PART 2 - TERMS OF INSTRUMENT

EMPLOYEE HOUSING COVENANT (SECTION 215 COVENANT)

THIS AGREEMENT dated for reference September 1, 1996 is

BETWEEN:

S.J. BAYLY PROPERTIES LTD., a British Columbia company incorporated under number 216381, with a registered and records office at 2576 Snowridge Crescent, P.O. Box 1095, Whistler, B.C. V0N 1B0

WHISTLER CONTRACT MANAGEMENT LTD., a British Columbia company incorporated under number 354297, with a registered and records office at 202 - 1080 Millar Creek Road, Whistler, B.C. VON 1B0

(collectively, the "Owner")

AND:

RESORT MUNICIPALITY OF WHISTLER, 4325 Blackcomb Way, Whistler, B.C. VON 1B4

("Municipality")

GIVEN THAT

- A. Section 215 of the Land Title Act permits the registration of a covenant of a negative or positive nature in favour of the Municipality in respect of the use of land or construction on land;
- B. The Owner and the Municipality wish to enter into this Agreement to provide for affordable employee housing on the terms and conditions set out in this Agreement, and agrees that this agreement is both a section 215 covenant under the Land Title Act and a housing agreement under s. 963.2 of the Municipal Act;

This Agreement is evidence that in consideration of \$2.00 paid by the Municipality to the Owner (the receipt of which is acknowledged by the Owner), the Owner covenants and agrees with the Municipality, in accordance with section 215 of the Land Title Act, as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) "Detached Dwelling" means a residential building containing not more than one principal Dwelling Unit;
- (b) "Dwelling Unit" means a self-contained set of habitable rooms in a building, including not more than one set of cooking facilities, that is used for residential purposes;
- (c) "Employee" means an individual:
 - (i) who is either employed or self-employed for an average of not less than 20 hours per week over the most recent three months and whose principal place of employment or business is located within the boundaries of the Resort Municipality of Whistler; and
 - (ii) who is a member in good standing of the Whistler Valley Housing Society;
- (d) "GFA" means the total area of all floors in a Dwelling Unit on the Strata Lot, measured to the outside surface of the exterior walls of the building, including stairwells, basements and cellars, but excluding crawlspaces, parking areas, elevators and areas occupied by fixed machinery or equipment, as determined by the Municipality's building inspector;
- (e) "LTO" means the New Westminster/Vancouver Land Title Office;
- (f) "Municipality" means the Resort Municipality of Whistler;
- (g) "Other Strata Lots" means the bare land strata lots, other than the Strata Lot, within the Strata Plan:
- (h) "Prime Rate" means the annual rate of interest, expressed as a percentage, published from time to time by the Royal Bank of Canada's Main Branch in Vancouver, British Columbia, as its prime rate and used as a reference rate by that Bank for determining interest rates on Canadian dollar loans, and which was 5.75 percent on September 4, 1996;
- (i) "Retiree" means an individual:
 - (i) who has ceased employment and who was an Employee for 5 of the 6 years immediately preceding the date on which the individual ceased employment; and
 - (ii) who is a member in good standing of the Whistler Valley Housing Society;

- "Strata Lot" means each of the bare land strata lots legally described in Schedule E of the Land Title Act Form C to which this Agreement is attached and which forms part of this Agreement, and, for the purposes of article 2, includes any Detached Dwelling on the Strata Lot, the intent being that this Agreement shall apply separately to each Strata Lot in the Strata Plan; and
- (k) "Strata Plan" means the Bare Land Strata Plan of Lot F, and an undivided 127 interest in and to Lot 6, Plan 14389, Block G, District Lot 1755, Group 1, New Westminster District, certified correct by G.A. McDougall, B.C.L.S., a reduced copy of which is attached hereto as Schedule A to this Agreement.

