

**ARTICLES OF ASSOCIATION  
OF  
THE SPRINGBOROUGH RESIDENTS ASSOCIATION**

1. The Articles of Association contained in Table "A" in the Schedule to the *Companies Act* (Alberta) do not apply to this Company.

**INTERPRETATION**

2. The headings used throughout these Articles shall not affect the construction hereof. In these Articles and the Memorandum of Association of this Company, unless the context otherwise requires, expressions defined in the *Companies Act* (Alberta) or any statutory amendment or modification thereof, shall have the meaning so defined, and

"Act" means the *Companies Act* of the Province of Alberta for the time being in force;

"Amenities" means the additional operational, maintenance and replacement services at a level of service over and above the standard service provided by The City of Calgary, to the extent legally permissible, for the public utility lots, environmental reserves, municipal reserves, public walkways, road boulevards, road medians, entrance features and associated community and related signage within each phase of those residential communities developed or which hereafter may be developed by the Developer by the installation of municipal services for and the subdivision of the Lands;

"Annual Rent Charge" means the sum of money secured by an Encumbrance;

"Company" means The Springborough Residents Association;

"Developer" means United Acquisition II Corp.;

"Directors", "Board" and "Board of Directors" means the directors of the Company for the time being;

"Encumbrance" means an instrument registered or to be registered, pursuant to the provisions of the *Land Titles Act*, (Alberta), against the title to each Residential Lot securing the Annual Rent Charge to be paid by the Members having regard to the number of Residences constructed on or which may be constructed thereon;

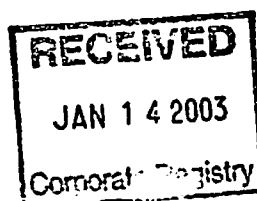
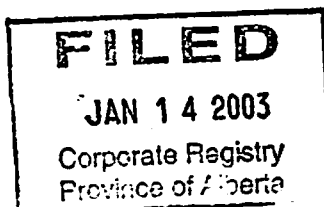
"Lands" means that certain parcel of land located within the Springbank Hill Subdivision in the City of Calgary which lies to the north of 26<sup>th</sup> Avenue S.W. and bounded on the west by 77<sup>th</sup> Street S.W. and bounded on the east by 69<sup>th</sup> Street S.W. and being legally described as Plan 2420AK Block Z Excepting thereout Road Plan No. 9512131, or parts thereof;

"Member" means a person for the time being entered in the Register of Members and being the registered owner of a Residence;

"Month" means calendar month;

"Office" means the registered office of the Company for the time being;

"Phase" means that part of the Lands, within a designated residential development area, pursuant to the Land Use By-Law of The City of Calgary whose boundaries are established by survey and shown on a plan of survey registered pursuant to the *Land Titles Act*; and for which municipal services have been installed;



"Residence" means one or more single detached units, units within duplexes, or units within a multi-family dwelling, as defined in The City of Calgary Land Use By-Law, constructed or to be constructed upon a Residential Lot and intended for residential occupancy;

"Residential Lot" means a separate parcel within a Phase, created upon registration of a plan of survey or a condominium plan or a plan of redivision pursuant to the provisions of the *Condominium Property Act*, (Alberta) and for which a separate title shall issue and upon which a Residence has been constructed or may be constructed;

"Work" means the additional operational, maintenance and replacement services at a level of service over and above the standard service provided by The City of Calgary, to the extent legally permissible, for the Amenities;

"these presents" means and includes these Articles of Association, and any modification or alteration thereof for the time being in force;

"writing" and "written" includes printing, typewriting, lithographing and other modes of representing or reproducing words in visible form which, without restricting the generality of the foregoing shall include facsimile transmission and electronic mail;

and words importing the singular only shall include the plural and vice versa; words importing any gender shall include all genders and words importing persons shall include bodies corporate, as the context may require.

#### REGISTERED OFFICE

3. Subject to the provisions of the *Act*, the Company may, by ordinary resolution of the Directors change from time to time the place within the City of Calgary where the registered office of the Company is to be situated.

