

REAL ESTATE PURCHASE AGREEMENT

PART A - OFFER

RECITALS:

- A. The Vendor is the owner of lands on which a residential subdivision has been developed;
- B. The Purchaser wishes to purchase a Lot or Lots within the Subdivision from the Vendor;
and

TO: **Hentosz Developments, a division of Hentosz Resources Ltd.**
(the "Vendor").

_____ (the "Purchaser") offers to purchase the following Lot(s) within the Subdivision for the following amounts upon the terms and conditions set forth in this Agreement:

<u>Lot:</u>	<u>Block</u>	<u>Purchase Price (not including GST)</u>
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
TOTAL PURCHASE PRICE		\$ _____ *

* plus GST if applicable

1. INTERPRETATION

1.1 Definitions: For the purposes of this Agreement and the Schedules to it the following expressions shall have the following meanings:

1.1.1 "**Buildings**" means those permanent buildings to be erected on the Lots;

1.1.2 "**Closing Date**" shall mean _____, 200__ or, at if the Purchaser obtains a building permit with respect to any of the Purchased Lot(s) prior to the date last mentioned, then, with respect to each lot on which a building permit is obtained, the date upon which such building permit is issued.

1.1.3 "**Deposit**" shall have that meaning as set out in Article 2.1.1;

- 1.1.4 "**Development Agreement**" means that agreement entered into by the Vendor (as developer) and the Town of Blackfalds for the development of the Lands as the Subdivision;
- 1.1.5 "**GST**" means the goods and services tax as provided for in the Excise Tax Act and/or such other value added or sales tax as may be payable pursuant to law from time to time;
- 1.1.6 Intentionally Deleted
- 1.1.7 "**Lot(s)**" means a lot in the Subdivision;
- 1.1.8 "**Lot Grading Plan**" means the grading plan in respect of the Subdivision and the Purchased Lot(s) as prepared by B.M. Potter Consultants Ltd.;
- 1.1.9 "**Prime Rate**" means that rate of interest designated by the Canadian Imperial Bank of Commerce, main branch, Red Deer, Alberta, for Canadian dollar commercial loans in Canada, as declared by the bank from time to time;
- 1.1.10 "**Purchase Price**" means the "Total Purchase Price" set out on page one of this Agreement;
- 1.1.11 "**Purchased Lot(s)**" means the Lot(s) referred to on page one of this Agreement;
- 1.1.12 "**Purchaser's Solicitor**" means a solicitor authorized to carry on the practice of law in the Province of Alberta, which solicitor will be identified by the Purchaser within 14 days of the date of acceptance of this offer;
- 1.1.13 "**Security Deposit**" means the security deposit paid in accordance with Article 9.1;
- 1.1.14 "**Services**" means those services to be constructed by the Vendor for the Subdivision as required by the Development Agreement;
- 1.1.15 "**Subdivision**" means that subdivision which was created upon registration of the Subdivision Plan;
- 1.1.16 "**Subdivision Plan**" means the subdivision plan registered at the Alberta Land Titles Office as Plan 0227688;
- 1.1.17 "**Vendor's Architectural Development Guidelines**" means those specifications and guidelines for the construction of improvements on the Purchased Lot(s) as specified by the Vendor, acting reasonably, from time to time, a copy of which has been delivered by the Vendor to the Purchaser upon the execution of this Agreement (the receipt of which is acknowledged by the Purchaser), including, without limitation, the specifications and guidelines set out in Schedule "B"; and
- 1.1.18 "**Vendor's Solicitor**" means the law firm of Johnston Ming Manning LLP, Barristers & Solicitors, 400, 4943 - Ross Street, Red Deer, Alberta, T4N 1Y1, Attention: Gordon E. Deck, Q.C.

- 1.2 This Agreement shall in all respects be governed by and be construed in accordance with the laws of the Province of Alberta.
- 1.3 If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not affect the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected thereby.
- 1.4 Wherever the singular or the masculine is used in this Agreement the same shall be deemed to include the plural or feminine or the body or corporate where the context or the parties so require.
- 1.5 The headings to the clauses of this Agreement are inserted for convenience only and shall not affect their construction.
- 1.6 Unless otherwise stated, a reference to a numbered or lettered clause or paragraph refers to the clause or paragraph of each Section bearing that number or letter in this Agreement.
- 1.7 All accounting terms not defined in this Agreement shall have those meanings generally ascribed to them in accordance with generally accepted accounting principles in Canada, applied consistently.
- 1.8 In any case where time limited by this Agreement expires on a Saturday, Sunday, legal holiday, or a day on which the main branch of the Canadian Imperial Bank of Commerce in Red Deer, Alberta is not open for business, the time shall be extended to and shall include the next day on which the said banks are open for business.
- 1.9 All money described in this Agreement shall be lawful money of Canada.
- 1.10 The following Schedules are incorporated by reference to this Agreement and form a part hereof.

