mortgage default enforcement action to realize on its security, including but not limited to foreclosure proceedings, the Sublandlord shall not accept a surrender of this Sublease; and
- (d) throughout any period of time during which, as a result of proceedings for default under the Mortgage including transfer of title under the *National Housing Act*, the Mortgagee or CMHC as successor is in leasehold possession of the Subleased Premises or holds leasehold title to the Subleased Premises,
 - (i) the Sublandlord waives, as against the Mortgagee and CMHC and their successors and assigns, all rent and additional rent and interest accruing and otherwise required to be paid under this Sublease, but for the purposes

of this waiver, rent and additional rent do not include municipal real estate taxes, school taxes, local improvement charges, water rates and utility charges required to be paid by the Sublandlord or the Subtenant, the Subtenant's Proportionate Share of Common Costs and the actual costs of construction, maintenance and repair of damage that are the responsibility of the Subtenant, and

- (ii) the review and approval of the Sublandlord shall not be required with respect to plans, specifications, contractors, workers, tradesmen, materials, proposals, details and drawings for repairs, replacements, maintenance, improvements, alterations, and decorations, and
 - (iii) the consent of the Sublandlord shall not be required with respect to any vacancy of or removal of goods from the demised premises; and
- (e) no restriction on assignment or subletting of this Sublease by the Subtenant applies to any assignment or subletting or release of this Sublease to the Mortgagee or CMHC as successor, and the Mortgagee and CMHC shall not remain liable on the Sublease after assignment or release by them; and
- (f) if any time the Subleased Premises are damaged or destroyed to the extent of twenty-five (25%) per cent or more of their full insurable value, then the Mortgagee or CMHC as successor may, within 60 days of its receipt of notice of the event and extent of damage or destruction and appropriate amount of available insurance proceeds, elect to require that the insurance proceeds not be applied toward the repair or rebuilding or restoration of the Subleased Premises, and in the event of such an election the insurance proceeds shall be applied, in priority,
- (i) first, but only if and to the extent required by the Sublandlord or the Subtenant, toward clearing and restoring the lands as nearly as possible to their condition prior to the commencement of construction,
 - (ii) second, towards payment of all monies owing on the Mortgage,
 - (iii) third, towards payment of all monies payable to the Sublandlord under this Sublease, and
 - (iv) fourth, in payment to the Sublandlord and the Subtenant in accordance with their interests therein,
- and the Subtenant shall not be obligated to repair or rebuild or restore; and
- (g) there shall be no obligation on CMHC to arrange or maintain any insurance, and for the purposes of paragraph (f) if because CMHC has not arranged or maintained insurance there are no or insufficient insurance proceeds and CMHC makes the election specified then CMHC shall not be required to do more than clear and restore the Demised Lands as nearly as possible to their condition prior to the commencement of construction and shall be entitled to apply to that end whatever insurance proceeds may be available; and
- (h) there shall be no obligation on CMHC to indemnify the Sublandlord except where CMHC would be so obligated apart from the terms of this Sublease; and

- (i) any party requiring arbitration pursuant to the terms of this Sublease shall give timely notice of all arbitration proceedings to the Mortgagee and the Mortgagee may participate fully in the proceedings if in its reasonable opinion the outcome may affect its security; and
- (j) without restricting the generality of the foregoing, all references to Mortgagee shall include CMHC.

27. **SUBLANDLORD'S COVENANTS**

27.1 Covenants in Lease. The Sublandlord will observe and perform all of its obligations in the Lease save in so far as the same fall to be observed by the Subtenant pursuant to the terms hereof.

27.2 Amendment of Lease. The Sublandlord will not amend the Lease in any manner that will materially adversely affect the rights of the Subtenant, its permitted assigns and Mortgagees under the terms of this Sublease, except with the prior written consent of the Subtenant and any Mortgagees.

27.3 Maintenance and Repair of Common Area. The Sublandlord will maintain or will cause the Owner Association to maintain the Common Area and any Exclusive Use Area in good order and repair, reasonable wear and tear excepted, to the standards set by the Sublandlord from time to time. For greater certainty the Sublandlord will maintain or will cause the Owner Association to maintain that portion of the unit comprising the Subleased Premises that is considered "Common Area" and all yards, whether or not designated as Exclusive Use Area.

27.4 Cure Default under Lease. The Sublandlord will take all steps required to cure any default under the Lease for which it is responsible and to keep the Lease in good standing.

