

EXHIBIT "H"

FORM OF HOTEL USE COVENANT

EXHIBIT "H"

LAND TITLE ACT
FORM C (Section 233(1))
Province of British Columbia

GENERAL INSTRUMENT - PART 1

(This area for Land Title Office use)

Page of pages

1. APPLICATION: (Name, address, phone number and signature of applicant, applicant's solicitor or agent)
c/o LANDO & COMPANY, Barristers & Solicitors, (Client #010394),
(LTO Agent #11506) P.O. Box 11140, 2010 - 1055 West Georgia Street
Vancouver, British Columbia, V6E 3P3 Telephone: 604-682-6821,
File No. , Hotel Use Covenant
Signature of Authorized Agent

2. (a) PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:*
(PID) (LEGAL DESCRIPTION)
SEE SCHEDULE SEE SCHEDULE

3. NATURE OF INTEREST: *
DESCRIPTION DOCUMENT REFERENCE PERSON ENTITLED TO INTEREST
SEE SCHEDULE

4. TERMS: Part 2 of this instrument consists of (select one only)
(a) Filed Standard Charge Terms [] D.F. No.
(b) Express Charge Terms [X] Annexed as Part 2
(c) Release [] There is no Part 2 of this instrument
A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument. If (c) is selected, the charge described in Item 3 is released or discharged as a charge on the land described in Item 2.

5. TRANSFEROR(S): *
SEE SCHEDULE

6. TRANSFEREE(S): (including postal address(es) and postal code(s))*
SEE SCHEDULE

7. ADDITIONAL OR MODIFIED TERMS: *
NIL

8. EXECUTION(S):** This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any:

OFFICER SIGNATURE(S)

EXECUTION DATE
Y M D

TRANSFEROR(S) SIGNATURE(S)

Execution date grid with columns for Year, Month, and Day.

LAKESHORE DEVELOPMENTS LTD.
by its authorized signatory(ies)

Print Name: ◆

Print Name: ◆

OFFICER CERTIFICATION:
Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act R.S.B.C. 1996, c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

* If space insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.
** If space insufficient, continue executions on additional page(s) in Form D.

OFFICER SIGNATURE(S)

EXECUTION DATE

TRANSFEROR/BORROWER/PARTY SIGNATURE(S)

Y M D

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WALNUT BEACH RESORT RENTAL POOL OWNERS ASSOCIATION_ by its signatory(ies)

Print Name:

Print Name:

◆ by its signatory(ies)

Print Name:

Print Name:

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act R.S.B.C. 1996, c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

SCHEDULE

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

2. PARCEL IDENTIFIER(S) AND LEGAL DESCRIPTION(S) OF LAND:*

(PID) (LEGAL DESCRIPTION)

No PID Strata Lots 1-113, Strata Plan _____
Common Property of Strata Plan _____

3. NATURE OF INTEREST:*	DOCUMENT REFERENCE	PERSON ENTITLED TO INTEREST
DESCRIPTION	(page and paragraph)	
(a) Restrictive Covenant over Strata Lots 2 to 113	Page ____, paragraphs ____	Walnut Beach Resort Rental Pool Owners Association
(b) Restrictive Covenant over Strata Lot 1	Page ____, paragraphs ____	Registered Owners of Strata Lots 2 - 113, Strata Plan _____
(c) Priority Agreement(s) granting Restrictive Covenant _____ priority over Mortgage ♦ and Assignment of Rents ♦ Mortgage ♦ and Assignment of Rents ♦	Pages ____	Transferees

5. TRANSFEROR(S):

LAKESHORE DEVELOPMENTS LTD. (as to grant of covenant in item 3(a) in its capacity as registered owner of Strata Lots 2-113; **WALNUT BEACH RESORT RENTAL POOL OWNERS ASSOCIATION** (as to grant of covenant in item 3(b)) ♦ as to grants of priority in item 3(c).

6. TRANSFEREE(S): (including postal address(es) and postal code(s))*

LAKESHORE DEVELOPMENTS LTD. (Inc. No. BC0744933), 201 – 1520 McCallum Road, Abbotsford, British Columbia, V2X 8A3 (as to grant of covenant in item 3(b) in its capacity as registered owner of Strata Lots 2 – 113) and **WALNUT BEACH RESORT RENTAL POOL OWNERS ASSOCIATION** of _____ (as to grant of covenant in item 3(a) in its capacity as the registered owner of Strata Lot 1).