1.2 Interpretation

In this Agreement:

- (a) reference to the singular includes a reference to the plural, and vice versa, unless the context requires otherwise;
- (b) reference to a particular numbered section or article, or to a particular lettered Schedule, is a reference to the correspondingly numbered or lettered article, section or Schedule of this Agreement;
- (c) article and section headings have been inserted for ease of reference only and are not to be used in interpreting this Agreement.
- (d) the word "enactment" has the meaning given to it in the *Interpretation Act* (British Columbia) on the reference date of this Agreement;
- (e) reference to any enactment is a reference to that enactment as consolidated, revised, amended, re-enacted or replaced, unless otherwise expressly provided;
- (f) reference to a "party" or the "parties" is a reference to a party, or the parties, to this Agreement and their respective successors, assigns, trustees, administrators and receivers; and
- (g) reference to a "day", "month" or "year" is a reference to a calendar day, calendar month, or calendar year unless otherwise expressly provided.

ARTICLE 2 CONSTRUCTION AND SALE OF HOUSING AND STRATA LOT

2.1 Construction of Housing

The Owner agrees that the Owner must commence construction on site of a Detached Dwelling on the Strata Lot within 12 months after the date on which this Agreement is deposited for registration in the LTO and that the construction of that Detached Dwelling must be completed within 24 months after construction begins on site. The obligation of the Owner to complete construction within 24 months after it begins on site is suspended for as long as the Owner is prevented from performing that obligation by anything beyond

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the reasonable control of the Owner, including natural disaster or strike or other labour dispute, but excluding the financial circumstances of the Owner.

2.2 Insurance

The Owner agrees that insurance for the replacement value of the Detached Dwelling must be maintained at all times on terms and conditions that a prudent homeowner would consider necessary and with an insurer licensed under the *Insurance Act* (British Columbia) to carry on that class of insurance in British Columbia.

2.3 Sales Lottery Covenant

The Owner covenants and agrees with the Municipality that the Strata Lot must not be sold separately from any of the Other Strata Lots except in accordance with the following conditions:

- (a) the Strata Lot may be sold separately from the Other Strata Lots only to an Employee or a Retiree; and
- (b) the first sale of the Strata Lot must be to an Employee or Retiree who has been selected as an eligible purchaser through a lottery held by the Whistler Valley Housing Society in accordance with the rules and policies on such lotteries of the Whistler Valley Housing Society.

ARTICLE 3 HOUSING AGREEMENT AND SUBDIVISION RESTRICTIONS

- 3.1 Use and Occupancy
- (a) The Owner agrees that the Owner may only sell the Strata Lot to an Employee or a Retiree.
- (b) The Owner agrees that the Strata Lot may only be used or occupied as a permanent residence, and then only by an individual who resides in the Strata Lot and who is:
 - (i) an Employee;
 - (ii) a Retiree; or
 - (iii) living in the Strata Lot with an Employee or Retiree in a single domestic unit and
 - (A) is related to the Employee or Retiree by blood, marriage, adoption, common law marriage or foster parenthood; or
 - (B) is in a spousal relationship with the Employee or Retiree.

3.2 Statutory Declaration

Within three days after receiving notice from the Municipality, the Owner must deliver to the Municipality a statutory declaration, substantially in the form attached as Schedule B, sworn by the Owner under oath before a commissioner for taking affidavits in British Columbia, containing all of the information required to complete the statutory declaration. The Municipality may request such a statutory declaration in respect of any particular Strata Lot no more than four times in any calendar year.

3.3 Relief from Occupancy Restriction

If the Owner is in breach of section 3.1(b), the Owner may request to be relieved from the obligations under that section for reasons of hardship, but no such request may be made later than 30 days after the Owner has been given notice of breach by the Municipality. The request must be delivered in writing to the Clerk of the Municipality. The request must set out the circumstances of the default and the hardship involved. The Owner agrees that the Municipality is under no obligation to grant any relief, and may proceed with its remedies under this Agreement, and at law and in equity, despite the Owner's request and the Owner agrees that the relief, if any, is to be determined by the Municipality in its absolute and unfettered discretion.

