

VALLEY RIDGE CO-OWNERSHIP CO-OPERATIVE LTD.

SUPPLEMENTAL BY-LAWS

BY-LAW NUMBER TWO

A BY-LAW DEALING
WITH THE
ADMINISTRATION AND MANAGEMENT
OF THE
PROPERTY OF MEMBERS
AND
THE PROPERTY AND PROPERTY INTERESTS
OF THE CO-OPERATIVE

FILED

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SERVICE ALBERTA

ARTICLE 1 - DEFINITIONS

1.1 In By-Law Number Two of the Co-operative the following meanings shall apply:

- 1.1.1 "Act" means The Co-operative Act Statutes of Alberta, 2001 Chapter C-28.1 as amended and any Act passed in substitution therefor;
- 1.1.2 "Board" means the Board of Directors of the Co-operative and "Directors" has the same meaning;
- 1.1.3 "Business Day" means a Day other than Saturday, Sunday or holiday;
- 1.1.4 "Co-operative" means Valley Ridge Co-ownership Co-operative and includes Co-op;
- 1.1.5 "Day" means a clear day and a period of days shall be deemed to commence the day following the event that began the period and shall be deemed to terminate at midnight on the last day of the period, except that if the last day of the period falls on a day other than a Business Day, the period shall terminate at midnight on the day next following that is a Business Day;
- 1.1.6 "Lender" means a financial institution or person who has loaned money to the Co-operative to construct the project by way of a mortgage on the property owned by the Co-operative, or a financial institution or person who has loaned money to an owner of a "Suite";

- 1.1.7 "Member" means a person who has met the conditions of Membership set forth in these By-Laws and has been accepted as a Member by the Board of Directors and includes "Shareholder", "Joint Member", and "Joint Shareholder".
- 1.1.8 "Policy" means a Policy of the Co-operative created in accordance with the By-Laws and includes "Policies";
- 1.1.9 "Project" means the land legally described as Lot 14, Plan 932 2594 and the buildings and improvements thereon but does not include any exception to the title to the aforementioned land resulting from the creation of titles to strata spaces shown on any strata space plan registered at the Land Titles Office for the North Alberta Land Registration District.
- 1.1.10 "Special Resolution" means a resolution passed by a two-thirds (2/3) majority of the Members entitled to vote who are present in person at a General Meeting of which not less than ten (10) clear days written notice specifying the intention to propose the resolution as a Special Resolution has been duly given;
- 1.1.11 "Suite" means a strata space created by the registration of a strata space plan by which strata space plan is an exemption to the title to the land defined as the Project herein;
- 1.1.12 "Year" means calendar year unless the context otherwise requires.
- 1.2 The words "herein" and "hereof" when used in any article or part of the By-Laws relates to the entire By-Laws and not to that article or part only.
- 1.3 The headings of these By-Laws are for convenience of reference only and do not form any part of it and in no manner modify, interpret or construe the By-Laws between the parties.

ARTICLE 2 - MANAGEMENT

- 2.1 The Co-operative shall operate and manage the Project and may from time to time make such reasonable By-Laws and Policies as it shall deem necessary for the management and operation and may take such steps as it thinks appropriate for the enforcement of such By-Laws and Policies.

- 2.2 The Co-operative shall create and maintain appropriate cash reserves for replacement of improvements and equipment and as an operational reserve. In considering the amount of such reserves the Co-operative shall consider the physical state of the housing project owned by the Co-operative. The Board of Directors shall report promptly to the membership of the Co-operative any problems that are discovered as to the physical structure of the housing project owned by the co-operative. The Board shall obtain the advice of architects, engineers, contractors, or trademen whenever it thinks such advice appropriate.
- 2.3 Each Member shall, and shall ensure that, the family, employees, invitees and tenants of the Member obey and observe the Co-operative's By-Laws and Policies. The co-operative shall not be liable to the Member for the non-observance or violation of any such By-laws or Policies by any person.
- 2.4 Each Member agrees:
- 2.4.1 not to do or to permit to be done anything in his or her Suite or in the Project that will increase the cost of fire insurance on the Project;
- 2.4.2 not to interfere with the rights of other Members of the Co-operative nor unreasonably cause or permit any noise or vibration to emanate from his or her Suite which will disturb any other Member nor unreasonably cause such noise to emanate from the Project;
- 2.4.3 not to obstruct, or cause to be obstructed, the corridors, foyer, stairwells or other areas of the Project to which all Members of the Co-operative are allowed access.

ARTICLE 3 - MEMBERSHIP IN CO-OPERATIVE

- 3.1 Each Member shall be in general agreement with the objects of the Co-operative and shall abide by its Memorandum of Association, By-laws and Policies as those are established or amended from time to time by the Co-operative.