#### MEMBERS

4. The subscribers hereto shall be Members until they resign. Every person owning a Residence shall *ipso facto* be entitled to become a Member as long as such person so owns such Residence and shall forthwith cease to be a Member at any time a Residence is not owned by such person. PROVIDED HOWEVER that the person owning a Residence shall not be a Member until he agrees, in writing to do so, and an Encumbrance has been registered against the title to his Residence confirming his obligations and agreement to pay the Annual Rent Charge. PROVIDED ALWAYS:

- (a) Where there is more than one such owner of a Residence, there shall be only one Member who shall be the person designated as the Member by all the owners of said Residence. In the absence of such designation the first person named as owner in the Certificate of Title shall be the Member;
- (b) Where a Residence is owned by a corporation the Member shall be a person resident therein and shall be designated by the corporation as the Member;
- (c) Where there is any difficulty or dispute in determining the Members, the Directors in their absolute discretion may designate the Member, the intention being that there be one Member from each Residence in a Phase;
- (d) Membership is not transferable by a Member but is appurtenant to ownership of a Residence.

#### REGISTER OF MEMBERS

5. A register of Members in such form as the Board may approve shall be maintained in which shall be recorded the names and addresses of all Members. The Register shall be amended from time to time so that all Members are listed. Amendments to the register may be made by the Board at any time and from time to time of its

own volition or upon presentation to the Company of evidence acceptable to the Board. Upon amendment as aforesaid there may be charged a fee as set by the Board from time to time.

### MEMBERS' MEETINGS

6. The first annual general meeting of the Company shall be held at such time, within sixteen (16) months from the date on which the Company is incorporated and at such place as the Directors may determine. Subsequent annual general meetings shall be held at least once in every calendar year and not more than sixteen (16) months after the holding of the last preceding general meeting, at such time and place as may be determined by the Directors.
7. (a) The general meetings referred to in the preceding clause shall be called annual general meetings, and all other meetings of the Company shall be called special general meetings; and  
(b) All meetings of Members shall be held in the City of Calgary, in the Province of Alberta.
8. The Directors may, whenever they think fit, proceed to convene a special general meeting of the Company.
9. Where it is proposed to pass a special resolution, such notice as is required to be given by the *Act*, and in all other cases at least ten (10) days' notice specifying the day, hour and place of every Members' meeting, and in case of special business the general nature of such business, shall be served in one of the manners hereinafter provided on the Members registered in the Members' register at the time such notice is served or if a record date has been fixed by the Directors, on the Members registered in the Register of Members at the record date as so fixed. PROVIDED ALWAYS that a meeting of the Members may be held for any purpose, at any time and at any place without notice, if all the Members entitled to notice of such meeting are present in person or represented thereat by proxy or if the absent Members shall have signified their assent in writing to such meeting being held. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any Member or the duly appointed proxy of a Member. It shall not be necessary to give notice of any adjourned meeting.
10. Irregularities in the notice of any meeting or in the giving thereof or the accidental omission to give notice of any meeting or the non-receipt of any notice by any Member or Members, shall not invalidate any resolution passed or any proceedings taken at any meeting or shall not prevent the holding of such meeting.

### PROCEEDINGS AT MEMBERS' MEETINGS

11. All business shall be deemed special that is transacted at a special general meeting and all that is transacted at an annual general meeting, with the exception of consideration and approval of the financial statements and the ordinary report of the Directors, accountants, and other officers, the election of Directors, the appointment of accountants, the fixing of the remuneration of the accountants and the transaction of any business which under these presents ought to be transacted at a general meeting. Special business or a special resolution may be passed at an annual general meeting provided the requisite notice has been given.
12. No business shall be transacted at a general meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided, ten per centum (10%) of the Members either personally present or represented by proxy shall be a quorum. For the purpose of reckoning a quorum a representative of a Member being a corporation shall be counted as a Member.
13. The President, or in his absence the vice-president (if any), shall be entitled to take the chair at every general meeting, or if there be no president or vice-president, or if at any meeting he shall not be present within fifteen (15) minutes after the time appointed for holding such meeting, the Members present shall choose another Director as chairperson, and if no Director be present, or if all the Directors present decline to take the chair, then the Members present shall choose one of their number to be chairperson. The chairperson at any meeting of Members may appoint one or more Members to act as scrutineers.

14. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place; and if at such adjourned meeting a quorum is not present, the Members personally present or represented by proxy, if at least five per centum (5%) of the total Members shall be a quorum.

15. Every question submitted to a meeting shall be decided in the first instance by a show of hands or otherwise as the chairperson may direct and in the case of an equality of votes the chairperson shall, both on a show of hands or otherwise have a casting vote in addition to the vote to which he may be entitled as a Member.

16. (a) At any meeting unless a poll is demanded by the chairperson or by one-tenth (1/10) of the Members present a declaration by the chairperson that a resolution has been carried or carried by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

(b) If a poll is demanded as aforesaid it shall be taken in such manner and at such time and place as the chairperson directs and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

17. The chairperson may, with the consent of the meeting, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

18. Any pole duly demanded on the election of the chairperson of a meeting, or on any question of adjournment, shall be taken at the meeting without adjournment.

19. The demand of a pole shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a pole has been demanded.

#### VOTES OF MEMBERS

20. On a show of hands every Member present in person, including the proxy or representative of a Member shall have one vote.

21. Votes may be given either personally or by a nominee appointed by a proxy and in the case of a corporation by a representative duly authorized.

22. Save in the case of a corporation, a proxy shall be in writing in any effectual form under the hand of the appointer or of his attorney duly authorized in writing, and need not be attested. A person appointed proxy need not be a Member.

23. A proxy shall not be valid after the expiration of twelve (12) months from the date of its execution unless it is otherwise specified therein.

24. The proxy shall be deposited at the registered office of the Company or such other place as may be specified in the notice of meeting not less than twenty-four (24) hours before the time for holding the meeting at which the person named in the instrument proposes to vote. If there is any default in this procedure for the deposit of such proxy it shall not be treated as valid.

25. A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death of the Member, or revocation of the proxy with respect to which the vote is given, provided no intimation in writing of the death or revocation shall have been received before the meeting at the place where the proxies are to be deposited.

26. No Member shall be entitled to be present or to vote on any question, either personally or by a nominee appointed by a proxy, or as the nominee appointed by a proxy for another Member at any general meeting, or upon a poll, or to be reckoned in a quorum whilst any sum due or payable to the Company pursuant to the Encumbrance by such Member shall be unpaid.

### **BORROWING POWERS**

27. The Directors may from time to time at their discretion raise or borrow money for the purposes of the Company's business in amounts in the aggregate not exceeding Ten Thousand (\$10,000.00) DOLLARS at any one time.

### **DIRECTORS**

28. Until otherwise determined by a general meeting, the number of Directors shall be not less than three (3) or more than ten (10).

29. The subscribers hereto shall be the first Directors of the Company.

30. The Directors shall have power from time to time and at any time, to appoint any other Member or Members as a Director or Directors, either to fill a casual vacancy or vacancies or as an addition or additions to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles or by a general meeting.

31. From and after the assumption by the Company for the performance of the Work for the last Phase of development of the Lands a Director must be a Member of the Company.

32. The Directors shall not be paid out of the funds of the Company by way of remuneration for their services as Directors.

33. A Director may retire from office upon giving five (5) days' notice in writing to the Company of his intention to do so, and such resignation shall take effect upon the expiration of such notice or its earlier acceptance.

34. The office of a Director shall *ipso facto* be vacated:

- (a) If he is found a lunatic or becomes of unsound mind;
- (b) If by notice in writing to the Company he resigns his office upon the time herein before fixed for the resignation to take effect or the previous acceptance of the same;
- (c) If he be removed by resolution of the Company, as hereinafter provided; and
- (d) During such period that any sum shall be due and payable by him to the Company pursuant to the Encumbrance.

35. A Director shall be disqualified by his office from holding any office or place of profit under the Company and from contracting with the Company either as a vendor, purchaser or otherwise howsoever.

36. At the first annual general meeting and at every succeeding annual general meeting, all of the Directors, howsoever appointed or elected, shall retire from office. A retiring Director shall retain office until the dissolution of the meeting at which his successor is elected. If at any general meeting at which an election of Directors ought to take place, no such election takes place, the retiring Directors shall continue in office until the annual general meeting in the next year, and so on from year to year until their places are filled up, unless it shall be determined at such meeting to reduce the number of Directors.