3.4 Restriction On Lease or Rental

- (a) The Owner must not rent or lease the Strata Lot except in accordance with this section.
- (b) Without limiting the generality of section 2.3, the Owner may rent or lease the Strata Lot to an individual who is permitted to reside in the Strata Lot by section 3.1.
- (c) The Owner agrees that if the Strata Lot is rented or leased, the monthly rent payable for the Strata Lot must not exceed the amount calculated by multiplying the GFA of the Detached Dwelling on the Strata Lot times \$1.25 per square foot.
- (d) The Owner agrees that if only one bedroom or sleeping area in a Detached Dwelling is leased or rented, the rent payable for that bedroom or sleeping area must not exceed \$500.00 per month.
- (e) The Owner agrees that no extra charges or fees may be levied or collected by or on behalf of the Owner for use of any common property, limited common property or other common area, or for sanitary sewer, storm sewer or water utilities. For clarity, this section does not apply to cablevision, telephone for other telecommunications, gas utility or electricity utility fees or charges.
- (f) The Owner agrees that the monthly rent for the Strata Lot may be increased annually, beginning with the first anniversary of the day on which the Strata Lot is first occupied, by increasing the rent in accordance with the following formula:

(Original rent as determined under section 3.4(c) and (d), plus all previous annual increases X 40%) x (Prime Rate on the

anniversary date - 2%).

- (g) If the Strata Lot is rented or leased under this section 3.4:
 - (i) a copy of this Agreement must be attached to the rental agreement or lease and the rental agreement or lease must contain the agreement of the tenant or lessee that the Strata Lot is subject to the occupancy restriction in section 3.1(b);
 - (ii) the rental agreement or lease must contain a provision that the Strata Lot cannot be occupied in breach of the occupancy restriction in section 3.1(b); and
 - (iii) the rental agreement or lease must entitle the Owner to terminate it on 30 days' notice if the tenant or lessee occupies, or allows occupation of, the Strata Lot in breach of the occupancy restriction in section 3.1(b).
- (h) The Owner agrees to terminate any rental agreement or lease where the tenant or lessee occupies, or allows occupation of, the Strata Lot in breach of the occupancy restriction in section 3.1(b), in accordance with the terms of the rental agreement or lease and the Residential Tenancy Act (British Columbia).
- (i) The Municipality may, in its sole discretion, on the request of the Owner agree to permit from time to time any increase in the rents otherwise permitted under this section on such terms and conditions and in such amounts as the Municipality considers desirable.

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3.5 Land Sale Controls

- (a) The Owner acknowledges and agrees that in the public interest the Strata Lot is to be preserved as affordable housing for Employees and Retirees and the Owner therefore agrees to restrict the selling price of the Strata Lot in accordance with this section.
- (b) The Owner agrees with the Municipality that the Strata Lot must not be sold to the first purchaser or other transferee of the Strata Lot after its creation by deposit of the bare land strata plan creating the Strata Lot (in this section "Strata Plan") in the LTO for a price exceeding \$76,500.00, plus such works and services charges as are payable in respect of that Detached Dwelling and Strata Lot under the applicable bylaws of the Municipality. The Owner must ensure that the amount of any works and services charges is paid to the Municipality at the time of the completion of the transaction of purchase and sale in respect of the Strata Lot by either collecting that amount from the purchaser and remitting at once to the Municipality or by requiring, as a condition of the contract of purchase and sale between the Owner and the purchaser, the purchaser to pay that amount to the Municipality upon completion of the sale or immediately thereafter.
- (c) If the Owner is the builder of any Detached Dwelling on the Strata Lot, within 30 days after substantial completion of the Detached Dwelling, the Owner must

establish to the reasonable satisfaction of the Municipality the price for that Detached Dwelling, based on such written evidence as the Municipality may reasonably require, with that price (in this section 3.5(c) and section 3.6, "Initial Price") being the aggregate of all third party costs reasonably and necessarily incurred by the Owner in designing and constructing the Detached Dwelling.

(d) If the Owner is anyone other than the Owner named in this Agreement as such, the Initial Price is the amount paid by the Owner for the Strata Lot including goods and services tax, but net of property transfer tax, real estate agents' commission, municipal property tax or other taxes, fees of any description (in this section, collectively "Other Costs").