Schedules

Schedule "A"	-	Encumbrances and Registrations on Title
Schedule "B"	-	Vendor's Architectural Development Guidelines
Schedule "C"	-	Tenancy Agreement

2. PURCHASE PRICE

2.1 The Purchaser shall pay the Vendor the Purchase Price as follows:

2.1.1 \$_____ Deposit upon the execution of this Agreement to be paid to the Vendor's lawyer, and held in trust for the Vendor and Purchaser, and dealt with in accordance with the provisions of this Agreement;

2.1.2 \$_____ Additional Deposit on _____;

2.1.3 \$_____ New Financing

2.1.4 \$ _____ (more or less) together with interest thereon at a rate equal to 2% per annum above the Prime Rate, 45 days after the Closing Date or from the proceeds of the first mortgage draw made on any mortgage registered on the Purchaser's behalf against the title to the Purchased Lot(s), whichever first occurs;

2.1.5 \$ _____ (more or less) paid only by Solicitor's trust cheque or bank draft delivered to the Vendor's Solicitor on or before the Closing Date;

\$ _____ Total Purchase Price (plus GST, if applicable).

2.2 Payments of the Purchase Price, other than the Deposit and Additional Deposit, shall be by bank draft or solicitor's trust cheque.

3. CONDITIONS FOR THE BENEFIT OF THE PURCHASER

3.1 This Offer is made subject to the following conditions, all of which, unless otherwise indicated, may be unilaterally waived by the Purchaser by written notice to the Vendor on or before the expiry date for the satisfaction of the condition following condition:

4. TERMS

4.1 The Vendor and Purchaser agree to the following terms and provisions:

4.1.1 _____

4.1.2 _____

4.1.3 _____

4.1.4 _____

5. REPRESENTATIONS AND WARRANTIES OF VENDOR

5.1 The Vendor represents and warrants that:

- 5.1.1 within the meaning of the Income Tax Act of Canada, the Vendor is not now a non-resident of Canada nor is the Vendor an agent or a trustee for any person with an interest in the Purchased Lots who is a non-resident of Canada; and
- 5.1.2 the Vendor is registered under the Excise Tax Act of Canada and its GST registration number is 119323764-RT0001.

6. REPRESENTATIONS AND WARRANTIES OF PURCHASER

[Delete and initial the following if Purchaser is not a GST registrant]

- 6.1 The Purchaser represents and warrants that it is registered under the Excise Tax Act of Canada and its GST registration number is _____.

7. AGREEMENTS OF THE VENDOR

- 7.1 The Vendor agrees that on the Closing Date, upon payment of all monies payable by the Purchaser other than those referred to in section 2.1.4 and upon execution of a tenancy agreement in the form attached as Schedule "C", it shall deliver possession of the Purchased Lot(s) to the Purchaser.

8. AGREEMENTS OF THE PURCHASER

- 8.1 The Purchaser agrees that:
- 8.1.1 in the event that the curb stop valve on the waterline to the Purchased Lot(s) is not installed at the date of this Agreement, with respect to each Purchased Lot, the Purchaser agrees that it will, upon the installation of the curb stop valve, immediately inspect the same and promptly notify the Vendor of any unsatisfactory condition or deficiency respecting same. Failure of the Purchaser to so notify the Vendor within one week of the day on which the installation of the curb stop valve on the water line to the Purchased Lots(s) shall be deemed to mean that the Purchaser has accepted the condition of the said curb stop valve, as installed, in good and satisfactory condition;
- 8.1.2 in the event that the curb stop valve on the waterline to the Purchased Lot(s) are, at the date of this Agreement, installed, the Purchaser acknowledges that it has inspected the same and the said curb stop valve is in satisfactory condition;
- 8.1.3 it shall be strictly responsible for the curb stop valve on the waterline to the Purchased Lot(s) from the later of the following dates:
- 8.1.3.1 the Closing Date; or
- 8.1.3.2 the date the Purchaser accepts (or is deemed to have accepted) the curb stop valve under Article 8.1.2;