ARTICLE 4 - USE OF SUITE

- 4.1 Without the prior written consent of the Co-operative, no Member shall occupy or use his or her Suite or permit his or her Suite or any part of it to be occupied or used for any purpose other than as a private residential dwelling for the Member and the family which members shall be mature adults who are over the age of 50 years, or other such minimum age as imposed from time to time by the Co-operative in its By-laws. It shall be in the sole discretion of the Co-operative whether or not it grants such consent. Use of the Suite or any part of it for any purpose other than as a private dwelling for the Member and the family without the prior consent of the Co-operative shall be considered a lease of the Suite by the Member.

- 4.2 Whenever a Suite is owned by a Corporation, partnership, trust or other entity, an agent of such entity shall designate a particular couple or person who, together with their family and servants, shall be entitled to the use of the Suite in accordance with the provisions of this By-law. Such designation shall be treated in the same manner as provided in Article 5 hereof for a lease of the Suite.
- 4.3 No Member shall keep any animals in his or her Suite, other than pets authorized by the Co-operative. Authorization shall be in the sole discretion of the Co-operative. The Co-operative may withdraw its authorization at any time on fifteen (15) days notice to the Member.
- 4.4 The toilets, sinks, tubs, drains and other water apparatus in a Suite shall not be used for any purpose other than those for which they were constructed.
- 4.5 No gasoline or other combustible or inflammable goods or material and no offensive goods, provisions, or materials shall be kept in any Suite.
- 4.6 No signs, billboards, notices or other advertising matter of any kind, other than signs expressing a political preference during an election, shall be placed on the windows of any Suite without prior written consent of the Co-operative. It shall be in the sole discretion of the Co-operative whether or not it grants such consent. The Co-operative may withdraw its consent at any time on fifteen (15) days notice to the Member.
- 4.7 No television antenna, aerial, tower or similar structure or appurtenance thereto shall be erected on or fastened to the outside of any Suite, except with the prior written consent of the Co-operative. The Co-operative may arbitrarily withhold approval or, if approval has been given, may withdraw such approval at any time on fifteen (15) days notice to the Member.
- 4.8 Nothing may be thrown out the windows or doors of any Suite.
- 4.9 Each Member shall ensure that garbage from his or her Suite is tightly wrapped and tied and is deposited as directed by the Co-operative.

ARTICLE 5 - LEASE OF SUITE

- 5.1 Each Member agrees not to lease all or any part of his or her Suite without the prior written consent of the Co-operative. It shall be in the sole discretion of the Co-operative whether or not it grants such consent.
- 5.2 If a Member wishes to lease all or any part of his or her Suite, the Member shall first request permission of the Co-operative. The Member shall deliver to the Co-operative a copy of the lease for which approval is requested and such information about the proposed lessee and the terms of the lease as the Co-operative shall reasonably require. It shall be a term of any such lease that the lessee shall agree

in writing to perform and comply with the terms of this By-law, such writing to take the form specified by the Co-operative at the time of granting consent. Notwithstanding any such lease, the Member shall remain responsible for payment of common area charges. The Member shall appoint the Co-operative as the attorney and agent of the Member with respect to the Lease and the Co-operative shall have the right, should it so choose to exercise such right, to terminate the lease or to collect rents from the lessee or to exercise any other right of the Landlord under the lease.

- 5.3 No executor, administrator, trustee, personal representative, receiver, or anyone to whom a Member's interest in his or her Suite shall pass shall be entitled to lease all or any part of the Suite except upon the terms set out in this By-Law.

ARTICLE 6 - SALE OF SUITE

- 6.1 No Member shall sell, transfer or otherwise dispose of all or any part of the title to his or her Suite without first giving the Co-operative Ten (10) days written notice of his or her intention to do so. Upon acceptance of an Offer to Purchase the Member shall, within fourteen (14) days, provide the Co-operative with the name, address, and telephone number of the Purchaser and with the date of sale.
- 6.2 It shall be a term of every sale, transfer or other disposition of all or any part of a title to a Suite that the obligations of the Purchaser are conditional upon the approval by the Co-operative of the Purchaser's application for membership in the Co-operative. No Member shall sell, transfer or otherwise dispose of all or any part of a title to a Suite to anyone who has not been accepted for membership by the Co-operative. In considering an application for membership, the Co-operative shall consider only those items set out in Article 8.1.2 of Supplemental By-law Number One.
- 6.3 Any Member who sells, transfers or otherwise disposes of all or any part of a title to a Suite to anyone who has not been accepted for membership by the Co-operative shall not, despite the provisions of Article 6.5.1 of Supplemental By-law Number One, be entitled to payment of any money owing to him or her from the Co-operative for sale of his or her shares to the Co-operative and the Co-operative shall retain such payment until title to the Suite belongs to a Member of the Co-operative.
- 6.4 No executor, administrator, trustee, personal representative, receiver or anyone to whom a Member's interest in his or her Suite shall pass shall sell, transfer or otherwise dispose of all or any part of the title to the Suite except upon the terms set out in this By-law but this provision shall not prevent the transfer of all or any part of the title into the name of the executor or administrator of the Member upon the death of the Member.

