



WEST COAST ENVIRONMENTAL LAW

# GREENING YOUR TITLE

**A GUIDE TO BEST PRACTICES  
FOR CONSERVATION COVENANTS**

SECOND EDITION

ANN HILLYER AND JUDY ATKINS

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West Coast Environmental Law strives to empower citizens to participate in forming policy for, and making decisions about, protecting our environment. From the local to international level, our work supports the right of the public to have a voice in how we share our earth. Since 1974, we have been providing free legal advice, advocacy, research and law reform services. And through our Environmental Dispute Resolution Fund, we have given away over \$2,000,000 to hundreds of citizens' groups across BC to help them solve environmental problems in their own communities. We are grateful to the Law Foundation of BC for core funding of West Coast Environmental Law.



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West Coast Environmental Law would like to thank the Real Estate Foundation of British Columbia, the Islands Trust Fund and the Canadian Wildlife Service of Environment Canada for their generous support for the second edition of this publication in 2005. West Coast would also like to thank the Law Foundation of British Columbia for core funding that has enabled West Coast to complete both the first and second edition.

We would also like to thank the following organizations for their generous support for the first edition of *Greening Your Title*:

- the Real Estate Foundation of British Columbia
- Endswell Foundation,
- the Habitat Conservation Trust Fund,
- Wildlife Habitat Canada; and,
- the Ministry of Environment, Lands and Parks.

This guide was originally printed in December 2000 with vegetable based inks. The inside pages were printed on Arbokem Agripulp, a Canadian paper stock composed half of agricultural waste and half of 100% post-consumer recycled fibre, all of which is processed chlorine-free.

Printed in Canada.

#### **Canadian Cataloguing in Publication Data**

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Hillyer, Ann.

Greening Your Title

Includes bibliographical references.

ISBN 0-919365-19-1

1. Real covenants--British Columbia. 2. Conservation easements--British Columbia. 3. Servitudes--British Columbia. I. Atkins, Judy. II. West Coast Environmental Law Research Foundation. III. Title.

KEB227.R54H54 2000

346.71104'35

C00-911384-3

KF658.C65H54 2000

# PREFACE

This publication is a guide to the best practices associated with the use of conservation covenants. The primary focus of the guide is on using conservation covenants for the protection of ecologically significant private land. However, conservation covenants can be used to protect other special attributes of land such as cultural and heritage values and the information in this guide may be useful in those situations as well.

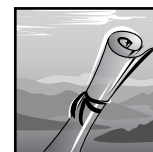
This guide is published by West Coast Environmental Law Research Foundation (WCELRF) a non-profit charitable society devoted to legal research and education aimed at protection of the environment and promotion of public participation in environmental decision making. It operates in conjunction with West Coast Environmental Law Association (WCELA) which provides legal services to concerned members of the public for the same two purposes.

This guide canvasses many of the laws, regulations, policies and practices that apply when a landowner grants a conservation covenant to a conservation organization that agrees to protect the land in perpetuity. It provides information about the issues that should be addressed by landowners, conservation organizations and other parties involved in protecting private land when they use conservation covenants to protect ecologically significant spaces or environmentally important features of land.

This guide is one of a number of publications of WCELRF related to the legal protection of ecologically significant private land in British Columbia. WCELRF has published legal materials and provided legal education for many years to assist landowners, conservation organizations, citizens and other professionals with an interest in protecting private land. Previously published materials include *Using Conservation Covenants to Preserve Private Land in British Columbia* (1992); *Here Today, Here Tomorrow: Legal Tools for the Voluntary Protection of Private Land in British Columbia* (1994); *Leaving a Living Legacy* (1996); and *Giving it Away: Tax Implications of Gifts to Protect Private Land* (2004).

Readers are reminded that this guide is educational only and does not constitute legal or tax advice. All parties involved in the legal protection of a specific parcel of land are strongly urged to seek legal and tax advice at their earliest opportunity.

As with all WCELRF publications, this guide is available electronically on the West Coast Environmental Law website at [www.wcel.org](http://www.wcel.org).



# ACKNOWLEDGMENTS

Many people assisted in sharing information and expertise with the authors in the preparation of this second edition of *Greening Your Title*.

The authors are indebted to the staff at West Coast Environmental Law Research Foundation, particularly Chris Rolfe for his helpful comments and suggestions; and Christopher Heald for computer support and desktop publishing.

The authors and West Coast Environmental Law Research Foundation would like to thank the many people who made generous contributions of their time and knowledge to assist us with the preparation of this edition of *Greening Your Title*. Many individuals, too numerous to mention by name, shared their experiences in using conservation covenants, both the successes and the challenges, and provided helpful suggestions about updating this guide. We thank each of you for your thoughtful comments, your candid assessment of the problems sometimes encountered and your optimism about protecting ecologically important land. We are also indebted to the many landowners in British Columbia willing to grant conservation covenants to protect their land, making our communities ecologically richer places for all species.

Special thanks to Dave Morris of the Provincial Capital Commission for his ideas which led to the title of this guide and to all the individuals that assisted in the original edition of the *Greening Your Title*.

This updated edition of *Greening Your Title* was funded by Environment Canada, Canadian Wildlife Service, the Real Estate Foundation of British Columbia, the Islands Trust Fund and with core funding from the Law Foundation of British Columbia. The original edition of the guide was funded by the Real Estate Foundation of British Columbia, the Habitat Conservation Trust Fund, the Endswell Foundation, Wildlife Habitat Canada and the Ministry of Environment, Lands and Parks. Funding assistance does not imply endorsement of any statements or information contained in this guide.

The views expressed are those of the authors and the West Coast Environmental Law Research Foundation. Any errors and omissions are, of course, solely the responsibility of the authors.