- 8.1.4 in the event that the sidewalks, curbs and gutters adjacent to the Purchased Lot(s) are not installed at the date of this Agreement, the Purchaser agrees that it will, upon the installation of the sidewalks, curbs and gutters adjacent to the Purchased Lot(s), immediately inspect the same and notify the Vendor of any unsatisfactory condition or deficiency respecting the same. Failure of the Purchaser to so notify the Vendor within one week of the installation of the said sidewalks, curbs and gutters adjacent to the Purchased Lot(s) shall be deemed to mean that the Purchaser has accepted the condition of the said sidewalks, curbs and gutters in satisfactory condition;
- 8.1.5 in the event that the sidewalks, curb and gutter adjacent to the Purchased Lot(s) are, at the date of this Agreement, installed, the Purchaser acknowledges that it has inspected them and the sidewalks, curb and gutter are in satisfactory condition;
- 8.1.6 it shall be strictly responsible for the sidewalks, curb and gutter from the later of the following date:
- 8.1.6.1 the Closing Date; or
- 8.1.6.2 the date the Purchaser accepts (or is deemed to have accepted) the sidewalks, curb and gutter under Article 8.1.5;
- 8.1.7 it shall take all necessary steps to protect the sidewalks, curbs and gutter within the Subdivision from damage during construction or from the passage of heavy machinery and to repair and reconstruct the sidewalks, curbs and gutter where necessary at its own expense;
- 8.1.8 it shall locate the Building(s) on the Purchased Lot(s) following the directions of the Purchaser's Alberta Land Surveyor. The Purchaser shall have the Building location on the Purchased Lot(s) staked out by an Alberta Land Surveyor;
- 8.1.9 it will grade the Purchased Lot(s) in conformity with the drainage pattern established by the municipal authority under the Development Agreement and the Lot Grading Plan;
- 8.1.10 the Purchased Lot(s), when graded to conform with the Lot Grading Plan, may be such that one side of the Purchased Lot(s) is higher than the other. The Purchaser agrees that if required by the Vendor's Architectural Development Guidelines, the Purchaser shall be responsible for constructing a retaining wall as may be reasonably specified by the Vendor's Architectural Development Guidelines;
- 8.1.11 it will obtain and place, at its own expense, good quality topsoil on the Purchased Lot(s);
- 8.1.12 it will comply with the Vendor's Architectural Development Guidelines and the Lot Grading Plan;
- 8.1.13 it will investigate the title to the Purchased Lot(s);
- 8.1.14 it will check for and confirm the existence of easements on the Purchased Lot(s);

- 8.1.15 it will check and confirm utilities and their location and points of servicing of the Purchased Lot(s);
- 8.1.16 it will provide for the installation and connection of electrical service leads, video, telephone, gas service, water service and sanitary sewer from the Buildings and from the meters on the Building to the utility system at a point established by the various utility departments;
- 8.1.17 it will protect the property survey pins for the Purchased Lot(s), and if such pins are disturbed, to replace them at its sole cost and expense;
- 8.1.18 it will contain any excavated dirt from the basement and any construction debris entirely within the property line of the Purchased Lot(s);
- 8.1.19 it will take all steps necessary to confirm with the appropriate authorities that the Buildings comply with the land use by-law affecting the Purchased Lot(s);
- 8.1.20 it will ensure that the type of Buildings and elevation is compatible with the sewer grades, as required footing elevations within the Subdivision will vary;
- 8.1.21 it will confirm existing and proposed lot corner elevations (rear and front) and recommended landscaping grade, and complete final lot levelling;
- 8.1.22 it will comply with the approval process as set out in Section 9;
- 8.1.23 it will pay to the Vendor the GST payable in respect of purchase of the Purchased Lot(s). Alternatively, the Purchaser shall complete, execute and file such forms, filings and reports as are prescribed by the Excise Tax Act so as to relieve the Vendor from liability for the GST; and
- 8.1.24 the provisions in this Agreement requiring it to follow certain construction practices, do construction or other work, maintain and save harmless certain improvements and also pay certain amounts for damages or otherwise are severable from the Purchased Lot(s) and will not merge in the transfer of the certificate of title for the Purchased Lots(s) to the Purchaser and will survive the closing of this Agreement. Notwithstanding that the Purchaser may have received title to part or all of the Purchased Lot(s), its agreements to pay those amounts or do that work will survive and be enforceable against the Purchaser.

9. SECURITY DEPOSIT

- 9.1 On the date upon which the building permit is issued with respect to a Purchased Lot, the Purchaser shall pay to the Vendor a Security Deposit in the sum of \$1,000.00 for such Purchased Lot which shall be dealt with in accordance with the provisions of this article 9.
- 9.2 Upon completion of the Purchaser's obligations in respect of the Purchased Lot(s), the Purchaser may make application for release of all or part of the Security Deposit. Once the application is received in writing by the Vendor, accompanied by an as-built grading certificate prepared by a licensed surveyor, an inspection will be made by the Vendor or the Vendor's Agent's as unilaterally appointed by the Vendor.