37. A retiring Director shall be eligible for re-election.

38. The Company at every annual general meeting shall fill up the vacated offices by electing a like number of persons to be Directors, or in case any change in the number of Directors is made at any such meeting by electing the number of persons to be Directors as may be fixed by such meeting.

39. The Company may, by special resolution, at any time remove any or all of the Directors before the expiration of his or their period of office and by ordinary resolution appoint another Member or Members in his or their stead; and the Member or Members so appointed shall hold office during such time only as the Director or Directors in whose place he is or they are appointed would have held the same if he or they had not been removed.

#### REGISTER OF DIRECTORS AND OFFICERS

40. The Directors shall duly comply with the provisions of the *Act*, or any statutory modification thereof for the time being in force, and in particular with the provisions in regard to the keeping of the registers of the Directors and officers and their addresses and occupations, the signing of the balance sheet, the filing with the Registrar of Corporations an annual report and copies of special and other resolutions and of any change in the registered office or of Directors and, where applicable, the mailing of a form of proxy and the issuing of information circulars.

#### PROCEEDINGS OF DIRECTORS

41. The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings, and may declare the quorum necessary for the transaction of business, but until the Directors make such determination, one-half of the Directors shall be a quorum.

42. Meetings of the Board of Directors shall be held in the City of Calgary, in the Province of Alberta unless the Directors otherwise agree. The Directors may make regulations in regard to the manner and time that notice shall be given of such meetings. Until such regulations are made, meetings of the Board may be held at any time without formal notice if all the Directors are present or those absent have signified their consent in writing to the meeting being held in their absence; and notice of any meeting where notice has not been dispensed with, delivered or mailed or served by facsimile transmission or electronic transmission to each Director at his ordinary address two (2) days prior to such meeting, shall be sufficient notice of any meeting of the Directors. In computing such period of two (2) days the day on which such notice is delivered, mailed or served by facsimile transmission, shall be included, and the day for which notice is given shall be excluded. Notice of any meeting, or irregularity in any meeting or in the notice thereof, may be waived by any Director. The Directors may by resolution appoint a regular time and place for meetings, and no further or other notice of such time and place than the entry of such resolution upon the minutes of the meeting at which it was passed shall be necessary. Immediately upon the conclusion of the annual general meeting a meeting of the Directors shall be held and no notice of such meeting shall be necessary.

43. If all the Directors of the Company consent a Director may participate in a meeting of the Board or a committee of the Board by means of such telephone or other communication facilities as permit all Directors participating in the meeting to hear each other and a Director participating at such a meeting is deemed to be present at the meeting. Any such consent shall be effective whether given before, during or after the meeting to which it relates and be given with respect to all meetings of the Board and committees of the Board.

44. The President may, or the Secretary shall at the written request of not less than twenty five (25%) percent of the Directors, at any time convene a meeting of Directors.

45. Questions arising at any meeting of Directors shall be decided by a majority of votes, and in case of an equality of votes, the chairperson shall have a second or casting vote.

46. The continuing Directors may act notwithstanding any vacancy in their number, but if and so long as their number is reduced below the number fixed by or pursuant to the regulations of the Company as the necessary

quorum of Directors, the continuing Directors may act only for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company, but for no other purpose.

47. The Directors shall appoint one of their number to be chairperson of the Board of Directors, and in the absence of such appointment the president for the time being of the Company shall be chairperson of the Board. If the chairperson is not present at any meeting at the time appointed for holding the same, the Directors present shall choose some one of their number to be chairperson of such meeting.

48. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in or exercisable by the Directors generally.

49. The Directors may delegate any of their powers to committees consisting of one or more member or members of the Board as they think fit and may from time to time revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated conform to any regulations from time to time imposed upon it by the Directors.

50. The meetings and proceedings of any such committee consisting of two (2) or more Members of the Board shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, including the appointment of a quorum, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the preceding clause.

