

TERMS AND CONDITIONS

Required Construction of Residence

1. The Purchaser agrees to construct on the Lands a residential dwelling constructed in accordance with plans approved by the Municipality and having a minimum square footage as approved by the Municipality. The dwelling shall be constructed and completed, free of deficiencies, including all site improvements, within three (3) years from the date of this Agreement. The following shall constitute a completed dwelling: a dwelling that has passed all required inspections by the Municipality on a satisfactory basis; has been given an occupancy permit by the Municipality; and has fully grass covered front and side yards. The said improvements shall comply with all by-laws of the Municipality, all applicable building codes, site grading and drainage plans and any other governmental laws, regulations or requirements. The Purchaser agrees that a final inspection of the improvements by the Municipality's Building Department will be completed before such date and will reveal no outstanding work or deficiencies. The requirements set out in this Paragraph shall not merge on the transfer of title to the Purchaser but shall at all times survive such transfer.

2. The Purchaser shall rough-frame (meaning the foundation, rough exterior walls and roof of the dwelling are completed and windows and doors installed) and make weather-tight the proposed dwelling within two (2) years from the date of this Agreement. Should the Purchaser fail to so complete the construction as aforesaid, then this Agreement and all of the rights of the Purchaser hereunder shall (at the option of the Municipality) become forfeited and void, without notice, action or other proceeding on the part of the Municipality and the Municipality shall thereupon be at the liberty to re-sell the Lands free and clear of any right, title, and interest of the Purchaser or of any person or persons claiming under the Purchaser and all monies theretofore paid by the Municipality shall be forfeited to the Municipality as and for liquidated damages and not as a penalty, except that there shall be refunded to the Purchaser all monies paid by the Purchaser in excess of fifty percent (50%) of the purchase price less taxes and interest on any unpaid balance of the purchase price for the two years in this Paragraph mentioned. Should the Purchaser should have constructed any improvements on the Lands at that time, such improvements shall become the exclusive property of the Municipality without recourse from the Purchaser.

3. Notwithstanding anything herein elsewhere contained and notwithstanding that the Purchaser may have paid the whole purchase price, the Purchaser shall not be at liberty to assign any rights under this Agreement (except with the written consent of the Municipality) and shall not be entitled to have a conveyance of the Lands until the Purchaser has paid all of the monies owing pursuant to this Agreement of Purchase and Sale and has constructed the residential dwelling to the level of construction required by Paragraph 2 hereof. Provided the Purchaser has then complied with all applicable requirements of this Agreement, then the Purchaser shall be entitled to a Transfer of title to the Lands, subject to the provisions hereof respecting non-merger.



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4. The Purchaser shall not transfer title of the Lands and/or improvements to a third party nor shall the Purchaser remove or lay waste to the improvements or any of them at any time before the Purchaser has completed the construction of the residential dwelling as required hereunder and as defined in Paragraph 1 hereof, except with the written consent of the Municipality.

Other Construction Requirements

5. Driveway entrance or entrances, as applicable, shall be constructed in accordance with the Municipality's standards and applicable Zoning By-law. The curb cut and related driveway shall be no greater than six (6) metres in width.

6. (1) The Purchaser acknowledges that the Municipality requires a lot grading and drainage plan for the Lands and the Purchaser agrees to submit such lot grading and drainage plan in accordance with the requirements of the Municipality. In order to verify that the Purchaser will and has complied with the said plan, the Purchaser shall, at the Purchaser's own expense, retain an Ontario Land Surveyor, or professional engineering firm (or such other qualified person as may from time to time be authorized by the Municipality) to attend at the site to verify the elevations of footings (before they are poured) and to verify final grading compliance upon completion of final grading. The Purchaser agrees to provide a Certificate from the said Ontario Land Surveyor or professional engineering firm or other authorized person written verification of footing levels and final grades prior to the pouring of footings and prior to the final inspection of the dwelling and grounds by the Municipality and in all cases within two (2) years from the date of this Agreement.

(2) For a period of five (5) years from the date of issuance of a Building Permit, the Municipality shall have the right to enter upon the property and to rectify any deviations from the grading and surface drainage plan and the Purchaser shall be responsible for any costs of the Municipality incurred thereby.

7. No building, structure or facility shall be constructed except in accordance with the plans approved pursuant hereto.

8. The Purchaser will not erect any other improvements on the Lands unless the Purchaser first commences and completes construction of the residential dwelling as required hereunder.

9. The Purchaser will not do or omit to do anything on any part of the Lands which will interfere with or cause damage to any service installed or to be installed on any part of the Lands or on any Municipally-owned property adjacent thereto, which services include without limiting the generality of the foregoing; roads, ditches, drains, sidewalks, grade stakes, gas lines, water lines, water boxes, telephone boxes and hydro electric works. Any such damage so caused may be corrected by the Municipality at the expense of the Purchaser and it is agreed and understood that the Municipality shall have an immediate right of entry for the purpose of undertaking such work.

