

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT EXECUTED EFFECTIVE THIS ____ DAY OF _____, 2009.

BETWEEN:

THE TOWN OF CHESTERMERE

a municipality in the Province of Alberta
(hereinafter called the "Town")

AND

of the Province of Alberta
(hereinafter called the "Purchaser")

WHEREAS the Town is or will be the registered owner of the lands (hereinafter referred to as "the Lake Lands") abutting an irrigation reservoir known as Chestermere Lake, partly covered by water, within the municipal boundaries of the Town of Chestermere; and

WHEREAS the Town is willing to sell to the adjacent landowners that portion of the Lake Lands immediately abutting their lands, subject to certain restrictions on use;

WHEREAS the Purchaser is the owner of adjacent lands hereinafter described as the "Purchaser's Lands"; and

WHEREAS the Purchaser is willing to acquire the Lake Lands adjacent to the Purchaser's Lands and in turn consolidate those lands with their existing abutting land holdings (which lands are hereinafter referred to as the "Purchaser's Lands"), so as to facilitate a timely and orderly transfer and consolidation process;

THEREFORE THIS AGREEMENT WITNESSETH AS FOLLOWS:

Definitions:

In this Agreement, the following terms shall have the following meanings:

1. "Closing Date" shall mean May 8, 2009;
2. "Consolidation" shall mean the process of consolidation of the Subdivided Lands and the Purchaser's Lands into a single title;

3. "Subdivided Lands" means that portion of the Lake Lands legally described in Schedule "A" to this Agreement;
4. "Lake Lands" shall mean those lands legally described in Schedule "B" to this Agreement;
5. "Purchaser's Lands" shall mean those lands legally described in Schedule "C" to this Agreement;
6. "Purchase Price" shall mean the all-inclusive sum [excluding applicable Goods and Services Tax ("GST")] of \$ _____ (_____ Dollars);
7. "Town" shall mean the Town of Chestermere.
8. "Town's Solicitor" shall mean the law firm of Windsor Jensen LLP, 4620 Manilla Road SE, Calgary, AB T2G4B7.

Purchase Price and Payment:

9. The Purchaser hereby agrees to purchase the Subdivided Lands, free and clear of all liens and encumbrances whatsoever (excepting only those encumbrances permitted by section 15 of this Agreement) for the Purchase Price plus any applicable interest, as set out herein.
10. Subject to the adjustments in subclause a(iii) of this clause, the Purchase Price shall be paid and delivered in the following manner:
 - a. On or before the Closing Date, the Purchaser shall pay to the Town's Solicitor to be held in a non-interest bearing solicitor's trust account (subject to adjustments in accordance with this agreement):
 - i. The Purchase Price (subject to adjustments in accordance with this agreement); and
 - ii. All normal adjustments for the Lands including but not limited to taxes, municipal utility charges, rents and damage deposits, and interest shall be adjusted effective as at noon on the Closing Date, or upon such earlier date as the Vendor and Purchaser may agree. The Purchaser agrees to assume all municipal taxes or charges, including any local assessments (as adjusted at the adjustment date) on the Subdivided Lands.

Consolidation and Transfer of the Lands:

11. It is an express condition of this Agreement that the Purchaser apply for and pursue a Consolidation of the Lake Lands with the Existing Lands, so as to create one parcel from the two abutting lands. The Purchaser shall, no later than _____, 2009, apply to the approving authority for approval of the said Consolidation.
12. The Purchaser acknowledges and agrees that the Town's execution of this Agreement does not in any way constitute an approval of the Consolidation. The Parties jointly acknowledge and agree that:
 - a. the Purchaser must apply to the Town of Chestermere for approval of the Consolidation;
 - b. there is no undertaking or guarantee on the part of the Town that the Consolidation will be approved.

The Town does covenant to give its full cooperation as vendor to the Purchaser to facilitate the application for approval.

13. The Purchase Price includes all costs of transfer, consolidation, subdivision and processing fees. The Town shall prepare all documents required for registration and transfer with respect to this transaction. The Town's solicitor is available to act for both the Vendor and Purchaser in this transaction; however, if the Purchaser wishes to utilize the services of their own solicitor, the Purchaser shall be responsible for their own legal costs in that regard.
14. Upon receipt of approval of the Consolidation by the approving authority, registration of the transfer and Consolidation shall occur in the following manner:
 - a. The Town shall prepare and execute the necessary transfer of the Lake Lands to effect transfer of title to the Subdivided Lands to the Purchaser;
 - b. The Town shall prepare and have executed any necessary withdrawals and discharges so as to comply with Section 15 regarding Permitted Encumbrances;
 - c. The Town and the Purchaser shall execute any required consents for registration at Land Titles of the Consolidation; and
 - d. The documents shall be forwarded to Alberta Land Titles Office by the Town's solicitor for registration so as to effective registration as follows:

- i. the transfer registers; and
- ii. concurrent with the registration of the transfer, an application for consolidation shall be submitted to Land Titles to consolidate the Subdivided Lands with the Purchaser's Lands into one title.

Encumbrances and Restrictive Covenants:

15. On the Closing Date, the Lands and any chattels located on the Lands shall be free and clear of any financial encumbrances. The Lands shall be subject to the Permitted Encumbrances as listed in Schedule "D".