51. All acts done at any meeting of the Directors, or of a committee of Directors or any person acting as a Director, shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

52. A resolution in writing, signed by all the Directors without their meeting together, (which may be executed in several counterparts and by facsimile transmission) shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, and shall be held to relate back to any date therein stated to be the effective date thereof.

### MINUTES

53. The Directors shall cause minutes to be duly entered in books provided for the purpose:

- (a) Of all appointments of officers;
- (b) Of the names of Directors present at each meeting of the Directors and of any committee of Directors;
- (c) Of all resolutions made by the Directors and committees of Directors; and
- (d) Of all resolutions and proceedings of meetings;

and any such minutes of any meetings of the Directors or of any committee of Directors, or of the Company, if purporting to be signed by the chairperson of such meeting, or by the chairperson of the next succeeding meeting, shall be receivable as *prima facie* evidence of the matters stated in such minutes.

### POWERS OF DIRECTORS

54. Subject to the provisions of Articles 55 and 56 below, the management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by these presents or otherwise expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised

or done by the Company and are not hereby or by statute expressly directed or required to be exercised or done by the Members in general meeting; without restricting the generality of the foregoing the Directors shall exercise general supervision of the affairs of the Company and may from time to time make rules and regulations in relation to the Company, and may at any time in like manner annul or vary any rules and regulations so made, and all rules and regulations so made and for the time being in force shall be binding on the Members, and shall have full effect accordingly; and it is expressly declared that the following shall be deemed to be rules and regulations in relation to the Company within the meaning of this clause, that is to say, regulations:

- (a) As to proof required from persons claiming to be eligible to be the Members;
- (b) As to the annual rent charge to be payable by the Members pursuant to the Encumbrance;
- (c) As to committees of Members in connection with the management of the Company, and as to the appointment, removal, qualification, disqualification, duties, functions, powers and privileges of members of such committees;
- (d) As to the performance of the Work; and
- (e) As to the maintenance and preservation of the property of the Company.

**TEMPORARY REMOVAL OF OFFICERS' AND DIRECTORS'  
AUTHORITY AND RESPONSIBILITIES**

55. It is hereby acknowledged:

- (a) That the Amenities have been and shall be planned and designed by the Developer for each Phase and the Developer has agreed to develop and construct such of the Amenities, as they pertain to each Phase from time to time;
- (b) The Developer has agreed to be responsible for the Work to be performed within each Phase, to such standard as the Developer shall as in its absolute discretion, until the day next following the day upon which the Developer shall notify the Company that The City of Calgary has issued a Final Acceptance Certificate for such Phase;
- (c) Pending the issuance of a Final Acceptance Certificate the Company shall make available to the Developer the monies received by the Company pursuant to those Encumbrances charging the Residences within the particular Phase, or such portion thereof, as shall be required to satisfy the cost and expense incurred by the Developer for the performance of the Work;
- (d) In the event the monies received pursuant to the Encumbrances, as aforesaid, are not sufficient to satisfy the cost and expense incurred in the performance of the Work, the Developer has agreed to fund the deficiency without recourse to the Company for reimbursement provided that the Company shall not hinder or otherwise interfere or attempt to interfere with the construction of the Amenities and the performance of the Work during the period that the Developer is responsible therefor;
- (e) Upon issuance of the Final Acceptance Certificate by The City of Calgary, and notice thereof has been given by the Developer to the Company, the Company shall be responsible for the performance of the Work required within the Phase for which the Final Acceptance Certificate has issued; and
- (f) The Company has agreed to the foregoing condition and in order to relieve the Directors and officers from any responsibility that they may otherwise have in the proper exercise of their responsibility to protect the interests of the Company and the Members and any alleged resulting



breach of fiduciary obligations, until from time to time the responsibility for the performance of the Work is formally assumed by the Company. The powers of the Directors and officers of the Company to manage and conduct the affairs of the Company with respect to the performance of the Work with respect to each Phase for which a Final Acceptance Certificate has not issued are hereby temporarily restrained and are transferred to the Developer and the officers and Directors are hereby released from such duties and from any liability for failure to otherwise exercise such duty in so far as such duty relates in any way to the performance of the Work. Except as set out above, the Directors and officers shall retain their normal and usual rights, duties and responsibilities and will on a limited basis as requested by the Developer be involved in the performance of the Work.

