



RAVENCREST HOMEOWNERS ASSOCIATION

Bylaws and Encumbrances

20 June 2024

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BYLAWS RAVENCREST HOMEOWNERS' ASSOCIATION
(the "Association")

WHEREAS Valiant Ranches Ltd. (the "Developer") is or is entitled to become the registered owner of those certain lands legally described as:

PLAN 041 2645 Block 2 Lots 5-10, 24-38 and 49-52 and 55;

WHEREAS the Developer has received approval from The Municipal District of Foothills No. 31 to subdivide Lot 55 creating Lots 11-23 and 39-48 which together with Lots 5-10, 24-38 and 49-52 are hereinafter referred to as the "Lands";

WHEREAS the Developer has sold or intends to sell the resulting residential building lots (the "Lots"), in whole or in part, to one or more purchasers for the purposes of having the Lands developed by constructing thereon single family residential dwellings;

WHEREAS the result of such intent is to create a distinct and exclusive community of the purchasers as owners of the residential building lots; and

WHEREAS the Developer has incorporated or has made application for incorporation of the Association under and pursuant to the *Societies Act* RS.A 2000 c. S-18;

NOW THEREFORE BE IT AND IT IS HEREBY ENACTED as Bylaw No. 1 of the Association, the following:

1. INTERPRETATION:

1.1 Subject to Articles 1.2 and 1.3, and unless the context where used or employed shall reasonably otherwise require, in this bylaw the following terms and phrases shall have the definition and meaning as hereinafter ascribed:

- (a) "Act" means the *Societies Act* RS.A 2000 c. S-18;
- (b) "Association" means Ravencrest Homeowners Association incorporated as a society under and pursuant to the Act;
- (c) "Board" means the Board of Directors of the Association;
- (d) "Bylaws" means this bylaw and all other bylaws of the Association now, hereafter and from time to time in force and effect;
- (e) "Community" means the owners of the Lots, as constituted now, in the future and from time to time;
- (f) "Director" means a member of the Board;
- (g) "Eligible Owner" means the then registered owner from time to time of a Lot provided that, if there is more than one registered owner of a Lot, there shall be:

only one Eligible Owner for such Lot who shall be the registered owner whose name first appears on the relevant certificates of title or as designated by all the registered owners or failing such designation the unopposed designation of any one owner;
- (h) "Encumbrance" means the encumbrance registered against title to a Lot, in favor of the Association, for the purposes of securing membership in the Association of all Eligible Owners and the collection of fees, dues, costs and expenses which from time to time are or may be assessed by the Association to any or all Eligible Owners;
- (i) "Member" means a member of the Association pursuant to Article 3 hereof;

- (j) "Special Resolution" means:
 - (i) A resolution passed at a General Meeting of which not less than 21 days notice specifying the intention to propose the resolution has been duly given; and by the vote of not less than 75% of those Members who, if entitled to do so, vote in person or by proxy;
 - (ii) a resolution proposed and passed as a Special Resolution at a General Meeting of which less than 21 days notice has been given, if all the Members entitled to attend and vote at the general Meeting so agree, or
 - (iii) a resolution consented to in writing by all the Members who would have been entitled at a General Meeting to vote on the resolution in person or, where proxies are permitted, by proxy.
- (k) "Subscriber" means any and all of the applicants for incorporation of the Association as a society under and pursuant to the Act;
- (l) "Unanimous Resolution" means:
 - (i) A resolution passed at a General Meeting of which not less than 21 days notice specifying the intention to propose the resolution has been duly given, and by the vote of not less than 100% of the Members, or
 - (ii) a resolution consented to in writing by all the Members.

1.2. In this Bylaw:

- (a) Unless the context shall otherwise require, words importing the singular number or the masculine gender shall include the plural number or the feminine gender, as the case may be, and vice-versa, and references to Persons shall include firms and corporations; and
- (b) any reference to any statute, or section thereof: shall be deemed to extend and apply to any amendment or replacement to said statute, as the case may be.