- 9.3 Upon review of the application and completion of the inspection, all deficiencies will be noted and the Purchaser will be notified of all deficiencies that, in the opinion of the Vendor or the Vendor's agent, acting reasonably, are the responsibility of the Purchaser (the "Deficiencies"). The Purchaser shall immediately remedy the Deficiencies. If the Purchaser fails to do so within the time limit established in the notice, the Vendor shall deduct the value of the remaining Deficiencies, as estimated by the Vendor or the Vendor's agent, from the Security Deposit.
- 9.4 If prior to the application and inspection referenced above, the Purchaser is in default (the "Default") of any of its obligations pursuant to this Agreement, the Vendor shall give the Purchaser a notice detailing the Default. The Purchaser shall immediately remedy the Default and, if the Purchaser fails to do so within the time limit established in the notice, the Vendor shall have the right to correct the Default at the expense of the Purchaser. The costs of correction shall be deducted from the Security Deposit.
- 9.5 If the Deficiencies and/or the Default, in whole or in part, are not practical to correct in the sole opinion of the Vendor, the Security Deposit shall become the property of the Vendor as liquidated damages and not as penalty (the "Damages").
- 9.6 From time to time, should the cumulative total of the Deficiencies, the Default and the Damages exceed the value of the Security Deposit, the Purchaser shall pay the Vendor the shortfall on demand. The Purchaser grants a charge against the Purchased Lot(s) for any such shortfall. Until the shortfall is paid, the Vendor shall be entitled to maintain the charge against the Purchased Lot(s).
- 9.7 If a dispute shall arise between the Vendor and the Purchaser as to whether Deficiencies, Default, or Damages exist, or their extent, or the cost of correction, then the matter in dispute shall be referred to a committee of three made up of:
- 9.7.1 one representative appointed by the Vendor;
 - 9.7.2 one representative appointed by the Purchaser; and
 - 9.7.3 one other person acceptable to both representatives above.
- Any decision rendered by this committee shall be binding on both the Vendor and the Purchaser. A decision shall be constituted by a position supported by a minimum of two of the committee members. If either party fails to appoint a representative, or there is failure to appoint a third member, or the committee fails to render a decision, then the matter in dispute shall be determined pursuant to the provisions of the *Arbitration Act* then in force in the Province of Alberta.
- 9.8 The Security Deposit shall be retained by the Vendor to be applied in accordance with this Agreement. Any residual existing after the deductions shall be paid to the Purchaser (without interest).

10. ADDITIONAL PROVISIONS, COVENANTS AND AGREEMENTS OF THE SALE

- 10.1 All money payable by the Purchaser, other than the Deposit referred to in Article 2.1.1, shall be paid to the Vendor's Solicitor on or before the date specified for payment. If the Vendor agrees to accept payment after the aforesaid dates, the Purchaser shall pay interest at the rate equal to 2% per annum above the Prime Rate on any amounts payable to the Vendor calculated from the date the amount became payable until that money has been paid. Notwithstanding the foregoing, the Purchaser shall pay interest at a rate equal to 2% per annum above the Prime Rate on any amounts which have not been paid as of the Closing Date, including the amounts referred to in section 2.1.4.
- 10.2 All normal adjustments for the Purchased Lots(s) including, but not limited to, taxes, municipal utility charges and interest shall be adjusted as at the Closing Date, with the Purchaser being responsible for the Closing Date.
- 10.3 The Purchaser agrees to assume all local improvement assessments or community caveats on the title to the Purchased Lot(s) unless otherwise specified in this Agreement.
- 10.4 Subject to the terms being complied with, possession of the Purchased Lot(s) shall be available for the Purchaser at noon on the Closing Date. The Purchased Lot(s) shall be vacant and free of all tenancies on the Closing Date.
- 10.5 The transaction contemplated by this Agreement shall be completed effective as at the Closing Date.
- 10.6 At the Closing Date the title to the Purchased Lot(s) shall be subject to those encumbrances and registrations as set forth in Schedule "A".
- 10.7 The Purchaser has inspected the Purchased Lot(s) and agrees that the Vendor has not made any representation, warranty, collateral agreement or condition regarding the Purchased Lot(s), this Agreement, any adjacent lands or lands in close proximity to the Purchased Lots(s) or otherwise which may in any way directly or indirectly affect the Purchased Lot(s), other than what is written in this Agreement. In particular, without in any way limiting the generality of the foregoing, the Vendor makes no representation or warranty or collateral agreement with respect to subsoil or foundation conditions or zoning.