28. **THE SUBTENANT'S COVENANTS**

28.1 The Subtenant's Acknowledgments and Covenants Respecting Documents. The Subtenant acknowledges that it has read and understands the following and will abide by their terms and conditions and observe and perform all obligations contained thereunder to the extent applicable to the Subleased Premises:

- (a) the Lease;
- (b) the Bylaws; and
- (c) the permit(s), right(s) of way or easement(s) in favour of any utility providers, if any.

28.2 Subtenant's Covenants Respecting Party Wall. If the Subleased Premises is a semi-detached unit, the Subtenant covenants and agrees in favour of the owner of the adjacent semi-detached unit which shares the Party Wall with the Subtenant's Subleased Premises (the "**Adjacent Owner**") that:

- (a) the Subtenant will do nothing to alter, destroy or remove the Party Wall without the prior written consent of the Adjacent Owner; and

- (b) the Subtenant and the Adjacent Owner will jointly repair, maintain and keep up the Party Wall in good repair and condition unless a repair, maintenance or upkeep is due to the acts or omissions of one of the owners, their guests or anyone for whom they are responsible at law, in which case that owner will on his or her own account and at his or her own expense do all those repairs, maintenance and upkeep.

28.3 Subtenant's Covenants Respecting Access to Common Area. The Subtenant hereby covenants to allow the Sublandlord and the Owner Association reasonable access to all Common Area, including any Exclusive Use Area designated for its benefit so that the Sublandlord and/or the Owner Association may exercise its powers and perform its duties with respect thereto.

29. THE OWNER ASSOCIATION

29.1 Member of the Owner Association. Upon registration of this Sublease in the Registry, one representative of the Subtenant will become a member of the Owner Association in accordance with the Bylaws (i.e. one per unit).

29.2 Mortgagee May Exercise Member's Rights. If required as a condition of a Mortgage, the Mortgagee may exercise the Subtenant's rights as a member of the Owner Association.

29.3 Membership Ceases on Assignment or Termination. The Subtenant will cease to be a member of the Owner Association in accordance with the Bylaws if the Subtenant assigns this Sublease or this Sublease is terminated.

29.4 Assignment of Lease. When 100% of the units in the Project have been subleased, or at such earlier date as determined by the Sublandlord, at the option of the Sublandlord, and at the request of the Subtenant, the Sublandlord may in its discretion assign the Lease to the Owner Association, and in the event of an assignment under Section 7.4 of the Lease, the Sublandlord shall assign the Lease to the Owner Association.

29.5 Covenants Respecting the Owner Association. As a member of the Owner Association, the Subtenant will cast its vote as follows and, if the Sublandlord is a member of the Owner Association, then the Sublandlord will cast its vote(s) as follows:

- (a) to cause the Owner Association to maintain its existence and remain in good standing with the Registrar of Companies (British Columbia) with respect to the filing of annual reports;
- (b) except as otherwise set out in this Section 29.5 until not later than 6 months following the date that 100% of the units in the Project have been subleased, or at such earlier date as directed by the Sublandlord, at the option of the Sublandlord, to elect the nominees of the Sublandlord as directors of the Owner Association, provided that if the Sublandlord has been given by the Lessor notice of default under the Lease, its nominees will cease to be directors of the Owner Association. This will confirm that the Sublandlord will have voting control of the Owner Association until all units are sold.

29.6 Release of the Sublandlord Upon Assignment. If the Owner Association accepts an assignment of the Lease as described in this Article, then the Sublandlord will be released from any and all further obligations arising under this Sublease which arise after the time of such assignment, provided that the Sublandlord will not be released from or in respect of any default or obligations of the Sublandlord under this Sublease which is in respect of any matter occurring after the commencement of the term of the Sublease, but prior to the effective time of the assignment and all obligations of the Sublandlord arising under the Sublease 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.

29.7 Owner Association to Operate in Similar Manner to a Strata Corporation. Notwithstanding the fact that a strata plan under the *Strata Property Act* cannot be filed in respect of the Lands, and without limiting the provisions of this Sublease, the parties agreed that it is their intention that, once 100% of the units in the Project have been subleased, the Project and the Owner Association operate in a manner essentially similar to that which would exist if a strata plan was filed in respect of the Lands, and the Owner Association was a strata corporation. In the event of a disagreement as to the applicability of a provision of the *Strata Property Act*, and amendments, replacement legislation or successor statutes, the matter may be referred to arbitration, provided that the provisions of this Sublease are paramount. The Sublessor may delegate any powers or rights it has hereunder to the Owner Association from time to time.