1.3. In construing this Bylaw reference shall be had to the Act, and any Article or part hereof found to be repugnant or unlawful shall be read as deleted or severed without effect to the remaining Article, this Bylaw, or any part thereof which shall remain intact.

2. POWERS AND DUTIES OF THE ASSOCIATION AND BORROWING:

- 2.1.** In addition to, and not substitution of the rights, privileges and powers of the Association under and pursuant to the Act (which rights, privileges and powers are hereby adopted), the Association may, and is hereby empowered:
- (a) Subject to Article 2.3, to do and carry out all and everything necessary, requisite, and prudent to perform and observe all and any of its duties, obligations and objects, including all and everything ancillary or auxiliary thereto, without limitation; and
 - (b) to charge, receive, collect, and institute and carry out all prudent and reasonable action to collect any and all monies due to the Association under and pursuant to an Encumbrance.
- 2.2.** In addition to, and not substitution of the duties and obligations of the Association under and pursuant to the Act, the Association shall:
- (a) Subject to Articles 2.2(b) and 2.3, have such duties and obligations as shall be adopted and approved by resolution of its Members from time to time, provided that such duties and obligations may be rescinded, varied, reduced or added to on Resolution of its Members from time to time excepting 2.2(e) which shall not be amended or rescinded;
 - (b) always and in any event be responsible for the care, maintenance, upkeep, cleanliness, and repair of the following:
 - (i) The entry sign situated on Lot 5,
 - (ii) the walkways situated in the internal subdivision road allowances and the easements registered on the Lots; and
 - (iii) any other facilities, which may include the Municipal Reserve Lots in the subdivision, and Canada Post mailboxes, and
 - (iv) any Developer provided fencing that is not bounded on at least one side by a private Lot; i.e., the frontage fence on a Municipal Reserve Lot;
 - (c) pursuant to Clause 21. of the Restrictive Covenant registered on title to the Lands, when requested by the Developer, assume the responsibility for and the operation of the Ravencrest Water System including the water treatment plant and the Public Utility Lot upon which it is located;

- (d) be bound by any provisions set forth in the Development Agreement executed between the M.D. of Foothills No. 31 and the Developer; and
- (e) not pass any Resolution that would impact the Developer's ability to sell Lots.

2.3. Nothing in any of the Association's rights, privileges, powers, duties or obligations shall be inconsistent with the objects of the Association, nor shall the Association profit from any of its activities, unless such profit shall only be used and employed to further the Association's objects.

2.4. No amendment of any of Articles 2.1, 2.2, 2.3 and 2.4 shall be valid or effective unless enacted by Unanimous Resolution.

2.5. For the purpose of carrying out the objects, powers and duties of the Association, the Directors may from time to time:

- (a) Borrow money on the credit of the Association; and
- (b) issue, sell or pledge securities of the Association; and
- (c) charge, mortgage, hypothecate or pledge all or any of the real or personal property of the Association, including book debts, rights, powers, franchises, or undertakings, to secure any securities or any money borrowed, or other debt, or any other obligation or liability of the Association;

provided that securities shall not be issued without the sanction of a Special Resolution of the Association. The Directors may from time to time authorize any Director, officer or employee of the Association or any other person to make arrangements with reference to the monies borrowed or to be borrowed as aforesaid and as to the terms and conditions of the loan thereof: and as to the securities to be given therefore, with power to vary or modify such arrangements, terms and conditions and to give such additional securities for any moneys borrowed or remaining due by the Association as the Directors may authorize, and generally to manage, transact and settle the borrowing of money by the Association

