

Encumbrances

To pay for the operations of the Association, including the operation and maintenance of the Cranston Amenities, Carma will attempt to have the title of each single family and multi-family residential lot, rental project, condominium unit, and commercial development in the Cranston Lands made subject to the rent charge Encumbrance in favour of the Association generally in the form of Schedule D or Schedule E hereto, securing payment to the Association of a fee. The location of the lands in question within the Cranston Lands determines whether Schedule D or Schedule E applies. In the case of Cranston Lands other than River Lands, the residential lots, rental and condominium units will be subject to an Encumbrance for each such lot or unit in the amount of ONE HUNDRED DOLLARS (\$100.00) per year, subject to adjustment for inflation as provided for in the Encumbrance. In the case of any commercial developments in Cranston Lands other than the River Lands, the amount of such Encumbrance shall be calculated on the basis of ONE HUNDRED DOLLARS (\$100.00) per year for each 1/15th of an acre of developable commercial land, subject to adjustment as provided for in the Encumbrance.

In the case of Cranston Lands which are within the River Lands, including all residential lots, rental and condominium units, Carma will attempt to have the title of each single family and multi-family residential lot, rental project, condominium unit, and commercial development in the River Lands made subject to the rent charge Encumbrance in favour of the Association generally in the form of Schedule E hereto, securing payment to the Association of a fee. In the case of the River Lands, all residential lots, rental projects, condominium units and commercial developments within the River Lands, the Directors of the Association shall have the discretion to determine the fee amounts payable for such River Lands, not exceeding 3.5 times the applicable fee for Cranston Lands that are not within the River Lands; provided always however that the amount of such Encumbrance for each such lot or unit shall be THREE HUNDRED FIFTY (\$350.00) per year, subject to adjustment for inflation as provided in the Encumbrance. In the case of any commercial developments in the River Lands, the amount of such Encumbrance shall be calculated on the basis of THREE HUNDRED FIFTY (\$350.00) per year for each 1/15th of an acre of developable commercial land, subject to adjustment as provided in the Encumbrance.

“River Lands” are described on page 6 of this Brochure.

The Association may in a year choose to charge an amount other than that provided for in the Encumbrance.

The undersigned agrees to require any purchaser or transferee of the undersigned's lands in the Cranston Lands to assume all the undersigned's obligations under this Brochure (including the Schedules hereto) and to execute in favour of the Association an Encumbrance in like form of Schedule D hereto, as a condition to any such purchase or transfer. The payment of annual fees, and membership in the Association, are more fully explained in the Articles of Association which are attached as Schedule C hereto.

Acknowledgments by Purchaser

The undersigned acknowledges and is aware that, pursuant to the Cranston Management Agreement, Carma has undertaken the full responsibility for the design, engineering, development and construction of and the initial management and operation of the Cranston Amenities, and the initial overall management and operation of the Association, and Carma has the complete and unfettered right and authority from the Association to carry out such responsibilities in such manner as it sees fit. The undersigned acknowledges that the Association (as set out in Articles 54 and 55 of its Articles of Association) has instructed its officers and directors to fully cooperate with Carma and has relieved its officers and directors of any responsibility to investigate or to determine whether or not Carma is properly carrying out its obligations as set out above.

The undersigned, as a future member of the Association, acknowledges and unanimously agrees with all other members or future members that, as set out in Articles 54 and 55 of the Articles of Association of the Association, it is intended and he or she agrees that the officers and directors of the Association should fully cooperate with Carma and that all of their rights, duties and obligations that conflict with Carma's rights as set out in the Cranston Management Agreement, or any other agreement with Carma, are and have been suspended during the period of Carma's initial operation of the Association, including the period of development, planning, construction and initial operation of the Cranston Amenities, except to the extent required in order for them to carry out such cooperation.

No member of the Association or any property owner shall have any personal or legal interest in the Cranston Amenities or in any part thereof or to the proceeds of the said encumbrances other than as a member of the Association. As well, a member's right to membership in the Association is not transferable and it only takes effect and is enforceable for so long as he or she remains an owner or tenant of such residential lot or condominium unit, or owner of such a rental project or commercial development, which is located in the Cranston Lands.

The undersigned is the purchaser of:

Lot , Block , Plan

in the Cranston Lands against which the Encumbrance is or will be registered, and the undersigned agrees to pay ONE HUNDRED DOLLARS (\$100.00) each year hereafter, subject to adjustment, as required by the Encumbrance or such other fee as may be charged by the Association in accordance with the provisions of the Association's Articles of Association. The undersigned hereby irrevocably appoints the Association as his or her attorney on his or her behalf and for the Association's use and benefit, to execute and deliver a new rent charge Encumbrance generally in the form of Schedule D hereto in the event that a previous encumbrance has been foreclosed off or otherwise removed from the title to the above-mentioned lot.