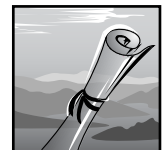
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# CHAPTER 1

## INTRODUCTION

Providing legal protection for special areas of privately owned land has become increasingly important in British Columbia over the past number of years. The vast majority of land in the province is owned by the Crown. While private land makes up only about five percent of the land base in the province, it has ecological, cultural, heritage, aesthetic and recreational values of significance to individuals, communities and the entire province. In addition, many areas of land that are privately held are vitally important to the well-being of other species, both plant and animal.

Many areas with high biodiversity values and significant ecological features are located in the southern portions of the province on privately owned land. In addition, in all parts of the province, humans were drawn to settle in valley bottoms, estuaries and other scenic areas with high environmental values. Many of these areas are now privately owned. As the human impact on these critically important areas grows, concerned citizens and conservation organizations are increasing their efforts to provide permanent protection for these areas.

Several options are available to a landowner who wants to protect ecologically special property or land with other significant values. One option is for a landowner to make a gift of the land itself to a conservation organization or to the government. Alternatively, the landowner might sell the land to a conservation organization. Both of these options require the landowner to part with the land. Another effective way to protect land is for the landowner to grant a conservation covenant to a conservation organization or government agency. A conservation covenant is a long-term commitment to stewardship of the land by the landowner and the conservation organization or government agency. It facilitates the permanent protection of the important values of the land according to the terms of the covenant while allowing the landowner to retain possession of the land.

Conservation covenants offer a cost effective alternative to purchasing land for the purposes of protecting its important features. They allow communities and conservation organizations to play an important role in the protection of ecologically significant land in the province.

Landowners can receive significant tax benefits from granting conservation covenants over ecologically significant land. This guide provides some information on the tax implications of conservation covenants, but readers may also want to consult the companion publication *Giving it Away, Tax Implications of Gifts to Protect Private Land*.

While this guide focuses primarily on protecting natural values of land, the protection strategies and issues discussed in the guide are relevant to other protection objectives as well, such as preserving the heritage and cultural values of land.



## OVERVIEW OF CONSERVATION COVENANTS

A conservation covenant is a voluntary, written agreement between a landowner and a covenant holder. It can cover all or part of a parcel of property. In the agreement, the landowner promises to protect the land in ways that are specified in the covenant. For instance, the landowner might agree to provide specific protection for important habitat or not to subdivide the land. The covenant holder holds the conservation covenant and can enforce it if the owner does not abide by its terms. The conservation covenant is registered against title to the property in the British Columbia Land Title Office under section 219 of the *Land Title Act*.<sup>1</sup> This ensures that it binds future owners of the land, not just the current landowner, since the conservation covenant is intended to last permanently.

## EXAMPLES OF APPLICATIONS

Conservation covenants can be used in a variety of ways to protect private land including:

- to protect ecologically valuable features of land;
- to secure appropriate management of various types of ecosystems and critical habitat;
- to provide buffer zones next to parks, wetlands or other environmentally sensitive areas;
- to protect sensitive areas in newly subdivided developments;
- to protect land for farming or forestry, or to protect ecologically sensitive areas on agricultural and forest land;
- to limit forestry activity on private land to ecologically sustainable forestry;
- to create trail systems and greenways through a number of parcels of adjoining land;
- to protect riparian habitat from logging, clearing or other development;
- to protect important heritage and cultural sites; and
- to ensure proper and permanent stewardship of ecologically sensitive land.

## NEED TO CONSIDER BEST PRACTICES

“Best practices” are nothing more than the most effective or useful practices that have evolved over time from the use of conservation covenants to protect private land – practices that have proven to be successful in achieving the objectives of the parties in protecting the land or the important features of the land. They are based on the present state of the law related to protecting private land in British Columbia with conservation covenants. “Best practices” also incorporate some of the practical experience in the province that has occurred since 1994 when the *Land Title Act* was amended to allow conservation covenants to be held by non-government organizations.

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<sup>1</sup> R.S.B.C. 1996, c. 250.

There has been an explosion of interest in the use of conservation covenants since these *Land Title Act* amendments. Every year, more organizations become involved in protecting ecologically significant pieces of private land. The number of conservation covenants held by non-government conservation organizations is growing. The range of applications for conservation covenants is also growing. As our experience in using conservation covenants in British Columbia expands, the practices related to their use continue to evolve and improve. And as the number of conservation organizations grows, the need, and the opportunity, to share experiences become greater than ever.

In many cases, conservation covenants significantly restrict what landowners can do with and on their land. These restrictions will apply to future owners of the land who did not choose to restrict the use of the land. In addition, placing a conservation covenant on land frequently will reduce the value of land because of the restrictions on land use. In identifying best practices, it should be assumed, therefore, that every conservation covenant will be challenged at some time in the future.

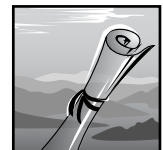
Hence, this guide contains information about some of the best practices that have evolved to date, particularly in relation to the legal aspects of using conservation covenants. Our objectives in compiling this guide to best practices are to

- ensure the highest possible standards are employed whenever conservation covenants are used;
- provide possible solutions to potential problems;
- ensure that conservation covenants are enforceable in perpetuity; and
- minimize any difficulties related to their use to the greatest extent possible.

Not all of the practices discussed in this *Guide* will be the best in every situation. Often, more than one approach will yield a successful outcome. And since conservation covenants can be – and should be – tailored to meet the needs of both the land being protected and the parties involved in the protection of the land, the best practices in one situation may differ from the best practices in another.

Not all of the issues covered in this guide will apply to every situation. The complexity of each conservation covenant will depend on the values it is designed to protect and the wishes of the parties. Some covenants are very complex and involve sophisticated obligations while others are designed to simply protect the land in its natural state or prevent subdivision. As a result, it is important for landowners and conservation organizations to be aware of a wide range of issues and to turn their minds to whether or not the issues are relevant to the specific situation or piece of land with which they are involved.

Best practices in relation to the use of conservation covenants will continue to evolve as will the need to share up-to-date information, communicate about successes and failures, and encourage the highest standards for achieving the permanent protection of those special spaces in the province that are privately owned.