56. It is hereby disclosed to all Members that the Developer is a Member and will continue as a Member until the issuance of a Final Acceptance Certificate for the final Phase and the Members do hereby unanimously agree to the provisions of Article 54 above and do hereby unanimously, entirely release the Developer, the Company, the Directors and Officers from the legal results of any conflict that they or the Developer may otherwise be in as a result of the Developer and the Company entering into the Agreement for the Development, the Initial Management of, and Delivery of the Amenities to the Company including from the legal consequences of the Directors and officers of the Company being partially restrained from and being partially released from their normal and usual rights, duties and responsibilities as provided for in Article 54 above.

#### **OFFICERS**

57. The officers of the Company shall consist of a president, a secretary and a treasurer, or a secretary-treasurer and such other officers as the Directors may from time to time appoint. Any one person may fill more than one of the above offices. Such persons holding such offices, besides fulfilling any duties assigned to them by the Directors, shall have such powers as are usually incidental to such offices.

58. The president shall be elected by the Board from amongst their number. The secretary and the treasurer or secretary-treasurer of the Company shall be appointed by the Board. The Board may appoint an assistant secretary, who shall be empowered to act in the absence of or under the direction of the secretary in the performance of the duties of the secretary. The Directors may appoint a temporary substitute for any of the above officers, who shall for the purposes of these presents be deemed to be the officer for the position he occupies.

59. An officer of the Company, not being a Director, shall be entitled to attend meetings of Members.

#### **SEAL**

60. The Company shall have a corporate seal which shall be of such form and device as may be adopted by the Directors, and the Directors may make such provisions as they see fit with respect to the affixing of the said seal and the appointment of a Director or Directors or other persons, to attest by their signatures that such seal was duly affixed.

#### **NO DIVIDENDS**

61. As the Company is formed solely for the purposes set forth in the Memorandum of Association and it is the intention of the Company to apply the profits, if any, or any other income of the Company in promoting its objects and as the Company is not formed with gain for its object no dividend whatsoever and no part of the income of the Company shall be divided among, payable to or be available for the personal benefit of any of the Members of the Company.

#### **RESERVES AND FUNDS**

62. The Directors may set aside any of the profits of the Company to create a reserve or reserves to provide for the performance of the Work and maintaining the property of the Company, replacing the wasting assets, meeting

contingencies, forming an insurance reserve or for any other purposes whatsoever for which the profits of the Company may be lawfully used. The Directors may also carry forward to the accounts of the succeeding year or years any profit or balance of profit which they shall not think fit to place in such reserve.

63. The Directors may create a fund or funds out of the assets of the Company not greater in amount than the reserve or reserves as hereinbefore provided for and may apply the fund or funds either by employing them in the business of the Company or investing them in such manner as they shall think fit, and the income arising from such fund or funds shall be treated as part of the profits of the Company for the year in which such income arose. Such funds may be applied for the purpose of satisfying the cost and expense incurred in the performance of the Work and maintaining the property of the Company, replacing the wasting assets, meeting contingencies, forming an insurance fund or for any other purpose for which the profits of the Company may lawfully be used.

64. The Directors may from time to time increase, reduce or abolish any reserve or reserve fund in whole or in part and may transfer the whole or any part to surplus.

#### OPERATING COSTS OF COMPANY

65. The Directors shall implement a procedure to monitor and to determine, from time to time, the costs of the Work.

66. (a) Each Member shall pay to the Company the Annual Rent Charge as established from time to time by the Directors pursuant to Article 67, in their unfettered discretion to cover the cost of the Work initially by the Developer and thereafter by the Company as in these Articles provided; and such other responsibilities or obligations as may be approved by resolution of the Company. Such Annual Rent Charge to be secured by an Encumbrance. Notwithstanding the foregoing the Company may when deemed reasonable and prudent by the Directors assess an individual Member or any one or more Members for a cost, expense or outgoing of the Company relating principally to such one or more Members;
- (b) The Members shall pay to the Company such sum as the Directors pursuant to Article 67 may from time to time determine in their sole discretion as may be required to establish a contingency reserve fund to meet the obligations of the Company;
- (c) The Annual Rent Charge, dues, assessments or other charges unpaid shall bear interest at the rate of 18% per annum until paid and such assessment or charge, together with interest thereon and all cost incurred in connection with the collection thereof, including legal costs on a solicitor and own client basis shall be a charge against the Residence to which unpaid assessment or charge relates as the Company shall deem fit or appropriate;
- (d) The initial Annual Rent Charge shall be \$100.00 for each Residence being comprised of a single detached unit and \$50.00 for each Residence being comprised of a unit within a duplex or a multi-family dwelling.