3.6 Resale Price Controls

- (a) If the fee simple title to the Strata Lot is transferred at any time between the date on which the Strata Plan is deposited in the LTO and 365 days after that date ("First Year"), the sale price, exclusive of Other Costs, must not exceed the amount (in this section "First Year Sale Price") that is the greater of:
 - (i) the Initial Price; and
 - (ii) the amount determined by multiplying the Initial Price by 1.034 and then multiplying the result by the number determined by dividing the number of days in the period described above by 365.
- (b) If fee simple title to the Strata Lot is transferred at any time after expiry of the period described in section 3.6(a), the sale price of the Strata Lot, excluding Other Costs, must not exceed the amount determined in accordance with the following:
 - (i) with respect to each quarter, the Owner must establish the factor (in this section "Price Control Index") in respect of each quarter determined by subtracting 2.0% from the Prime Rate in effect on the first day of each quarter and multiplying the result by 0.1;
 - with respect to the first period of 365 days beginning immediately after expiry of the First Year, the sale price for the Strata Lot must not exceed the amount determined by adding to the First Year Sale Price the amount determined by multiplying the Price Control Index by the First Year Sale Price at the beginning of each quarter in that year and compounding with respect to each whole quarter within that year to the date of the sale and adding an amount to prorate from the end of the last whole quarter to the date of the sale; and
 - with respect to each year after that described in section 3.6(a)(ii), the sale price for the Strata Lot must not exceed the amount determined by compounding and pro-rating the purchase price as at the end of the immediately preceding year in accordance with the method set out in section 3.6(b)(ii).

- The sale price for the Strata Lot is to be increased by an amount commensurate with (c) the increase in market value of the strata lot certified by an appraiser who is a member in good standing of the Appraisal Institute of Canada, retained by the Owner at the Owner's expense, as resulting from capital improvements to any Dwelling Unit located on the Strata Lot. The Owner must deliver a copy of the report, opinion or certificate of the appraiser to the Municipality promptly after it is received by the Owner. If the Municipality considers that there has been no increase in the market value of the Strata Lot, the Municipality may, at its expense, retain another appraiser who is a member in good standing of the appraisal institute of Canada in order to determine whether the market value of the Strata Lot has increased due to any capital improvements to any Dwelling Unit located on the Strata Lot. Upon receipt of the report, certificate or opinion of the appraiser retained by the Municipality, the Municipality must deliver a copy of the opinion, certificate or report to the Owner. If the appraisal of the Municipality and the appraisal of the Owner do not agree, the Owner and the Municipality must use reasonable efforts to settle the matter within 30 days after the appraiser retained by the Municipality has delivered his or her opinion, certificate or report to the Municipality. If the Owner and the Municipality cannot settle the matter within 30 days, the matter must be submitted to arbitration by a single arbitrator appointed and acting under the Commercial Arbitration Act (British Columbia), with the Owner and the Municipality sharing the costs of that arbitration equally.
- (d) The Owner must deliver to the Municipality a certified copy of the vendor's statement of adjustments with respect to sale of the Strata Lot by the Owner, and must deliver to the Municipality upon request such further evidence as the Municipality may reasonably require to confirm the sale price of the Strata Lot. If the Owner sells the Strata Lot for a sale price exceeding that permitted under this section, the Owner must pay the excess to the Municipality within 30 days after demand is made by the Municipality, with any amount remaining unpaid after those 30 days bearing interest at the Prime Rate in effect from time to time, calculated from the date due until the date paid and compounded annually not in advance.

3.7 Damages and Rent Charge

- (a) The Owner acknowledges that the Municipality requires employee housing to attract employees to work for the local businesses which generate tax and other revenue for the Municipality. The Owner therefore agrees that for each day the Strata Lot is occupied in breach of this Agreement, the Owner must pay the Municipality \$100.00 for each day ("Daily Amount") on which the breach has occurred, as liquidated damages and not as penalty, due and payable at the office of the Municipality on the last day of the calendar month in which the breach occurred. The Daily Amount is increased on January 1 of each year by the amount calculated by multiplying the Daily Amount as of the previous January 1 by the percentage increase between the preceding January 1 and the immediately preceding December 31 in the All-Items Consumer Price Index published by Statistics Canada for Vancouver, where 1996 = 100. The Owner agrees that payment may be enforced by the Municipality in a court of competent jurisdiction as a contract debt.
- (b) By this section, the Owner grants to the Municipality a rent charge under s. 215 of