30. MISCELLANEOUS PROVISIONS

30.1 Entire Agreement/Amendments. This Sublease constitutes the entire agreement between the Parties with respect to the subject matter of this Sublease except as may be set out in any written document or agreement between the Parties. There is no warranty, representation, collateral warranty, collateral agreement or other term or condition whatsoever in respect of this Sublease except as is expressly set out in this Sublease or in an agreement in writing duly executed and delivered by the relevant Parties. No modification or amendment of any provisions of this Sublease will be inferred from anything done or omitted by any of the Parties except by an express agreement in writing duly executed and delivered by the Parties.

30.2 No Waiver. No condoning, excusing or overlooking by any Party of any default by any other Party at any time or times in performing or observing any of the other Party's obligations under this Sublease will operate as a waiver of or otherwise affect any rights or remedies in respect of any continuing or subsequent default and no waiver of these rights or remedies will be inferred from anything done or omitted to be done by any Party except by an express waiver in writing.

30.3 Governing Law. This Sublease will be governed by and interpreted in accordance with any applicable laws of Canada and the Province of British Columbia. The laws of the Province of British Columbia relating to mortgages and landlord and tenant legislation will govern.

30.4 Dispute Resolution. In the event of any dispute under this Sublease, the Parties may, in each of their discretion, agree in writing to submit the dispute to arbitration pursuant to the provisions of the *Commercial Arbitration Act*, R.S.B.C. 1996, c.55 as amended from time to time. A Mortgagee will be entitled to participate in any arbitration which affects the Mortgagee's interest in the Subleased Premises.

30.5 Force Majeure. If pursuant to the provisions of this Sublease a Party is required to do any act or thing (other than the payment of any amount of money) by a specified date, and the obligated Party is prevented from completing such act or thing by such date by any strike, lockout, other labour disturbance, embargo, war, fire, flood, earthquake, other act of God, explosion, breakage of or accident to equipment or machinery, inordinate delay in obtaining approvals after the date of this Sublease, delay or failure of suppliers or carriers or any other act or thing beyond the reasonable control of the obligated Party, in any case without the fault or neglect of the obligated Party, then the date by which the obligated Party is required to do such act or thing will be extended by the period of such delay, provided that the obligated Party gives written notice of such delay to the Party in favour of whom the obligated Party is required to do such act or thing, setting out the cause of such delay in reasonable detail both:

- (a) within 30 days after the commencement of such delay; and
- (b) within 30 days after the end of such delay,

and the obligated Party will, at any time and from time to time, provide any further information in respect thereof as may be reasonably requested by the Party in favour of whom the obligated Party is required to do such act or thing.

30.6 Notices. All notices under this Sublease must be given in writing and delivered in accordance with this provision. All notices will be delivered to the Party to whom the notice is given to the Party's address for delivery as set forth in this provision by personal delivery, by electronic transmission (including by fax) or by registered mail and no notice will be effective until such delivery has been made. The addresses for delivery are as follows:

- (a) **to the Sublandlord:** at its address set out on Page 3 of this Sublease;
- (b) **to the Subtenant:** at the Subtenant's address set out on Page 3 of this Sublease.

Any Party may change its address for delivery by delivering notice of such change of address to the other Parties as provided in this provision, provided that all Parties will at all times have an address in British Columbia for the delivery of notices in accordance with this provision. Notices will be deemed to have been delivered only (i) upon delivery, if delivered by hand, or (ii) upon receipt, if sent by electronic transmission or by registered mail. Notwithstanding the foregoing, no notice of default or termination will be effective unless actually delivered by hand to the Subtenant's address for delivery.

30.7 Time. Time is of the essence of this Sublease.

30.8 Invalid Term. If any part of this Sublease 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 Sublease had been executed without the invalid portion.

30.9 New Agreement. If any part of this Sublease is declared or held invalid for any reason or the Sublandlord otherwise requires a new form of Sublease for any reason whatsoever, then the Subtenant will, upon request of the Sublandlord, promptly execute and deliver the new form of Sublease to the Sublandlord. The Subtenant hereby

irrevocably appoints the Sublandlord as attorney for the Subtenant with full power and authority to execute and deliver such documents for and in the name of the Subtenant.

30.10 Binding Effect. This Sublease will be for the benefit of and be binding upon the heirs, executors, administrators, successors, assigns and other legal representatives of each of the Parties, as applicable. Every reference in this Sublease to any Party includes the heirs, executors, administrators, successors, assigns and other legal representatives of the Party, as applicable.

30.11 Joint and Several. If the Subtenant is comprised of two or more persons, then each of them will be jointly and severally bound to perform the obligations of the Subtenant in this Sublease.