# DISTINGUISHING CONSERVATION COVENANTS FROM OTHER MEASURES TO PROTECT PRIVATE LAND

A conservation covenant is one of a number of legal tools available to protect private land for ecological or other purposes. In many circumstances, it is the best tool available. However, there may be situations where a different legal tool is necessary or desirable as an alternative to using a conservation covenant. In some cases, another legal tool can be used together with a conservation covenant to achieve a high level of long term legal protection. For instance, a landowner may wish to donate land to a conservation organization and, prior to the donation, grant a conservation covenant on the land to another conservation organization. This will ensure that there are two conservation organizations directly responsible for the protection of the land in the long term.

In other cases, the landowner may wish to retain the right to live on the land for the length of the landowner's life or the lifetime of a relative of the landowner. In that case, the landowner may wish to grant a conservation covenant to a conservation organization to ensure the stewardship of the land in perpetuity. The landowner also can make a gift of the land to another conservation organization while retaining the right to continue to live the rest of his or her life on the land. This is known as a life estate. When the party entitled to the life estate dies, the life estate will no longer be a charge registered against title to the land. The land then will be owned by the conservation organization entitled to the residual interest in the land. Although the land will continue to be subject to the conservation covenant, it will no longer be subject to the life estate.

In some circumstances, a landowner may be concerned about protecting the special attributes of his or her land but be uncertain about whether or not to enter into an arrangement for permanent and irrevocable protection. In those cases, it may be appropriate for the landowner to enter into a stewardship agreement that is not registered against title to the property. The stewardship agreement would be for a fixed term and could be with a conservation organization willing to participate in the protection of the particular parcel of land. In some cases, these types of stewardship arrangements may lead to the parties agreeing to place a conservation covenant on the land in the future.

Another option for protecting significant ecological values of private property, such as wildlife habitat, is for a landowner to become involved in measures to restore, preserve and enhance wildlife habitat in either an urban or rural landscape. For example, the Naturescape British Columbia program<sup>2</sup> promotes caring for wildlife habitat at home and is designed for those who want to become good stewards of the spaces in which they live, such as backyards and neighbourhood commons. Over time, a landowner may become interested in providing permanent legal protection for the land as part of practicing good stewardship.

For a more complete discussion about legal tools available to protect private land, see *Here Today, Here Tomorrow: Legal Tools for the Voluntary Protection of Private Land in British Columbia*, another publication of West Coast Environmental Law Research Foundation.

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<sup>2</sup> Habitat Conservation Trust Fund. *Naturescape British Columbia: Caring for Wildlife Habitat at Home*, 1995.

## THE PURPOSE OF THIS GUIDE

This guide is intended to provide landowners, conservation organizations and other potential covenant holders, and real estate, legal and other professionals with information about the best practices associated with the protection of ecologically significant private land through the use of conservation covenants. It addresses matters such as

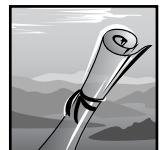
- what a conservation covenant is;
- who can hold conservation covenants;
- how an organization can be designated to hold conservation covenants and statutory rights of way by the Surveyor General on behalf of the Minister of Sustainable Resource Management;
- the need for all parties to a covenant to obtain professional advice;
- negotiating and drafting conservation covenants;
- many of the laws and regulations that apply when a landowner grants a conservation covenant;
- the types of costs associated with granting and maintaining a conservation covenant;
- the steps that must be taken when the land is within an agricultural land reserve (ALR) designated under the *Agricultural Land Commission Act*;<sup>3</sup>
- the use and content of management agreements;
- the collection of baseline information;
- monitoring covenants;
- enforcement practices;
- dispute resolution mechanisms;
- how to protect against liability; and
- a model conservation covenant and management agreement.

## GETTING PROFESSIONAL ADVICE

This guide provides educational information only. It does not constitute legal, tax or other professional advice in connection with specific properties or specific transactions. It is intended to alert readers to issues related to using conservation covenants effectively. It is essential that landowners considering legal measures to protect their private land and potential covenant holders considering accepting conservation covenants consult with legal and tax advisers at the earliest opportunity.

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<sup>3</sup> S.B.C. 2002, c. 36.



# WEST COAST ENVIRONMENTAL LAW RESEARCH FOUNDATION

This guide is one of a number of publications of WCELRFF related to the legal protection of ecologically significant private land in British Columbia. WCELRFF has provided legal materials and legal education for many years to assist landowners, conservation organizations, citizens and other professionals with an interest in protection of private land. Previously published materials include *Using Conservation Covenants to Preserve Private Land in British Columbia*; *Here Today, Here Tomorrow: Legal Tools for the Voluntary Protection of Private Land in British Columbia*; *Leaving a Living Legacy*; and *Giving It Away: Tax Implications of Gifts to Protect Private Land*.

This guide and other materials related to legal tools to protect private land in British Columbia are available in an electronic format on the web site of West Coast Environmental Law at [www.wcel.org](http://www.wcel.org). This guide will be updated periodically when significant changes are made to relevant legislation or government policy. These updates also will be available on the web site. To register for our electronic announcement of guide updates, send your email address to [taxguide@wcel.org](mailto:taxguide@wcel.org).

## CHAPTER 2

# ABOUT COVENANTS

This guide is about the best practices associated with the protection of ecologically significant private land through the use of conservation covenants. A more detailed explanation of covenants, and conservation covenants in particular, therefore is in order.

## COVENANTS GENERALLY

A covenant is a promise. In property law, a common law covenant is a promise by one landowner to another to do, or not do, something in relation to his or her land. Such promises take the form of voluntary, written agreements.