TERMS OF INSTRUMENT – PART 2

HOTEL USE COVENANT

THIS COVENANT is made as of _____, _____.

BETWEEN:

LAKESHORE DEVELOPMENTS LTD.
201-1520 McCallum Road
Abbotsford, British Columbia
V2X 8A3

(the "Hotel Strata Lot Owner")

AND:

WALNUT BEACH RESORT RENTAL POOL OWNERS ASSOCIATION

(the "Owners Association")

WHEREAS:

A. The Hotel Strata Lot Owner is the registered owner in fee simple of those strata lots located in the Town of Osoyoos, in the Province of British Columbia, legally described as:

Strata Lot 2– 113
◆

(collectively, the "Hotel Strata Lots");

B. The Owners Association is the registered owner in fee simple of that strata lot located in the Town of Osoyoos, in the Province of British Columbia, legally described as:

Strata Lot 1
◆

(the "Rental Management Strata Lot")

C. The Manager (as hereinafter defined) is the tenant of the Rental Management Strata Lot pursuant to a lease (the "Hotel Manager's Lease") dated ◆ and is responsible under the Hotel Manager's Lease for the control, management and administration of the Rental Management Strata Lot;

D. The development containing the Hotel Strata Lots and the Rental Management Strata Lot is intended to be operated as a hotel (the "Hotel");

E. It is desirable, for the greater benefit and enjoyment of the Rental Management Strata Lot and the Hotel Strata Lots, that certain restrictions be placed on the use of the Hotel Strata Lots and the Rental Management Strata Lot so as to ensure that, at all times, the Hotel Strata Lots will be available for and operated in a collective manner as a hotel, and that the Rental Management Strata Lot will be used to provide facilities considered necessary or desirable in the operation of a hotel and accordingly, the Hotel Strata Lot Owner and the Owners Association have agreed to enter into this Covenant;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises and the sum of Ten (\$10.00) Dollars, now paid by each party hereto to the other (the receipt and sufficiency whereof are hereby acknowledged), each party hereto covenants and agrees with the other as follows:

Definitions

1. In this Covenant, the following terms shall have the following meanings:
 - 1.1 the term "Day" means any period of 24 consecutive hours, commencing at 2:00 p.m. on any day and ending at 2:00 p.m. on the immediately following day;
 - 1.2 the term "Hotel Booking System" means a management system or arrangement to provide for the orderly and assured management of reservations and use of Hotel Strata Lots by the Public and by the Hotel Strata Lot Owner;
 - 1.3 the term "Hotel Management and Rental Pool Agreement" means the hotel management and rental pool agreement to be entered into by the Manager, the Owners Association and the Hotel Strata Lot Owner and to be assumed by each owner of a Hotel Strata Lot with respect to the management of the Hotel, and the participation of such owners in the Rental Pool;
 - 1.4 the term "Hotel Strata Lot Owner" means the Registered Owner of a Hotel Strata Lot and the spouse, children and parents of such Registered Owner and the parents and children of the Registered Owner's spouse; and where there is more than one Registered Owner of a Hotel Strata Lot, all the Registered Owners and their spouses, children, parents and the parents of their spouses shall together constitute the "Hotel Strata Lot Owner" for that Hotel Strata Lot and, where the Registered Owner is a corporation or corporations, all directors, officers, shareholders and employees and the spouses, children, parents and parents of spouses of each of them shall together with the corporation or corporations constitute the "Hotel Strata Lot Owner" for that Hotel Strata Lot;
 - 1.5 the term "In the Rental Pool" means that a Hotel Strata Lot will always be considered in the Rental Pool unless the Hotel Strata Lot owner has notified the Manager that such owner intends to use the Hotel Strata Lot for Personal Use and the Manager has accepted the Hotel Strata Lot for Personal Use;
 - 1.6 the term "Manager" means the lessee from time to time of the Rental Management Strata Lot whose responsibility it is to manage the Hotel Management and Rental Pool Agreement;
 - 1.7 the term "Personal Use" means the use of a Hotel Strata Lot by the owner as a residence or family dwelling;
 - 1.8 the term "Public" means all persons other than the Hotel Strata Lot Owner;