10. No construction of the dwelling or other structure may be commenced on the Lands unless the Purchaser has first submitted and obtained prior approval from the Municipality (such approval not to be unreasonably withheld or delayed) to a site plan, plans showing elevations of the dwelling or other



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structure, has provided the Certificate referred to Subparagraph 6(1) hereof and has obtained all necessary building and other permits required by law.

11. With the exception of a reasonable amount of thinning as approved by the Municipality, no existing healthy trees on the property may be cut down, with the exception of areas on which the improvements, sidewalks and driveways are located and within ten (10) feet of the building and as may be detailed on a sketch submitted for approval by the Municipality (such approval not to be unreasonably withheld or delayed).

12. The Municipality makes no representation or warranty as to the fitness of the Lands for uses intended by the Purchaser and specifically makes no representation or warranty as to any environmental pollutant that may be in the soil. The Purchaser shall have the right to take soil tests, provided that at all times that the Purchaser restores the Lands to their original condition (in the event of non-completion) and shall do so within thirty (30) days from the date of this Agreement and prior to the construction of any improvements or doing any other work on the Lands. Should the Purchaser find pollutants in the soil that the Purchaser is unwilling to accept, then, the Purchaser's only remedy will be to terminate this Agreement upon notice to the Municipality within the time limit aforesaid and upon the Municipality receiving such notice this Agreement shall be null and void and the Purchaser's deposit and any other payment on the purchase price shall be returned in full without interest or deduction, except for such other amounts including, without limitation, taxes or interest then owing.

13. As Vendor, the Municipality shall not be responsible for ensuring that the said improvements comply with any and all applicable by-laws, zoning or otherwise, provincial or federal and/or regulations and ordinances.

14. The Purchaser acknowledges and agrees that the importation of suitable fill may be required to conform with the requirements of the lot grading and drainage plan as approved by the Municipality. The Purchaser shall be solely responsible for the cost of providing any such fill.

15. Any necessary clearing of the Lands shall be undertaken by and at the sole cost of the Purchaser, and without limiting the generality of the foregoing, for removing any existing windfall as well as any waste accumulating on the Lands, which shall be removed and hauled from the construction site to an Ontario Ministry of the Environment approved dumping site, prior to the occupancy of any buildings constructed upon the Lands.

16. In the event that the Purchaser does not adequately control dust emanating from the Lands, the Municipality may take such remedial measures as it, in its discretion, considers reasonable to prevent the escape of dust from the property and may utilize the deposit monies to cover the costs of such remedial measures.

17. The Purchaser is solely responsible for locating survey stakes or bars on the Lands and any costs incurred with respect thereto.

Taxes



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18. The Purchaser shall assume and pay all rents, taxes, and assessments against the Lands from the date of this Agreement, up to which the Municipality shall pay them. The Purchaser acknowledges that the foregoing obligation includes taxes that would be payable if the Purchaser were the owner of the property from the aforesaid date, notwithstanding the fact that title may not have transferred to the Purchaser. This covenant shall not merge on the transfer of title to the Purchaser.

Title

19. The Purchaser hereby accepts the title of the Municipality to the Lands, subject to any easements or rights-of-way retained by the Municipality, and subject to any reservations in the original Patent from the Crown. Should the Municipality own the surface rights only of the Lands the Purchaser agrees to accept title to the surface rights only. The Purchaser is to be allowed thirty (30) days from the date of this Agreement, or the date the Purchaser obtains a Building Permit (whichever date is the earlier), to investigate the title to the Lands at the Purchaser's own expense and if within that time the Purchaser shall furnish the Municipality in writing with any valid objection to the title which the Municipality is unable or unwilling to remove then this Agreement shall be null and void and any deposit monies hereinbefore paid or any monies paid on account of the purchase price shall be returned to the Purchaser without interest or deduction, and the Municipality shall not be liable for any costs or damages. Save as to any valid objection so made within such aforesaid time, the Purchaser shall be conclusively deemed to have accepted the title of the Municipality to the Lands.

20. The Purchaser shall be entitled to examine the title to the Lands at the Purchaser's own expense and the Purchaser shall not call for the production of any title deed, abstract of title, survey or other proof or evidence of title. The Purchaser agrees to accept the property subject to all municipal requirements including building and zoning by-laws, Site Plan Control designations, Site Plan Agreements, easements for hydro, gas, telephone, cable, sewer or like services and to restrictions and covenants that run with the Lands.

Closing

21. Where each of the Municipality and Purchaser retain a lawyer to complete the Agreement of Purchase and Sale of the Property, and where the transaction will be completed by electronic registration pursuant to Part III of the Land Registration Reform Act, R.S.O. 1990, Chapter L4 and the Electronic Registration Act, S.O. 1991, Chapter 44, and any amendments thereto, the Parties agree that the exchange of closing funds, non-registrable documents and other items (the "Requisite Deliveries") and the release thereof to the Parties will:

(a) not occur at the same time as the registration of the Transfer/Deed (and any other documents intended to be registered in connection with the completion of this transaction), and;

(b) be subject to conditions whereby the lawyer(s) receiving any of the Requisite Deliveries will be required to hold same in trust and not release same except in accordance with the terms of a document registration agreement between the said lawyers, the form of which is as recommended from time to time by the Law Society of Upper Canada. Unless otherwise agreed to by the lawyers, such exchange of



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the Requisite Deliveries will occur in the applicable Land Titles Office or such other location agreeable to both lawyers.