At common law, there are a number of restrictions on covenants. In particular, if a common law covenant is intended to bind future owners of the land, it must be restrictive or negative in nature. It cannot create positive obligations. As a result, such covenants are called restrictive covenants. In addition, there must be two pieces of property involved, one that benefits from the covenant and one that is burdened by the covenant. These pieces of property must be adjacent to or located very near each other. A common law restrictive covenant meeting these requirements and registered against title to land in the Land Title Office “runs with the land” or continues to bind the land even if the land is sold.

Restrictive covenants have a number of uses, for example, to restrict subdivision or development of property or to prevent a landowner from cutting down trees on his or her property. However, because of the rules governing restrictive covenants, they are not a particularly flexible tool. Furthermore, it is not clear whether a court would always uphold a restrictive covenant granted solely for conservation purposes.

Under section 219 of the *Land Title Act*,<sup>4</sup> it has been possible for many years for a landowner to grant a covenant in favour of the Crown or a local government body. A section 219 or statutory covenant is like a common law restrictive covenant in the sense that it is a promise, in a voluntary, written agreement, by a landowner relating to the landowner’s land. However, unlike a restrictive covenant, there is no need to have two neighbouring properties. In addition, a statutory covenant can create positive obligations, things the landowner must do, not only negative obligations, things the landowner cannot do.

Statutory covenants can be and have been used for a variety of purposes, including conservation purposes such as requiring two or more properties to be sold together, restricting subdivision or development and restricting the uses of the land.

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<sup>4</sup> *Land Title Act*, R.S.B.C. 1996, c. 250.



## DESCRIPTION OF CONSERVATION COVENANTS

A conservation covenant is a particular kind of statutory covenant. It was designed for conservation purposes. The legislation authorizing the use of conservation covenants provides legal authority for conservation covenants to protect a broad range of ecological, cultural, heritage and other purposes. Until 1994, only a provincial or local government body could hold a conservation covenant. The *Land Title Act* was amended in 1994 to allow a conservation covenant to be held by any person designated by the Minister of Environment, Lands and Parks.<sup>5</sup> In practice, this means that since 1994 a conservation covenant can now be held by a non-governmental conservation organization such as a local conservancy or land trust or a large provincial or national conservancy group. A conservation covenant also can be held jointly by two organizations, one of which can be a provincial or local government agency. Since the 1994 amendment, there has been an explosion of interest in using conservation covenants to protect ecologically important private land in British Columbia.

As mentioned, a conservation covenant is a voluntary, written agreement between a landowner and a covenant holder covering all or part of a parcel of property.<sup>6</sup> In the agreement, the landowner promises to protect the land as provided in the covenant. The covenant holder can enforce the covenant if the owner does not abide by its terms. The covenant is registered against title to the property in the Land Title Office under section 219 of the *Land Title Act*. Registration ensures that the covenant binds future owners of the land, not just the current landowner, since the conservation covenant is intended to last indefinitely.

Unless indicated otherwise, the terms “covenant” and “conservation covenant” will be used interchangeably throughout this guide to refer to section 219 covenants created for conservation purposes.

## A GOOD TOOL TO PROTECT PRIVATE LAND

The language in the legislation allows conservation covenants to be used in a wide range of circumstances. Conservation covenants can be used to prohibit cutting down a single tree or to protect many hectares of land. In addition, since a conservation covenant is a written agreement between the parties to the covenant, it is a flexible instrument that can contain numerous provisions designed specifically to address the particular needs of the land and the parties involved. A conservation covenant is an effective tool because

- it can be individually tailored to address the particular ecological features or other assets or amenities of the land against which it is registered and the specific conservation objectives of the parties;

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<sup>5</sup> *Land Title Act*, R.S.B.C. 1996, c. 250, s. 219(3)(c). Currently the Surveyor General, on behalf of the Minister of Sustainable Resource Management, is responsible for designating organizations to hold conservation covenants.

<sup>6</sup> There are cases in which a local government may require a landowner to place a section 219 covenant on property at the time of some change in use of the property. However, when this guide refers to a conservation covenant, in general, the reference is to a voluntary agreement between a landowner and a conservation organization or government body.



- a landowner can grant a conservation covenant covering only those areas of the landowner's property with special significance and can use the remainder of the property without restriction;
- since 1994, conservation covenants can be held by non-governmental conservation organizations that focus their time, energy and expertise on protecting ecologically important parcels of land throughout the province; this allows these organizations to harness the community interest in protecting special spaces in the community and relieves some of the burden on government to protect land; and
- conservation covenants can be modified by the parties in the future to accommodate necessary changes.

## KINDS OF PROVISIONS

Section 219 of the *Land Title Act* sets out the kinds of provisions that can be included in a conservation covenant. Provisions can be of either a positive or negative nature; that is, covenant provisions can require the parties to do something or not to do something. As explained above, under common law, covenants can impose only negative obligations, that is, obligations not to do something. Statutory covenants can impose positive duties as well.

Under the *Land Title Act*, the following kinds of provisions can be included in a covenant:<sup>7</sup>

- provisions about the use of land or the use of a building on land;
- requirements that land must be built on in accordance with the covenant, cannot be built on except in accordance with the covenant, or cannot be built on at all;
- prohibitions against subdividing land at all or except in accordance with the covenant;
- where the covenant applies to more than one parcel of land, provisions that parcels of land designated in the covenant and registered under one or more titles are not to be transferred separately; and
- provisions that the land or a specified amenity in relation to the land be protected, preserved, conserved, maintained, enhanced, restored or kept in its natural or existing state in accordance with the covenant and to the extent provided in the covenant.<sup>8</sup>

“Amenity” includes any natural, historical, heritage, cultural, scientific, architectural, environmental, wildlife or plant life value relating to the land subject to the covenant.<sup>9</sup>

This is not an exhaustive list of the kinds of provisions that can be included in a conservation covenant. Conservation covenants can be tailored to meet the conservation needs of the land and the wishes of the parties. Therefore, a variety of other types of provisions may be found in many conservation covenants in addition to those listed in the

<sup>7</sup> *Land Title Act*, R.S.B.C. 1996, c. 250, s. 219(2).