The Purchaser also agrees that:

- 10.7.1 the Vendor is not responsible for sub-surface conditions that may exist for the Purchased Lot(s);
- 10.7.2 in the event the Purchaser excavates beyond specifications (as a result of frost or other sub-surface conditions) the expense and responsibility of such excavation shall be the sole responsibility of the Purchaser; and
- 10.7.3 the Purchaser, at its own expense, shall perform all work and supply all materials required to rectify the "over excavation" contemplated above or sub-surface conditions and supply to the Vendor an engineers inspection certificate certifying that the sub-surface conditions comply with buildings standards.

- 10.8 The transfer of land in registrable form shall be prepared at the expense of the Vendor, and delivered to the Purchaser's Solicitor within a reasonable time prior to the Closing Date. In the event the Vendor does not provide the transfer of land to the Purchaser's Solicitor in sufficient time to register prior to the Closing Date, then the Purchaser shall not be obliged to pay any interest to the Vendor on that portion of the cash to close attributable to the Purchaser's own funds (and not mortgages) provided those funds are paid to the Vendor's Solicitor in trust, until the Purchaser has a reasonable time in which to register that transfer of land. If a new mortgage is a condition of this Agreement, the Vendor agrees to allow the Purchaser's Solicitor to register the transfer of title to obtain the advance of mortgage funds on the new mortgage provided that the Purchaser's Solicitor complies with reasonable trust conditions imposed by the Vendor's Solicitor until the Vendor has been paid the total Purchase Price. The Purchaser shall pay the expense of the new mortgage.
- 10.9 The parties agree that the representations and warranties in this Agreement shall not merge by the acceptance of documents, the registration of documents, or the taking of possession by the Purchaser and will survive the completion of the sale.
- 10.10 The Purchaser acknowledges that it is aware of and acquainted with the Subdivision Plan and aware of the zoning or planned zoning of the development area and surrounding Lots.
- 10.11 The waiver by the Vendor of the performance of any condition or stipulation in this Agreement shall not of itself constitute a waiver of or abrogate such condition or stipulation, nor be a waiver of any subsequent breach of the same or any other condition or stipulation.
- 10.12 No assignment of this Agreement shall be valid unless it is for the entire interest of the Purchaser and is approved in writing by the Vendor. No agreement or conditions or relations between the Purchaser and their assignees or any other person acquiring title or interest from or through the Purchaser shall preclude the Vendor from the right to convey the Purchased Lot(s) to the Purchaser on the payment of the unpaid portion of the purchase money which may be due under this Agreement unless such assignment is approved by the Vendor. These conditions shall not be affected or changed by the Vendor receiving payment of any portion of such purchase money from any assignee not approved.
- 10.13 The Vendor shall be entitled to file a caveat against the title to the Purchased Lot(s) protecting its interest.
- 10.14 Each of the parties agree to do and perform such acts and things and to execute all such documents and to give all such further assurances with respect to the sale of the Purchased Lot(s) as shall be reasonably required.
- 10.15 The provisions in this Agreements shall be binding upon and enure to the benefit of and may be exercised or enjoyed by the parties, the heirs, personal, representatives, successors and permitted assigns, respectively.
- 10.16 The Purchaser agrees to indemnify and save harmless the Vendor from claims, demands, expenses, costs, damages arising as a result of the Purchaser failing to comply with the Vendor's Architectural Development Guidelines or Lot Grading Plan.
- 10.17 The Purchaser acknowledges receipt of a copy of the Vendor's Architectural Development Guidelines and Lot Grading Plan.

10.18 Construction of the Buildings shall be commenced within one year from the Closing Date, and shall be completed within one year from the date on which construction is commenced.

10.19 Time shall be of the essence.

10.20 If the Purchaser shall make default in any one or more of the following:

- (a) the payment of the Purchase Price or interest;
- (b) payment of any adjustments on the day mentioned for the payment of the same; or
- (c) the observance or performance of any of the conditions or provisions of this Offer;

then the Vendor may, in its sole discretion, at any time after the occurrence of any such default, terminate this Agreement on giving ten days written notice to the Purchaser. Upon the expiration of the time limited in the notice, the rights and interest of the Purchaser, pursuant to this Agreement shall immediately end without any legal proceedings being taken or other act being performed by or on behalf of the Vendor. The Purchased Lot(s) shall revert to the Vendor and the Purchaser shall have no right to reclaim any monies which shall be retained by the Vendor as liquidated damages.