3. MEMBERSHIP, WITHDRAWAL AND EXPULSION OF MEMBERS:

- 3.1.** The members of the Association shall be the Subscribers and all Eligible Owners, subject to Article 3.2.
- 3.2.** No person shall be a Member of the Association unless:
 - (a) he or she is over the age of eighteen (18) years, or a corporation; and either
 - (b) he or she is an Eligible Owner; or
 - (c) he or she is a Subscriber.
- 3.3.** A member shall automatically and without further act, notice, conduct or writing, cease to be a Member of the Association when he shall cease to be an Eligible Owner; provided that a Subscriber may and shall continue to be a Member notwithstanding that he is or shall not be an Eligible Owner.
- 3.4.** Any Member, including any Subscriber, may withdraw from the Association at any time by tendering his resignation in writing to the President of the Association, and any Member, including any Subscriber, may be expelled from the Association by Special Resolution of the Members passed in a General Meeting of the Association called for that purpose. Withdrawal or expulsion from the Association shall not in any manner whatsoever, terminate, reduce or diminish any Eligible Owner's obligations to the Association arising by, though, under or pursuant to an Encumbrance.
- 3.5.** Any Member who resigns, withdraws, is expelled: from the Association, or otherwise ceases to be a Member, shall forthwith and on such event, forfeit all right, claim, and interest in, arising from and associated with Membership in the Association, the Association and any property (real and personal) of the Association.

4. DUES, ASSESSMENTS AND THE ENCUMBRANCE:

- 4.1.** Save for the assessments due and payable under and pursuant to an Encumbrance, there shall be no dues or fees payable by any Member except such, if any, as shall become effective only when confirmed by Special Resolution of the Members of the Association.
Notwithstanding the foregoing, no dues or fees shall be payable by a Subscriber, or the Developer or the Developer as a Member. The Developer has agreed to provide the Association with an initial capitalization of Two Thousand Dollars (\$2,000.00) on January 1st, 2005.
- 4.2.** The President or Secretary shall, in writing, notify the Members of the dues or fees, if any and of the time when such dues or fees are payable, and if such dues or fees remain unpaid for thirty (30) days following such due date, the Association may, among such other remedies for collection available to the Association at law or in equity, include such delinquent dues or fees (along with any other delinquent dues or fees of such Member) in assessments to such Member under the Encumbrance.
- 4.3.** All costs and expenses of the Association shall be paid by the Eligible Owners sharing equally on a Lot by Lot basis, which liability is evidenced and secured by the Encumbrance registered against title to the Lands, and the Association shall annually, in accordance with its budget, and at such times as determined by the Board, assess each Eligible Owner with his share of such costs and expenses, provided that, in the event of an unusual or unbudgeted cost or expense the Board may, at its discretion, make one or more special and additional assessment(s) under the Encumbrance, provided that pursuant to the Encumbrance the yearly charge may only be raised or lowered from the initial Four Hundred Dollars (\$400.00) upon Special Resolution of the Members. Notwithstanding the foregoing, no costs, dues, or expenses shall be payable by a Subscriber or the Developer, as a Member.

5. BOARD OF DIRECTORS AND DIRECTORS:

- 5.1.** The affairs of the Association shall be managed by a Board of Directors, constituted, appointed, and elected under and pursuant to this Bylaw.
- 5.2.** The Board shall have and may exercise all of the powers of the Association and may do all such acts and things as may be exercised or done by the Association, on behalf of the Association, as fully and completely as the Association could in a General Meeting, subject always to:
- (a) the provisions of the Act; and
 - (b) express articles, resolutions or provisions of any Bylaw directing or requiring the authority of the Association at a meeting of its members.
- 5.3.** The Board shall be constituted of no less than two (2) and no more than five (5) Directors. The number of Directors shall be determined from time to time by resolution of the Members. The initial number of Directors shall be two (2).
- 5.4.** All Members, and in the case of Members who are corporations or firms, their nominees, shall be qualified to be a Director.
- 5.5.** A Director shall cease to be qualified to be a Director when:
- (a) they die;
 - (b) they cease to be a Member or a nominee of a Member;
 - (c) they are removed from office; or
 - (d) they resign his position as Director on written notice to the Board;
- and a Director shall cease to be a Director:
- (e) when, in the event of their death or resignation, on the date of death or resignation;
 - (f) on the close of the Annual General Meeting next following their election or appointment; and
 - (g) when, in all other events, they are replaced by another Member as Director, PROVIDED THAT, if at any time and from time to time there are either no Directors or no qualified Directors on the Board, any Member may, pursuant to these Bylaws, call a General Meeting of the Association for the purposes of electing Members to the Board, and if no election occurs at such General Meeting, such Member may appoint a director (with consent of such Director) from the Members of the Association to act as a Director of the Association.
- 5.6.** Subject to the Act, any Director may be removed from office on resolution