ARTICLE 7 - LEASES AND LICENCES

- 7.1 The Co-operative shall lease to the Members of each Suite a parking stall for the parking of operational motor vehicles. The lessee shall honour the terms of the lease. The lease shall exist as long as the lessee is a Member of the Co-operative, but the lease shall terminate and all rights of the lessee, and those of anyone claiming through the lessee, to exercise any of the rights granted by the lease shall cease once the lessee is no longer a Member of the Co-operative. The lease may not be assigned without the prior written consent of the Co-operative.
- 7.2 The Co-operative shall lease to the Members of each Suite a storage area. The Lessee shall honour the terms of the lease. The lease shall exist as long as the lessee is a Member of the Co-operative, but the lease shall terminate and all rights of the lessee, and those of anyone claiming through the lessee, to exercise any of the rights granted by the lease shall cease once the lessee is no longer a Member of the Co-operative. The lease may not be assigned without the prior written consent of the Co-operative.
- 7.3 The Co-operative also grants to each Member and those invited by that Member, but not to any others, a licence to use the balcony connected with the Member's Suite. The Member agrees to exercise such licence in accordance with the Memorandum of Association, By-laws and Policies of the Co-operative, as other exist from time to time. No personal belongings or other goods and chattels shall be stored on the balcony except those that may be permitted by the Co-operative.
- 7.4 The Co-operative also grants to each Member and those properly residing with that Member in that Member's Suite, but not to any others, a licence to use the internal and external amenities, if any. Each Member agrees to exercise such licence in accordance with the By-laws and Policies of the Co-operative, as those exist from time to time.
- 7.5 Each Member, by performing and observing the covenants and conditions contained in this By-law shall peaceably hold and enjoy all the licences hereby granted without hindrance or interruption from the Co-operative or any person claiming through, under or for the Co-operative. The licenses of each Member shall exist as long as that Member owns a Suite and is a Member of the Co-operative but all rights of that Member, and those of anyone claiming through that Member, to exercise any of the licenses listed in this By-law shall cease once that Member no longer owns a Suite or is no longer a Member of the Co-operative or both.

ARTICLE 8 - COMMON AREA CHARGES

- 8.1 Each Member agrees to pay to the Co-operative a pro rata share of the estimate of money deemed necessary by the Co-operative to manage and operate the Project (herein referred to as "common area charges") at the times and in the manner

decided by the Co-operative from time to time and without deduction or set-off for any claim that Member may allege against the Co-operative.

- 8.2 The estimate of money contemplated in Article 8.1 shall be determined from time to time by the Membership of the Co-operative and shall include, but shall not be limited to the cost of property taxes, utilities, maintenance, repair, replacement, insurance administration, education and reserve funds for future repair and replacement, legal fees and accounting fees
- 8.3 The pro rata share to be paid by each Member shall be as determined by resolution of the General Membership.
- 8.4 Should any Member fail to pay any common area charges when due, the Member shall also be liable for interest at the prime lending rate of the Credit Union Central of Alberta as set from time to time plus 2%. The Co-operative shall be entitled to take the amount of any overdue payment and interest thereon from the Share Capital Account of the Member.
- 8.5 The Co-operative shall and does have a lien and charge upon and against the estate or interest of the owner for any unpaid assessment, instalment or payment (including interest on arrears) due to the Co-operative in respect of the Suite, which lien shall be a first paramount lien against such estate or interest, subject only to the rights and priorities of the mortgagee under any mortgage registered against such Suite prior to the date that the assessment, instalment or payment fell due and the rights of any municipal or local authority in respect of unpaid realty taxes, assessments or levies of any kind against the Suite, or the title or interest of such owner, but subject also to the provisions of the Act and the Land Titles Act of Alberta. The Co-operative shall have the right to file a caveat against the title to the Suite or interest of such owner in respect of the lien or charge for the amount of such unpaid assessment, instalment or payment and for so often as there shall be any such unpaid assessment, instalment or payment; provided that each such caveat shall not be registered until after the expiration of thirty (30) days following the due date for the first payment in arrears. The Co-operative shall be entitled to be paid by the defaulting owner the costs (including without limitation legal costs on a solicitor and client basis) incurred in preparing and registering the caveat and realizing upon and enforcing the charge caveated, recovering the arrears and in discharging the caveat; and shall not be obliged to discharge any caveat until all arrears of the owner (including interest and all such costs) are fully paid.
- 8.6 Any other owner or person, firm or corporation whatsoever may pay any unpaid assessment, instalment or payment (plus interest and costs if any) after the expiration of thirty (30) days following the due date for payment by the owner in default with respect to a Suite, and upon such payment being made such party, person, firm or corporation shall have a first paramount lien, subject to the estates or interests hereinbefore mentioned; and shall be entitled to file a caveat in respect of the amount so paid on behalf of the owner in default; and shall be entitled to

enforce his lien thereby created in accordance with the other terms and conditions of this provision.

