

**ALBERTA GOVERNMENT SERVICES
LAND TITLES OFFICE**

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081159798

ADVISORY

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SAGE HILL RESIDENTS ASSOCIATION

ENCUMBRANCE

To Secure Annual Rent Charge of \$100.00

PURSUANT TO THE "LAND TITLES ACT"

United Acquisition II Corp., as to an undivided one-half interest, and Madacalo Investments Ltd., as to an undivided one-half interest, carrying on business at Suite 200, 808 - 4th Avenue S.W., Calgary, Alberta, T2P 3E8 (hereinafter referred to as the "Developer"), as encumbrancer being registered as owners 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 of title being composed of those certain parcels of land situate in the City of Calgary, in the Province of Alberta, as more particularly described in Schedule "A" attached hereto and forming part hereof (where the context requires individually a parcel is hereinafter referred to as a "Lot" and collectively the "Lands").

EXCEPTING AND RESERVING such exceptions and reservations as are expressed in the existing certificate of title or may be implied in connection therewith and desiring to render the Lands available for the purpose of securing the rent charge hereinafter mentioned to and for the benefit of Sage Hill Residents Association, carrying on business at Suite 200, 808 - 4th Avenue S.W., Calgary, Alberta, T2P 3E8 (hereinafter referred to as the "Encumbrancee"), for itself, its successors and assigns and successors-in-title (hereinafter referred to as the "Owner") DOES HEREBY ENCUMBER the Lands for the benefit of the Encumbrancee with the annual rent charge of \$100.00 Dollars for each single detached dwelling unit and each dwelling unit within a duplex constructed or to be subsequently constructed upon a Lot (where the context requires an individual dwelling unit is hereinafter referred to as a "Unit"), plus applicable Goods and Services Tax, together with annual increases thereto and/or special assessments as hereinafter provided, plus applicable Goods and Services Tax, for each 12 consecutive months commencing the 1st day of January, in the year of registration of this Encumbrance to be paid to the Encumbrancee in lawful money of Canada, at the Encumbrancee's office in the City of Calgary, as aforesaid (or such other place as the Encumbrancee may from time to time or at any time designate in writing) on or before the 30th day of April in each and every year during the currency hereof until and including the year 2099 and to pay in addition thereto at or before the execution hereof a portion of such annual rent charge, calculated on a per diem basis for the unexpired portion of the current fiscal year.

And in consideration of the Owner's covenants hereinafter set out the Encumbrancee DOTH HEREBY COVENANT AND AGREE with the Owner and with the mortgagees registered on the Lands as hereinafter mentioned:

- (a) that with respect to each Unit the obligation to pay the rent charge secured hereby shall be and is hereby suspended and the amount thereof shall abate until the day upon which the first occupant has taken possession thereof;

- (b) that this Encumbrance and the rent charge secured hereby are subordinate to and are hereby postponed to each and every mortgage charging a Unit and every other security and to each and every advance made thereunder, whenever and however granted, where such mortgagee or the holder of other security was at the time of granting or making thereof, or at any time prior thereto, a security was granted or made pursuant to the *National Housing Act* (Canada) or any Act passed or enacted in amendment thereof or in substitution therefor or otherwise and whenever requested so to do the Encumbrancee 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 in substitution therefor; and
- (c) that the obligation to pay the rent charge secured hereby shall be and is hereby suspended and the amount thereof shall abate for such period or periods as a Unit may be owned by such lender or by such approved lender or by Canada Mortgage and Housing Corporation pursuant to a claim against it under a mortgage insurance policy issued under the *National Housing Act* (Canada) or any Act passed or enacted in amendment thereto or in substitution therefor.

AND THE OWNER DOTH 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 benefit to the Owner, that with respect to each phase of development of the residential community commonly referred to as Sage Hill, of which the Lands form a part, of having the Encumbrancee on such day or days as shall be determined by the Developer:

- (a) assume responsibility for:
 - (i) additional maintenance and replacement services at a level over and above the standard service provided by the City of Calgary for public utility and environmental reserve lots, municipal reserves, storm water ponds, dry ponds, road boulevards, road medians, traffic islands, associated community and related signage to the extent permitted by the City of Calgary;
 - (ii) maintenance and replacement of all entrance features, sub-entrance features and associated landscape areas;
 - (iii) landscaping maintenance of all Linear Parks (as hereinafter defined);
 - (iv) maintenance and replacement of all fences, pathways and playgrounds, wherever and whenever, erected and created within the Linear Parks;