- of the Members, provided that such director is concurrently replaced, either:
- (a) on election by the Members; or,
 - (b) at the direction of the Members, by a quorum of Directors.
- 5.7.** If there is a vacancy on the Board of Directors the remaining Directors may appoint a Member to fill the vacancy for the balance of the previous Director's term.
- 5.8.** Meetings of the Board shall be held from time to time and at such place as the Board may determine. Further, the Board may meet in whole or in part by telephone or other communications facilities that would permit all persons participating therein to hear each other.
- 5.9.** A quorum of the Board, for the purposes of meeting and carrying out the business and affairs of the Board shall be a majority of the Directors constituting the Board.
- 5.10.** Provided that a quorum has been constituted, and unless otherwise specifically provided to the contrary elsewhere herein, all decisions of the Board in meeting shall be decided by a majority of votes cast on the question. In the case of an equality of votes cast, the Chairman of the meeting shall be entitled to a second or casting vote.
- 5.12.** The President of the Board shall be the President, and in their absence (in priority) the Vice-President or the Secretary.
- 5.13.** The remuneration paid or to be paid to Directors, officers and employees of the Association shall be such amounts as the Members by resolution may from time to time determin

5.14. Every Director of the Association shall be deemed to have assumed office on the express understanding and agreement and condition that every Director of the Association and their heirs, executors and administrators and estate and effects respectively shall from time to time and at all times be indemnified and saved harmless out of the funds and property of the Association from and against all costs, charges and expenses whatsoever which such Director sustains or incurs in or about any action, suit or proceedings which is brought, commenced or prosecuted against him for or in respect of any act, deed, matter or thing whatsoever made, done or permitted by him or any other Director or Directors in or about the execution of their duties or their office, and also from and against all other costs, charges and expenses which he sustains or incurs in or about or in relation to the affairs thereof except such costs, charges or expenses as are occasioned by their own willful neglect or default.

6. OFFICERS AND EMPLOYEES:

- 6.1. The Board shall from time to time appoint from its Directors a President. The Board may from time to time appoint from its Directors, a Vice-President, Secretary and/or Treasurer. Any Director may hold more than one (1) office concurrently.
- 6.2. The position of President shall be limited to a term of three (3) years duration. This term may be extended by one (1) year increments, annually, to a maximum of five (5) years with the concurrence of the incumbent.
- 6.3. The duties of all officers of the Association shall be such as the terms of their engagement call for or the Board requires of them.
- 6.4. The Board may from time to time engage or employ agents and other persons necessary in the Board's opinion to carry out the objects of the Association, and such agents and employees shall have such authority and shall perform such duties as from time to time may be prescribed by the Board.
- 6.5. *Only* Directors shall be qualified to be officers, and upon a Director ceasing to be a Director, their appointment of office shall cease.
- 6.6. All officers and employees of the Association shall be subject to removal from office or employment by the Board at any time by a majority vote of the Board with or without cause and with or without notice to the person so removed. The President shall, when present, preside at all meetings of the Members of the Association and of the Board. The President shall also be charged with the general management and supervision of the affairs and operations of the Association. The President and another officer appointed by the Board for such purpose shall sign all resolutions and membership certificates. During the absence or inability of the President, his duties and powers may be exercised by the Vice-President, and if the Vice-President, or such other Director as the Board may from time to time appoint for the purpose exercises any such duty or power, the absence or inability of the President shall be presumed with reference thereto.