<sup>8</sup> *Land Title Act*, R.S.B.C. 1996, c. 250, s. 219(4).

<sup>9</sup> *Land Title Act*, R.S.B.C. 1996, c. 250, s. 219(5).



statute. The provisions need not be complex, particularly when the conservation objectives are simple and straightforward such as protecting the land in its natural state.

## INTENDED TO LAST

Conservation covenants are intended to protect land indefinitely. Covenants are registered against title to the land under section 219 of the *Land Title Act* and are binding on the present and all future owners of the land. They are said to “run with the land.” In granting a covenant, the landowner permanently transfers the rights described in the covenant document to the covenant holder. As a result, the landowner cannot transfer the rights granted by the covenant to the next owner of the land. Considerable care therefore must be taken in drafting a covenant.

When a landowner sells or otherwise disposes of land subject to a covenant, the obligation to comply with the covenant passes to the new owner. The landowner who placed the covenant on the land is no longer bound by it.<sup>10</sup> The covenant is binding only on a landowner while the landowner continues to own the land.

## LONG TERM IMPLICATIONS FOR COVENANT HOLDERS AND LANDOWNERS

Because conservation covenants are intended to protect land indefinitely and bind future owners of the land, it is important that the parties to a covenant carefully consider the long term implications of the covenant.

In particular, covenants create long term obligations for both the covenant holder and landowner. There will be costs attached to some of these obligations and these costs may recur each year indefinitely.<sup>11</sup> The obligations and costs must be assumed by future owners of the land, including heirs of the landowner. In addition, placing a covenant on land may lower its value because a covenant generally restricts the use of the land, for example, by preventing the landowner from subdividing or further developing the land.

Covenants also create a long term relationship between the landowner (and future landowners) and the covenant holder. Maintaining this relationship in good working order is important to the successful stewardship of the land protected by the covenant.<sup>12</sup>

Parties to a conservation covenant must understand and accept these long term implications prior to entering into the covenant.

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<sup>10</sup> *Land Title Act*, R.S.B.C. 1996, c. 250, s. 219(8).

<sup>11</sup> For example, insurance and monitoring costs. These are discussed later in *Greening Your Title*.

<sup>12</sup> For helpful information about landowner contact programs, see *On the Ground: A Volunteer's Guide to Monitoring Stewardship Agreements*, Salt Spring Island, BC: The LTA Land Trust Alliance of BC, 2001, a publication in the Stewardship Series.

# STEPS IN GRANTING AND HOLDING A CONSERVATION COVENANT

There are a number of common elements in the process of placing a conservation covenant on a parcel of land. Not all of them will be necessary in every situation, but landowners and conservation organizations should at least consider whether each of the steps is required. Some complex situations may involve additional steps.<sup>13</sup> Also, the timing of each of these steps will vary according to the specific circumstances. However, some steps, such as getting tax advice, should occur early in the process to avoid unexpected surprises after both landowners and conservation organizations have invested a great deal of time and energy in the process.

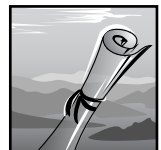
The landowner and the covenant holder should consider the following steps in placing a conservation covenant on land:

- identify the land to be protected;
- identify the characteristics of the land that are in need of permanent protection, such as the special natural features, the important habitat values, or the heritage or cultural values;
- determine the kinds of conservation practices that will best protect those characteristics;
- choose one or more conservation organizations to hold the conservation covenant, taking into consideration whether the organization
  - is designated to hold conservation covenants and statutory rights of way;<sup>14</sup>
  - has conservation objectives that fit well with the features of the land that are to be protected by the conservation covenant;
  - is an appropriate size and has adequate human and financial resources to undertake the covenant obligations and its long-term monitoring and enforcement;
  - will be able to work well with the landowner;
- obtain legal advice;
- obtain tax advice;
- conduct an environmental assessment of the property to ensure it fits within the conservation objectives of the conservation organization and to disclose any outstanding liabilities connected with the land that must be addressed, such as environmental contamination;
- prepare baseline information;

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<sup>13</sup> See Appendix 3 for a table setting out the steps involved. The table is intended to assist landowners and covenant holders to understand the process and to estimate the time and costs involved in placing a conservation covenant on land.

<sup>14</sup> Statutory rights of way under section 218 of the *Land Title Act* give the covenant holder access to the land. They are discussed in greater detail in Chapter 15.



- negotiate the terms and conditions of the conservation covenant;
- if the land is in the agricultural land reserve, obtain the approval of the Provincial Agricultural Land Commission;
- have an appraisal completed;
- prepare the conservation covenant document;
- prepare a management plan and management agreement for the land where appropriate;
- obtain a survey of the land, if necessary;
- execute the conservation covenant;
- register the conservation covenant at the appropriate Land Title Office; and
- monitor the land as agreed in the conservation covenant and the management agreement.

**Example:** Morgan and Kim live on a beautiful waterfront parcel on one of the Gulf Islands. The land boasts majestic Douglas fir, patches of exquisite wildflowers and a number of rare plants. A fish-bearing stream dissects the northwest corner of the land. Fortunately, the house, the original homestead and something of a local historic landmark, was built at the edge of the property. The property has been in Kim's family for three generations and has remained virtually unchanged from the time it was first settled.

Morgan and Kim are getting older. They want to protect the land. However, they fear that other members of their family, to whom they expect to leave the land, may not understand the precious qualities that would be lost forever if the land were subdivided or developed and may not be inclined to keep the parcel intact in the future. Although they have considered trying to make the land a park, they are reluctant to do so because the land is all they have to pass on to their family members.

Kim and Morgan want to make sure they have done all they can to "green" their title to the land before passing the land on to someone else. After talking with the local conservancy organization, as well as their lawyer and accountant, Morgan and Kim have decided to give the organization a conservation covenant covering all the property except the area on which the house is located. The conservation covenant will describe all the things Morgan and Kim agree to do to protect the land. It also will prohibit any activities on the land, including subdivision of the land, which will disturb the important natural features of the land. Because the covenant will be registered against title to the land in the Land Title Office, it will apply to all future owners of the land, either Morgan's and Kim's heirs or strangers.