- 1.9 the term "Public Hotel Use" means the use of a Hotel Strata Lot for commercial rental to the Public for the transient accommodation of tourists, visitors and travellers;
- 1.10 the term "Registered Owner" means the person registered in the Land Title Office as the owner in fee simple of the Hotel Strata Lot, or, where there is a registered agreement for sale of the Hotel Strata Lot, the registered holder of the last registered agreement for sale and in the case of a tenancy, any Tenant whether under a residential tenancy agreement, lease or otherwise;
- 1.11 the term "Summer Period" means the period from 2:00 p.m. June 30 to 2:00 p.m. August 31 of each year;
- 1.12 the word "Used" includes the purpose to which a Hotel Strata Lot is put, and includes to reside, sleep, inhabit or otherwise occupy, as the context requires;
- 1.13 the term "Weekly Period" means any period of seven consecutive Days;
- 1.14 the term "Winter Period" means the period from 2:00 p.m. on August 31 in a calendar year to 2:00 p.m. on June 30 in the next Year; and
- 1.15 "Year" means a calendar year.

Use of Hotel Strata Lots

2. The Hotel Strata Lot Owner covenants and agrees, with the intent that this Covenant shall run with and burden each of the Hotel Strata Lots and with the intent that this Covenant shall be for the benefit of the Rental Management Strata Lot, that for so long as the Rental Management Strata Lot is used in the operation of the Hotel Booking System or within a time share arrangement, the Hotel Strata Lot Owners will not occupy, use or permit or cause to be occupied or used, all or any portion of the Hotel Strata Lots for any purpose whatsoever other than for Public Hotel Use or for their Personal Use.
3. If a Hotel Strata Lot is In the Rental Pool, the Hotel Strata Lot Owner may not use the Hotel Strata Lot for more than three Weekly Periods during the Summer Period. At all other times, the Hotel Strata Lot Owner In the Rental Pool shall have unlimited use of his Hotel Strata Lot ("Daily Use") subject to such owner reserving his Hotel Strata Lot pursuant to Section 5.
4. If a Hotel Strata Lot is not In the Rental Pool, the Hotel Strata Lot Owner shall have unlimited Personal Use of the Hotel Strata Lot.
5. A Hotel Strata Lot Owner will return a completed Notice of Use to the Rental Manager at least 60 days prior to the Hotel Strata Lot Owner's desired use of the Hotel Strata Lot for days during the Winter Period and between October 1 and December 31 in each year for days in the Summer Period of the following year, indicating the days during which the Hotel Strata Lot Owner intends to use his particular Hotel Strata Lot. In the event the Hotel Strata Lot Owner fails to reserve his or her Hotel Strata Lot as provided in this Section 5, the Hotel Strata Lot must continue to be made available to the Public and the Hotel Strata Lot may not be reserved for use by a Hotel Strata Lot Owner if the Hotel Strata Lot has previously been booked by a Public guest unless prior to the arrival of the guest, the guest is able to be accommodated in another equivalent Hotel Strata Lot for the duration of the guest's stay.

6. In the event the Hotel Strata Lot Owner In the Rental Pool does not use the full amount of Days permitted to be used by the Hotel Strata Lot Owner pursuant to Section 3 in any Year, the Hotel Strata Lot Owner shall not be entitled to accumulate or otherwise use the unused Days in any future Summer Period.
7. Subject to the Personal Use or Daily Use by Hotel Strata Lot Owners permitted by this Covenant or any approval of the Town of Osoyoos, all Hotel Strata Lots must be made available at all times to the Public for Public Hotel Use. The Hotel Booking System shall be free to accept reservations at any time from the Public for the use of any Hotel Strata Lot for any future Day or Days, unless the Hotel Strata Lot Owner shall prior to the request for a reservation from the Public have already reserved that Day or those Days pursuant to Section 5.
8. Notwithstanding Section 5, a Hotel Strata Lot Owner may through the Hotel Booking System reserve and use his or her Hotel Strata Lot on such other terms and conditions as may from time to time be approved in writing by the Town of Osoyoos.