- 8.7 Notwithstanding any other term, condition or provision herein contained or implied, each unpaid assessment, instalment or payment (together with interest and costs as aforesaid) shall be a separate, distinct and personal debt and obligation of the owner against whom the same is assessed and such subsequent owners as the Act may provide and collectable as such. Any action, suit or proceeding to recover such debt or to realize on any judgement therefore shall be maintainable as a separate action, suit or proceeding without foreclosing or waiving the lien, charge or security securing the same.
- 8.8 Notwithstanding all other provisions hereof, the Co-operative's lien, charge or security provided for herein shall be subject always and subordinate to, and shall not affect the rights of the holder of any mortgage registered against a Suite prior to the recording of the Co-operative's lien or charge upon the title to the Suite; and the Co-operative's or the Board shall upon the request of such registered mortgagee and at the expense of the Co-operative, execute and deliver such postponements, agreements or instruments of subordination as the mortgagee shall reasonable require to fully and effectively establish or maintain its priority over the assessments, instalments or payments due to the Co-operative.

ARTICLE 9 - ALTERATIONS

- 9.1 No Member shall make or permit to be made any alteration, improvement or addition in or to his or her Suite or the Project without the prior written consent of the Co-operative, which consent shall not be unreasonably withheld. The co-operative may establish alteration standards to ensure that the Member's alterations do not interfere with the quiet enjoyment of other Members. The prohibition contained in this Article does not affect the normal decorating of the interior of the Suite, except for the alteration of any floor coverings excluding carpeting.

ARTICLE 10 - MAINTENANCE

- 10.1 The Co-operative shall be responsible for the repair, replacement and maintenance of all areas of the Project of which it is the owner and of all structural elements of the Project and the outside surfaces of the building but not any of the Project that falls within a Suite and is not owned by the Co-operative.
- 10.2 The cost of any repairs, replacement or maintenance made necessary by the Act, negligence or carelessness of any Member or any of the Member's family, employees, invitees, tenants or anyone in law for whom the Member is responsible shall be borne by the Member.
- 10.3 The Co-operative, its representatives or agents and workmen employed by the Co-operative, may enter any Suite when such entry is necessary to make or facilitate

repairs in any part of the project and may remove such portions of walls, floors and ceilings as may be necessary for such repairs. The Co-operative shall promptly restore the Suite to its previous condition at the expense of the Co-operative.

- 10.4 Each Member shall be responsible for the maintenance and repair of any plumbing fixtures, lighting fixtures or appliances that are in his or her Suite.

ARTICLE 11 - INSURANCE

- 11.1 The Board on behalf of the Co-operative shall obtain and maintain at all times insurance on the Project (excluding furnishings and other property brought into or installed in Suites), and all insurable property both real and personal of any nature whatsoever of the Co-operative, to the full replacement value thereof without deduction for depreciation, and without restricting the generality of the foregoing such insurance shall provide and include the following;
- 11.1.1 coverage for fire, extended perils and such other perils as from time to time the Board shall deem advisable;
 - 11.1.2 coverage to the full replacement value of all buildings and other fixed improvements that are part of the Project and all chattels and other property belonging to the Co-operative;
 - 11.1.3 adequate coverage for boiler insurance if any boilers or pressure vessels exist;
 - 11.1.4 coverage for such other risks or causes as the Board may determine or as may be determined by special resolution of the Co-operative;
 - 11.1.5 provision that no breach of any statutory condition or other condition of any policy by any owner of any Suite or by the Co-operative shall invalidate the insurance or forfeit the insurance and in the event of such breach by any owner of any Suite or by the Co-operative the insurance may only be subject to forfeiture or defence of breach of condition in so far as the separate interest of the person or party in breach is concerned.
 - 11.1.6 provision that no breach of any statutory or other condition of any policy by the Co-operative or an owner shall invalidate the policy as against any mortgagee in any way or to any extent;
 - 11.1.7 standard mortgage endorsements in favour of all mortgagees who have notified their interests to the Co-operative; and
 - 11.1.8 an Inflation Guard endorsement providing for automatic increase of the policy coverage limits in accordance with increases in replacement costs.

