

MATERIAL ASPECTS OF THE SONOMA PINES SUBLEASE

1. The Sublease is for the remainder of the original Headlease, less four days.
2. The Rent for the Sublease is prepaid at closing.
3. A Sublessee's Association will be created to manage the collection of common costs, etc.
4. The Sublessee's Association will operate in the same manner as a Strata Council would in a Strata Development
5. You must pay your share of common costs, which, like strata fees, are paid monthly, based on a proposed budget, and any variation in actual costs is made up at the end of each year.
6. You are responsible for the repairs to your premises, but it is likely that an arrangement will be made that allows for any such repairs done for you either by the developer or by the sublessee's association at your expense.
7. A number of services are provided to you as part of your common costs, including: upkeep of common areas, water service, garbage removal, street lighting, property manager and administration.
8. You will pay for all utilities supplied to the premises and will pay your fair share if separate bills are not rendered.
9. You must pay common area charges when due.
10. You must pay your taxes when due.
11. You must pay for the cost of Fire Insurance on your home. At this point, the Developer hopes to prearrange an insurance package for the benefit of the homeowners.
12. The developer guarantees to maintain the Headlease in good standing and to grant you quiet enjoyment of your property.
13. The developer also agrees to maintain all the common areas for so long as you remain satisfied with their work.
14. All subleases, and mortgages of Subleases must be registered in the Westbank First Nation Lands Registry
15. The Sublessor has agreed, and covenants in the Sublease, to designate all the lots in each phase as Prepaid Lands prior to the sale of any subleasehold interest in that phase.

16. All Subleases contain a provision for notice of default to the Mortgagee of the Sublease and opportunity to cure the default.
17. The Mortgagee of a Sublease may take possession of any mortgaged subleasehold interest and resell or assign same, subject of course to compliance with the terms of the Headlease and Sublease while it holds the subleasehold interest.
18. Every Mortgage of Sublease must be made specifically subject to the rights of Her Majesty the Queen.
19. The project has been approved by CMHC for insured loans.
20. Insurance proceeds must be applied to replace the residence built on the premises, except in certain cases where CMHC insurance applies, there is more than 25% damage and where the Mortgagee elects to receive the proceeds of insurance.
21. CMHC backing will be necessary for any loan which exceeds 75% of the fair market value of the Subleasehold interest.
22. In cases where the borrower wishes to borrow less than 80% of the fair market value, CMHC backing is not necessary. The decision to require CMHC for loans less than 80% is a matter of bank policy.

MATERIAL ASPECTS OF THE SONOMA PINES HEADLEASE

1. The Lands are legally described as:

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

being part of the Westbank First Nation's Tsinstikeptum Indian Reserve #9. (The Permits referred to above relate various to rights of way for access and water in favour of the Vintage Hills golf course development.)
2. Title to the Lands remains with Her Majesty the Queen in Right of Canada, as represented by Her Minister of Indian Affairs and Northern Development. Her Majesty is the Headlessor.
3. The Headlessee (Developer) is Carrington Road Holdings Ltd.
4. The Headlease is registered at the Indian Lands Registry in Ottawa under number 308801. The term is for 99 Years commencing on May 5, 2003 and continuing until May 4, 2102.
5. The proposed residential use of the Lands is specifically authorized in the Headlease.
6. The Headlease contemplates mortgages of the Headlease, and provides for notice to those mortgagees.
7. The Headlease also contemplates the creation of subleases and the mortgaging of subleasehold interests and provides specific protection to subleasees and to mortgagees of subleases.
8. The Headlease has been mortgaged, firstly, to the Royal Bank of Canada, under number 308823, with an Assignment of Rents, Number 308824, and secondly, to A.R. Holdings Ltd., under number 308816, with a Priority Agreement being filed under number 308825.
9. The Lessor's Consent to each of the above mortgages provides for notice of default from the Lessor (Her Majesty) to the Mortgagees, and includes a confirmation of both Her Majesty's obligations and the Mortgagee's obligations to Sublessees and Mortgagees of Subleases pursuant to Sections 6.7, 6.8, 21.12 and 21.13 of the Headlease. The consent contains appropriate covenants of Her Majesty with respect to the realization of security by the lenders therein and the protection of the Sublessees and Mortgagees of Subleases interests.

10. The Subleases will terminate on the 30th day of April, 2102 (4 day reversionary period to Developer).
11. Subject to compliance with all terms of the Headlease and the Sublease, Sublessees and Mortgagees of Subleases will have good and marketable title to the leasehold interest created by Sublease for the remainder of the original 99 year term, less 4 days.
12. Except as noted above, there are no renewal clauses, revisitation clauses, escalation clauses or any other clauses which would allow any party to require the Subleaseholder or its Mortgagee to pay additional sums for rent.
13. The Headlease and Subleases provide for a corporation owned by the sublessees ("Lessee Corp.") to be created for the purpose of taking over the Headlease for the benefit of the sublessees and their mortgagees in the event of default by the Headlessee.
14. The Headlease provides that the Lessee, a Mortgagee or a Lessee Corp. can designate any portion of the lands for which rent has been paid as Prepaid Lands.
15. The Headlease provides protection to Subleases (and Mortgagees of Subleases) in the event of default by the Headlessee by allowing the Head Lease for all Prepaid Lands to be assigned to the Lessee Corp. and by stating directly that Sublessees of Prepaid Lands may peaceably and quietly possess, hold and enjoy their Subleased Lands during the term of the Lease and their Sublease without interruption or disturbance by the Lessor, (the Crown) or anyone claiming under it, despite any default by the Lessee of its obligations under the Headlease.