

SONOMA PINES HOMEOWNERS MANAGEMENT LTD.

(THE "COMPANY")

ARTICLES

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SONOMA PINES HOMEOWNERS MANAGEMENT LTD.

(THE "COMPANY")

INCORPORATION NO. BC0710228

ARTICLES

Preamble

The Company is an association of homeowners that sublease their properties from Sonoma Pines Homeowners Management Ltd., which is the Lessee under the lease registered under number 308801 in the Westbank First Nation self-governing lands registry (the “Lease”). This property is within the bounds of Indian Reserve TSINSTIKEPTUM NO. 9 administered by the Westbank First Nation on behalf of the legal owners of the land, Ron, Archie and Margaret Derrickson (2024). Whereas the subleases direct the signatories to operate as a Strata Corporation, this is not legally possible since the property development is wholly on Reserve Land. (Article 8.9 of the Multi-family Sublease says in effect that the *Strata Property Act* does not apply.) Therefore, the Company has been legally incorporated under the BC *Business Corporations Act*. Nevertheless, the homeowners/shareholders choose to operate as closely to the provisions of the *Strata Property Act* as is reasonable. Shareholders however, are not granted any rights under the *Strata Property Act* and cannot enforce any rights therein. Where the *Strata Property Act* conflicts with the Articles of Incorporation and/or the BC *Business Corporations Act*, the Articles of Incorporation and/or the *Business Corporations Act* will prevail. See chart in Appendix A.

The Company is a non-reporting company and comprises 154 single-family and 341 multi-family homes, for a total of 495 homes with 2 shares per home in the Company.

The Company has as its articles the following articles:

1. INTERPRETATION

1.1. Definitions

Words that appear in quotation marks have special meaning – refer to definitions throughout this Section.

In these Articles, unless the context otherwise requires:

- (a) **“appoint”** means in relation to the Board of the Company and means assigning a job or a role to an individual to serve for example, as a proxy holder, a committee member or an officer – or to contract an attorney for the Company, an auditor or other services that may be required;
- (b) **“auditor”** means a firm appointed to perform an external financial audit of the Company;
- (c) **“Board” or “Directors”**, means the current directors of the Company;

Sonoma Pines Homeowners Management Ltd. (June 2025)

- (d) **“Business Corporations Act”** means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (e) **“Company”** refers to Sonoma Pines Homeowners Management Ltd. (SPHM);
- (f) **“common assets”** means those facilities which are designated as common facilities in the Development Permit Servicing Agreements issued by the Westbank First Nation in respect of the Development, including but not limited to the roads, sidewalks, curbs and gutters, street lighting, electrical and mechanical systems, drainage and sewer systems, waterworks, and the clubhouse, fences, gates, fire prevention and security systems located within the common property;
- (g) **“Common Costs”** means the total of all costs and expenses incurred by the Company to manage the Development, maintain the common property and operate, repair and replace the common assets, including without limitation insurance, taxes and any applicable management fees;
- (h) **“common property”** means those areas that are not included in the areas subleased to homeowners, including but not limited to landscaped areas, parking areas, roadways, sidewalks, and those portions of the multi-family units listed in Section 26.14(e);
- (i) **“Contingency Reserve Fund”** means money contributed by shareholders and set aside to help pay for Common Costs that occur less than once a year, or expenses that do not usually occur. The Corporation has (2)distinct Contingency Reserve Funds in place; one for the Development’s common costs that all shareholders contribute to and one for Multi-Family Costs that is contributed to by multi-family shareholders.
- (j) **“Development”** means the Sonoma Pines residential development located at 3999 Sonoma Pines, Westbank, BC and previously referred to as the Vintage Hills area;
- (k) **"electronic meeting"** means a fully electronic meeting or a partially electronic meeting;
- (l) **"fully electronic meeting"** means a meeting in which shareholders are entitled to participate solely by telephone or other communications medium, as set out in the notice for the meeting.
- (m) **“homeowner”** means an individual or legal entity who owns a home at the Development and whose legal name is registered as a grantee of a Sublease in the self-governing first nations land registry;
- (n) **“Lease”** has the meaning set out in the preamble;

- (o) **“legal personal representative”** means the personal or other legal representative of the shareholder;
- (p) **“Management Company”** means professional services from a licensed property manager contracted to assist with the day-to-day operations of the Company;
- (q) **“Multi-Family Costs”** means the total of all costs and expenses incurred by the Company to operate, manage, insure, repair, maintain and replace the common assets and common property exclusive to the multi-family homes, including without limitation, the roofs, foundations, exterior walls of the multi-family homes;
- (r) **“operating fund”** means a type of fund used for the Common Costs incurred in the day- to-day activities of the Company;
- (s) **“ordinary resolution”** means a majority vote of the shareholders;
- (t) **"partially electronic meeting"** means a meeting in which shareholders are entitled to participate in person or by telephone or other communications medium, as set out in the notice for the meeting;
- (u) **“poll”** means to request a count of votes which can be done by counting hands or by secret ballot as determined by the shareholder requesting such poll, unless the majority of shareholders decide on any other manner of voting.
- (v) **"proxy"** means a record by which a shareholder appoints a person as the nominee of the shareholder to attend and act for and on behalf of the shareholder at a meeting of shareholders;
- (w) **“registered address”** of a shareholder means the shareholder’s address as recorded in the central securities register;
- (x) **“shareholder”** means a homeowner at the Development with 2 shares per home owned by the shareholder in the Company, as registered in the central securities register;
- (y) **“Sonoma Pines Homeowners Management Ltd.”** is a non-profit company responsible for the management of the residential development located at 3999 Sonoma Pines, Westbank, BC. V4T 3L1;
- (z) **“special resolution”** means a formal decision made by shareholders during a meeting, requiring approval by shareholders holding at least 3/4 of the votes present at the meeting;
- (aa) **“State of Emergency”** occurs when any level of government assume authority it does not generally possess to respond to a crisis;

- (bb) **“statutory business hours”** in BC means the hours between 9 o’clock in the morning and 4 o’clock in the afternoon, local time, Saturdays, Sundays and holidays excepted;
- (cc) **“*Strata Property Act*”** means the *Strata Property Act* of British Columbia from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (dd) **“Sublease”** and **“Subleases”** means the single-family subleases and multi-family subleases granted under the Lease that grant the Company the authority to manage the Development;
- (ee) **“Treasurer”** means the director assigned to supervise financial performance, budgeting and long-term financial well-being of the Company;
- (ff) **“Vintage Hills”** means the name of the area on which Sonoma Pines is built and also the name of the Development referred to in the Sublease;
- (gg) **“2/3 vote”** means a vote in favour of a resolution by at least 2/3 votes cast by eligible voters who are present in person or by proxy at the time the vote is taken and who have not abstained from voting; and
- (hh) **“3/4 vote”** means a vote in favour of a resolution by at least 3/4 votes cast by eligible voters who are present in person or by proxy at the time the vote is taken and who have not abstained from voting

1.2. Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the Interpretation Act, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the Interpretation Act relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. SHARES AND SHARE CERTIFICATES

2.1. Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2. Class "A" Common Voting Shares

- (a) The Class "A" Common Voting Shares shall be issued only to owners of subleasehold interests in the Development and shall be entitled to vote at any Annual or Special General Meeting and shall be the only voting shares of the Company.
- (b) Each Class "A" Common Voting Share shall be issued for \$1.00 per share.
- (c) Each subleasehold lot shall qualify for 2 Class "A" Common Voting Shares which shall be issued to the owners of the subleasehold interest upon their entering into a Subscription Agreement and paying the subscription price of \$1.00 per share.