67. If the total Annual Rent Charge as provided in the Encumbrances is insufficient to pay the costs of the Company, then the Directors shall increase its income in the following manner:

- (a) If necessary, they shall borrow, on a short term basis any funds required to meet the operating cash deficiency being experienced;
- (b) They shall present a full report on the operating cash deficiency to the next annual meeting of the Company together with their recommendations for increasing the income of the Company including if so determined by the Directors increasing the Annual Rental Charges to the Members;

- (c) If they determine that addressing such deficiency should not await the next ensuing annual general meeting, they shall call an extraordinary meeting of the Company to consider the matter,
- (d) Any increase in the Annual Rent Charges shall only be increased in the same ratio that the existing Annual Rent Charges have one to another as contained in the Encumbrances in existence at the time of the meeting;
- (e) Each Members shall be bound by the decision of the Members passed in accordance with these Articles and agree to the amendment of his Encumbrance in accordance with the decision of such meeting; and
- (f) If an Encumbrance has been foreclosed off of the title to the Residence of a Member or has otherwise been taken off such title or if pursuant to a meeting of the Members, it has been agreed to register a new Encumbrance or a Caveat giving notice of the change, the Members each agree either to enter into any requested new Encumbrance to be registered against the title to his Residence or agrees to the filing of a Caveat as referred to above and if he delays, fails, or refuses to complete the new Encumbrance the Company is hereby appointed as his attorney to sign and deliver such new Encumbrance in his place and stead.

### ACCOUNTS

68. The Directors shall cause true accounts to be kept of the sums of money received and disbursed by the Company and the manner in respect of which said receipts and disbursements take place, of all sales and purchases by the Company and of the assets and liabilities of the Company and of all other transactions affecting the financial position of the Company.

69. The books of account and accounting records shall be kept at the registered office of the Company or, subject to the limitations of the *Act* in this regard, at such other place or places as the Directors think fit, and shall be open to inspection of the Directors.

70. The Directors shall from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts and books of the Company, or any of them, shall be open to the inspection of any of the Members not being Directors, and none of the Members, not being a Director, shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Directors or by the Company in an annual general meeting.

71. The Directors shall lay before each annual general meeting of the Members a financial statement and the report of the accountants to the Members thereon. The financial statement shall:

- (a) Be approved by the Board of Directors and signed by two (2) of them;
- (b) Be for a period that ended not more than six (6) months before the annual meeting;
- (c) Be subject to the provisions of the *Act*, contain a comparative statement (except in the case of the first statement) relating separately to the latest completed financial year preceding it; and
- (d) Be made up of:
  - (i) a statement of profit and loss for each period,
  - (ii) a statement of surplus for each period,
  - (iii) subject to the provisions of the *Act*, a statement of source and application of funds for each period, and

- (iv) a balance sheet as at the end of each period with each statement containing the information required by the *Act* to be disclosed in such statements.

72. Subject to the provisions of the *Act*, a copy of the financial statement and a copy of the accountant's report shall be sent to each Member, by prepaid post, ten (10) days or more before the date of the annual meeting.

73. Subject to the provisions of the *Act* a comparative six-month interim financial statement shall be sent to each Member as required by the *Act*

#### NOTICES

74. Any notice may be served by the Company on any of the Members either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such Member at his address as the same appears in the books of the Company, or if no address is given therein, to the last address of such Member known to the secretary. If no address is known to the secretary a notice posted up in the registered office of the Company shall be deemed to be well served on such Member upon it being so posted up, and any notice sent by post shall be deemed to have been served on the day on which the envelope or wrapper containing the same is posted. With respect to every notice sent by post, it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and put into one of Her Majesty's letter boxes.