- 6.7.** The Treasurer, or person performing the usual duties of a Treasurer, shall keep full and accurate accounts of all receipts and disbursements of the Association in proper books of account and shall deposit moneys or other valuable effects in the name and to the credit of the Association in such bank or banks as may from time to time be designated by the Board. They shall disburse the funds of the Association under the direction of the Board, taking proper vouchers therefore and shall render to the Board of Directors at the regular meetings thereof or whenever required of them, an account of all his transactions as Treasurer, and of the financial position of the Association. They shall also perform such other duties as may from time to time be determined by the Board.
- 6.8.** The Secretary shall be ex-officio clerk of the Board. They shall attend all meetings of the Board and record all facts and minutes of all proceedings in the books kept for that purpose. They shall also give all notices required to be given to Members and to Directors. They shall be custodian of the seal of the Association and of all books, papers, records, correspondence, contracts and other documents belonging to the Association which they shall deliver up only when authorized by a resolution of the Board to do so and to such person or persons as may be named in the resolution, and they shall perform such other duties as may from time to time be determined by the Board.

7. EXECUTION OF DOCUMENTS AND SEAL:

- 7.1.** Deeds, transfers, licenses, contracts, and engagements on behalf of the Association shall be signed by the President and one (1) other Director, who shall affix the seal of the Association to such instruments as require the same.
- 7.2.** Contracts in the ordinary course of the Association's operations may be entered into on behalf of the Association by the President or by any other Director authorized by the Board.
- 7.3.** Notwithstanding any provisions to the contrary contained in the Bylaws of the Association, including 7.1 and 7.2 above, the Board may at any time by resolution direct the manner in which and the person or persons by whom, any particular instrument, contract or obligations of the Association may or shall be executed.
- 7.4.** The Board shall adopt a seal which shall be the common seal of the Association.
- 7.5.** The common seal of the Association shall be under the control of Directors and the responsibility for its custody and use from time to time shall be determined by the Directors.

8. MEETINGS AND QUORUM:

- 8.1.** A general or special meeting of the Association may be called by the Directors:
- for the transaction of such business as may be properly brought before a General or Special Meeting of the Association, provided that no less than seven (7) days written notice shall be given of the time and place of the Annual General Meeting to all Members. The Directors shall call an Annual General Meeting once per year.
- 8.2.** Whenever, under the provisions of these Bylaws of the Association, notice is required to be given, such notice may be given either personally by leaving it in the mailbox at the Lot in the Ravencrest subdivision which the Member is the registered owner of or by depositing same in a post office or a public letter box, in a post paid, sealed wrapper addressed to the Director, officer or Member at his or their address as the same appears on the books of the Association.
- 8.3.** No error or omission in giving notice of any Annual General Meeting, General Meeting or Special Meeting, or any such adjourned meeting shall invalidate such meeting or make void any proceedings taken thereat and any Member at any time waives notice of such meeting and may ratify, approve and confirm any or all proceedings taken or had thereat.
- 8.4.** Twenty percent (20%) of all of the Members of the Association, present in person, shall constitute a quorum at any General or Special Meeting of the Association and in the event that a quorum is not present within fifteen (15) minutes after the time called for the meeting, the meeting shall stand adjourned to a time and place determined by the President and a quorum at any such adjourned meeting shall be a majority of those Members in attendance, provided that in no case can any meeting be held unless there are three (3) Members present in person.
- 8.5.** Any meeting of the Association or the Directors may be adjourned at any time and from time to time and such business may be transacted at any such adjourned meeting from which such adjournment took place. No notice shall be required of any such adjournment. Such adjournments may be made notwithstanding that no quorum is present.
- 8.6.** At all General or Special Meetings of the Association each Member shall have one (1) vote, provided that any person may by virtue of ownership of more than one (1) Lot hold more than one (1) membership and shall be entitled to cast one (1) vote for each membership he