2.3. Transfer of Class "A" Common Voting Shares

- (a) Notwithstanding anything to the contrary provided in these Articles, an owner of a Class "A" Common Voting Share must be an owner at all times of a subleasehold interest in the Development.
- (b) Upon a sale or assignment of a subleasehold interest, the owner of the associated Class "A" Common Voting Shares shall cease to be a shareholder of the Company and the Company shall have the absolute right to cancel or repurchase the Class "A" Common Voting Shares owned by such party for the price of \$1.00 per share.
- (c) Upon a sale or assignment of a subleasehold interest to a purchaser, the Company will issue 2 new Class "A" Common Voting Shares to the purchaser(s) in the manner provided herein.

2.4. Restriction on Transfer of Class "A" Shares

In accordance with Section 25.1, the Class "A" Common Voting Shares must not be sold, transferred, or otherwise disposed of without the consent of the directors.

2.5. Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by the Business Corporations Act.

2.6. Shareholder Entitled to Certificate or Acknowledgement

Each shareholder is entitled, (provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.) without charge, to:

- (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name; or

- (b) a non-transferable written acknowledgement of the shareholder's right to obtain such a share certificate.

2.7. Delivery by Mail

Any share certificate or non-transferable written acknowledgement of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.8. Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production of the share certificate or acknowledgement, as the case may be, and on such other terms, if any, as they think fit:

- (a) order the share certificate or acknowledgement, as the case may be, to be cancelled; and
- (b) issue a replacement share certificate or acknowledgement, as the case may be.

2.9. Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgement

If a share certificate or a non-transferable written acknowledgement of a shareholder's right to obtain a share certificate is lost, stolen, or destroyed, a replacement share certificate or acknowledgement, as the case may be, must be issued to the person entitled to that share certificate or acknowledgement, as the case may be, if the directors receive:

- (a) proof satisfactory to them that the share certificate or acknowledgement is lost, stolen, or destroyed; and
- (b) any indemnity the directors consider adequate.

2.10. Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, and upon payment of the certificate fee, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.11. Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Sections 2.5, 2.6, or 2.7, the amount of the certificate fee, if any and which must not exceed the amount prescribed under the *Business Corporations Act*.

2.12. Recognition of Trusts

Except as required by law or statute or these Articles, no person may compel the Company to recognize such person as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. SHARE REGISTERS

3.1. Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

3.2. Closing Register

The Company must not at any time close its central securities register.

4. SHARE TRANSFERS

4.1. Registering Transfers

A transfer of a share of the Company must not be registered unless:

- (a) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
- (c) if a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgement has been surrendered to the Company.

4.2. Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

4.3. Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in the central securities register of the Company in respect of the transfer.

4.4. Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgements deposited with the instrument of transfer:

- (a) in the name of the person named as transferee in that instrument of transfer; or
- (b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

4.5. Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgement of a right to obtain a share certificate for such shares.

4.6. Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

5. TRANSMISSION OF SHARES

5.1. Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as

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having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

5.2. Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

6. PURCHASE OF SHARES

6.1. Company Authorized to Purchase Shares

The special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7. BORROWING POWERS

The Company, if authorized by a 3/4 vote of the shareholder

- (a) borrow money in the manner and amount, from the sources and on the terms and conditions that they consider appropriate;
- (b) issue bonds, debentures, and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

8. ALTERATIONS

8.1. Alteration of Authorized Share Structure

Subject to Sections 8.2 and 8.3 and the *Business Corporations Act*, the Company may by 3/4 vote by shareholders at a Special General Meeting or Annual General Meeting:

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
- (e) decrease the par value of those shares; or
- (f) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (g) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (h) alter the identifying name of any of its shares; or
- (i) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

8.2. Application of Sublease

Notwithstanding Section 8.1, in accordance with the Sublease, a homeowner shall only have two voting shares in the Company per home owned by the homeowner.

8.3. Special Rights and Restrictions

Subject to the Business Corporations Act, the Company may by special resolution:

- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued

8.4. Change of Name

The Company may by special resolution authorize an alteration of its Notice of Articles in order to change its name.

8.5. Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

Sonoma Pines Homeowners Management Ltd. (June 2025)

9. MEETINGS OF SHAREHOLDERS

9.1. Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

9.2. Resolution Instead of Annual General Meeting

Intentionally deleted.

9.3. Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

9.4. Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner set out in the *Business Corporations Act*, to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least 10 days before the meeting, including weekend days and holidays, but such notice cannot be delivered on a Sunday or a holiday.

9.5. Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than at least 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

9.6. Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 pm on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

9.7. Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

9.8. Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Section 10.1, the notice of meeting must:

- (a) state the general nature of the special business;
- (b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders;
- (c) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
- (d) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

9.9. Meetings May be Held Electronically

A meeting of shareholders may be held electronically as a fully electronic meeting or a partially electronic meeting in accordance with the requirements under the *Business Corporations Act*, as determined by a resolution of the directors.

10. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

10.1. Special Business

At a meeting of shareholders, the following business is special business:

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (b) at an annual general meeting, all business is special business except for the following:
 - (i) business relating to the conduct of or voting at the meeting;
 - (ii) consideration of any financial statements of the Company presented to the meeting;

- (iii) consideration of any reports of the directors or auditor;
- (iv) the setting or changing of the number of directors;
- (v) the election or appointment of directors;
- (vi) the appointment of an auditor;
- (vii) the setting of the remuneration of an auditor;
- (viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and
- (ix) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

For clarity, special business includes the approval of the budgets for the upcoming financial year, which must be approved by 3/4 vote of the shareholders.

10.2. Special general meeting called by voters:

Section 167 – Requisition for general meeting – of the BC *Business Corporations Act* sets out the method for voters holding at least 1/20th of the voting shares in the Company to requisition a meeting. Section 167 applies regardless of the Company's Articles.

10.3. Voting at annual or special general meetings:

- (a) At an annual or special general meeting, matters are decided by majority vote, unless otherwise required by the BC *Business Corporations Act* and regulations.
- (b) Despite Section 10.3(a), during an annual or special general meeting, amendments may be made to the proposed wording of a resolution and require a 2/3 vote of the shareholders if the amendments do not substantially change the resolution.
- (c) Despite Section 10.3(a), the proposed budget must be approved by a 3/4 vote of the shareholders.
- (d) Despite Section 10.3(a), all resolutions regarding the Contingency Reserve Fund(s) must be approved by a 3/4 vote of the shareholders.

10.4. Special Majority

The number of votes required for the Company to pass a special resolution at a meeting of shareholders is 3/4 of the votes cast on the resolution.

10.5. Quorum

The quorum for the transaction of business at a meeting of shareholders is 10% of the issued shares entitled to be voted in person or by proxy, at the meeting.

