

**ALBERTA GOVERNMENT SERVICES
LAND TITLES OFFICE**

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072151160

ORDER NUMBER: 42522106

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ENCUMBRANCE

TO SECURE ANNUAL RENT CHARGE PER PARCEL PURSUANT TO "THE LAND TITLES ACT"

WINDERMERE LANDS LTD. AND WINDERMERE COMMERCIAL LANDS LTD., a body corporate, having offices at #800, 10235 - 101 Street, in the City of Edmonton, Province of Alberta, being the registered owner of the lands situated in the City of Edmonton, Province of Alberta, which lands are described in the Schedule of Lands attached hereto as Schedule "A" (the "Lands"), and desiring to render the Lands available for the purposes of securing to and for the benefit of **AMBLESIDE HOA LTD.**, #800, 10235 - 101 Street, in the City of Edmonton, in the Province of Alberta, as encumbrancee (hereinafter called the "Encumbrancee") the Rent Charge hereinafter mentioned DO HEREBY ENCUMBER the Lands for the benefit of the Encumbrancee, the following sums in lawful money of Canada as to the specific sum specified for each specific parcel to which this Encumbrance applies as follows:

The Rent Charge, as hereinafter defined, for each of the parcels set out in Schedule "A" attached hereto for each year to be paid to the Encumbrancee in lawful money of Canada at the Encumbrancee's office in the City of Edmonton, aforesaid (or such other place as the Encumbrancee may from time to time designate in writing) commencing on the 31st day of October first following the date that the Developer (as hereinafter defined) transfers the Common Facilities (as hereinafter defined) to the Association, and ending on the 31st day of October, 2100.

FOR THE PURPOSES of the provisions hereof the terms defined shall have the meanings herein specified. The terms:

- (a) "Association" shall mean that certain homeowners association established by, or to be established by, the Developer to own, operate and maintain the Common Facilities, its successors and assigns;
- (b) "Association's Cost" for any period shall mean any and all costs incurred or to be incurred in such period (including without limitation reasonable reserves for future maintenance, repair and replacement costs) by the Association in and in respect of carrying out and exercising its right, duties and obligations hereunder, as determined by the Board of Directors of the Association from time to time;
- (c) "Common Facilities" shall mean those facilities designated by the Developer and may include entry gates, street boulevards, traffic islands, planting beds (including trees and shrubs), banner posts, walkways, sound attenuation fence pilasters, landscaping and fencing and other facilities and improvements that may be built and designated from time to time by the Developer for the use, benefit and enjoyment of the residents
- (d) "Developer" shall mean **WINDERMERE LANDS LTD.**;

- (e) **"Encumbrancee"** shall mean **AMBLESIDE HOA LTD.** and its successors in title of the Common Facilities, from time to time;
- (f) **"Lots"** shall mean all the lots described in Schedule "A" attached hereto as such lands may be subdivided from time to time and **"Lot"** shall mean one of the Lots;
- (g) **"Mortgagee"** shall mean any of the lender or lenders granting a mortgage on the security of any of the Lands;
- (h) **"Owner(s)"** shall mean the registered owner or owners from time to time of each Lot and Unit;
- (i) **"Prime Rate"** shall mean the highest interest rate charged by the Royal Bank of Canada at its Main Branch, Edmonton, Alberta, to its most preferred commercial customers;
- (j) **"Rent Charge"** or **"Annual Rent Charge"** shall mean:
 - (i) until increased pursuant to sub-paragraph (j)(ii) below, the sum of One (\$1.00) per lot, payable annually in advance; and
 - (ii) upon the organization of the Association, such amounts as are set and deemed payable by the Board of Directors of the Association;
- (k) **"Units"** shall mean any individual residential dwelling unit within an attached residential building, including without limitation:
 - (i) condominium units, if any, created as a result of registration of a condominium plan with respect to a portion of the Lands;
 - (ii) individual apartments within an apartment building,
 - (iii) a half duplex,
 - (iv) a third of a triplex, and
 - (v) all other individual residential dwelling units within an attached residential building,

and shall also mean condominium units, if any, created as a result of registration of a condominium plan with respect to a portion of the Lands, whether or not same form part of an attached residential building, and **"Unit"** shall mean one of the Units.

And in consideration of the Owner's covenants hereinafter set out the Encumbrancee DOES HEREBY COVENANT AND AGREE with the Owner and with any Mortgagee hereinafter mentioned:

- (a) That this Encumbrance and the Rent Charge secured hereby may, in the Encumbrancee's sole discretion and subject to the satisfaction of the condition

precedent set out in (b) below, be subordinated to and postponed to any first specific mortgage charge granted to a Mortgagee in respect of any of the Lands and any improvements thereon, whenever and however granted, and to each and every advance made thereunder so that such mortgage or other security will take precedence and priority in all respects as to principal, interest, rights and remedies.