9. BOOKS, RECORDS, RETURNS, INSPECTIONS, AUDIT:

- 9.1.** The Directors shall see that all necessary books and records of the Association required by the Bylaws of the Association or by an applicable statute or law are regularly and properly kept.
- 9.2.** The books of account shall be kept at such place in Alberta as the Directors think fit and shall at all times be open to inspection by the Directors and Members.
- 9.3.** The Directors shall from time to time determine whether to and to what extent and at what times and places and under what conditions and regulations the accounts and books of the Association or any of them shall be open to the inspection of the Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Association or document of the Association except as conferred by law or authorized by the Directors or by resolution of the Members, whether previous notice thereof has been given or not.
- 9.4.** The fiscal year of the Association shall terminate on a day to be fixed by the Board and the financial statements of the Association's affairs for presentation to the Members at the Annual General Meeting shall be made up to that date.
- 9.5.** The books, accounts and records of the Association shall be audited at least once each year by a duly qualified accountant or by two (2) Members of the Association elected for that purpose at the Annual General Meeting. If an appointment of an Auditor is not made at an Annual General Meeting, or the Annual General Meeting is not held, the Directors may appoint an Auditor of the Association for the current fiscal year. The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) shall act.
- 9.6.** The remuneration of the Auditors of the Association shall be fixed by resolution of the Members, or if the Members so resolve, by the Directors.

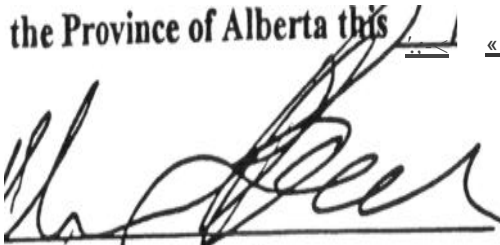
- 9.7.** The Auditor shall make a report to the Members and Directors on the accounts examined by them and on every balance sheet and statement of income and expenditures laid before the Association at any General Meeting during their tenure of office. A complete and proper statement of the standing of the books for the previous year shall be submitted by such Auditor at the Annual General Meeting of the Association.
- 9.8.** Every Auditor of the Association shall have the right of access at all times to all records, documents, books, accounts and vouchers of the Association and is entitled to require from the Directors and Officers of the Association such information and explanation as may be necessary for the performance of the duties of the Auditors.
- 9.9.** The Auditors of the Association are entitled to attend any meeting of the Members of the Association at which any accounts that have been examined or reported on by them are to be laid before the Members for the purpose of making any statement or explanation they desire with respect to such account.
- 9.10.** The rights and duties of an Auditor of the Association shall extend back to the date up to which the last audit of the Association's books, accounts and vouchers was made or where no audit has been made, to the date on which the Association was incorporated.
- 9.11.** The Secretary shall maintain a Minute Book for the Association and keep therein minutes of all meetings of the Directors and Members, a Member Register, incorporating documents and other books and records as the Secretary may decide

10. AMENDMENT OF BYLAWS:

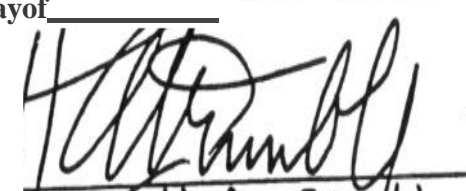
10.1. Subject to those Articles expressly requiring Unanimous Resolution to effect amendment, this Bylaw of the Association shall not be altered or amended except by Special Resolution.