10.6. Other Persons May Attend

The directors, any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

10.7. Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

10.8. Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (b) in the case of any other meeting of shareholders, the meeting stands adjourned for one further ½ hour.
- (c) If no quorum is obtained, the meeting is adjourned until a future meeting date and time is set by the Board.

10.9. Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Section 10.8(b) was adjourned, a quorum is not present at the time set for the holding of the meeting, persons present and being, or representing by proxy, 50 or more shareholders entitled to attend and vote at the meeting constitute a quorum.

10.10. Chair

The following individuals are entitled to preside as chair at a meeting of shareholders:

- (a) the chair of the Board;
- (b) the designate of the chair of the Board; or

- (c) any other director present and announced by another Board member.

10.11. Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the Board present within 15 minutes after the time set for holding the meeting, or if the chair of the Board is unwilling to act as chair of the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

10.12. Adjournments

A majority vote is required for a meeting to be adjourned. The chair of a meeting of shareholders may, and if so directed by the shareholders present at the meeting and eligible to vote, must adjourn the meeting from time to time and from place to place; but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

10.13. Notice of Adjourned Meeting

It is necessary to give 7 days' notice prior to reconvening a meeting which was adjourned or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

10.14. Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair, or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

Where a poll is used, the Chair shall appoint scrutineers, not to be a Board member, to count and declare the result of the votes.

10.15. Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Section 10.14, conclusive evidence without proof of the number or proportion of the votes in favour or against the resolution.

10.16. Motion Must be Seconded

All motions proposed at a meeting of shareholders must be seconded.

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10.17. Manner of Taking Poll

If a poll is duly demanded at a meeting of shareholders, the poll must be taken:

- (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
- (b) in the manner, at the time and at the place that the chair of the meeting directs.

The result of the poll is deemed to be the decision of the meeting at which the poll is demanded, and the requirement for the poll may be withdrawn by the person who demanded it.

10.18. Chair's Responsibilities to Resolve Disputes

- (a) **Disputes as to admission or rejection of a vote.** In the case of any dispute as to the admission or rejection of a vote given by proxy, in a poll or in a secret ballot, including when a ballot or a proxy may not meet the required standards, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive, unless the dispute involves the chair. If the chair is involved in the dispute, then the chair must recuse him/herself and request the remaining Board members to choose a substitute chair to determine the dispute. The substitute chair's determination made in good faith is final and conclusive.
- (b) **Equality of Votes.**
 - (i) The chair of the meeting of shareholders does not, either on a poll or secret ballot, have a second vote except in the situation referred to in Section 10.18(b)(iii).
 - (ii) In case of an equality of votes on a financial or non-financial matter, the motion is defeated.
 - (iii) In the case of an equality of votes on a financial matter, the chair may cast a second and deciding vote if the board has pre-determined that a non-decision on such matter could have a negative impact on the Company.

10.19. Casting of Votes

On a poll or secret ballot, a shareholder entitled to more than one vote need not cast all the votes in the same way.

10.20. Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

10.21. Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

10.22. Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three-month period, the Company may destroy such ballots and proxies.

11. VOTES OF SHAREHOLDERS

11.1. Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Section 11.3, on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote per share.

11.2. Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholder, whether on a show of hands or on a poll and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

11.3. Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (a) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

11.4. Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Section 11.3, deemed to be joint shareholders.

11.5. Representative of a Corporate Shareholder

- (a) If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and, for that purpose, the instrument appointing a representative must be:
 - (i) received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
 - (ii) provided, at the meeting, to the chair of the meeting or to a person designated by the chair of meeting;
- (b) If a representative is appointed under this Section 11.5:
 - (i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax, or any other method of transmitting legibly recorded messages.

11.6. Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

11.7. Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

11.8. When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

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- (a) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Section 11.5;
- (b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (c) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

11.9. Deposit of Proxy

A proxy for a meeting of shareholders must:

- (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax, or any other method of transmitting legibly recorded messages.

11.10. Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) by the chair of the meeting, before the vote is taken.

11.11. Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the form found in Appendix B or in any other form approved by the directors or the chair of the meeting.

11.12. Revocation of Proxy

Subject to Section 11.3, every proxy may be revoked by an instrument in writing that is:

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- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) provided, at the meeting, to the chair of the meeting.

11.13. Revocation of Proxy Must Be Signed

An instrument referred to in Section 11.12 must be signed as follows:

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Section 11.5.

11.14. Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

12. DIRECTORS

12.1. Number of Directors

The directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the Business Corporations Act. The number of directors, excluding additional directors appointed under Section 13.10, is set at seven, or the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given).

12.2. Change in Number of Directors

If the number of directors is set under Section 12.1:

- (a) the shareholders may elect or appoint the directors needed to fill any vacancies in the Board of Director up to that number;
- (b) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the Board up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

12.3. Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

12.4. Qualifications of Directors

A director must hold a share in the Company to qualify for his or her office and must also be qualified as required by the Business Corporations Act to become, act, or continue to act as a director. No more than one shareholder, or representative of a corporate shareholder, per household shall be eligible to act as a Director.

12.5. Remuneration of Directors

The directors may be entitled to the remuneration for acting as directors. If the directors so decide, the remuneration of the directors, if any, must be approved by a 3/4 vote of the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

12.6. Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company. Reasonable expenses must be pre-approved by the Board.

12.7. Special Remuneration for Directors

At the discretion of the Company and as approved by a 3/4 vote of the shareholders, if any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution and such remuneration may be either; in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13. ELECTION AND REMOVAL OF DIRECTORS

13.1. Appointment of Electoral Officer

At or prior to an AGM, the Board must appoint an impartial shareholder to act as the Electoral Officer who shall:

- (a) supervise the process for the elections of the directors;
- (b) arrange for the production of the ballot and for two scrutineers to count the ballots; and
- (c) arrange for the ballots to be retained for a period of no less than three months following any election or vote.

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13.2. Nominations for Directors

Any shareholder can bring forth a nomination for an eligible shareholder who is willing to serve, including a nomination for a current director who would wish to continue to serve unless that director is otherwise disqualified under these Articles.

13.3. Term

All the directors elected will hold office for a two-year term from the time of their election and cease to hold office immediately before the election or appointment of directors in the year that their term is completed. The intention is that the term of office for all Board Members be staggered in a way that each year, a few board positions will become open for election while the remaining board members will continue for their second-year term.

13.4. Election of Directors

At an Annual General or Special Meeting of the Shareholders, directors shall be elected by poll or a secret ballot. Shareholders shall be allowed to vote for up to the number of director's positions that are being filled in the election year, but are not obligated to do so. They may choose to vote for less directors than there are positions. The chair of the meeting shall explain the voting procedures prior to the vote being taken.

If a vote by secret ballot is required, the ballot shall list the names of the nominees in alphabetical order. Note that nominations from the floor will be added to the ballot in order of their nomination and listed after the alphabetical list of nominees on the previously provided ballot.

The candidates shall not witness the count of the ballots, but each candidate may have the count witnessed by a single scrutineer.

13.5. Consent to be a Director

No election, appointment, or designation of an individual as a director is valid unless:

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*; or
- (b) that individual is elected or appointed at a meeting at which the individual is present, and the individual does not refuse, at the meeting, to be a director.