11.2 The Board on behalf of the Co-operative shall cause a separate loss payable endorsement to be issued in respect of any policies issued pursuant to Article 11.1 in favour of an Insurance Trustee, who shall be such person or Corporation as the Board may declare from time to time and, if no declaration is made, shall be the Board of Directors acting in the role of Insurance Trustee. Insurance proceeds realized under any policy of insurance obtained and maintained by the Co-operative and insuring against fire and any other supplemental perils or against boiler damage shall be paid to the Insurance Trustee who shall apply such proceeds to the repair and restoration of the damage or loss, save as hereinafter provided. In the event that the Co-operative is wound up or dissolved or is ordered by a court not to repair or restore the damage, then the Insurance Trustee shall firstly apportion the proceeds between all those owners whose Suites are affected by the loss or damage and secondly shall pay such proceeds as follows:

11.2.1 firstly, to the Mortgagees of all Suites that are affected by the damage as their interests may appear and to the extent loss is apportioned to the respective Suites the mortgagees' priorities to accord with their priorities as encumbrances against the respective Suites;

11.2.2 secondly, to the owners of all the Suites that are affected by the damage to the extent of the loss apportioned to each.

In making any apportionment hereunder the Insurance Trustee shall have regard to the interests of all owners and mortgagees and shall make a just and equitable apportionment. Any apportionment proposed by the Insurance Trustee shall first be notified to all the owner, all the mortgagees whose mortgages are registered at the Land Titles Office or have been notified to the Co-operative, and the Co-operative; and no distribution of proceeds shall be made until after the expiry of 30 days after the last of such parties has been notified. Any notice under this paragraph that is given by mail shall be given by prepaid registered mail. If any of such parties shall dispute the apportionment made by the Insurance Trustee, then such party must notify the Insurance Trustee in writing within 30 day of his receipt of notice as aforesaid. If no party disputes the proposed distribution the Insurance Trustee may proceed with the distribution as proposed. If any such party shall dispute the proposed distribution then the Insurance Trustee shall refer the matter to a Court authorized to deal with the matter by law and the distribution shall be settled and determined by such Court on such terms and conditions as it may deem just and equitable.

11.3 Nothing in this Article 11 shall restrict the right of Suite owners to obtain and maintain insurance of any kind in respect of the ownership or use of occupation of their Suite or their personal liability.

11.4 Notwithstanding the foregoing an owner may carry insurance on his own Suite provided that the liability of the insurers issuing insurance obtained by the Board shall not be affected or diminished by reason of insurance carried by a Suite owner.

- 11.5 In no event shall the insurance coverage obtained and maintained by the Board be brought into contribution with insurance purchased by owners or their mortgagees.
- 11.6 The following shall apply to policies of physical damage insurance;
- 11.6.1 all policies of physical damage insurance shall contain waivers by the insurers of invalidity arising from any acts of the insured and of any rights of subrogation against the Co-operative and the owners or any of them. Such policies shall also provide that the Insurance Trustee shall have the right at its sole option to obtain (to the extent permitted by law) a cash settlement (without deduction for depreciation) in the event of substantial damage to the Project and the determination by unanimous resolution of the Co-operative or by order of a Court of Law having jurisdiction in that behalf, to wind up or dissolve the Co-operative and the insurer's option to reconstruct the damaged premises shall be deleted or waived;
 - 11.6.2 the Insurance Trustee shall act as and be an agent on behalf of the Co-operative and owners for the purpose of and with authority to adjust and settle losses in respect of all policies of insurance effected by the Board;
 - 11.6.3 prior to obtaining any policy of fire insurance or any renewal thereof, the Board shall obtain an appraisal from a qualified and reputable appraiser of real property of the full replacement value of the buildings, and other improvements that re part of the Project including all of the Suites, and all property of the Co-operative; and the Board shall review the insurance coverage and maintain it at the levels required by the By-laws of the Co-operative and suggested by the said appraisals; provided that failure to obtain a prior or any appraisal shall not invalidate or affect any insurance coverage placed by the Co-operative; and
 - 11.6.4 copies of the appraisals obtained from time to time shall be provided to any owner, purchaser, or mortgagee of a Suite who requests the same.
- 11.7 The Board shall also contain and maintain public liability insurance insuring the Co-operative, the Board and the owners against any liability to third parties or to the owners and their invitees, licensees or tenants, incident to the ownership of use of the Suites therein, and all property owned by the Co-operative. Limits of liability under such insurance shall not be less than \$2,000,000.00 for any one person injured or for any one accident and shall not be less than \$2,000,000.00 for property damage per occurrence. The limits and coverage shall be reviewed at least annually by the Board and increased in its discretion. The policy or policies shall provided cross liability endorsements whereby the rights of a named insured under the policy or policies shall not be prejudiced as respects its, his, here, or their action against another named insured.