- (v) maintenance and replacement of all fences erected within road rights of way and lane ways; and
 - (vi) at the discretion of the directors of the Encumbrancee maintenance and repair of all chain link fences, structural repairs and upkeep of the exterior of all sound attenuation and screen fences erected by the Developer within residential, municipal reserve and commercial district lots.
- (b) agreeing to pay the property taxes levied against the Linear Parks and the costs and expenses incurred for the performance of the work above described and
 - (c) acquire from the Developer ownership of those parcels of land for which separate titles shall issue upon registration of a plan of survey for a particular phase of development and designated pursuant to The City of Calgary Land Use By-law as non-residential R1A Lots (the "Linear Parks").
2. The Owner shall only during such period of time as it shall have an interest in a Unit, by way of ownership, pay the rent charge secured hereby at the times and place hereinbefore set forth without deduction or defalcation; any amount in default shall bear interest at the rate of eighteen (18%) percent per annum, calculated half-yearly not in advance, and payment of such rent and such interest is secured by these presents.
3. The Encumbrancee may, at its option, increase the annual rent charge from time to time hereby secured to reflect any increase in the Consumer Price Index, as it applies to the City of Calgary, for the proceeding calendar year. Notice of such increase shall accompany or form part of the annual billing. The Encumbrancee shall not be allowed to accumulate any of the Consumer Price increase which has not been previously applied, such that the maximum increase in any given year shall be no greater than the Consumer Price increase for the previous calendar year.
4. In order to permit the Encumbrancee to carry out its objects the Encumbrancee shall, from time to time by resolution of directors, be entitled to further increase the annual rent charge hereby secured and/or impose special assessments (also being hereby secured). Notice of an increase or the imposition of a special assessment shall be given to the Owner in writing.
5. The Encumbrancee 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). Without restricting the generality of the foregoing, any monies due and owing to the Encumbrancee shall be deemed to be an equitable mortgage, and subject to the same rights of enforcement, including the right of foreclosure (as well as the right to collect solicitor and client fees) as with any mortgage.
6. Any discretion, option, decision or opinion hereunder on the part of the Encumbrancee shall be sufficiently exercised or formed if exercised or formed by or subsequently ratified by the manager, acting manager, director or officer of the Encumbrancee or agent appointed by the Encumbrancee for such purpose.

7. Any notice to be given by the Encumbrancee 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 his Unit or to the last post office address of the Owner known to the Encumbrancee 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 or letter box.

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 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 legal representative 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.

11. These presents shall enure to the benefit of the Encumbrancee, its successors and assigns and shall be binding upon the Owner and its successors, assigns and successors in title to the Lands.

IN WITNESS WHEREOF United Acquisition II Corp. and Madacalo Investments Ltd. have executed these presents the 15th day of April, 2008.

SIGNED, SEALED AND DELIVERED)

UNITED ACQUISITION II CORP.

)
)
) Per: 

) Per: 

) MADACALO INVESTMENTS LTD.

) Per: _____

) Per: _____
)

SCHEDULE "A"

Plan 081 2219
Block 1
Lots 1 to 98 inclusive
Excepting thereout all mines and minerals

Plan 081 2219
Block 2
Lots 2 to 66 inclusive
Excepting thereout all mines and minerals

Plan 081 2219
Block 3
Lots 1 to 17 inclusive
Excepting thereout all mines and minerals

Plan 081 2219
Block 4
Lots 1 to 14 inclusive
Excepting thereout all mines and minerals

Plan 081 2219
Block 5
Lots 1 to 8 inclusive
Excepting thereout all mines and minerals

Plan 081 2219
Block 6
Lots 1 to 5 inclusive
Excepting thereout all mines and minerals

Plan 081 2219
Block 7
Lots 1 to 26 inclusive
Excepting thereout all mines and minerals

Plan 081 2219
Block 8
Lots 1 to 50 inclusive
Excepting thereout all mines and minerals

Plan 081 2219
Block 9
Lots 1 to 37 inclusive
Excepting thereout all mines and minerals

Plan 081 2219
Block 10
Lots 1 to 28 inclusive
Excepting thereout all mines and minerals



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