13.6. Failure to Elect or Appoint Directors

If the Company fails to hold an annual general meeting or the shareholders fail, at an annual general meeting to elect or appoint any directors, then each director currently in office continues to hold office until the earlier of:

- (a) the date on which his or her successor is elected or appointed; and

- (b) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

13.7. Directors May Fill Casual Vacancies

Any casual vacancy occurring in the Board may by appointment be filled by the directors.

13.8. Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the Board , but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the Board or, subject to the *Business Corporations Act*, for any other purpose.

13.9. Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the Board.

13.10. Additional Directors

Notwithstanding Sections 12.1 and 12.2, between annual general meetings, the directors may appoint no more than two additional directors and the number of appointees must not exceed the number of vacancies.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Section 13.12 but is eligible for re-election or re- appointment.

13.11. Ceasing to be a Director

A director ceases to be a director when:

- (c) the term of office of the director expires;
- (d) the director dies;
- (e) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (f) the director is removed from office pursuant to Sections 13.12 or 13.13.

13.12. Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting

vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

13.13. Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company as per the *Business Corporations Act* and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

14. POWERS AND DUTIES OF DIRECTORS

14.1. Powers of Management

The power of the Company to manage the Development is derived from the Sublease which gives the Board, among other things, the power to collect money owed to the Company as landlord under the Sublease, to set homeowners' fees, enforce bylaws and set fines. The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

The Board is also responsible for making financial statements accessible to shareholders.

The directors manage the affairs of the Company through a series of Board appointed sub-committees, that include but are not limited to finance & audit, landscaping and the Clubhouse. Committee members are volunteers and non-elected members and have no decision power, however, their recommendations to the Board are valued as they allow the Board to make better informed choices on various issues. Any dissolution of these sub-committees must be recorded by the Board in writing.

14.2. Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the Board, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

14.3. Treasurer's Position

The Treasurer manages the Company's finances along with the Management Company contracted by the Board and members of the Finance & Audit Committee that shall comprised of at least 2 other members approved by the Board.

The Treasurer must lead the Finance & Audit Committee and meet regularly with its members to review financials monthly and quarterly reports produced by the Management Company, and among other things, prepare annual budgets, cost allocation schedule and oversee the Depreciation Report. The Finance & Audit Committee through open discussions, shall assist the Treasurer and the Board in decision making regarding the Company's finances.

The Treasurer is the primary liaison between the Board, the Management Company and the Finance & Audit Committee and shall be responsible for:

- (a) Keeping the Board and the Finance & Audit Committee up-to-date on changes or developments within the Company that may affect aspects of the Company's finances.
- (b) Providing and reviewing with the Board and Finance & Audit Committee members, monthly and quarterly reports such as but not limited to: Balance Sheets, Revenues and Expenses and Investment Summary.

15. DISCLOSURE OF INTEREST OF DIRECTORS

15.1. Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

16. Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution. Their interests however, must be recorded in the Board meeting minutes, unless the interests in question cannot be disclosed per contract law or privacy law.

16.1. Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

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16.2. Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

16.3. Director Holding Other Office in The Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

16.4. No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

16.5. Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

16.6. Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act* the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

17. PROCEEDINGS OF DIRECTORS

17.1. Meetings of Directors

The directors may meet together for the conduct of business, adjourn, and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

17.2. Voting at Board Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote except as otherwise stated herein.

On a non-financial matter, a second vote may be taken at that meeting or postponed to future meeting(s). If the end result continues to be a tie, then the motion is defeated.

On a financial matter, if the Board determines that a non-decision could have a negative impact on the Company and if the chair has already voted and the end result is a tie, then the chair would get a second vote and such vote must be recorded in the Board meeting minutes.

17.3. Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (c) the chair of the Board; or
- (d) any other director chosen by the directors if:
 - (i) the chair of the board is not present at the meeting within 15 minutes after the time set for holding the meeting;
 - (ii) the chair of the board is not willing to chair the meeting; or
 - (iii) the chair of the Board has advised any other director that they will not be present at the meeting.

17.4. Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communication medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Section 17.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

17.5. Calling of Meetings

A director may call a meeting of the directors at any time.

17.6. Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Section 17.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Section 22.1 or orally or by telephone.

17.7. When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director if:

- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (b) the director, as the case may be, has waived notice of the meeting.

17.8. Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director, does not invalidate any proceedings at that meeting.

17.9. Waiver of Notice of Meetings

Any director may send to the Company a document signed by him or her waiving notice of any past, present, or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

17.10. Quorum

The quorum necessary for the transaction of the business of the directors is deemed to be set at a majority of directors.

17.11. Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

17.12. Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email, or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a

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meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Section 17.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

18. EXECUTIVE AND OTHER COMMITTEES

This Section does not refer to the Company's regular sub-committees such as but not limited to, finance & audit, landscaping or club house. Members of such committees do not vote on issues but through open discussions are there to offer guidance to the Board.

18.1. Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the Board, all of the directors' powers, except:

- (a) the power to fill vacancies in the Board;
- (b) the power to remove a director;
- (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

18.2. Appointment and Powers of Other Committees

The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under Section 18.2(a), any of the directors' powers, except:
 - (i) the power to fill vacancies in the Board;
 - (ii) the power to remove a director;
 - (iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and

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- (iv) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in Section 18.2(b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.3. Obligations of Committees

Any committee appointed under Sections 18.1 or 18.2, in the exercise of the powers delegated to it, must:

- (a) conform to any rules that may from time to time be imposed on it by the directors; and
- (b) report every act or thing done in exercise of those powers at such times as the directors may require.

18.4. Powers of Board

The directors may, at any time, with respect to a committee appointed under Sections 18.1 or 18.2:

- (a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (b) terminate the appointment of, or change the membership of, the committee; and
- (c) fill vacancies in the committee.

18.5. Committee Meetings

Subject to Section 18.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Sections 18.1 or 18.2:

- (a) the committee may meet and adjourn as it thinks proper;
- (b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (c) a majority of the members of the committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

19. OFFICERS

19.1. Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

19.2. Functions, Duties and Powers of Officers

The directors may, for each officer:

- (a) determine the functions and duties of the officer;
- (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (c) revoke, withdraw, alter, or vary all or any of the functions, duties, and powers of the officer.

19.3. Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the Board or as the managing director must be a director. Any other officer need not be a director.

19.4. Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity. All such appointments, fee or salary determinations and post-employment fees are subject to approval by a 3/4 vote of the shareholders.

20. INDEMNIFICATION

20.1. Definitions

In this Section 20:

- (d) "eligible penalty" means a judgement, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (e) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending, or completed, in which a director, former director of the Company (an "eligible party") or any of the heirs and legal personal

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representatives of the eligible party, by reason of the eligible party being or having been a director of the Company:

- (i) is or may be joined as a party;
 - (ii) is or may be liable for or in respect of a judgement, penalty or fine in, or expenses related to, the proceeding;
 - (iii) unless in the proceeding the director shall have been found guilty of fraud, gross negligence, or breach of his fiduciary duty to the Company; and
- (f) "expenses" has the meaning set out in the *Business Corporations Act*.

20.2. Mandatory Indemnification of Directors and Former Directors

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director is deemed to have contracted with the Company on the terms of the indemnity contained in this Section 20.2.