(b) As a true condition precedent to the operation of the postponement referred to in (a) immediately preceding, a Mortgagee shall deliver or cause to be delivered to the Encumbrancee, at the address given above, an agreement, in form satisfactory to Witten LLP, Barristers and Solicitors, #2500, 10303 Jasper Avenue, Edmonton, Alberta T5J 3N6, or such other solicitors as the Encumbrancee may appoint from time to time, which shall provide that:

(i) in the event that the Mortgagee, for any reason whatsoever, succeeds to the interest of an Owner or its successor(s) in title in any of the Lands, the right and benefit of the Encumbrancee under this Encumbrance shall not be diminished by reason thereof, and further, the Mortgagee shall be bound to the Encumbrancee under all the terms, covenants and conditions of this Encumbrance, and the Encumbrancee shall from and after such event have the same remedies against the Mortgagee for the breach on the part of the Mortgagee occurring from and after such event of an agreement contained in this Encumbrance that the Encumbrancee might have had under this Encumbrance against the Owner to whose interest the Mortgagee has succeeded if the Mortgagee had not succeeded to the interest of that Owner;

(ii) if the interest of an Owner in any of the Lands under the mortgage held by the Mortgagee shall be transferred to the Mortgagee by reason of foreclosure or other proceedings for enforcement of the mortgage, the Mortgagee shall be bound to the Encumbrancee, notwithstanding the delivery of the postponement, under all the terms, covenants and conditions of the Encumbrancee, with the same force and effect as if the Mortgagee were an Owner named in this Encumbrance, and the Mortgagee does hereby attorn to the Encumbrancee, said attornment to be effective and self operative without the execution of any further instruments upon the Mortgagee succeeding to the interests of an Owner in the Lands. Upon the transfer to the Mortgagee, as aforesaid, the Mortgagee shall not cause this Encumbrance to be discharged from the title of the Lands.

AND THE OWNER DOES HEREBY COVENANT, ACKNOWLEDGE AND AGREE THAT:

1. The true consideration for the granting of this Encumbrance and for the covenant to pay the Rent Charge hereby secured is the payment of ONE (\$1.00) DOLLAR and other good and valuable consideration by the Encumbrancee to the Owner (the receipt of which is hereby acknowledged).

2. The Owner of a Lot and/or Unit shall pay the Rent Charge applicable to its Lot and/or Unit to the Encumbrancee at the time and place hereinbefore set forth without deduction or

defalcation, and any amount in default shall bear interest at the rate of FIVE (5%) PER CENT above the Prime Rate, calculated and compounded monthly, and payment of the Rent Charge and such interest shall be secured by these presents.

3. The Rent Charge shall run with and bind each Lot and/or Unit within the Lands.
4. The Owner of each Lot and/or Unit hereby mortgages and charges each Lot and/or Unit within the Lands as security for payment of the Rent Charge.
5. The Encumbrancee, or its successors in title shall be entitled to and are hereby granted the right of distress together with all powers and remedies of an Encumbrancee under the *Land Titles Act (Alberta)*.
6. For the purpose of realizing the security hereby granted by the Owner to the Encumbrancee, the Encumbrancee shall be deemed to be a mortgagee enjoying all the rights and privileges of a mortgagee as provided under the laws of the Province of Alberta and the Encumbrancee shall be entitled, without restricting the generality hereof, to take any proceedings for sale and/or foreclosure concurrently or otherwise with any other step or proceeding available to it at equity or in law.
7. That in case of default being made in any of the covenants, agreements, provisos and stipulation herein contained, and by reason of such default the Encumbrancee considers it necessary to place this Encumbrance in the hands of its solicitors for the purpose of having such default remedied, then the Owner covenants and agrees with the Encumbrancee to pay the full cost of said solicitors, on a solicitor and his own client, full indemnity basis.
8. This Encumbrance shall be construed and governed by the laws of the Province of Alberta.
9. The waiver of any one or more defaults under this Encumbrance or otherwise in relation to the Rent Charge secured hereunder shall not be construed as a waiver of any subsequent or other default.
10. The registered fee simple Owner of a Lot and/or Unit, from time to time, shall pay the Rent Charge applicable to his Lot and/or Unit as and whenever required by the Encumbrancee. The Encumbrancee shall from time to time estimate the Association's Costs for such period as it deems convenient to its administration and shall notify each Owner of the amount of such estimate and that Owner's share thereof (that is, his Rent Charge) by notice in writing delivered to or on, or mailed by ordinary mail to the address of any dwelling situate on, each Lot and/or Unit. Each such estimate shall state a monthly or annual payment amount for the Rent Charge payable for the period such as will (if paid) pay the full amount of such estimate within the period. The Rent Charge for each Lot and/or Unit shall be the sum so notified by the Association as applicable to the Lot and/or Unit and the payment shall be due and payable on the date so notified by the Association or alternatively on the 1st day of each month during each period or as otherwise determined by the Association.
11. Notwithstanding anything to the contrary herein, for the purposes of this Encumbrance the Rent Charge applicable to each Unit shall be Fifty (50%) percent of the Rent Charge applicable to each Lot.

