

GALENA SHORES

PROPERTY MANAGEMENT AGREEMENT

THIS AGREEMENT MADE THIS _____ DAY OF _____, 2009.

BETWEEN:

STRATA CORPORATION KAS _____
c/o 750 Ward Road, Galena Bay, British Columbia

(the "Strata Corporation")

AND:

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

(the "Manager")

Background

- A. The Strata Corporation was created pursuant to the provision of the *Strata Property Act* upon registration of Strata Plan _____ of the property located at 750 Ward Road, Galena Bay, British Columbia (the "Strata Property").
- B. The Strata Corporation has agreed to engage the Manager as its exclusive Manager for the management of the Strata Property.

Terms of Agreement

In consideration of the covenants and agreements contained in this Agreement, the parties agree as follows:

Retainer of Manager

1. The Strata Corporation hereby engages the Manager on an exclusive basis to manage Strata Property on the terms contained in this Agreement, effective from the date of the registration of the first strata lot.

Management Fee

2. As consideration for the services of the Manager as described in this Agreement, the Strata Corporation covenants and agrees to pay to the Manager, during the term of this Agreement, a fee of \$2,000 per month plus GST (the "Fee") for the first phase of the development. (this Amount to increase or decrease or remain the same with approval of the budget each year at the Annual General Meeting). The Strata Corporation shall pay the Fee to the Manager at the end of each month.
3. In addition to the Fee, all fees chargeable under the *Strata Property Act* for preparation of a Form B Information Certificate or a Form F Certificate of Payment, together with all amounts payable in respect of postage, photocopying and notices requested by owners will be for the sole account of the Manager.

Term, Renewal and Termination

4. The term of this Agreement shall be two years, commencing on the date first written above.
5. The Strata Corporations may renew this Agreement for further terms of two years each subject to a majority vote of owners at an Annual General Meeting of the Strata Corporation.
6. The Manager may terminate the Agreement at any time by giving two months' written notice to the Strata Corporation.
7. Either party may at any time terminate this Agreement for cause. For the purposes of this sections, cause for termination of this Agreement by the Manager shall be the non-payment of the Fee or any other substantial breach of this Agreement by the Strata Corporation. Cause for termination of this Agreement by the Strata Corporation shall be breach by the Manager of any of its responsibilities under this Agreement. If either party wishes to terminate this Agreement for cause, notice of such terminatinon setting out the nature of the cause alleged must first given to the other party in writing and a period of 10 days shall be allowed to remedy the alleged breach of this Agreement.

Duties of Manager

8. The Manager shall throughout the term of this Agreement:
 - (a) on a quarterly basis, account for all revenues and expenditures of the Strata Corporation by submitting to the Strata Corporation a Statement of Income and Expenses and a Balance Sheet;

- (b) at the cost of the Strata Corporation, arrange for and supervise the necessary and proper repairs and maintenance, landscaping and the purchasing of incidental supplies relating to the operation, maintenance and repair of the Strata Property;
- (c) at the cost of the Strata Corporation, employ, discharge, supervise and pay the salaries, wages and invoices for such employees, tradesman, workmen or contractors as may be necessary for the economical and efficient operation, maintenance and repair of the Strata Property;
- (d) permit the Strata Corporation at any time during the Manager's regular office hours to have access to and examine all records and vouchers in the possession of the Manager pertaining to the management and administration of the Strata Property;
- (e) at the expense of the Strata Corporation, employ or retain such counsel, accountants, engineers, appraisers and other experts or advisers as the Manager may reasonably require for the purposes of discharging its duties under this Agreement, and the Manager shall not be responsible for any misconduct on the part of any of them, but may act, in good faith, on the opinion or advice of, or information obtained from any of them;
- (f) deposit of all receipts collected for or on behalf of the Strata Corporation in a trust account separate from the Manager's own accounts;
- (g) attend a maximum of six strata council meetings per year in addition to the Strata Corporation's Annual General Meeting (attendance at and preparation for additional strata council meetings or any special general meetings by the Manager will be upon request with all costs billed to the Strata Corporation in addition to the Fee);
- (h) prepare and remit payroll and WCB payments, as required;
- (i) send notice of arrears to strata lot owners (or returned cheques).
- (j) receive invoices from strata council, check for accuracy and then issue payment cheques to suppliers;
- (k) registration of any bylaw revisions;
- (l) complete Form B and Form F requests on behalf of the Strata Corporation at costs allowed in the *Strata Property Act* regulations (costs to be billed directly to those making requests); and

- (m) at the expense of the Strata Corporation, prepare the necessary forms required for the Strata Corporation to place or remove liens at Land Titles office.

Scope and Limitations on Manager's Responsibilities

- 9. None of the provisions of this Agreement shall obligate the Manager, nor shall the Manager be otherwise obligated, to expend or risk its own funds or otherwise incur financial liability in the performance of its duties or in the exercise of any of its rights or powers under this Agreement unless the Strata Corporation shall have first furnished the Manager with indemnity satisfactory to the Manager to protect and hold harmless the Manager against any costs, charges, expenses and liabilities to be incurred or which it may suffer by reason thereof.
- 10. The Manager shall not assume any responsibility for any acts, omissions or errors in judgment done or made in good faith in connection with the operation, maintenance and repair of the Strata Property, or otherwise in the carrying out of the provisions of this Agreement, nor for any vandalism or damage from causes beyond the reasonable control of the Manager.
- 11. The Manager shall have such powers as are required or incidental to the fulfillment of its obligations under this Agreement including but not limited to the power to sign, execute and deliver on behalf of and in the name of the Strata Corporation service contracts and other agreements in respect of the operation, maintenance and repair of the Strata Property.

Miscellaneous Provisions

- 12. The Strata Corporation shall from time to time furnish the Manager with copies of all documents and records and supply any information relevant to the Strata Property and the Strata Corporation which may be necessary for the proper discharge by the Manager of its duties under this Agreement.
- 13. 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.

14. 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.
15. Time is of the essence of this Agreement.
16. This Agreement will enure to the benefit of and be binding on the parties and their respective heirs, administrators, personal representatives, successors, and assigns.

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

STRATA CORPORATION KAS_____

Per: _____
Authorized Signatory

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

Per: _____
Authorized Signatory