- 11.8 All policies of insurance shall name as insured both the Co-operative and the owners from time to time of all Suites within the parcel, and the Board shall also as aforesaid be covered under the liability policy.
- 11.9 All policies of insurance shall provide that such policies may not be cancelled or substantially modified without at least sixty (60) days prior written notice to all of the insured including all mortgagees of Suites who have given prior written notice to the Co-operative of their interests.
- 11.10 The Co-operative shall, immediately upon the occurrence of any substantial damage, that is to say any damage in excess of \$50,000.00 to any of the improvements comprising a portion of the Project, notify the mortgagees of all Suites affected, who have notified their interests to the Co-operative, of such damage, such notice to be given by personal delivery or by registered mail.
- 11.11 The Co-operative shall obtain and maintain at all times insurance on all of the suites (excluding furnishings and other property brought into or installed in the Suites), and all the insurable property both real and personal of any nature whatsoever of the Co-operative, to the full replacement value thereof without deduction for depreciation.
- 11.12 Claims under any insurance carried by the Co-operative are subject to any reasonable deductible that has been agreed to by the Board and the insurer. Where a claim for loss, destruction, or damage arises under the Co-operative's insurance:
- (a) if the loss, destruction, or damage resulted from the act or omission of an owner, the owner's family, servants, employees, agents, invitees, or tenants, such owner shall be responsible for paying the insurance deductible;
- 11.13 The co-operative shall provide an owner a copy of the insurance policy when requested to do so.

ARTICLE 12 - INJUNCTION

- 12.1 The restrictions set forth in this By-law in respect of the use of a Suite, the lease of all or any part of a Suite and the transfer of all or any part of title to a Suite are fundamental to ensure the essential organization and successful operation of the Co-operative and violations of these restrictions by a Member or successors in title to a Member cause irreparable harm to the Co-operative.
- 12.2 The Co-operative agreed to grant membership to each Member and to transfer title to a Suite to each Member or to consent to the transfer of title to a Suite to each Member on the basis of that Member's acknowledgment and undertakings in executing the Share Subscription Agreement specifically including therein an agreement to obey the Co-operative's By-laws and therefore each Member expressly acknowledges that the Co-operative shall be entitled to restrain and prevent any occupation of a Suite which is in violation of the terms of this By-law.

ARTICLE 13 - LAWS

- 13.1 Each Member shall comply with all laws, by-laws and regulations of Canada, the Province of Alberta and the City of Fort Saskatchewan which apply to his or her Suite or the Project.

ARTICLE 14 - EXERCISE OF OPTION TO PURCHASE

- 14.1 Where, in the opinion of the Board of Directors, it is desirable or necessary for whatever reason for the Co-operative to exercise one or more of the options to purchase that it holds on Suites, the Board shall forthwith after resolution by a majority of the Board in favour or exercising such Option or Options call a Special General Meeting and put to the membership the question of exercising the Option or Options. For the purpose of exercising the option, a quorum for the Special General Meeting shall be 80% of the members. A 94% majority vote of those attending the Special General Meeting shall be required to exercise the option.
- 14.2 Failure to obtain a quorum at the Special General Meeting shall authorize the Board of Directors to undertake the taking of a ballot vote. The ballot shall state the Board's resolution to exercise the option to purchase, provide the reasons for the Board's decision and ask the Member to indicate on the ballot their agreement or non-agreement. If at least 75% of all members entitled to vote indicate agreement to exercise the option to purchase the Board shall be authorized to take such action as it deems proper with regard to the exercise of the option.

ARTICLE 15 - ESTOPPEL CERTIFICATE

- 15.1 The Co-operative shall provide, within a reasonable time after receipt of a request from a Member, a certificate as to that Member's position with regards to common area charges and such other matters as the Co-operative may deem necessary for the certificate. The Co-operative shall be entitled to charge a reasonable fee for the preparation of such certificate.

ARTICLE 16 - NOTICES

- 16.1 Any notice required or permitted to be given under the By-laws to the Member shall be in writing and may be given to the Member by:
- 16.1.1 personal delivery to the Member;
 - 16.1.2 leaving the notice with any adult person found in the Suite of that Member;
 - 16.1.3 affixing it to the door of the Suite;
 - 16.1.4 placing it under the door of the Suite; and

- 16.1.5 sending it by mail to the postal address for that Member's Suite.
- 16.2 Any notice required or permitted to be given under the By-laws to the co-operative by the Member shall be in writing and shall be given to the Co-operative by mailing it or delivering it to the Co-operative at its registered office.
- 16.3 Any notice as aforesaid, shall be deemed to have been given or received on the Day that it is received by the Member or the Co-operative to whom it is addressed.
- 16.4 Either party may at any time give notice in writing to the other of any change of address of the party giving such notice and from and after the giving of such notice, the address therein specified shall be deemed to be the address of such party for the giving of notices under these By-Laws.