20.3. Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person e.g., retired or practicing lawyers or any person acting in a volunteer capacity.

20.4. Non-Compliance with *Business Corporations Act*

The failure of a director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

20.5. Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) against any liability incurred by him or her as such director, officer, employee or agent or person who holds or held such equivalent position.

who:

- (a) is or was a director, officer, employee, or agent of the Company;
- (b) is or was a director, officer, employee, or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (c) at the request of the Company, is or was a director, officer, employee, or agent of a corporation or of a partnership, trust, joint venture, or other unincorporated entity;

- (d) at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture, or other unincorporated entity;

21. DOCUMENTS, RECORDS AND REPORTS.

21.1. Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act* under “Financial Records”.

21.2. Inspection of the Company’s Records

Section 46 of the *Business Corporations Act* lists the persons who may, without charge, inspect all of the records that a company is required to keep under Section 42 of the *Business Corporation Act*.

22. NOTICES

22.1. Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report, or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (a) mail addressed to the person at the applicable address for that person as follows:
 - (i) for a record mailed to a shareholder, the shareholder's registered address;
 - (ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records;
 - (iii) in any other case, the mailing address of the intended recipient;
- (b) personal delivery at the applicable address for that person as follows, addressed to the person:
 - (i) for a record delivered to a shareholder, the shareholder's registered address;
 - (ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records;
 - (iii) in any other case, the delivery address of the intended recipient;

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- (c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class; or
- (d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class.

22.2. Deemed Receipt of Mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Section 23.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays, and holidays excepted, following the date of mailing.

22.3. Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report, or other record was addressed as required by Section 22.1 prepaid and mailed or otherwise sent as permitted by Section 22.1 is conclusive evidence of that fact.

22.4. Notice to Joint Shareholders

A notice, statement, report, or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

22.5. Notice to Trustees

A notice, statement, report, or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy, or incapacity of a shareholder by:

- (a) mailing the record, addressed to them:
 - (i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in Section 22.5(a)(i) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy, or incapacity had not occurred.

23. SEAL

There is no seal for the Company.

24. PROHIBITIONS

24.1. Definitions

In this Section 24:

- (a) "designated security" means:
 - (i) a voting security of the Company;
 - (ii) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
 - (iii) a security of the Company convertible, directly or indirectly, into a security described in Section (a) or (b);
- (b) "security" has the meaning assigned in the Securities Act (British Columbia);
- (c) "voting security" means a security of the Company that:
 - (i) is not a debt security, and
 - (ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

24.2. Consent Required for Transfer of Shares or Designated Securities

No share or designated security may be sold, transferred, or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer, or other disposition.

25. SPECIAL RIGHTS AND RESTRICTIONS ATTACHING TO CLASSES OF SHARES

In the event of a conflict between these special rights and restrictions and the other Articles of the Company, the provisions of these special rights and restrictions shall prevail.

25.1. Class "A" Common Voting Shares

- (a) The Class "A" Common Voting Shares shall be entitled to vote and are the only voting shares of the Company.
- (b) The Class "A" Common Voting Shares shall not be entitled to receive any dividend out of income or capital of the Company or any other distribution of the Company prior to the winding up of the Company.

- (c) Subject to the terms of the Sublease, which incorporates the terms of the Lease, as amended from time to time, upon the winding up or dissolution of the Company, common assets owned by the Company will be distributed equally among the shareholders of Class "A" Common Voting Shares in the Company.

26. MANAGEMENT OF THE DEVELOPMENT

26.1. Restrictions on Business

- (a) The Company shall not be permitted to carry on any business other than as landlord under the Subleases and the management and operation of the common property and common assets of the Development.
- (b) The Company's mandate is to carry on its sole business on a not-for-profit basis.

26.2. Directors

In addition to the obligations and governance of the directors of the Company set out in Articles 12 through 19 and the *Business Corporations Act*:

- (a) **Directors Exercise Powers and Perform Duties of Company.** The directors must exercise the powers and perform the duties of the Company, including the prudent financial management of the Company and the enforcement of bylaws and rules of the Development.
- (b) **Control of Directors.** By amendment of these Articles, the shareholders may transfer, in whole or in part, the powers of the directors to one or more other persons in accordance with Section 136 and 137 of the *Business Corporations Act*.
- (c) **Eligibility for Directors.** Notwithstanding Section 12.4, no person shall be a director of the Company unless that person is an owner of Class "A" Common Voting Shares.
- (d) **Directors Standard of Care.** In exercising the powers and performing the duties of the Company, each director must:
 - (i) act honestly and in good faith with a view to the best interests of the Company; and
 - (ii) exercise the care, diligence, and skill of a reasonably prudent person in comparable circumstances.

26.3. Operating Fund and Contingency Reserve Funds

The Company must retain the services of a professional property manager, fully licensed under the Real Estate Services Act (RESA) of BC, to manage the Company's finances, including all receipts and disbursements of funds. To meet its expenses the Company must establish, and the shareholders must contribute, by means of assessment, to:

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- (a) an operating fund for the Common Costs that usually occur either once a year or more often than once a year,
- (b) an operating fund for the Multi-Family Costs that usually occur either once a year or more than once a year,
- (c) a contingency reserve fund for Common Costs that usually occur less often than once a year or that do not usually occur, which will require a 3/4 vote of the shareholders for withdrawals from such fund, and
- (d) a separate contingency reserve fund for the Multi-Family Costs that usually occur less often than once a year or that do not usually occur which will require a 3/4 vote of the shareholders in the multi-family development for withdrawals from such fund.

26.4. Management of Contingency Reserve Funds

- (a) The Company must account for money in the contingency reserve funds separately from other money of the Company.
- (b) The Company must invest all of the money in the contingency reserve funds in one or the other or a combination of the following:
 - (i) those investments permitted by the regulations under the *Strata Property Act*;
 - (ii) insured accounts with savings institutions in British Columbia;
- (c) Any interest or income paid on the money in the contingency reserve funds becomes part of the fund.
- (d) The Company may, from time to time, lend money in the contingency reserve funds to the operating funds and record it in the Board minutes.

26.5. Restrictions on Expenditures

- (a) **Common Contingency Reserve Funds.** The Company must not spend money from the common contingency reserve funds unless the expenditures is:
 - (i) consistent with the purposes of the fund; and
 - (ii) first approved by a 3/4 vote of the shareholders at an annual or special general meeting or authorized as an unapproved expenditure as herein provided.
- (b) **Multi-Family Contingency Reserve Funds.** The Company must not spend money from the separate multi-family contingency reserve fund unless the expenditures is:

- (i) consistent with the purposes of the fund; and
 - (ii) first approved by a resolution passed by a 3/4 vote of the multi-family shareholders at an annual or special general meeting or authorized as an unapproved expenditure as herein provided.
- (c) **Operating Funds.** The Company must not spend money from the operating fund unless the expenditure is consistent with the purposes of the fund; and either
 - (i) in the budget most recently approved by the Shareholders;
 - (ii) first approved by a resolution passed by a 3/4 vote of the shareholders at an annual or special general meeting, or authorized; or
 - (iii) as otherwise provided in these Articles.
- (d) **Unapproved expenditures.** If a proposed expenditure has not been put forward for approval in the budget or at an annual or special general meeting, the Company may only make the expenditure in accordance with this Section.
 - (i) The expenditure may be made out of the operating fund or contingency reserve fund(s) if there are reasonable grounds to believe that an immediate expenditure is necessary to ensure safety or prevent significant loss or damage, whether physical or otherwise including but not limited to, payment for insurance deductibles.
 - (ii) The Company must inform shareholders as soon as feasible about any expenditure made under Section 26.5(d). The expenditure shall be ratified by the Directors at the next Board meeting, and recorded in the minutes and reviewed with shareholders at the next AGM.