Use of Rental Management Strata Lot

9. The Owners- Association covenants and agrees, with the intent that this covenant shall run with and burden the Rental Management Strata Lot and with the intent that this covenant shall be for the benefit of each of the Hotel Strata Lots, that for so long as the Hotel Strata Lots are used for Public Hotel Use, the Manager will not occupy, use or permit or cause to be occupied or used, all or any portion of the Rental Management Strata Lot for any purpose whatsoever other than for operation of the Hotel Booking System pursuant to the Hotel Management and Rental Pool Agreement by the Manager for the Hotel Strata Lots or within a time share arrangement.
10. The Owners- Association shall not charge for the use of the Rental Management Strata Lot pursuant to any lease an amount in excess of ten (\$10.00) dollars per year.

Postponement

11. No mortgage, assignment of rents or other security, including any renewals, modifications, replacements or extensions thereof (collectively, the "Security") will be registered against title to the Hotel Strata Lots to rank or purport to rank in priority to this Covenant.

General Matters

12. The Hotel Strata Lot Owner shall ensure that each Hotel Strata Lot shall only be available and offered for rental to the transient public through a Hotel Booking System operated by the Manager .
13. The Hotel Strata Lot Owner shall ensure that the Rental Management Strata Lot shall only be made available to the Manager and the Manager's agents, employees, licensees and permitted assignees for the operation of the Hotel Booking System or within a time share arrangement.
14. The Hotel Strata Lot Owner shall do and shall cause to be done all things and shall execute and cause to be executed all plans, documents and other instruments which may be necessary to give proper effect to the intention of this Covenant. Without limitation, the Registered Owner from time to time of any Hotel Strata Lot will, prior to and as a condition of the sale, transfer or assignment of the Strata Lot or any interest therein of which the Registered Owner is the owner, require the purchaser, transferee or assignee to duly execute and deliver to the Manager an

agreement whereby such purchaser, transferee or assignee agrees to assume the Registered Owner's responsibilities under the Hotel Management and Rental Pool Agreement or, if required by the Manager, a new Hotel Management and Rental Pool Agreement in the Manager's standard form from time to time. Notwithstanding this obligation, if the Registered Owner from time to time of any Hotel Strata Lot sells, transfers or assigns its Strata Lot or any interest therein without concurrently obtaining an assumption agreement from such purchaser, transferee or assignee, then the interest of such Registered Owner under the Hotel Management and Rental Pool Agreement will automatically be assigned to and assumed by the purchaser, transferee or assignee of such Registered Owner's interest in its Hotel Strata Lot.

15. No amendment to this Covenant is valid unless in writing and executed by the parties. It is understood and agreed that the Hotel Management and Rental Pool Agreement may be modified, amended, superseded or replaced from time to time as may be permitted or required pursuant to the terms of the Hotel Management and Rental Pool Agreement. In the event that the Hotel Management and Rental Pool Agreement is so modified, amended, superseded or replaced, each of the Hotel Strata Lot Owners will, if requested by the Manager from time to time, promptly execute an amendment to this Covenant in registrable form to reflect any amendment or modification to the Hotel Management and Rental Pool Agreement.
16. All provisions of this Covenant are to be construed as covenants and should any section, or part thereof of this Covenant, be held invalid or unenforceable by a court of competent jurisdiction, the invalid or unenforceable part shall be severed and the invalidity or unenforceability of such section or part shall not affect the validity of the remainder which shall remain binding on the Hotel Strata Lot Owners and shall charge the Hotel Strata Lots and the Rental Management Strata Lot and be enforceable to the fullest extent of the law.
17. Time is of the essence of this Covenant.
18. The covenants of each grantor contained herein shall be personal and binding upon such party only during its ownership of any interest in the Hotel Strata Lots or part thereof or the Rental Management Strata Lot or part thereof, as the case may be, but the Hotel Strata Lots and the Rental Management Strata Lot shall nevertheless be and remain at all times charged herewith, to the intent that upon the transfer of all interest of the grantor in the Hotel Strata Lots or part thereof or the Rental Management Strata Lot or part thereof, as the case may be, the grantor shall be freed and discharged from the observance and performance thereafter of the covenants on its part in respect of the Hotel Strata Lots or part thereof or the Rental Management Strata Lot or part thereof, as the case may be, on its part to be observed and performed.
19. This Covenant shall charge the Hotel Strata Lots and the Rental Management Strata Lot and the burden of all the covenants herein shall run with the Hotel Strata Lots and the Rental Management Strata Lot and charge the Hotel Strata Lots and the Rental Management Strata Lot and every part into which the Hotel Strata Lots and the Rental Management Strata Lot may be divided or subdivided.