22. Each party to this Agreement of Purchase and Sale shall be responsible for their respective legal costs.

23. The Transfer/Deed or Municipality's electronic form is to be prepared by the Municipality's Solicitor in a form acceptable to the Purchaser's Solicitor acting reasonably and if a Charge/Mortgage or equivalent electronic form is to be given back, same is to be prepared at the expense of the Purchaser on a form acceptable to the Municipality's Solicitor, acting reasonably.

24. (1) The Purchase Price does not include Harmonized Sales Tax ("HST"). If the transaction is subject to HST and the Purchaser is not an HST Registrant, the Purchaser agrees to pay the applicable HST to the Municipality in addition to the purchaser price herein.

(2) If the Purchaser is an HST Registrant and the Municipality is not required to collect or remit the applicable HST, the Purchaser irrevocably undertakes to file the "Harmonized Sales Tax Return for Acquisition of Real Property (HST/GST Form 60 or its equivalent) with Canada Customs and Revenue Agency. The Purchaser certifies that the Purchaser's HST Registration Number is

_____.


25. The Municipality certifies that it is not a "non-resident person" within the meaning and for the purposes of Section 116 of the Income Tax Act of Canada.

26. The Affidavit of Residence and of Value of the Consideration required under the Land Transfer Tax Act shall be prepared by the Purchaser. 27. Any tender of documents or money hereunder may be made upon the Purchaser or the Municipality or their respective lawyers on the day set for completion. Money may be tendered by bank draft or certified cheque by a Chartered Bank, Trust Company, Province of Ontario Savings Office, Credit Union or Caisse- Populaire.

Insurance, Release, Indemnity

28. The Purchaser agrees to provide All Risk Builder's Insurance and General Liability Insurance in an amount and form and with an Insurer satisfactory to the Municipality prior to commencing any site work or construction on the Lands. The said Policy shall name the Municipality as an additional insured and shall be maintained in full force and effect as long as the Municipality retains title to the Lands. The Purchaser acknowledges and agrees that the Municipality will not issue a Building Permit until proof of insurance as herein required has been given to the Municipality.

29. The Purchaser releases the Municipality, its servants, agents, contractors and officers from and against any and all claims, expenses, damages, losses and/or liability the Purchaser or anyone for whom the Purchaser is in law responsible, may have for personal injury, loss of life or damage to property however occasioned arising from the entry onto and the installation or erection of improvements on and in the Lands.

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30. The Purchaser covenants and agrees to indemnify and save harmless the Municipality of and from any and all manner of actions, claims, demands, damages, loss, costs (including but limited to all legal fees and disbursements) and charges whatsoever occasioned to, or suffered by, or imposed upon the Municipality or its property, either directly or indirectly, in respect of any matter or thing arising out of the acts, omissions, operations or activities of the Purchaser, the Purchaser's agents, employees and contractors hereunder or out of the occupation or use of any of the Lands referred to herein by them or any of them or in respect of any accident, damage, or injury to any person, animal or thing relating thereto or arising therefrom. General

31. (1) Any time limit or closing date as set out in this Agreement, may be extended at the discretion of Chief Administrative Officer of the Municipality, without the necessity of specific Municipal Council authorization.

(2) The Municipality shall be entitled to waive or modify or refrain from enforcing any restriction or other provision hereof without prejudice to its rights to enforce any other restriction or provision or such modified restriction or provision or any future breach of a restriction or provision.

32. The covenants herein shall run with the Land described herein and shall be binding on any and all subsequent owners or other parties having an interest therein and shall inure at all times to the benefit of the Municipality which may enforce same against any and all subsequent owners or parties having an interest in the Lands from time to time.

33. Nothing herein limits or otherwise derogates from the authority, rights and powers of the Municipality in its capacity as a Municipal Corporation.

34. All obligations of the Purchaser shall survive the closing of the transaction and shall not merge on the closing.

35. The title to the paragraphs herein are for convenience of reference only and do not affect the interpretation of this Agreement. In referring to the Parties, this Agreement shall be construed with all necessary changes of number and gender.

36. The heirs, executors, administrators, successors and permitted assigns of the undersigned are respectively bound by the terms herein. IN WITNESS WHEREOF the Municipality has caused its Corporate Seal to be hereunto affixed and attested by its proper signing Officers duly authorized in that behalf this ____ day of ____ __, 2011.

THE CORPORATION OF THE TOWNSHIP OF TERRACE BAY

Per:

Michael King - Mayor



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Carmelo Notarbartolo - CAO/Clerk

IN WITNESS WHEREOF the Purchaser has caused its Corporate Seal to be hereunto affixed and attested by its proper signing Officers duly authorized in that behalf this ____ day of ____ , 2011.

Per:

Name:

Title:

Name:

Title:



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