26.6. Assessments

- (a) **Calculating Assessments.** For the Common Costs related to, but not limited to, insuring the common property, the operation and maintenance of the common property and clubhouse and the common Contingency Reserve Fund, all owners of subleasehold interests in the Development shall contribute an equal share based upon the total number of homes within the Development (495 homes as of 2025).
- (b) In addition to costs related to Section 26.6(a) noted above, the owners of a single-family subleasehold interest shall also contribute an equal share to the costs of the landscaping contract specific to the single-family homes based upon total number of single-family homes (154 in 2025).
- (c) In addition to costs related to Section 26.6(a) noted above, the owners of a multi-family subleasehold interest shall also contribute to the following:

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- (i) A contribution to the annual maintenance costs of the multi-family development as determined by the Board recognizing that the allocations to the walk-up and walk-out homes shall be fifty-five percent (55%) more than homes without a basement and;
- (ii) A contribution to the multi-family Contingency Reserve Fund based upon the total adjusted square footage for the multi-family development calculated as follows:
 - (A) Up/down homes shall have the chargeable square footage calculated at seventy (70%) percent of the first-floor square footage as determined by BC Land Survey;
 - (B) All other multi-family homes shall have the chargeable square footage calculated at one hundred (100%) percent of the first-floor square footage as determined by BC Land Survey.
- (d) **Change to base for calculation of contributions** An assessment under Section 26.6(a) may be revoked or changed by a resolution passed by a 3/4 vote of the shareholders at an annual or special general meeting.
- (e) **No return of contributions on sale of subleasehold lot.** On the assignment of a subleasehold lot, the assignor is not entitled to a return of contributions to the contingency reserve fund.

26.7. Budget Requirements

- (a) The Company must prepare two budgets for the coming fiscal year (one for Common Costs and one for Multi-Family Costs) for approval by a resolution to be passed by a 3/4 vote at each annual general meeting and may contain items that are specific to the multi-family development.
- (b) The proposed budget must be distributed with the notice of the annual general meeting and must be accompanied by a financial statement.
- (c) The proposed budget may be amended by a 3/4 vote of the shareholders at the annual general meeting before the budget itself is put to a vote.

26.8. Failure to approve budget

- (a) If a budget is not approved at an annual general meeting, the Company must within 30 days, or such longer period as approved by a resolution passed by a 3/4 vote of the shareholders at the meeting, prepare a new budget and place it before a special general meeting for approval by a resolution passed by a 3/4 vote.

- (b) If a fiscal year to which a budget relates ends before a new budget is approved, the shareholders must, until the new budget is approved, continue to pay to the Company the same monthly assessment that they were required to pay under the previous budget.
- (c) Until a new budget is approved, the Company may spend money out of the operating fund only:
 - (i) on the type of expenses that are set out in the previous budget and that usually occur once a year or more often than once a year;
 - (ii) up to the maximum amount set out in the previous budget for each category of expense; and
 - (iii) on an emergency basis as provided for unapproved expenditure.

26.9. Budget surpluses and deficits

- (d) Contributions to the operating fund which are not required to meet operating expenses accruing during the fiscal year to which the budget relates may be:
 - (i) transferred into the contingency reserve fund;
 - (ii) carried forward as part of the operating fund, as a surplus; or
 - (iii) used to reduce the total assessment to the next fiscal year's operating fund.
- (e) If operating expenses exceed the total contribution to the operating fund, the deficit must be eliminated during the next fiscal year.

26.10. Special Levies

- (a) The Company may raise money from the shareholders by means of a special levy. The Company must calculate each shareholder's share of a special levy:
 - (i) in accordance with Section 26.6(a) of these Articles, in which case the levy must be approved by a resolution passed by a 3/4 vote of the shareholders at an annual or special general meeting, or
 - (ii) in another way that establishes a fair division of expenses for that particular levy, in which case the levy must be approved by a resolution passed by a 3/4 vote at an annual or special general meeting.
- (b) The resolution to approve a special levy must set out all of the following:
 - (i) the purpose of the levy;
 - (ii) the total amount of the levy;

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- (iii) the method used to determine each shareholder's share of the levy;
 - (iv) the amount of each shareholder's share of the levy; and
 - (v) the date by which the levy is to be paid or, if the levy is payable in instalments, the dates by which the instalments are to be paid.
- (c) The Company must account for the money collected separately from other money of the Company and invest all of the money collected in accordance with Section 27.2.3(b).
- (d) **Interest on overdue special levy payment.** The Company may by a $\frac{3}{4}$ vote approving a special levy, establish a rate of interest, not to exceed 10% per annum, to be paid if any shareholder is late in paying their share of the special levy. The interest payable on a late payment of a special levy in accordance with a resolution referred to in this Section 26.10(d) is not a fine, and forms part of the special levy for the purposes of this Section.
- (e) **Excess special levy funds.** If the money collected exceeds the amount required, or for any other reason is not fully used for the purpose set out in the resolution, the Company may pay to each shareholder of a subleasehold interest the portion of the unused amount of the special levy that is proportional to the contribution made to the special levy in respect of that subleasehold interest.
- (f) Despite Section 26.10(e), if no shareholder is entitled to receive more than \$100 in total under 26.10(e), the Company may deposit the excess in the applicable contingency reserve fund.
- (g) In Sections 26.10(c) and 26.10(e), "money collected" means the money collected on a special levy and includes any interest or income earned on that money.
- (h) **Payment of special levy when a subleasehold interest sold.** If a special levy is approved before a subleasehold interest is conveyed to a purchaser, then:
- (i) the person who is the shareholder of the subleasehold interest immediately before the date the subleasehold interest is conveyed owes the Company the portion of the levy that is payable before the date the subleasehold interest is conveyed; and
 - (ii) the person who is the shareholder of the subleasehold interest immediately after the date the subleasehold interest is conveyed owes the Company the portion of the levy that is payable on or after the date the subleasehold interest is conveyed.

