

GALENA SHORES

COMPLIANCE DEPOSIT AGREEMENT

This Agreement dated the _____ day of _____, 2009.

BETWEEN:

ALDL GALENA BAY LIMITED PARTNERSHIP, by its general partner
ARROW LAKES DEVELOPMENTS LTD.
220 Edenvold Drive N.W.
Calgary, Alberta T3A 3S3

(the "Seller")

AND:

(the "Buyer")

Background

- A. The Buyer has agreed to purchase from the Seller the property described as Strata Lot _____, District Lot 8682, Kootenay District, Strata Plan KAS_____ (the "Property"), subject to the terms and conditions contained in the Contract of Purchase and Sale in respect of the Property (the "Contract").
- B. The Seller has had the Property surveyed and survey markers (i.e. iron pins and wooden pegs) placed to designate or reference each corner of the Property.
- C. The Seller has installed certain above and below ground services to the Property.
- D. The Buyer has read and agreed to abide by the Galena Shores Design Guidelines (the "Design Guidelines") which are attached as Schedule A.
- E. The Buyer agrees to maintain the Property in a neat and tidy condition until construction of a dwelling has been commenced.

Terms of Agreement

In consideration of the Seller entering into the Contract with the Buyer, and of other good and valuation consideration, the parties agree with each other as follows:

1. Concurrently with the purchase of the Property by the Buyer, and in addition to the Purchase Price, the Buyer shall deposit with the Seller the sum of \$5,000.00 (the "Compliance Deposit") which shall be held by the Seller in accordance with the provisions of and for the purposes set out in Article 2.0 of the Design Guidelines.
2. The Compliance Deposit, or any portion thereof, may also be utilized to reimburse the Seller for any cost incurred by the Seller in:
 - (a) replacing any damaged or destroyed survey pins or markers;
 - (b) maintaining the Property and the streets fronting the Property in a neat and tidy condition;
 - (c) removing any excavation material, construction debris or other material placed or caused to be placed by the Buyer or any others acting on his behalf, on property other than the Property;
 - (d) providing a construction bin in the event the Buyer does not provide one during the course of construction on the Property.
3. In the event the Seller incurs costs with respect to the items set out in paragraph 2 in excess of the Compliance Deposit, the Buyer shall pay the amount of such excess within 14 days of receiving an advice setting out the particulars of such costs and the amount of such excess.
4. In the event the aggregate costs incurred by the Seller with respect to any of the items set out in paragraph 2 is less than the Compliance Deposit, the difference between the Compliance Deposit and the total of such costs incurred by the Seller shall be refunded, without interest, to the Buyer by the Seller within 30 days of the later of the following events:
 - (a) receipt of a copy of an occupancy permit issued by the Columbia Shuswap Regional District in respect of the construction of the dwelling on the Property by the Buyer, which shall be in compliance with all applicable Bylaws;
 - (b) the completion of lot grading 2" below finishing grade ready to receive finishing material as set out in the Seller's landscape plan (the receipt of which is acknowledged by the Buyer); and
 - (c) the Seller or its appointed agent, having issued a confirmation of substantial completion and compliance with the Building Scheme and Design Guidelines.
5. In the event the Buyer fails to comply with the terms of this Agreement or the Design Guidelines, the Seller may exercise the Option to Purchase referred to in section 7 of the Contract and which will be registered on title to the Property.
6. In addition to the remedy provided by section 5, the Buyer recognizes that a breach by the Buyer of any of the covenants contained in this Agreement would result in damages to the Seller and the other owners in the development of which the Property forms a part, or either of them, and that the Seller could not adequately be compensated for these damages by a monetary award. Therefore, the Buyer agrees that in the event of any breach, in addition to other remedies available to the Seller at law or in equity, the Seller shall be entitled as a

matter of right to apply to a court of competent jurisdiction for any relief by way of restraining order, injunction, decree or otherwise that may be appropriate to ensure compliance with the provisions of this Agreement.

- 7. Any notice, request or demand provided for in this Contract shall be in writing and sufficiently given if served personally upon the party for whom such notice was intended, or, if faxed to the fax number set out above or to such other address as a party may notify the other in accordance with this section. All notices given by mail under this section shall be deemed to be received seven days following its posting, if posted at Calgary, Alberta, provided that after the time of posting there shall be any slowdown, strike or labour dispute which might affect the delivery of notice by mail, then such notice shall only be effective if actually delivered. Either party may, at any time, give notice in writing to the other of any change of address and thereafter all notices shall be mailed to the new address so given.
- 8. Each of the parties shall execute and deliver, at the request of the other, all such further documents and instruments, and shall do all things that are necessary to give full effect to the intent and meaning of this Agreement.
- 9. This Agreement will enure to the benefit of and be binding on the parties and their respective heirs, administrators, personal representatives, successors, and assigns.
- 10. Time is of the essence of this Agreement.
- 11. This Assignment may be executed by facsimile and in counterparts, each of which shall constitute an original and which together shall constitute one and the same document.

AS EVIDENCE OF THEIR AGREEMENT the parties have executed this Agreement as of the date first written above.

ALDL GALENA BAY LIMITED PARTNERSHIP, by its general partner
ARROW LAKES DEVELOPMENTS LTD.

Per: _____
Authorized Signatory

On Behalf of the Buyer:

Buyer

Witness Signature

Buyer

Witness Name

SCHEDULE A

Design Guidelines

(see attached)