30.12 Corporate Authority. If the Subtenant is a corporation, the Subtenant warrants and represents to the Sublandlord that:

- (a) the Subtenant has the corporate authority to enter into this Sublease and to perform all of its duties and obligations hereunder;
- (b) the Subtenant is a company duly incorporated under the laws of the Province of British Columbia, is not a reporting company and is a valid and subsisting company in good standing with respect to the filing of annual reports with the provincial corporate registry; and
- (c) all necessary corporate action on the part of the Subtenant and its directors and shareholders has been taken to approve of the execution and delivery of this Sublease by the Subtenant.

30.13 Registration/No Provincial Registration. This Sublease, including all Schedules, will be registered in the Registry at the expense of the Subtenant as soon as reasonably possible following the execution and delivery of this Sublease. Neither the granting of this Sublease nor anything contained herein will be construed as an agreement or assurance by the Sublandlord that this Sublease or any assignment, Mortgage or other disposition of the leasehold interest of the Subtenant can be registered in any Provincial Land Title Office or other Provincial office of record and the Subtenant will not register or record this Sublease in any such office or attempt to do so.

30.14 Changes. The plans attached to the Sublease as Schedule "A" setting forth the general layout of the Project shall not be deemed to be a representation of the Sublandlord that the Project will be exactly as indicated on such plans and nothing contained in this Sublease shall be construed so as to prevent the Sublandlord from altering the location of the Common Area and facilities or other improvements from time to time, provided that such alterations do not adversely affect the Development or the Subtenants enjoyment thereof. The Sublandlord shall have the right to alter the ingress or egress to the Lands and the Subleased Premises provided that the Sublandlord shall at all times provide reasonable access to the Subleased Premises across or through the Common Area.

SHELTER BAY PARTNERSHIP,
by a Co-Managing Partner **EVM (SHELTER BAY) DEVELOPMENT LTD.**

By: _____
Authorized Signatory

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

Witness)
)

Name)
)

Address)

SCHEDULE A

SUBLEASED PREMISES DESCRIPTION AND PLAN

The "**Subleased Premises**" is the land and Improvements situated in Tsinstikeptum Indian Reserve No. 10, British Columbia legally described as follows:

Lot XXX Plan CLSR _____, Tsinstikeptum No. 10

Subject to the following:

1. The Lease;
2. The rights, restrictions, reservations or conditions contained in any statutory provision or instrument;
3. The right(s) of way, easement(s) or permit(s) in favour of any utility provider, or other Grantee, if any;

and excluding all Minerals or natural resources under the Subleased Premises.

SCHEDULE B

COMMON COSTS

In section 1.1(e) of the Sublease, the costs are: the total, without duplication, of the reasonable costs, charges and expenses incurred by the Sublandlord which are not billed directly by any utility service provider to the Subtenant, to operate, service, maintain, clean, supervise, replace, repair and manage the Common Area, and includes costs relating to the Common Area within the Project, which are for the benefit of the whole of the Project, including the following:

1. the Common Insurance Cost and the Common Tax Cost;
2. the cost of the supply of utilities to any Common Area, including electricity, natural gas, geothermal energy (if applicable), telephone, water, sewer, cablevision and telecommunication;
3. the cost of lighting any Common Area;
4. the maintenance cost of landscaping and gardening any part of the Common Area;
5. the cost of maintaining the amenity building, the beach pavilion and other common facilities;
6. the cost of cleaning of the Common Area and all snow removal therefrom;
7. the cost of servicing, repairing, constructing, operating, replacing or upgrading the Common Area and all cost of depreciation, at generally accepted rates and practice, on the capital cost and rental thereof and the cost of interest calculated on the undepreciated capital costs and the rental charge thereof at a rate equal to 2% above the prime lending rate offered by the Royal Bank of Canada (or its successor), from time to time, (prime lending rate meaning the annual rate of interest announced from time to time by the Royal Bank of Canada as a reference rate then in effect for determining interest rates in Canadian dollar commercial loans in Canada);
8. all amounts payable to independent contractors for any service rendered in connection with the maintenance, repair, management and operation of the Common Area, including wages and salary (including any benefits paid) of personnel required directly in connection therewith;
9. all other direct and indirect costs and expenses whatsoever to the extent allocated to the maintenance, management construction and repair of the Common Area in the Sublandlord's sole discretion; and
10. the costs of management, administration and bookkeeping services.

SCHEDULE C

PREPAID RENT

The sum of \$XXX prepaid in advance.