26.11. Multi-family Implied Easements

- (a) There exists an easement in favour of every residential home lot in the multi-family development and the owner of each residential home lot in the multi-family development:
 - (i) for the residential home's vertical and sideways support by the common property and by every other residential home capable of providing support,
 - (ii) for the passage or provision of water, sewage, drainage, gas, oil, electricity, garbage, heating and cooling systems and other services, including telephone, radio, and television, through or by means of any pipes, wires, cables, chutes, ducts, or other facilities existing in the common property or another residential home to the extent those systems or services are capable of being, and intended to be, used in connection with the enjoyment of the residential home, and
 - (iii) for shelter of the residential home by every part of a building that is shown on the lot plan as part of the common property or another residential home and that is capable of providing shelter.
- (b) There exists an easement in favour of the common property and the owners of a subleasehold interest in the Development with a right to the common property
 - (i) for the common property's vertical and sideways support by every residential home capable of providing support,
 - (ii) for the passage or provision of the services and facilities described in Section 26.11(a) existing in a residential home to the extent those systems or services are capable of being, and intended to be, used in connection with the enjoyment of the common property, and
 - (iii) for shelter of the common property by every part of a building that is shown within the Development as part of a residential home and that is capable of providing shelter.
- (c) There exists a mutual easement over and in favour of all adjacent residential home lots in the multi-family development and all owners of each residential home lot in the multi-family development and all adjoining common property for:
 - (i) rebuilding a Party Wall straddling the common boundary between the residential home lots or common property, together with any utilities thereon or thereunder.
 - (ii) Any encroachment by the Party Wall located on, near or adjoining the common boundary between the residential home lots and the foundation and footings therefore, (collectively (b) any encroachment by the Party Wall located on, near or adjoining the common boundary between the residential home lots and the foundation and footings therefor, and (collectively the

"Encroachments") shall constitute perpetual right, privilege, and easement insofar as they encroach on either residential home lot.

- (iii) Each owner whose Encroachments are permitted pursuant to the right, privilege and easement set forth herein, shall indemnify and save harmless the other owner for and from any loss, cost, or expense due to damage or injury caused by the owner in maintaining, repairing, rebuilding, or replacing such Encroachments.
- (d) If the Party Wall requires rebuilding:
 - (i) The owner of either residential home lot, its agents, contractors or employees may rebuild the whole or any portion of the Party Wall in the event of its partial or total destruction, and the cost of repairs and maintenance of the Party Wall in the event of partial or total destruction, (except in the case of negligence or intentional act by one of the owners or his or her agents, employees, invitees or Tenants) shall be borne equally by the owners from time to time of the residential home lots and each owner hereby agrees to so contribute upon request to such cost, PROVIDED THAT whenever the Party Wall or any portion hereof is rebuilt it shall be erected on the place where it now stands and shall be of the same size and of the same or similar materials and of like quality as the Party Wall and shall be constructed in accordance with the minimum standards provided in the building by-law applicable of the Westbank First Nation, or, in the absence of such a by-law, then in accordance with the minimum standards provided by applicable British Columbia legislation.
 - (ii) Prior to the rebuilding of the Party Wall, the party who intends to rebuild the Party Wall shall send to the owner of the residential home lot sharing the Party Wall plans and specifications of the Party Wall to be rebuilt and request such owner's written approval thereof. Upon written approval by such owner of the plans and specifications, the party so requesting may proceed with the rebuilding in accordance therewith. Should written approval not be received within seven (7) days after request, then either party may make a submission for approval pursuant to the Arbitration Act of British Columbia, as amended, or any successor legislation and there shall be one (1) arbitrator.
 - (iii) Whenever the Party Wall is rebuilt, any damage caused by construction of such rebuilding shall be made good.
 - (iv) Whenever the Party Wall is rebuilt, the rebuilt structure shall remain as the Party Wall, and shall be subject to the terms of this Section 26.11.
 - (v) Except as otherwise provided herein, the owners of the residential home lots shall not alter or change the Party Wall in any manner.

- (e) The use of the Party Wall by the owners from time to time of the residential home lots shall be perpetual but no covenant herein shall be personally binding upon a party when he or she is no longer the Sublessee of the residential home lot.
- (f) No part of the subleasehold interest of one sublessor shall become vested in the owner of the other residential home lot by reason of this easement.
- (g) If an owner of either residential home lot is in breach of his or her covenants to indemnify, save harmless, repair, rebuild, maintain or contribute to the cost of the Party Wall or damage done to an adjoining residential home lot or dwelling by virtue of the exercise of any right under this Agreement, the other owner may repair, rebuild, maintain or pay for the Party Wall or other damage as required, and may recover the cost of same from the owner in breach to the extent of the indemnity or save harmless obligation or that such owner is obligated to contribute to the cost, and shall be entitled to file a lien (including, if applicable a builders' lien) against the subleasehold interest of the owner in breach.
- (h) Any provisions herein found or made void or unenforceable by any court under law shall not void or render unenforceable the remaining provisions hereof.
- (i) The rights, privileges and easements granted, and the restrictive covenants and conditions made herein shall run with and be legally annexed to the land including both lots, without registration in the Westbank First Nation Lands Registry, and they shall extend to and inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns as the case may be of the parties hereto.
- (j) The rights, privileges, covenants, and easements hereby granted shall not be extinguished in the event that the subleasehold interests to the residential home lots shall be vested in the same person.
- (k) Nothing herein shall be construed so as to alter the rights of any mortgagee of a subleasehold interest in a residential home lot to obtain payment of insurance monies in rebuilding, reinstating, or replacing all or any part of the dwelling located on such residential home lot.

26.12. The easements referred to in Sections 26.11(a) and (b)

- (a) exist without registration in a land title office,
- (b) charge and burden that part of the common property capable of providing support or shelter to a residential home,
- (c) charge and burden each residential home capable of providing support or shelter to another residential home or to the common property,

- (d) charge and burden each residential home and that part of the common property in which any part of the services and facilities described in Sections 26.11(a)(ii) and 26.11 (b)(ii) are located, and
- (e) include all of the rights and obligations needed to give effect to and enforce them, including a right of entry to inspect, maintain, repair, and replace the shelter, support, services, and facilities described in Sections 26.11(a) and 26.11(b).

26.13. The easements referred to in Sections 26.11(a) (b) and (c)

- (a) exist without registration in the Westbank First Nation Lands Registry,
- (b) charge and burden each residential home and that part of the common property in which any part of the services and facilities described in Sections 26.11(a)(ii), (b)(ii), and (c)(i) are located, and
- (c) include all of the rights and obligations needed to give effect to and enforce them, including a right of entry to inspect, maintain, repair, and replace the shelter, support, services, and facilities described in Sections 26.11(a), (b), and (c).

26.14. Repair and Maintenance of Property by The Company

- (d) The Company must repair and maintain the common assets of the Company including but not limited to: the clubhouse, the fences and gates, the roads, drainage and sewer systems, waterworks, fire prevention and security systems located in the common areas;
- (e) The Company must repair and maintain the following assets part of the original build, within the multi-family homes development, pursuant to the multi-family Sublease:
 - (i) the structure of the residential homes including the foundation;
 - (ii) the exterior of the residential homes including the stucco;
 - (iii) vents, stairs, balconies and other things attached to the exterior of a residential home, excluding water faucets, hose bibs, electrical outlets, light fixtures and air conditioning units;
 - (iv) doors, windows and roofs on the exterior of a residential home;
 - (v) railing and similar structures that enclose patios or balconies;
 - (vi) driveways and patios; and
 - (vii) other items as mentioned in Schedule “E” - Sonoma Pines Bylaws

unless those items are damaged by a malfunction of a homeowner's installation, any alterations by a homeowner or previous homeowner or damage arising from attachments to the exterior of a multi-family unit.