## COSTS ASSOCIATED WITH CONSERVATION COVENANTS

Each step in negotiating, drafting and finalizing a conservation covenant may have associated costs. The parties to a covenant should be aware of the kinds of costs that might be incurred at the beginning of the process and determine who will pay for what.

Depending on the circumstances, costs might be incurred for the following:

- conducting an environmental assessment of the land to ensure it fits the conservation objectives of the organization and disclose any outstanding liabilities connected with the land, such as environmental contamination;
- appraising the value of the land and the value of the conservation covenant;
- surveying the area of the conservation covenant;
- preparing the baseline documentation report;
- obtaining legal advice relating to negotiating, preparing and reviewing the conservation covenant;
- additional insurance;
- obtaining tax and accounting advice; and
- fees for registering the covenant, statutory right of way, priority agreements, survey plans, and any other documents registered in the Land Title Office.

The costs listed above arise during the planning and granting of a covenant. Since a conservation covenant is intended to protect the land indefinitely and is a very serious commitment to the land on the part of both the owner and the covenant holder, it is essential that each step is undertaken carefully, using appropriate expertise where required. The range and amount of actual costs in agreeing to and finalizing a conservation covenant may be significant.

There will also be ongoing costs of monitoring and, if necessary, enforcement. These costs should not be underestimated since covenants are normally intended to remain in place indefinitely. The parties should address how these ongoing costs will be met to ensure that the land is protected in the way the parties intended.

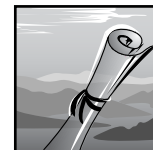
## LAND WITHIN THE AGRICULTURAL LAND RESERVE

Conservation covenants can be used to protect land for farming or to protect environmentally sensitive areas on agricultural land. However, a conservation covenant that prohibits the use of land in the Agricultural Land Reserve (ALR) for farm purposes has no effect unless it is approved by the Provincial Agricultural Land Commission.<sup>15</sup>

Land within the ALR normally will have a legal notation to that effect on the title which is lodged in the Land Title Office. If a potential covenant holder is unsure of the status of the property, the conservation organization can contact the appropriate local government,

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<sup>15</sup> *Agricultural Land Commission Act*, S.B.C. 2002, c. 36, s. 22(2).



either the regional district or the municipality, or the Provincial Agricultural Land Commission to determine if the land is located in the ALR.

When a potential covenant holder wishes to hold a conservation covenant on land within an agricultural land reserve, it must refer the covenant to the Agricultural Land Commission for written approval. The Commission has developed guidelines to assist landowners, conservation groups and government agencies developing conservation covenants that include ALR lands and to facilitate Commission review of proposed conservation covenants.<sup>16</sup> The Commission states in its guidelines:

The Commission has and will continue to agree to restrictions on agriculture where there are important, demonstrated environmental values that can be reasonably balanced with agricultural values.

There is no formal application form. The referral to the Commission should contain the information set out in the guidelines including:

- a map showing the general location of property and noting the Municipality or Regional District;
- the size of the property (specify hectares or acres) and number of parcels affected;
- the name of the landowner and covenant holder and contact information for each;
- a statement of ecological values;
- a statement of agricultural values; and
- the rationale for the proposed covenant.

The Agricultural Land Commission has established a number of guiding principles it will take into account when reviewing proposed covenants in the ALR. These principles, together with guidelines for drafting covenants intended to apply to land in the ALR and an outline of the referral procedure, are all set out in the Commission's guidelines referred to above.

The Commission requires covenant holders to be designated by the Minister of Sustainable Resource Management to hold covenants before referring a covenant to the Commission.<sup>17</sup> The Commission recommends early referral so that information gaps may be identified and contentious issues resolved well in advance of registration in the Land Title Office. The Commission states that eighty percent of referrals will receive a response within 90 days. Conservation covenants on land in the ALR cannot be registered without the approval of the Commission.

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<sup>16</sup> These guidelines may be found at [http://www.alc.gov.bc.ca/legislation/policies/Guidelines\\_convenants\\_Dec03.pdf](http://www.alc.gov.bc.ca/legislation/policies/Guidelines_convenants_Dec03.pdf).

<sup>17</sup> See the discussion of designation in Chapter 5.

## PRIVATE MANAGED FOREST LAND

There is no requirement for a conservation covenant holder to obtain consent prior to registration of a conservation covenant on private managed forest land. However, in order to obtain and retain managed forest land status under the *Assessment Act* for private forest land, owners of private managed forest land must submit a management commitment to the Private Managed Forest Land Council established under the *Private Managed Forest Land Act*.<sup>18</sup> The management commitment must contain a commitment to use the land for the production and harvesting of timber.<sup>19</sup> Those contemplating putting a conservation covenant on managed forest land should consult their advisors about the possible impact on property taxes and other implications of this requirement before proceeding.

## WORKING LANDSCAPE COVENANTS

Since the 1994 amendments to the *Land Title Act*, landowners and conservation organizations have begun to use conservation covenants to protect land while permitting its use for sustainable activities such as sustainable forestry, ranching and organic farming.

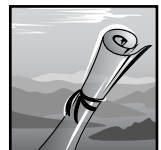
Covenants are a flexible, adaptable tool that can be tailored to meet a wide variety of purposes including complex land management. But they are not the right tool in every circumstance. The first step in creating a working landscape conservation covenant is to determine whether a covenant is the best land use management tool in the circumstances. In making this determination, the parties should consider that working landscape covenants present particular drafting challenges. Extra caution must be exercised when developing covenants that will contain detailed and elaborate land management provisions intended to stand the test of time. Drafting considerations are discussed in Chapter 4.