Vendor's Representations and Warranties:

16. In addition to any other representations, warranties, covenants and agreements of the Vendor herein, the Vendor represents and warrants to and covenants and agrees with the Purchaser as follows, and acknowledges and agrees that the Purchaser is relying upon such representations, warranties, covenants and agreements in connection with its purchase of the Subdivision Lands pursuant hereto:
 - a. The Vendor has entered into an agreement with the Western Irrigation District for the subdivision and purchase of the Subdivided Lands, and intends to be the legal and beneficial owner of the Subdivision Lands by good and marketable title thereto by the date of closing. However, the parties acknowledge that if, for any reason, the transfer of the Subdivided Lands from the Western Irrigation District to the Vendor does not take place, this agreement will be terminated without penalty to either party, and any deposits or prepayments made by the Purchaser shall be returned to the Purchaser in full;
 - b. On the Closing Date, the Subdivision Lands will be free and clear of all Encumbrances, save and except for the Permitted Encumbrances;
 - c. The Vendor has full power, right and authority to enter into this Agreement and to complete the transactions required and contemplated hereby, and this Agreement constitutes a legal, valid and binding obligation of the Vendor in accordance with its terms;
 - d. The Vendor has no indebtedness to any person, firm, corporation, business, organization, or governmental authority or agency which, by operation of law or otherwise, constitutes an Encumbrance other than a Permitted

Encumbrance on or in respect of the Subdivision Lands or that could affect the right of the Purchaser to own, occupy and obtain revenue from the Subdivision Lands;

- e. There are no expropriation or condemnation proceedings or pending expropriation or condemnation proceedings with respect of all or any part of the Subdivision Lands;
- f. The Vendor is not a non-resident of Canada for the purposes of section 116 of the Income Tax Act (Canada) or the agent or trustee of any person who is a non-resident of Canada for the purposes of such section 116;
- g. There are no tenants of the Subdivision Lands or any portion thereof nor will any person, firm, corporation, trust or organization be entitled to use or occupy the Subdivision Lands or any portion thereof;
- h. The Vendor has not retained the services of, nor incurred any expenses in relation to, any real estate agent or broker with respect to this Agreement or the purchase and sale of the Subdivision Lands.

Covenants of Vendor:

17. The Vendor covenants with the Purchaser as follows:

- a. The Vendor will not enter into any contract with respect to the Subdivision Lands, including, without limitation, any leases, licenses and rights of use or occupancy or service contracts or other agreements, at any time without the prior written approval of the Purchaser, which approval may be unreasonably and arbitrarily withheld; and
- b. The Vendor will grant any authorization reasonably required by the Purchaser to authorize municipal and statutory authorities to release information with respect to the Subdivision Lands confirming compliance with laws, bylaws and other statutory and governmental regulations and with respect to any potential statutory lien.

Purchaser's Representations and Warranties:

18. In addition to any other representations, warranties, covenants and agreements of the Purchaser herein, the Purchaser hereby represents and warrants to and covenants and agrees with the Vendor as follows, and acknowledges and agrees

that the Vendor is relying upon such representations, warranties, covenants and agreements in connection with its sale of the Subdivision Lands pursuant hereto:

- a. The Purchaser takes the Subdivision Lands “as is” and with all faults, and without any representations, warranties, guarantees, promises or agreements whatsoever, express or implied, on the part of the Vendor, or arising out of operation of law including, without limitation any warranty of condition, habitability, merchantability, or fitness for any purpose.

Notice Provisions:

19. Notice under this agreement may be given to either party by registered mail addressed to:

- a. in the case of the Town:

Town of Chestermere
105 Marina Road
Chestermere, AB T1X 1V7

Attn: Chief Administrative Officer

- b. in the case of the Purchaser:

Chestermere, Alberta

General Provisions:

20. The Purchaser agrees that the Town has not made any representation, warranty, collateral agreement or condition regarding the Subdivided Lands or any adjacent land or lands in close proximity to the Lands or otherwise which may in any way directly or indirectly affect the Lands or regarding this contract other than what is written herein.
21. The total cost of discharging any existing mortgage, caveat or other encumbrances registered against the Lands (not herein to be assumed by the Purchaser) shall be paid by the Town.

- 22. Time shall be of the essence of this agreement but if either party is prevented from carrying out any of its obligations or is delayed in the performance of such obligations by reason of strikes, lockouts, government restrictions, acts of God, unavailability of materials, labour and similar causes, all beyond the control of the party in question, and such delays render uncertain or unlikely that such party can perform its obligations within the time period, then the time for carrying out or performing any obligation on the part of such party shall be extended and the period of such extension shall be a reasonable time which shall not be greater than the length of such delay.
- 23. All references to sums in this agreement are in Canadian dollars.
- 24. In this contract the masculine gender and the singular shall be construed as the feminine gender and the plural where the context so requires. This contract shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.
- 25. The Parties agree that the law applicable to this agreement shall be the laws of the Province of Alberta, Canada.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE DULY EXECUTED effective the _____ day of _____, 2009.

PURCHASER

TOWN OF CHESTERMERE

Per: _____

Per:
Mayor

Per: _____

Per:
Chief Administrative Officer

Schedule "A" - Legal Description of the Subdivided Lands

DRAFT

Schedule "B" - Legal Description of Lake Lands

DRAFT

Schedule "C" - Legal Description of the Purchaser's Lands

DRAFT

Schedule "D" – Permitted Encumbrances

DRAFT