26.15. Insurance

All homeowners shall take out and keep in force an all risk insurance policy which will cover damage to their residential home and all other improvements on the their respective subleasehold interest to the full replacement value as prescribed in respective Sublease EXCEPT as it relates to the requirement for the provision of cross liability and the waiver of subrogation, (which are unattainable in residential policies and therefore are waived until such time as this Section 26.15 is amended) together with public liability coverage of not less than \$2 million and the policy shall name Westbank First Nation and the Company as additional insureds.

26.16. Rules and Regulations

The Directors shall make such rules and regulations or Bylaws relating to duties of owners, tenants, occupants and visitors, powers and duties of the Company, voluntary dispute resolutions, as the Directors shall deem appropriate.

26.17. Collection of Receivables and Legal Actions

- (f) The Board, on behalf of the Company has the right to collect the account receivables of the Company and to settle, compromise or take actions with the receivables as permitted by BC laws, including legal action against the debtor.
- (g) Any legal action, other than that cited above to be initiated by the Board, shall be approved by a 2/3 vote of the shareholders at an Annual General Meeting or a Special General Meeting.
- (h) Any court proceeding, arbitration or tribunal proceeding, in which the Company is a party and any judgments or orders against the Company shall be disclosed to homeowners and noted in the Board's meeting minutes.

APPENDIX A – WHAT GOVERNS SONOMA PINES

See attached.

What Governs Sonoma Pines

The Indian Act

Sonoma Pines is built on land owned by the Government of Canada in trust for certain members of the Westbank First Nation. The *Indian Act*, which is the principal law through which the federal government administers Indian status, local First Nations governments and the management of reserve land and communal monies only pertains to individuals with Indian Status.

Westbank First Nation (WFN) Laws

WFN established and enforces its own set of laws, which apply to WFN Lands including Sonoma Pines. **Provincial and Federal Laws** do apply as well unless they were in conflict with WFN laws, in that case, WFN laws would prevail.

Head-Lease

On May 5th, 2003, the Government of Canada granted **Carrington Road Holdings Ltd.**, the developer, a 99-year lease of the land, (Head-Lease), which Carrington divided into **154 Single Family and 341 Multi-Family** lots and developed over a 13-year span. Then in 2016, Carrington transferred full responsibility and complete control over the Common Areas to Sonoma Pines' residents. Sonoma Pines is now the Sub-Lessor under the Head-Lease, which gives it the right to manage Sonoma Pines as set in Article 8 of the MF Sub-Lease version.

Sub-Lease

Upon purchase of a home at Sonoma Pines, owners must enter into a sub-lease agreement with the Sub-Lessor. The Sub-Lease does not affect the Head-Lease which means that when there is a conflict between the Sub-Lease and the Head-Lease, the Head-Lease prevails.

BC Business Corporations Act

Sonoma Pines is not a Strata Corporation and is not legally subjected to the *BC Strata Property Act*. Sonoma Pines is a BC Corporation, governed under the *BC Corporations Act*.

BC Strata Property Act

Although, Sonoma Pines is incorporated under the *BC Corporations Act*; its shareholders choose to operate as closely to the provisions of the *BC Strata Property Act* as is reasonable, however, shareholders are not granted any rights under the *Strata Property Act* and cannot enforce any rights therein.

SPHM Ltd. Article of Incorporations

The amalgamation of **Sonoma Pines Multi-Family Management Ltd** and **Sonoma Pines Homeowners Management Ltd** became effective June 13, 2017. The name of the Amalgamated Company became **Sonoma Pines Homeowners Management Ltd.** and is registered under BC0710228. As a legal requirement, "**Articles of Incorporation**" had to be created to establish SPHM as a separate legal entity from its owners and to set the corporation's purpose and regulations.

Schedule E – Sonoma Pines BYLAWS

Schedule E encompasses the bylaws that govern the use, safety and condition of the common property and common assets.

APPENDIX B – PROXY APPOINTMENT FORM

See attached.

Appendix B



Sonoma Pines Homeowners Management Ltd.

PROXY APPOINTMENT FORM - Information

1. This form is ineffective unless it is signed and it contains the date on which it was made.
2. A shareholder is free to appoint a proxy of his/her choice as long as the proxy is a current shareholder in the Company or the proxy meets the requirements under section 11.9 of the *SPHM Articles of Incorporation*.
3. If a shareholder does not have a proxy, he/she is free to name any of the current directors as his/her proxy.
4. A shareholder can revoke his/her proxy by forwarding to the Company's office, a request in writing, at least 24 hours prior to the meeting date and time OR by providing his/her request to the chair at the meeting.
5. Giving your proxy to someone is intended for those occasions where you are unable to attend the meeting. A shareholder should never be pressured by any proxy solicitors. Your proxy should be given to an individual who you believe will vote in accordance with your instructions or, where a motion is put forward during the meeting that was not contained on the proxy form, vote in your best interests as they listen to the discussion at an SGM or AGM.
6. A proxyholder is not authorized to vote on a resolution if the person who appointed the proxy is present at the relevant meeting.
7. The proxyholder will vote according to the instructions the shareholder provided. If other matters come before the meeting or at any adjournment thereof, the proxyholder will vote as he/she sees fit.
8. For electronic meeting, the proxy form must be received by the Company's office at 3999 Sonoma Pines Drive, by mail, email or hand delivered, at least 48 hours prior to the meeting date and time.
9. For in person meeting, the proxy form can be forwarded to the Company's office at 3999 Sonoma Pines Drive, by mail, email or hand delivered, at least 24 hours prior to the meeting date and time OR handed out by the proxyholder at the meeting date and time, to the chair or a person designated by the chair of the meeting.

AUTHORITIES

☐ This form authorizes the proxy to vote on my/our behalf as stated below.

OR

☐ This form authorizes the proxy to vote on my/our behalf as stated below. If other matters come before the meeting or at any adjournment thereof, I/we direct my/our proxy to vote as he/she sees fit.

Motion #1

BE IT RESOLVED....			
Vote of Shareholder One		Vote of Shareholder Two	
<input type="checkbox"/> In favour	<input type="checkbox"/> Opposed	<input type="checkbox"/> In favour	<input type="checkbox"/> Opposed

Motion #2

BE IT RESOLVED....			
Vote of Shareholder One		Vote of Shareholder Two	
<input type="checkbox"/> In favour	<input type="checkbox"/> Opposed	<input type="checkbox"/> In favour	<input type="checkbox"/> Opposed

Motion #3

BE IT RESOLVED....			
Vote of Shareholder One		Vote of Shareholder Two	
<input type="checkbox"/> In favour	<input type="checkbox"/> Opposed	<input type="checkbox"/> In favour	<input type="checkbox"/> Opposed

Motion #4

BE IT RESOLVED....			
Vote of Shareholder One		Vote of Shareholder two	
<input type="checkbox"/> In favour	<input type="checkbox"/> Opposed	<input type="checkbox"/> In favour	<input type="checkbox"/> Opposed

I/We understand that, if the proxy already holds more than the permitted number of proxies, the proxy will not be permitted to vote on my/our behalf on any matters.

Signature of Shareholder

Date

Signature of Shareholder

Date