75. Any notice or document delivered or sent by post or left at the address of any of the Members as the same appears on the books of the Company or posted in the registered office of the Company as hereinbefore provided shall, notwithstanding such person be then deceased and whether or not the Company has notice of his decease, be deemed to have been duly served until some other Member is entered in his stead in the books of the Company as one of the Members, and such service shall for all purposes be deemed a sufficient service of such notice or document on his legal representative and on all Members interested with any one of such Members.

76. The signature on any notice to be given by the Company may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

77. Where a given number of days notice or a notice extending over any other period is required to be given, the day of service of the notice and the day for which notice is given shall, unless it is otherwise provided, be counted in such number of days or other period.

78. A certificate of the secretary or other duly authorized officer of the Company in office at the time of the making of the certificate as to the facts in relation to the mailing or delivery or posting up of any notice to any Member, Director or officer or publication of any notice, shall be *prima facie* evidence thereof and shall be binding on every one of the Members, and a Director or officer of the Company, as the case may be.

79. It shall not be necessary for any notice to set out the nature of the business which is to come before a meeting of the Directors and it shall not be necessary for any notice to set out the business, which is to come before a meeting of the Members unless the same is special business.

80. A special general meeting and the annual general meeting may be convened by one and the same notice, and it shall be no objection to the said notice that it only convenes the second meeting contingently on any resolution being passed by the requisite majority at the first meeting.

#### RECORD DATE

81. The Directors may fix a time in the future not exceeding thirty (30) days preceding the date of any meeting of Members as a record date for the determination of the Members entitled to notice of, and to vote at, any such meeting, and only the Members of record in the Register of Members at the close of business on that date so fixed shall be entitled to such notice of, and to vote at, such meeting, notwithstanding any change of Members on the register of Members after any such record date fixed as aforesaid.

**INDEMNITY**




82. Except as otherwise hereinafter provided every Director, officer, servant and employee of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors, out of the funds of the Company, to pay all losses and expenses which any such Director, officer, servant or employee shall incur or become liable to by reason of any contract entered into or act or thing done by him as such Director, officer, servant or employee or in any way in the discharge of his duties.

83. Any person made a party to any action, suit or proceedings by reason of the fact that he, his testator or intestate, is or was a Director, officer, servant or employee of the Company, shall be indemnified by the Company against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defence of such action, suit or proceeding, or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceedings that such Director, officer, servant and employee is liable for gross negligence or similar misconduct in the performance of his duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such Director, officer, servant and employee may be entitled. None of the provisions hereof shall be construed as a limitation upon the right of the Company to exercise its general power to enter into a contract or undertaking of indemnity with or for the benefit of any Director, officer, servant and employee in any proper case not provided for herein.

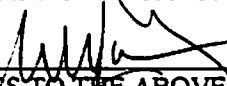
84. No Director, officer, servant and employee of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director, officer, servant and employee or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for the loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by an error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happen through his own dishonesty, or unless it is otherwise provided in a contract of service with such Director, officer, servant and employee.

85. The Company may purchase and maintain insurance for the benefit of any person referred to in Article 84 against any liability incurred by him in his capacity as a Director, officer, servant or employee of the Company.

**NAMES ADDRESSES AND OCCUPATIONS OF SUBSCRIBERS**

Subscribers	Occupation	Address
Chris Kolozetti 	Professional Engineer	200, 808 - 4 <sup>th</sup> Avenue S.W. Calgary, Alberta T2P 3E8
Paul Simpson 	Financial Officer	200, 808 - 4 <sup>th</sup> Avenue S.W. Calgary, Alberta T2P 3E8
Gerald Barron 	Development Manager	200, 808 - 4 <sup>th</sup> Avenue S.W. Calgary, Alberta T2P 3E8

DATED at the City of Calgary, in the Province of Alberta, this 9<sup>th</sup> day of January, 2003.

  
WITNESS TO THE ABOVE SIGNATURES  
WALTER C. BARRON  
2020, 777 - 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3R5