10.21 Any notice required to be given to the Purchaser under the terms of this Agreement may be given personally or, in the absence of a postal strike or other interruption of postal service, by prepaid registered mail to the Purchasers address set out in the Offer to Purchase and the same shall be deemed to have been delivered to the Purchaser three days after the date the notice is mailed at any Canada Post Corporation postal box or outlet in Canada addressed to the last known address which the Vendor has for the Purchaser.

10.22 _____

_____.

11. DEPOSIT

11.1 The Deposit shall be immediately refunded to the Purchaser without deduction and without interest if:

- 11.1.1 this offer is not accepted;
- 11.1.2 a condition is not satisfied; or
- 11.1.3 the Vendor fails to perform this Agreement.

SIGNED AND DATED at _____, at _____ .m. on
_____, 200__.

HENTOSZ DEVELOPMENTS, a division of
Hentosz Resources Ltd.

Per: _____

Vendor's address: c/o Gordon E. Deck, Q.C.
Johnston Ming Manning
400, 4843 Ross Street
Red Deer, AB T4N 1Y1

Vendor's fax: c/o Gordon E. Deck, Q.C.
Johnston Ming Manning
(403) 346-5599

SCHEDULE "A"

ENCUMBRANCES AND REGISTRATIONS ON TITLE

<u>Registration No.</u>	<u>Registration Date</u>	<u>Description</u>
022 482 964	December 17, 2002	Restrictive Covenant
022 482 965	December 17, 2002	Utility Right of Way Grantee – The Town of Blackfalds

SCHEDULE "B"

ARCHITECTURAL DEVELOPMENT GUIDELINES

**ROLLING HILLS ESTATES
BLACKFALDS, ALBERTA**

**HENTOSZ DEVELOPMENTS
A Division of Hentosz Resources Ltd.**

INTRODUCTION

The purpose of these architectural development guidelines is to establish an acceptable and consistent level of exterior building appearance and finish as well as site development features so that the investment made by homeowners in the purchase of their homes is protected to the extent possible.

The actual construction of housing is still governed by the development permit and building permit regulations of the Town of Blackfalds as well as the building, plumbing and electrical codes of the Province of Alberta.

House plans will be reviewed by the Developer to ensure adherence to these guidelines.

HOUSE TYPES

The following house types are acceptable for construction. The house type appropriate for any particular lot situation should be chosen to suit lot dimensions, street and lane opportunities, setback requirements and topographic elevation.

Bungalow:	Floor area contained on one level with no stair risers up from main level.
Bi-Level:	Equal number of stair risers up and down to reach main floor and basement levels.
Split-Level:	At least two levels above grade separated by stair risers.
Two-Storey:	Minimum of four (4) stair risers between levels with a minimum second floor area equal to half of the main floor area.

MINIMUM HOUSE SIZES

R1L Sites

Bungalow:	1,200 sq. feet (112 sq. metres) above lot grade.
Bi-Level:	1,200 sq. feet (112 sq. metres) above lot grade.
Split-Level:	1,200 sq. feet (112 sq. metres) on two levels above grade.
Two-Storey:	1,400 sq. feet (130 sq. metres) above grade with minimum main floor area of 950 sq. feet (88 sq. metres) and minimum second floor area of 450 sq. feet (42 sq. metres).

R1M Sites

Bungalow:	1,000 sq. feet (93 sq. metres) above lot grade.
Bi-Level:	1,000 sq. feet (93 sq. metres) above lot grade.
Split-Level:	1,000 sq. feet (93 sq. metres) on two levels above grade.
Two-Storey:	1,200 sq. feet (112 sq. metres) above grade with minimum main floor area of 800 sq. feet (75 sq. metres) and minimum second floor area of 400 sq. feet (37 sq. metres).

R1S Sites

Bungalow:	850 sq. feet (79 sq. metres) above lot grade.
Bi-Level:	850 sq. feet (79 sq. metres) above lot grade.

GARAGES

Attached streetside garages are required in laneless situations and are permitted on the following lots where lot frontages are sufficient:

!	Westridge Drive.
!	Rolling Hills Ridge.
!	Rolling Hills Bay.
!	Rolling Hills Close.

Detached laneside garages are required in laned situations and on the following lots:

!	Brentwood Drive.
!	Landsdowne Avenue.

FINSHERS AND MATERIALS

Roofing shall be architectural-grade asphalt shingles, cedar shakes or clay tiles.

Exterior wall finish shall be either:

!	Stucco with integral battens, lintels, ledgers, etc.
!	Pre-finished aluminum, steel or polyvinyl chloride siding in horizontal runs and maximum wale of 150 mm; vertical or diagonal treatment is not acceptable.

Exposed basement concrete surfaces shall be parged and textured.

Fascias and soffits shall be pre-finished aluminum, steel or polyvinyl chloride materials.