the Land Title Act (British Columbia) and at common law, securing payment by the Owner to the Municipality of the amounts described in section 3.5(a) and 3.5(b). The Municipality agrees that enforcement of the rent charge granted by this section is suspended until the date that is 30 days after the date on which any amount due under section 3.5(a) is due and payable to the Municipality in accordance with section 3.5(a). The Municipality may enforce the rent charge granted by this section by an action for an order for sale or by proceedings for the appointment of a receiver. At the request and expense of the Owner, the Municipality must execute and deliver to or at the direction of the Owner an agreement in registrable form granting priority over the rent charge granted by this section to any mortgage granted by the Owner to a bona fide mortgagee of the Strata Lot.

3.8 Specific Performance

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The Owner agrees that the Municipality is entitled to obtain an order for specific performance of this Agreement and a prohibitory or mandatory injunction in respect of any breach by the Owner of this Agreement. The Owner agrees that this is reasonable given the public interest in restricting the occupancy of the Strata Lot in accordance with this Agreement.

3.9 Notice of Housing Agreement

For clarity, the Owner acknowledges and agrees that:

- (a) this Agreement constitutes both a covenant under s. 215 of the Land Title Act and a housing agreement entered into under s. 963.2 of the Municipal Act (British Columbia);
- (b) the Municipality is required to file a notice of housing agreement in the LTO against title to the Strata Lot; and
- (c) once such a notice is filed, this Agreement binds all persons who acquire an interest in the Strata Lot.

ARTICLE 4 GENERAL

4.1 No Effect On Laws or Powers

This Agreement does not:

- (a) affect or limit the discretion, rights, duties or powers of the Municipality under any enactment or at common law, including in relation to the use or subdivision of the Strata Lot,
- (b) impose on the Municipality any legal duty or obligation, including any duty of care or contractual or other legal duty or obligation, to enforce this Agreement,
- (c) affect or limit any enactment relating to the use or subdivision of the Strata Lot, or

(d) relieve the Owner from complying with any enactment, including in relation to the use or subdivision of the Strata Lot.

4.2 Notice

Any notice which may be or is required to be given under this Agreement must be in writing and either be delivered or sent by facsimile transmission. Any notice which is delivered is to be considered to have been given on the first day after it is dispatched for delivery. Any notice which is sent by fax transmission is to be considered to have been given on the first business day after it is sent. If a party changes its address or facsimile number, or both, it must promptly give notice of its new address or facsimile number, or both, to the other party as provided in this section.

4.3 Covenant Runs With the Strata Lot

Every obligation and covenant of the Owner in this Agreement constitutes both a contractual obligation and a covenant granted by the Owner to the Municipality in accordance with section 215 of the Land Title Act in respect of the Strata Lot and this Agreement burdens the Strata Lot and runs with it and binds the Owner's successors in title to the Strata Lot. This Agreement burdens the Strata Lot and binds every parcel (including every Strata Lot) into which it is consolidated or subdivided by any means, including by subdivision or by strata plan under the Condominium Act (British Columbia).

4.4 Limitation on Owner's Obligations

The Owner is only liable for breaches of this Agreement that occur while the Owner is the registered owner of the Strata Lot.

4.5 Waiver

An alleged waiver of any breach of this Agreement is effective only if it is an express waiver in writing of the breach. A waiver of a breach of this Agreement does not operate as a waiver of any other breach of this Agreement.

4.6 Further Acts

The Owner must do everything reasonably necessary to give effect to the intent of this Agreement, including execution of further instruments.

4.7 Severance

If any part of this Agreement is held to be invalid, illegal or unenforceable by a court having the jurisdiction to do so, that part is to be considered to have been severed from the rest of this Agreement and the rest of this Agreement remains in force unaffected by that holding or by the severance of that part.

4.8 No Other Agreements

This Agreement is the entire agreement between the parties regarding its subject and it terminates and supersedes all other agreements and arrangements regarding its subject.

4.9 Amendment

This Agreement may be discharged, amended or affected only by an instrument duly executed by both the Owner and the Municipality.