20. This Covenant shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. Without limiting the foregoing, this Covenant will bind any Registered Owner from time to time of any Strata Lot to the same extent as if that Registered Owner had executed and delivered this Covenant as the act and deed of such Registered Owner.

IN WITNESS WHEREOF the parties have executed this Covenant on the Form C and Form D attached hereto.

CONSENT AND PRIORITY AGREEMENT OF CHARGE HOLDERS:

◆

HOLDER OF A MORTGAGE AND ASSIGNMENT OF RENTS REGISTERED UNDER NUMBERS .
◆ AND ◆ RESPECTIVELY

WHEREAS BY AN INSTRUMENT REGISTERED IN THE KAMLOOPS LAND TITLE OFFICE ON
THE ◆ DAY OF ◆, ◆, UNDER NUMBERS ◆ AND ◆, ◆. (THE "PRIOR CHARGE") WAS
GRANTED A MORTGAGE AND AN ASSIGNMENT OF RENTS (THE "PRIOR CHARGE") IN
RESPECT OF THE LAND DESCRIBED IN THE ATTACHED SECTION 219 COVENANT (THE
"SUBSEQUENT CHARGE").

AND WHEREAS THE PRIOR CHARGEE CONSENTS TO AND AGREES THAT THE
SUBSEQUENT CHARGE SHALL HAVE PRIORITY OVER THE PRIOR CHARGE.

THEREFORE IN CONSIDERATION OF ONE (\$1.00) DOLLAR AND OTHER GOOD AND
VALUABLE CONSIDERATION (THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED),
THE PRIOR CHARGE HEREBY GRANTS THE TRANSFEREE (THE "SUBSEQUENT
CHARGE") PRIORITY OVER THE INTEREST OF THE PRIOR CHARGE IN THE LAND AND
POSTPONES THE RIGHT, TITLE AND INTEREST OF THE PRIOR CHARGE IN THE LAND TO
THE SUBSEQUENT CHARGE AS IF THE PRIOR CHARGE HAD BEEN REGISTERED
IMMEDIATELY AFTER THE REGISTRATION OF THE SUBSEQUENT CHARGE AND
NOTWITHSTANDING THE RESPECTIVE DATES AND TIME OF EXECUTION AND
REGISTRATION OF THE CHARGES OR THE RESPECTIVE DATES OF ADVANCEMENT OF
MONEYS UNDER THEM.

AS EVIDENCE OF THEIR AGREEMENT TO BE BOUND BY THE ABOVE TERMS, THE PARTIES
EACH HAVE EXECUTED AND DELIVERED THIS AGREEMENT UNDER SEAL BY EXECUTING
PART 1 OF THE *LAND TITLE ACT* FORM C TO WHICH THIS AGREEMENT IS ATTACHED AND
WHICH FORMS PART OF THIS AGREEMENT.

CONSENT AND PRIORITY AGREEMENT OF CHARGE HOLDERS:

◆

HOLDER OF A MORTGAGE AND ASSIGNMENT OF RENTS REGISTERED UNDER NUMBERS
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NOTWITHSTANDING THE RESPECTIVE DATES AND TIME OF EXECUTION AND
REGISTRATION OF THE CHARGES OR THE RESPECTIVE DATES OF ADVANCEMENT OF
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AS EVIDENCE OF THEIR AGREEMENT TO BE BOUND BY THE ABOVE TERMS, THE PARTIES
EACH HAVE EXECUTED AND DELIVERED THIS AGREEMENT UNDER SEAL BY EXECUTING
PART 1 OF THE *LAND TITLE ACT* FORM C TO WHICH THIS AGREEMENT IS ATTACHED AND
WHICH FORMS PART OF THIS AGREEMENT.

END OF DOCUMENT