Wherever in this brochure the words "Carma Developers Ltd." appear, from and after September 30, 2005 such words shall be deemed to have been changed to "Carma

SCHEDULE D

CRANSTON ENCUMBRANCE

To secure an annual rent charge of ONE HUNDRED DOLLARS (\$100.00) plus the Adjustment Amount (as hereinafter defined), pursuant to the Land Titles Act: **CARMA LTD.**, as Encumbrancer (hereinafter called the "Owner") being registered as owner of an estate in fee simple in possession, subject however, to such encumbrances, liens and interests as are notified by memorandum endorsed hereon or expressed or implied in the existing certificate(s) of title of that land situate in the Province of Alberta, Canada, being composed of:

[Legal Description of lot]

EXCEPTING THEREOUT ALL MINES AND MINERALS

(hereinafter called the "Lands"), and desiring to render the Lands available for the purpose of securing the rent charge hereinafter mentioned to and for the benefit of Cranston Residents Association (hereinafter called the "Association"), as Encumbrancee, do hereby encumber the Lands in favour of and for the benefit of the Association with the annual rent charge of ONE HUNDRED DOLLARS (\$100.00) plus the Adjustment Amount (as hereinafter defined), for each twelve (12) consecutive months commencing the 1st day of January, 1999 to be paid to the Association in lawful money of Canada, at the Association's office at 4906 Richard Road SW, Calgary, Alberta, T3E 6L1 in the City of Calgary, (or such other place in the said City as the Association may from time to time or at any time designate in writing) on or before the 1st day of January in each and every year thereafter. The "Adjustment Amount" as used herein shall mean, in respect of each calendar year after 1999, that sum of money equal to the product obtained by multiplying the sum of ONE HUNDRED DOLLARS (\$100.00) plus the cumulative total of all prior years' Adjustment Amounts if any by the percentage increase, if any, in the "all items" consumer price index (or its equivalent from time to time) for the City of Calgary as issued by Statistics Canada, for that year over the previous year. There shall be no adjustment for any decrease from time to time in such index. For greater certainty, the intent of the Adjustment Amount is to reflect the cumulative and compounded increase in the consumer price index as aforesaid, year by year, commencing January 1, 1999.

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 sale by the previous registered owner of the Lands to the Owner or the payment by the Association to the Owner of One (\$1.00) Dollar and other good and valuable consideration (the receipt or sufficiency of which by the Owner being hereby acknowledged);
2. The Owner shall pay the said rent charge at the times and place hereinbefore set forth without deduction or defalcation; and that any amount in default shall bear interest

at the rate of five (5%) percent per annum in excess of the reference rate of interest referred to as the prime business ("prime rate") as announced and adjusted by The Bank of Canada from time to time, calculated yearly not in advance and payment of such rent charge and such interest is secured by these presents;

3. The Association shall be entitled to and is hereby granted the right of distress together with all powers and remedies of an Encumbrancee under the Land Titles Act (Alberta);

4. Any discretion, option, decision or opinion hereunder on the part of the Association shall be sufficiently exercised or formed if exercised or formed by or subsequently ratified by the manager, acting manager or an executive officer of the Association or any officer or agent appointed by the Association for such purpose;

5. Any notice to be given by the Association to the Owner may either be delivered to the Owner's address or be forwarded by ordinary mail addressed to the Owner at the civic address of the Lands 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;

6. 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;

7. All legal costs, as between a 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;

8. 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;

9. These presents shall enure to the benefit of the Association its successors and assigns and shall be binding upon the Owner and the Owner's assigns and successors in title, PROVIDED HOWEVER that on conveyance of its interest in the Lands, provided it is not in default of these presents as regards the Lands, the Owner without any further written agreement, shall be freed and released of liability under its covenants and obligations contained herein;

10. The Owner shall require any purchaser or transferee of the Lands to execute in favour of the Association an encumbrance in the form of this Encumbrance, as a condition to any such purchase or transfer; and

11. The Owner shall not negative or modify the implied covenants and conditions contained in section 58(1) of the Land Titles Act (Alberta), it being agreed that this provision shall run with the Lands, binding the Lands and each and every part thereof, and each successor in title to the Lands from time to time.