In addition, working landscape covenants likely will require more resources to monitor and administer over the long term and covenant holders must be able to support the ongoing administration costs. Covenant holder resources are discussed in Chapter 17. Finally, the landowner and covenant holders must be able to agree on the management approach to be taken in the covenant. Chapter 4 includes a more detailed discussion of this point.

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<sup>18</sup> S.B.C. 2003, c. 80.

<sup>19</sup> Private Managed Forest Land Council, *Forest Management Regulation*, s. 8(1)(b).







## CHAPTER 3

# CONSERVATION COVENANTS IN THE COURTS

Conservation covenants generally are intended to last in perpetuity. Covenants restrict land use and frequently lower the value of the land subject to the covenant. It therefore is a good practice to assume every covenant will be challenged some day. Questions of the enforceability of a covenant may arise in a number of ways. For example, a landowner, particular a subsequent landowner, may want to do something on the land that the covenant does not permit. Alternatively, a covenant holder might attempt to enforce the terms of a covenant against a landowner who has allegedly breached the covenant.

There is relatively little case law about interpreting and enforcing instruments like conservation covenants. However, a brief review of some of the principles identified by courts in Canada and the United States indicates the kind of approach that Canadian courts may take in interpreting and enforcing statutorily based conservation easements and provides some guidance for drafting effective and enduring documents.<sup>20</sup>

Canadian courts have not yet been called upon to interpret or enforce conservation covenants and only rarely to consider other kinds of covenants such as heritage covenants. While there is considerable jurisprudence relating to common law easements, restrictive covenants and other kinds of section 219 covenants, much of this jurisprudence is not relevant to conservation covenants. However, some of the principles and approaches to be applied in interpreting other restrictive covenants may well be relevant to conservation covenants although the extent of that relevance has not yet been determined.

As one court has stated about common law restrictive covenants:

The starting point of inquiry is, of course, a careful examination of the wording of the covenant and the whole of the document which contains it. The court will also, however, frequently consider evidence of surrounding circumstances at the time a covenant was entered into and other extrinsic evidence in order to resolve ambiguities in the text...<sup>21</sup>

In the United States, as in Canada, the cases that do exist indicate that the interpretation of the language of the covenant is central to a determination of whether or not the covenant will be enforceable. As one American commentator has explained:

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<sup>20</sup> This discussion is based in part on Part 6 of Judy Atkins, Ann Hillyer and Arlene Kwasniak, *Conservation Easements, Covenants and Servitudes in Canada: A Legal Review*, Ottawa, North American Wetlands Conservation Council (Canada), 2004, Report No. 04-01. See also Melissa Thompson and Jessica Jay, "An Examination of Court Opinions on the Enforcement and Defense of Conservation Easements and Other Conservation and Preservation Tools: Themes and Approaches to Date," (2001) 78 *Denver Univ. Law Rev.* 373, for a comprehensive review of conservation easement cases in the United States.

<sup>21</sup> *Kirk v. Distacom*, (1996) 4 R.P.R. (3d) 240 (B.C.C.A.).



In general, when called upon to interpret the meaning of conservation easements<sup>22</sup> in the face of allegations of easement violation, the courts will first look to the “plain words” of the easement document itself. “Deeds, like contracts, are construed in accordance with the intention of the parties insofar as it can be discerned from the text of the instrument.... If a deed is unambiguous, the court’s role is limited to applying the meaning of the words....”

Courts assume that the express language of conservation easements determines the intentions of the parties. In analyzing the language used in conservation easements, words are “given their ordinary and usual meaning” as judged by a “reasonable person.” ... If the written words are clear, these terms will govern the rights and liabilities of the parties.... [Citations omitted.]<sup>23</sup>

Only if a term in a conservation easement is found to be ambiguous will the courts look beyond the ‘four corners’ of the conservation easement document to consider other evidence in an attempt to determine the intent of the parties. This principle is generally applied in Canada as well as in the United States.

It has been held by one court in the United States that to determine the intent of the parties,

the court should look at the words of the instrument and the circumstances contemporaneous to the transaction.... The circumstances may include the state of the thing conveyed, the object to be obtained and the practical construction given by the parties through their conduct.<sup>24</sup>

Where ambiguities cannot be resolved by an examination of the document itself and the intent of the parties cannot be easily ascertained, courts will apply principles of interpretation to determine the meaning of covenant or easement terms.

The courts in Canada apply a number of principles of interpretation to restrictive covenants. One principle is as follows:

It is well established that restrictive covenants are strictly construed. Ambiguity is resolved in favour of nonenforcement.<sup>25</sup>

Canadian courts have refused to enforce restrictive covenants where the meaning of the language used in the covenant was uncertain. How this principle will be applied to statutorily based conservation covenants is uncertain.

North American courts have not yet settled the question of the extent to which courts will apply common law rules for interpreting restrictive covenants (for example, that they

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<sup>22</sup> The term “conservation easement” is commonly used throughout the United States and other parts of Canada. Conservation easements are similar to conservation covenants discussed in this guide.

<sup>23</sup> Andrew Dana, “The Silent Partner in Conservation Easements: Drafting for the Courts,” in *The Back Forty*, January/February 1999, Issue, Vol. 8, No. 1.

<sup>24</sup> *Smith v. Jack Nicklaus Dev. Corp.*, 225 Ill. App. 3d 384 (Ill.App. 1992), at 391.