ENACTED BY THE SUBSCRIBERS NAMED BELOW, at the City of Calgary,


the Province of Alberta this _____ day of _____



WITNESS



SIGNATURE H.A. Crimble



ENCUMBRANCE
To Secure Membership in Ravencrest Homeowner's
Association And
An Annual Rent Charge of \$500.00

WHEREAS VALIANT RANCHES LTD. is the owner of an estate in fee simple in possession, subject however to such encumbrances, liens and interests expressed or implied in the existing certificate(s) of Title to that land situated in the Province of Alberta, Canada, being composed of:

PLAN 041 2645 Block 2 Lots 5-10, 25-33, 35-38, 49-52 and 55;

WHEREAS VALIANT RANCHES LTD. has received approval from The Municipal District of Foothills No. 31 to Subdivide Lot 55 creating Lots 11-23 and 39-48, which together with Lots 5-10, 25-33, 35-38, and 49-52 are hereinafter referred to as the "Lands";

VALIANT RANCHES LTD., as encumbrancer (hereinafter referred to as the "Owner") desires to render the Lands available for the purposes of securing membership in the Ravencrest Homeowners Association, a Society to be incorporated pursuant to the *Societies Act* R.S.A. 2000 c.S-18 (hereinafter referred to as the "Association"), and securing the payment of an annual rent charge to and for the benefit of the Association, DOES HEREBY ENCUMBER the Lands as follows:

1. Each Lot contained in the Lands shall have a membership in the Association pursuant to the Bylaws of the Association;
- Each Lot contained in the Lands shall be encumbered for the benefit of the Association with an annual rent charge to be paid to the Association in lawful money of Canada at the Association's Office, P. O. Box 820, Okotoks, Alberta T1S 1A9 or such other place as the Association may from time to time so choose. The rent charge is intended to cover the operating expenses of the Association as outlined in its Bylaws and the amount will be determined by the HOA Directors.
 1. per Lot. The first such payment shall be made in advance on the first day of January 2005 with subsequent payments to be made in advance on the first day of January in each and every year thereafter, provided that the annual rent charge shall be waived until the Owner transfers title to a Purchaser. In the event a transfer of a Lot to a Purchaser occurs after January 1st of any year the annual rent charge for that Lot will commence on January 1st of the following year. The Owner, realizing that the aforesaid sum may not in future years provide the Association with the exact funds to carry out its objects, hereby encumbers and further charges the Lands in such lesser or greater sum as the Association may determine from time to time for such purpose;

The true consideration for the granting of this Encumbrance and for the covenant to pay the rent charge hereby secured is the agreement of the Association with the Owner dated whereby the Association agrees to carry out its objects in respect of the Ravencrest subdivision for the benefit of future Purchasers of Lots in the Ravencrest subdivision and the payment by the Association to the Owner of One Dollar (\$1.00) and other good and valuable considerations (the receipt and sufficiency of which by the Owner is hereby acknowledged);

4. The Owner shall pay said rent charge, together with any applicable value added tax or goods and services tax that may become payable pursuant to any law of Canada or of Alberta, 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 percent (5%) per annum in excess of the prime rate of interest charged by the Canadian Imperial Bank of Commerce (the "Bank") from time to time, calculated monthly, not in advance, both after as well as before maturity, default and judgment and such interest is secured by these presents. The said Bank's prime rate means the annual rate of interest announced from time to time by the *said* Bank Main Branch, Calgary, Alberta as a reference rate then in effect determining interest rates on Canadian dollar commercial loans in Canada. A certificate from the said Bank shall be conclusive evidence of the prime rate. If for any reason the prime rate cannot be established for a time period then the rate for such period shall be the rate in effect immediately prior to such period;
5. The Association shall be entitled to and is hereby granted the right of distress together with all powers and remedies of an Encumbrance under the *Land Titles Act* (Alberta);
6. Any discretion, option, decision or opinion on the part of the Association shall be sufficiently exercised or formed if exercised or formed by or subsequently ratified by the President or other Officer of the Association or any Agent appointed by the Association for such purpose.
7. Any notice to be given by the Association to the Owner may either be delivered to the Owner at the civic address of the Lot owned by him or to the last post office address of the Owner known to the Association and shall be deemed to have been received by the Owner when delivered or three (3) business days following the letter being deposited, postage prepaid, in a post office;