ARTICLE 17 - AMENDMENTS TO BY-LAWS

- 17.1 This By-Law Number Two of the Co-operative may only be amended by a resolution passed by a special resolution at a Special General Meeting of the Co-operative of which Seven (7) days notice has been given. The quorum required for such a Special General Meeting for the purposes of amending this By-Law Number Two shall be 75% of the membership. The notice for a meeting to amend the By-Laws must contain a copy of the proposed By-law amendments and must state the purpose of the meeting.

ARTICLE 18 - WAIVER OF BREACH

- 18.1 The failure of either the Co-operative or a Member at any time to require the performance of the other of any of the provisions in the By-law shall in no way affect the respective rights of the Co-operative or a Member to enforce the same nor shall the waiver by either of any breach of any provisions hereof be construed to be a waiver of any succeeding breach or as a waiver or modification of the provisions of this By-law itself.

ARTICLE 19 - RIGHTS OF LENDERS

- 19.1 Should the Lender, or its successors or assigns become the owner of a Suite or Suites by means of foreclosure or by means of quit claim and transfer of land then the provisions of this Article shall apply.
- 19.2 The provisions of clauses 4.1 and 4.2 of this By-law shall not apply to the Lender but the Lender shall then ensure that the Suite is used only for residential purposes

by mature adults who are at least 50 years of age or other such minimum age as imposed from time to time by the Co-operative By-laws.

- 19.3 The provisions of Article 5 of this By-Law shall not apply to the Lender and the Lender may lease the Suite without the prior written consent of the Co-operative but the Lender shall remain responsible for common area charges and the Lender and the tenant shall be subject to the following listed conditions:
- 19.3.1 The Lender shall not rent its Suite until it has given written notice to the Co-operative of its intention to rent the Suite setting forth:
- 19.3.1.1 the address at which it may be served with a notice given by the Co-operative under section 19.3.8 or an originating notice or order referred to in Section 19.3.10 or 19.3.15 and
- 19.3.1.2 the amount of rent to be charged for the Suite.
- 19.3.2 If the Lender rents its Suite it is a condition of that tenancy, notwithstanding anything in the tenancy agreement, that the persons residing in or on that Suite shall not:
- 19.3.2.1 cause damage to the real or personal property of the Co-operative;
- 19.3.2.2 contravene any By-Laws of the Co-operative.
- 19.3.3 The Co-operative may require the Lender if it rents a Suite to pay to and maintain with the Co-operative a deposit that the Co-operative may use for:
- 19.3.3.1 the repair or replacement of the Project and
- 19.3.3.2 the maintenance, repair or replacement of any Co-operative property that is subject to a lease granted to the owner of the Suite that is damaged, destroyed, lost or removed, as the case may be, by a person residing in or on the rented Suite.
- 19.3.4 A deposit referred to in clause (19.3.3) shall not exceed one month's rent charged for the Suite.
- 19.3.5 The Lender shall give the Co-operative written notice of the name of

the tenant residing in or on the Suite within 20 days from the commencement of that tenancy.

19.3.6 Within 20 days of ceasing to rent its residential Suite, the Lender shall give the Co-operative written notice that the Suite is no longer rented.

19.3.7 The Co-operative shall, within 20 days of receiving a written notice under Clause 19.3.6:

19.3.7.1 return the deposit, if any, to the Lender;

19.3.7.2 if the Co-operative has made use of the deposit for one or more of the purposes referred to under Clause 19.3.3 deliver to the Lender:

19.3.7.2.1 a statement of account showing the amount used, and

19.3.7.2.2 the balance of the deposit not used, if any, or

19.3.7.2.3 if the Co-operative is entitled to make use of the

deposit but is unable to determine the amount of the deposit that it will use, deliver to the Lender an estimated statement of account showing the amount it intends to use and , within 60 days after delivering to the Lender the estimated statement of account, deliver to the Lender:

19.3.7.2.3.1 a final statement of account showing the amounts used, and

19.3.7.2.3.2 the balance of the deposit not used, if any.

19.3.8 In accordance with the Residential Tenancies Act SA as it shall read from time to time the Co-operative may give a tenant renting a Suite a notice to give up possession of that Suite if a person residing in or on that Suite has committed a substantial breach as defined in the Residential Tenancies Act.

19.3.9 When the Co-operative gives a tenant a notice under 19.3.8 the tenant shall give up possession of the Suite fourteen days from the

date of the notice, which notice shall be served on the tenant and his landlord.