Chimney flues shall be enclosed where required.

SITE WORKS

Finished grades for the lot and building shall conform to the building grades plan.

The finished lot must slope away from the house and provide positive drainage away from the basement foundation.

Front yard walks and paths shall be constructed of concrete or pre-cast pavers.

Front yard driveways shall be constructed of concrete, pre-cast pavers or asphalt paving.

Exterior door steps and stoops shall be pre-cast concrete.

Rear yard and side yard fencing must be completed within 12 months of occupying the completed house.

The front yard area must be sodded within 12 months of occupying the completed house.

The Developer will plant one tree in the boulevard adjacent to each lot.

SCHEDULE "C"

TENANCY AGREEMENT

Between:

Hentosz Resources Ltd.
(the "Vendor")

and

(the "Purchaser")

RECITALS:

A. The Vendor and the Purchaser have entered into an agreement in writing (the "Purchase Agreement") dated _____, 20____, whereby the Vendor agreed to sell and the Purchaser agreed to purchase that land in the Province of Alberta described as follows:

Plan 0227688

Block ____

Lot ____

Excepting thereout all mines and minerals

(the "Lot")

B. The Purchase Agreement stipulates that the purchase and sale of the Lot shall close on the Closing Date as defined in the Purchase Agreement, and the payment of the Purchase Price shall be made on or before _____, 20____.

C. The Purchaser wants to take possession of the Lot prior to the payment of the Purchase Price for the purpose of commencing improvements on the Lot.

D. The Vendor will not allow the Purchase to take possession unless and until the Purchaser enters into this Tenancy Agreement.

AGREEMENT

In consideration of the Vendor granting possession of the Lot to the Purchaser prior to the payment of the Purchase Price by the Purchaser, and for other good and valuable consideration, the Vendor and Purchaser agree as follows:

1. **TENANCY**

1.1 The Vendor grants possession of the Lot to the Purchaser as a tenant pursuant to the terms and provisions of this Tenancy Agreement.

- 1.2 The Purchaser acknowledges and agrees that he/they are taking possession of the Lot not as a purchaser or pursuant to the Purchase Agreement, but under this Tenancy Agreement.

2. **TERM AND TERMINATION**

- 2.1 The tenancy under this Agreement shall be for a fixed term (the "Term") commencing _____, 20__ and fully ending on the date the Purchase Price is paid in full, as contemplated by the Purchase Agreement (i.e. on or before _____, 20__ as specified in the Purchase Agreement).
- 2.2 In the event of a breach of this Agreement or the Purchase Agreement by the Purchaser, the Vendor may, in its sole discretion, terminate this Agreement and the tenancy on forty-eight hours written notice to the Purchaser;
- 2.3 The Vendor may terminate this Agreement and the tenancy forthwith upon delivery of written notice to the Purchaser in any one or more of the following events:
- 2.3.1 if the Purchaser becomes insolvent or makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency or if a bankruptcy petition or receiving order is filed or made against the Purchaser and is not being disputed in good faith;
- 2.3.2 if a Builders' Lien is filed on the title to the Lot for work or materials for which the Purchaser is responsible and the Purchaser has not discharged the same within fifteen days of the date of the registration of the lien.

3. **RENT**

- 3.1 The Purchaser shall pay rent to the Vendor in the amount of \$1.00 upon the execution of this Agreement, the receipt of which is acknowledged by the Vendor.
- 3.2 Interest shall be payable on the cash to close (less the GST) at the Prime Rate of the Canadian Imperial Bank of Commerce plus 2% per annum from _____, 20__ to and including the date funds are releasable to the Vendor.

4. **UTILITIES AND SERVICES AND TAXES**

- 4.1 The Purchaser agrees to pay on demand to the appropriate authority or authorities, the cost of the following utilities and services: water, sewer service, electricity, heating and all other services which may be supplied to the Lot from the date the tenancy under this Agreement commences to the date the Purchase Price is paid in full or the Vendor recovers possession.
- 4.2 During the Term, the Vendor shall be responsible to the appropriate municipality for the taxes levied against the Lot.

5. **SECURITY DEPOSIT**

- 5.1 The Purchaser agrees that the amount paid by the Purchaser as a deposit under the Purchase Agreement shall be and act as a Security Deposit (as such term is defined by the *Residential Tenancies Act*).
- 5.2 In the event that the transaction of purchase and sale of the Lot as contemplated by the Purchase Agreement is not completed and closed, the Security Deposit shall be paid to the Vendor to be held in accordance with the Provisions of the *Residential Tenancies Act* as a security deposit under this Tenancy Agreement.