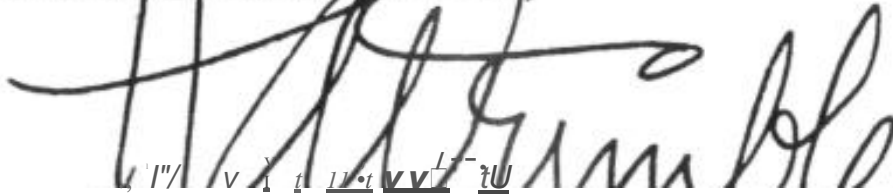
- 8.** If any provision of this encumbrance shall be determined by a Court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Encumbrance shall not be affected thereby, and each provision hereof shall be enforced to the fullest extent permitted by law;
- 9.** All legal costs, as between solicitor and his own client, and taxable court costs, incurred in respect to the enforcement of this Encumbrance are secured hereby, and shall constitute a charge on the Lands;
- 10.** 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 male or 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 case of more than one Owner, the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint; and
- 11.** These presents shall endure to the benefit of the Association, its successors and assigns and shall be binding upon the Owner and the Owner's executors, administrators, permitted assigns and successors in title. While the Lands shall at all times remain charged with this Encumbrance and the rent charge and interest payable hereunder, the Association agrees to limit any action against the Owner and the heirs, executors, administrators, successors, assigns and successors in title of the Owner on the covenant to pay contained in this Encumbrance or implied under Section 62 of the Land Titles Act to the amount of rent charge outstanding at the time the said Lands became registered in the name of the Owner or respective successor in title together with the amounts of the rent charge accruing and becoming due and payable hereunder during such period or periods as said Lands may be registered in the name of the Owner or respective successor in title, together with any interest thereon.

NOTWITHSTANDING the foregoing the Association DOES HEREBY COVENANT AND AGREE with the Owner and with the Mortgagees registered on the Land as hereinafter mentioned:

- a) That this Encumbrance and the rent charge secured hereby are subordinate to and are hereby postponed to each and every mortgage and every other security collateral to such mortgage and to each and every advance made thereunder, whenever and however granted, where such Mortgagee or the holder of such other security was at the time of granting or making thereof: or at any time prior thereto, a lender or an approved lender under the provisions of the *National Housing Act* (Canada) and whether or not such mortgage or other security was granted or made pursuant to the *National Housing Act* (Canada) or any Act passed or enacted in amendment thereof or substitution therefore or otherwise and whenever requested so to do the Association shall without delay, execute and deliver to such Mortgagee a postponement of this Encumbrance to such mortgage or other security in the form prescribed by the *Land Titles Act* (Alberta) or any Act passed or enacted in amendment thereof or substitution therefore provided that this Encumbrance shall remain registered against title to the Lands notwithstanding any action taken to enforce such mortgage and other security, including without limitation any transfer of title by order of judicial sale or order for foreclosure; and
- b) that the obligation to pay said rent charge shall be and is hereby suspended for such period or periods as the Lands may be owned by such approved lender or by an issue of a mortgage insurance policy held by such Mortgagee in respect of such mortgage if payment has been made to such Mortgagee pursuant to the policy.

IN WITNESS WHEREOF the Owner has executed and delivered these presents this:

VALIANT RANCHES LTD.,

A large, stylized handwritten signature in black ink, appearing to read 'H. A. Trimble', is written over the printed name 'VALIANT RANCHES LTD.,'. The signature is fluid and cursive.

Per:

15 day of _____ 2004

H. A. Trimble, President