12. The Encumbrancee shall be the sole determiner of the Association's Costs and the amount of the Rent Charge from time to time; and a certificate stating the same and signed by the Encumbrancee shall be conclusive and binding on all registered owners of the Lands.

13. The Encumbrancee may register this Encumbrance against the title to the Lands in the Land Titles Office for the Alberta Land Registration District and the Encumbrancee shall have the right but not the obligation to subsequently transfer this Encumbrance to the Association, at the Association's sole cost.

14. Any notice to be given by the Encumbrancee to the Owner may be forwarded by ordinary mail addressed to the Owner at the municipal address of said Lands or to the last post office address of the Owner known to the Encumbrancee, and shall be deemed to have been received by the Owner within the ordinary time required for delivery of mail from the post office where mailed to such address.

15. The words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Owner which import the singular number shall be read and construed as applied to each and every owner of a Lot and/or Unit, male and female, and to his or her executors, administrators and assigns, and in the case of a corporation, to such corporation and its successors and assigns, and that in the case of more than one Owner of a Lot and/or Unit, the said covenants, provisos, conditions and agreements shall be construed and held to be joint and several.

16. This Encumbrance shall enure to the benefit of and be binding upon the successors and assigns of the Encumbrancee and shall be binding upon the registered Owners from time to time of the Lots and/or Units and the said Owners' executors, administrators, assigns and successors in title and the Encumbrancee shall have the right to assign and transfer all of its right, title and interest to the Association at such time and upon such condition as it in its sole discretion deems advisable.

17. And for the better securing to the Encumbrancee payment of the Rent Charges hereby secured, the Owner does hereby encumber to the Encumbrancee all of its right, title and interest in and to the Lands.

IN WITNESS WHEREOF the Owner has hereunto caused its corporate seal to be affixed by its proper signing officers duly authorized in that behalf, as of the 22nd day of February, 2007.

WINDERMERE LANDS LTD.

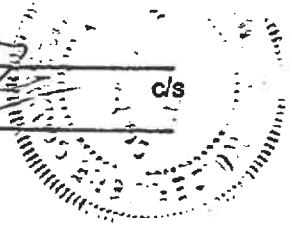
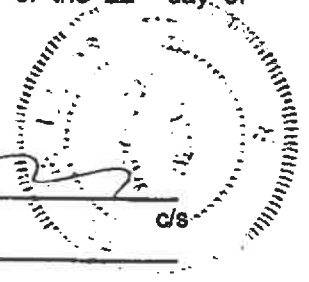
Per. _____

Per. _____

WINDERMERE COMMERCIAL LANDS LTD.

Per. _____

Per. _____



Schedule "A"
Lands
Ambleside in Windermere, Phase One

PLAN 062 5495
BLOCK 1
LOTS 3 – 9 (INCLUSIVE)
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 062 5495
BLOCK 1
LOTS 42 – 53 (INCLUSIVE)
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 062 5495
BLOCK 2
LOTS 1 – 3 (INCLUSIVE)
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 062 5495
BLOCK 2
LOTS 20 – 22 (INCLUSIVE)
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 062 5495
BLOCK 3
LOTS 1 – 30 (INCLUSIVE)
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 062 5495
BLOCK 4
LOTS 1 – 3 (INCLUSIVE)
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 062 5495
BLOCK 4
LOTS 5 – 7 (INCLUSIVE)
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 062 5495
BLOCK 5
LOTS 1 – 31 (INCLUSIVE)
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 062 5495
BLOCK 6
LOTS 1 - 7 (INCLUSIVE)
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 062 5495
BLOCK 7
LOTS 1 - 31 (INCLUSIVE)
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 072 0119
BLOCK 1
LOT 10 - 41 (INCLUSIVE)
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 072 0119
BLOCK 2
LOT 4 - 19 (INCLUSIVE)
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 062 5495
BLOCK 8
LOT A
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 062 5495
BLOCK 8
LOT B
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 072 0119
BLOCK 1
LOT 54
EXCEPTING THEREOUT ALL MINES AND MINERALS



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