6. **INSURANCE**

- 6.1 It shall be the responsibility of the Purchaser to insure the Purchaser's property on the Lot against damage or loss to such property occasioned by fire, theft and any other perils which cause such damage or loss.
- 6.2 The Purchaser shall be responsible to purchase comprehensive liability insurance in a minimum amount of \$1,000,000.00 naming the Vendor as the insured.
- 6.3 The Purchaser shall purchase fire and extended coverage insurance on all improvements made to the Lot, naming the Vendor as an insured.

7. **SUBLETTING**

- 7.1 Without the prior written consent of the Vendor, which consent may be unreasonably withheld, the Purchaser shall not have the right to assign this tenancy and/or sublet the Lot to another person or persons.

8. **RULES AND REGULATIONS**

- 8.1 The Purchaser will observe and comply with the reasonable Rules and Regulations which the Vendor may make from time to time by way of reasonable written notice from the Vendor to the Purchaser.

9. **INDEMNITY**

- 9.1 The Purchaser agrees to indemnify and save harmless the Vendor from and against all costs (including legal expenses on a solicitor client basis), liabilities, expenses and damages incurred by or suffered by the Vendor as a result of the use, occupation and enjoyment of the Lot by the Purchaser under this tenancy.

10. **IMPROVEMENTS**

- 10.1 The Purchaser, with the prior written consent of the Vendor, may make improvements to the Lot at the Purchaser's sole cost.
- 10.2 Upon the termination of this Agreement and the tenancy, if the Purchaser has not closed the purchase and sale transaction as contemplated by the Purchase Agreement:

10.2.1 the Vendor may, at its option, require the Purchaser to remove any and all improvements made by the Purchaser to the Lot; or

10.2.2 the Vendor may, at its option, require that all alterations and improvements which have been made or installed by the Purchaser upon the Lot, whether with or without the Vendor's consent, will remain upon and be surrendered with the Lot as part thereof without molestation or injury and the same shall be and become the property of the Vendor absolutely without any compensation being paid by the Vendor to the Purchaser.

11. **RIGHT OF ENTRY**

11.1 The Vendor shall have the right to enter upon the Lot:

11.1.1 without notice or consent in the case of an emergency or in the event that the Purchaser has abandoned the Lot; or

11.1.2 after giving written 24 hour notice to the Purchaser:

11.1.2.1 to inspect the state or repair of the Lot; or

11.1.2.2 to make repairs to the Lot.

12. **QUIET ENJOYMENT**

12.1 The Vendor acknowledges that in executing this Agreement, the Vendor is exercising the Vendor's lawful power, and in so executing, grants the Purchaser the right of full use and occupation of the Lot with such security of tenure as is provided pursuant to this Agreement.

13. **COVENANT TO RESTORE**

13.1 In the event the Purchaser is unable to complete the purchase of the Land by payment of all monies owing to the Vendor pursuant to the Sale Agreement, or such other date as may be mutually agreed between the Purchaser and their solicitors and the Vendor or their solicitors, then, upon demand:

13.1.1 The Purchaser shall deliver to the Vendor, at their cost, vacant possession of the Land within 48 hours after notice from the Vendor to vacate the Land;

13.1.2 The Purchaser shall reimburse the Vendor for any and all damage done by them to the Land, which shall, for the purpose of this Agreement, be deemed to include the cost of removing any goods or chattels abandoned on the Land;

13.1.3 The Purchaser shall, in the event title to the Land was conveyed to them prior to the necessary funds to complete having been paid, reconvey title to the Land to the Vendor, free and clear of all encumbrances with the exception of those which existed the date the Sale Agreement was executed by them. The Purchaser agree to pay the cost on a solicitor/client basis of registration for the reconveying of title back to the Vendor and any other incidental expenses incurred in restoring title to its original condition.

13.2 For the purpose of satisfying their obligations the Purchaser irrevocably instruct their solicitors to cause title to be reconveyed to the Vendor upon demand being made for the same by the Vendor or their solicitors and we hereby irrevocably assign out of any funds held by their solicitors on their behalf to the Vendor, all monies due and owing or to become due and owing by virtue of this Agreement, and we hereby irrevocably direct their solicitors to pay the same to the Vendor or their solicitors upon demand.

14. **ACCEPTANCE**

14.1 The Purchaser accepts the tenancy as provided in this Agreement.

15. **GENERAL**

15.1 This Agreement shall enure to the benefit of and be binding upon the Vendor and Purchaser, their respective executors, administrators, heirs, beneficiaries, successors and assigns.

The parties have executed this Agreement on _____, 2003.

Hentosz Resources Ltd.

Per: _____

Per: _____