IN WITNESS WHEREOF the Owner has subscribed, affixed the Owner's seal and delivered these presents as the Owner's deed, this ____ day of _____, _____.

CARMA LTD.

Per: _____

Per: _____

**SCHEDULE E
CRANSTON ENCUMBRANCE
(RIVER LANDS)**

To secure an annual rent charge of THREE HUNDRED FIFTY DOLLARS (\$350.00) plus the Adjustment Amount (as hereinafter defined), pursuant to the Land Titles Act: **CARMA LTD.**, as Encumbrancer (hereinafter called the "Owner") being registered as owner of an estate in fee simple in possession, subject however, to such encumbrances, liens and interests as are notified by memorandum endorsed hereon or expressed or implied in the existing certificate(s) of title of that land situate in the Province of Alberta, Canada, being composed of:

[Legal Description of lot]

EXCEPTING THEREOUT ALL MINES AND MINERALS

(hereinafter called the "Lands"), and desiring to render the Lands available for the purpose of securing the rent charge hereinafter mentioned to and for the benefit of Cranston Residents Association (hereinafter called the "Association"), as Encumbrancee, do hereby encumber the Lands in favour of and for the benefit of the Association with the annual rent charge of THREE HUNDRED FIFTY DOLLARS (\$350.00) plus the Adjustment Amount (as hereinafter defined), for each twelve (12) consecutive months commencing the 1st day of January, 1999 to be paid to the Association in lawful money of Canada, at the Association's office at 4906 Richard Road SW, Calgary, Alberta, T3E 6L1 in the City of Calgary, (or such other place in the said City as the Association may from time to time or at any time designate in writing) on or before the 1st day of January in each and every year thereafter. The "Adjustment Amount" as used herein shall mean, in respect of each calendar year after 1999, that sum of money equal to the product obtained by multiplying the sum of THREE HUNDRED FIFTY DOLLARS (\$350.00) plus the cumulative total of all prior years' Adjustment Amounts if any by the percentage increase, if any, in the "all items" consumer price index (or its equivalent from time to time) for the City of Calgary as issued by Statistics Canada, for that year over the previous year. There shall be no adjustment for any decrease from time to time in such index. For greater certainty, the intent of the Adjustment Amount is to reflect the cumulative and compounded increase in the consumer price index as aforesaid, year by year, commencing January 1, 1999.

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 sale by the previous registered owner of the Lands to the Owner or the payment by the Association to the Owner of One (\$1.00) Dollar and other good and valuable consideration (the receipt or sufficiency of which by the Owner being hereby acknowledged);
2. The Owner shall pay the said rent charge at the times and place hereinbefore set forth without deduction or defalcation; and that any amount in default shall bear interest at the rate of five (5%) percent per annum in excess of the reference rate of interest referred to as the prime business ("prime rate") as announced and adjusted by The Bank of Canada

from time to time, calculated yearly not in advance and payment of such rent charge and such interest is secured by these presents;

3. The Association shall be entitled to and is hereby granted the right of distress together with all powers and remedies of an Encumbrancee under the Land Titles Act (Alberta);

4. Any discretion, option, decision or opinion hereunder on the part of the Association shall be sufficiently exercised or formed if exercised or formed by or subsequently ratified by the manager, acting manager or an executive officer of the Association or any officer or agent appointed by the Association for such purpose;

5. Any notice to be given by the Association to the Owner may either be delivered to the Owner's address or be forwarded by ordinary mail addressed to the Owner at the civic address of the Lands 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;

6. 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;

7. All legal costs, as between a 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;

8. 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;

9. These presents shall enure to the benefit of the Association its successors and assigns and shall be binding upon the Owner and the Owner's assigns and successors in title, PROVIDED HOWEVER that on conveyance of its interest in the Lands, provided it is not in default of these presents as regards the Lands, the Owner without any further written agreement, shall be freed and released of liability under its covenants and obligations contained herein;

10. The Owner shall require any purchaser or transferee of the Lands to execute in favour of the Association an encumbrance in the form of this Encumbrance, as a condition to any such purchase or transfer; and

11. The Owner shall not negative or modify the implied covenants and conditions contained in section 58(1) of the Land Titles Act (Alberta), it being agreed that this provision shall run with the Lands, binding the Lands and each and every part thereof, and each successor in title to the Lands from time to time.

IN WITNESS WHEREOF the Owner has subscribed, affixed the Owner's seal and delivered these presents as the Owner's deed, this ____ day of _____, _____.

CARMA LTD.

Per: _____

Per: _____