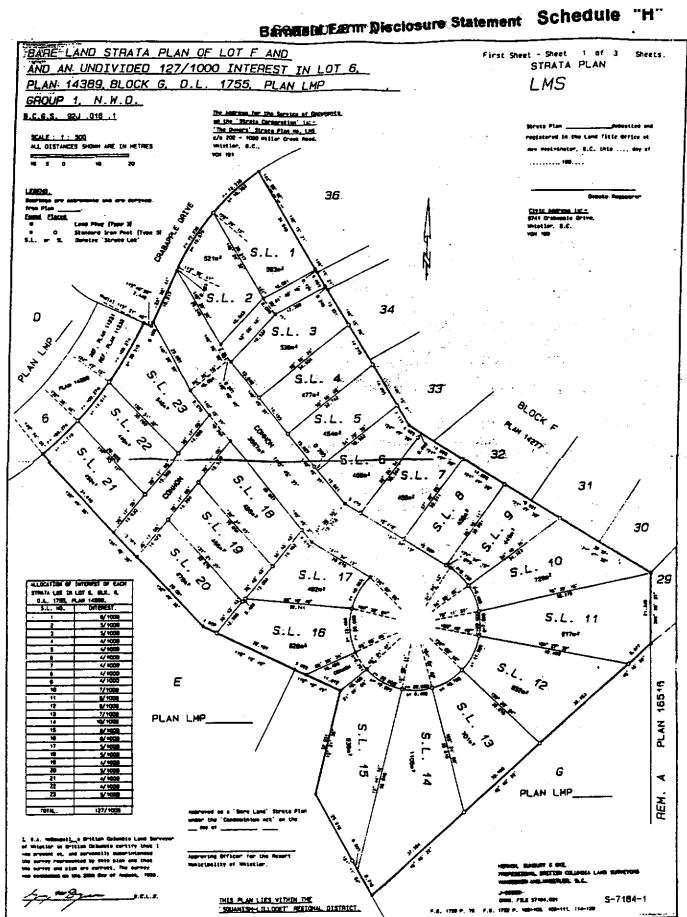
4.10 Enurement

This Agreement binds the parties to it and their respective successors, heirs, executors and administrators. Reference in this Agreement to the "Municipality" is a reference also to the elected and appointed officials, employees and agents of the Municipality.

4.11 Deed and Contract

By executing and delivering this Agreement each of the parties intends to create both a contract and a deed executed and delivered under seal.

As evidence of their agreement to be bound by the above terms, the parties each have executed and delivered this Agreement under seal by executing Part 1 of the Land Title Act Form C to which this Agreement is attached and which forms part of this Agreement.



SCHEDULE B TO EMPLOYEE HOUSING COVENANT

CANADA)		IN THE MATTER OF A HOUSING AGREEMENT with the Resort		
PROVINCE OF BRI	TISH COLUMBIA			the Resort
I,solemnly declare:	, OF	,	British	Columbia, do
1. That I am the	Owner of Strata Lot _ the best of my person	, Strata Plan Ll al knowledge.	MS	, and make this
[or]				
	(director ake this declaration to and believe and believe to the made pursuant to the control of the cont			
3. For the period Strata Lot	from was occupied below and by the Fam	, to the Employee or l	o Retiree w	hose names and
Name of Employee or Retiree	Name of Employer or Former Employer	Names(s) of Other Occupants	Оссира	ns of other nt(s) ee or Retiree

4.	1116	The rent charged each month for the straig Lot is as follows.		
	(a)	monthly rent on the date 365 days before this date of this statutory declaration: \$ per month.		
	(b)	rent on the date of this statutory declaration: \$		
	(c)	proposed or actual rent that will be payable on the date that is 90 days after the date of this statutory declaration: \$		
5.	I make this solemn declaration, conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and pursuant to the Canada Evidence Act.			
SWC	ORN BE	EFORE ME at the City of, , in the Province of) mbia, this day of)		
Briti:	sh Colu 1996.	mbia, this day of }		
		Signature of person making declaration		
A Cor		er for Taking Affidavits for British		