- 19.3.10 If a tenant is given notice under Section 19.3.9 and does not give up possession, the Co-operative or the landlord may apply by originating notice to the Courts for an order requiring the tenant to give up possession of the Suite.
- 19.3.11 On hearing the applicant the Court of Queens Bench may order the tenant to give up possession of the Suite by a date specified in the order and make any other order that it considers proper in the circumstances.
- 19.3.12 If the Co-operative is granted an order under Clause 19.3.10, it shall serve a copy of that order on the landlord.
- 19.3.13 If a person residing in a Suite that is being rented;
 - 19.3.13.1 has caused or has permitted significant damage to the real or personal property or the Co-operative or
 - 19.3.13.2 has physically assaulted persons who are residing in oron the other Suites.

The Co-operative may, notwithstanding that the tenant renting that Suite has or has not been given a notice to give up possession of that Suite under Section 19.3.8 by the landlord under the tenancy agreement, apply by originating notice to the Courts for an Order requiring the tenant to give up possession of the Suite.

- 19.3.13.3 An originating notice under this section shall be served on the tenant and his landlord not less than 3 days, exclusive of holidays and Saturdays, before the day named in the notice for the hearing of the application.
- 19.3.13.4 The application of the Co-operative shall be supported by an affidavit setting forth:
 - 19.3.13.4.1 the damage to the real or personal property of the Co-operative and
 - 19.3.13.4.2 the nature of the danger to or intimidation of persons residing in the other Suites

Or either of them, and

19.3013.04.3 stating any other relevant facts.

- 19.4 Any tenant to whom the Lender may lease the Suite shall have the rights granted to owners and Members by Article 7 as if the tenant was an owner of a Suite and a Member of the Co-operative in good standing.
- 19.5 The provisions of Article 14 shall not apply to the Lender unless the amount to be received by the Lender for the sale of the Suite shall be at least the amount then outstanding on the mortgage loan as a result of which the Lender became the owner of the Suite, including interest and costs as set out in the mortgage.
- 19.6 The Lender shall have the same rights to inspect the financial records of the Co-operative as do the Members of the Co-operative.
- 19.7 Notwithstanding any provision of any By-Law of the Co-operative and if so requested in writing by the Lender, the Co-operative shall provide notice to the Lender of any meeting of the Members and the Lender shall be entitled to attend such meeting and to speak on any matter properly before the meeting but not to vote.

ARTICLE 20 MEDIATION AND ARBITRATION

- 20.1 In the event of a dispute between the Board or the Board of the Co-operative and any owner or owners with respect to any matter arising under these By-Laws or Rules and Regulations, Memorandums and Policies, the parties to the dispute may resolve, pursuant to section 392 (2) (b) of the Act:
- (a) to deal with it by mediation, conciliation, or a similar procedure to encourage settlement of the dispute; or
 - (b) to submit it to arbitration under the Arbitration Act.
- 20.2 Where attempts to deal with a dispute by mediation, conciliation, or a similar procedure have been unsuccessful, the parties are still entitled to submit the dispute to arbitration.
- 20.3 If the parties to a dispute to be dealt with by mediation or arbitration fail to agree on the nomination of a mediator or arbitrator, they may resolve to accept a mediator or arbitrator nominated by the Arbitration and Mediation Society.
- 20.4 Costs of mediation shall be shared equally between the parties on either side of a dispute. Cost of arbitration may be assigned by the arbitrator.

Dated the 12th day of OCTOBER, 2007

Signature:

1. Frances M. Lucca
2. Ida Flemming
3. H. Louis J. J. J.
4. Anne Kacvich
5. Momon Thompson
6. Samgard Kraus
7. Lyle D. Phillips
8. J. Val. J. J.
9. 2/1/13
10. _____

[Signature]
Witness to all Signatures

I, HARRY H. WARTHART
Name of Witness
 of EDMONTON, in the Province of Alberta,
City/Town
PROPERTY MANAGER
Occupation

make oath and say:

1. I was personally present and did see the BY-LAWS 172 of the
Articles / Bylaws
VALLEYRIDGE CO-OWNERSHIP CO-OPERATIVE LTD.
Name of Cooperative

duly signed and executed by:

FRANCES MUSELEN

NERITHA THOMPSON
ERIK GARD KRUIS

IDA FLEMMING

LYLE PHILLIPS

LOUIS SIMMONS

JOSEPH L. ANDERBERG

ANNE LOWTHER

VAL MEYSEY

2. That the said instrument was executed at FLIST SASKATCHEWAN, ALBERTA
City/Town
 in the Province of Alberta.
3. That I know the said parties, and each of them is over the age of eighteen years.
4. That I am the subscribing witness to the said instrument.

SWORN before me at

Edmonton AB
City/Town Province

this 12th day of October, 2007.
(month/year)

[Signature]
Signature of Witness

[Signature]
 A Commissioner for Oaths/Notary Public in and for the
 Province of Alberta

MELANIE DIANNE MAY
 Commissioner for Oaths in and
 for the Province of Alberta,
 My Commission Expires June 3, 2010

Expiry Date of Commission (mm/dd/yyyy)