<sup>25</sup> *Kirk v. Distacom*, (1996) 4 R.P.R. (3d) 240 (B.C.C.A.).

should be construed strictly against the drafter) to interpreting statutory easements and covenants. In some United States cases, the courts apply these restrictive principles asserting, for example, that “restrictions on land should be construed in favour of the free use of land and against the party seeking enforcement”.<sup>26</sup> In applying these principles, the court, on occasion, has rejected arguments that these principles should be applied only to restrictive covenants and not to conservation instruments.<sup>27</sup>

In other cases, the courts apply principles of interpretation that are more likely to recognize the different purpose of statutorily based conservation restrictions.<sup>28</sup> In some cases, the courts have acknowledged the public interest purposes of conservation restrictions and have approached interpretation and enforcement of the restrictions from that perspective.<sup>29</sup>

## EXAMPLES OF COVENANT CASES

The examples below are offered as case studies of how the courts have looked at selected restrictive covenants and conservation easements. This is not an exhaustive review of the cases in this area. While many restrictive covenants and conservation easements have been upheld, in a number of the examples that follow, the covenant under consideration was found to be unenforceable. These “negative” examples are included to show the kind of caution and care that must be taken in drafting conservation covenants to ensure that they are enforceable in perpetuity.

The examples show, among other things, the importance of precision and clarity in drafting and of drafting to meet the specific conservation objectives of the parties. The lessons learned from these cases have been incorporated in the discussion about drafting conservation covenants in the next chapter.

### CANADIAN CASES

The following examples show some ways in which the Canadian courts have dealt with restrictive covenants:

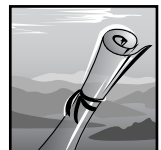
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<sup>26</sup> For example, *Foundation for the Preservation of Historic Georgetown v. Arnold*, 651 A.2d 794 (D.C.Cir. 1994). See also the *Southbury* case discussed below.

<sup>27</sup> See, for example, *Foundation for the Preservation of Historic Georgetown v. Arnold*.

<sup>28</sup> *Chatham Conservation Foundation v. Farber*, 56 Mass. App. Ct. 584 (2002). In this case, second generation landowners sought to construct an elevated walkway on their land. The Foundation’s position was that this was prohibited by the terms of a conservation restriction on the property. The Foundation was successful at the trial level. However, the Appeals Court sent the case back to the original trial court for resolution of the issue.

<sup>29</sup> *Goldmuntz v. Town of Chilmark*, 38 Mass. App. Ct. 696; *Bennett v. Commissioner of Food and Agriculture*, 576 N.E.2d 1365 (Mass. 1991). In this case, the court enforced an agricultural preservation restriction on common law principles against the grantor’s successors in title even though it arguably did not fall within the precise statutory definition of an agricultural preservation restriction.



**Example:** The plaintiff sought a permanent injunction alleging the defendants had breached a restrictive covenant.<sup>30</sup> The covenant stated the following:

Hereafter, no logging shall be carried out and no vegetation or plant life shall be disturbed or removed or interfered with on that part of the Servient Tenement comprised of the watershed for the community water utility presently known as Wilderness Mountain Water Corporation.

The defendants, purchasers of land burdened by the covenant, carried out activities on the land that the plaintiff alleged violated the terms of the covenant. The plaintiff sought an injunction to prevent the activities which it alleged would be harmful to the watershed.

The court found that the restrictive covenant was not enforceable because the definition of “watershed” was ambiguous. The court found on the evidence that there were ten different watersheds on the land and that it was not possible to determine which watershed the restrictive covenant protected.

The court compared the restrictive covenant with new statutorily based conservation covenants that had been placed on the land and noted that “in marked contrast to the vague wording of [the first restrictive covenant, the newer covenants] identified the watersheds ... on a Reference Plan.”<sup>31</sup> Moreover the new conservation covenants expressly referred to the need to protect specific watershed areas that had been surveyed. The court pointed out that the accompanying plan left no doubt as to the exact location of the watersheds to be protected by the conservation covenant.

**Example:** A restrictive covenant that stated “No act of commerce or industry shall be carried on any lot” was upheld.<sup>32</sup> The court stated:

In this case, it is clear to me the purpose of the relevant restrictive covenant was the preservation of the lands so as to exclude commercial or industrial ventures, and maintain the aesthetic character and amenities of lakeside property.... One of the restrictions imposed is using the lands for commercial or industrial purposes. So long as the Court is able to identify commercial and industrial uses of land then, in my view, the language of the covenant is clearly expressed and capable of enforcement.<sup>33</sup>

The court found that a campground and trailer park on the land were commercial ventures that were in breach of the restrictive covenant. Despite this finding, however, the court declined to enforce the covenant because other properties that were subject to the covenant had also been commercialized (neighbours had built a marina and motel) but the plaintiff had done nothing to enforce the restrictive covenant against these commercial developments. The court noted that by

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<sup>30</sup> *Mt. Matheson Conservation Society v. 573132 B.C. Ltd.* (2002), 3 R.P.R. (4th) 146, 48 C.E.L.R. (N.S.) 78 (B.C.S.C.).

<sup>31</sup> *Mt. Matheson Conservation Society v. 573132 B.C. Ltd.*, para. 48.

<sup>32</sup> *Turney v. Lubin* [1980] 1 W.W.R. 35; (1979) 14 B.C.L.R. 329; (1979) 10 R.P.R. 89 (B.C.S.C.).

<sup>33</sup> *Turney v. Lubin*, para. 13.

acquiescing in breaches of a covenant a party may lose its right to have it enforced by injunction.<sup>34</sup>

**Example:** A restrictive covenant stated that the owners of the land and their transferees “shall not use the lands herein for any other purpose than that provided by resolution of [the municipal] Council.”<sup>35</sup> The court found this covenant to be far too uncertain to be enforceable:

The covenant as expressed in the transfer is thus susceptible of the interpretation that the use to which the land may or may not be put must depend upon the whim of Council to be expressed in a resolution or resolutions to be passed at some future time or times as occasion may require. I cannot think of anything more uncertain and more indefinite than such a provision if, by the covenant, the municipal corporation purported to reserve to itself the right to dictate and control by resolution the uses which could be made of the subject land.

**Example:** A landowner applied under section 35 of the *Property Law Act* for cancellation of a restrictive covenant registered against 20 parcels of land on Galiano Island.<sup>36</sup> The land had previously been down-zoned to prohibit residential use and allow only forestry use and to set the minimum lot size at 65 hectares. This down-zoning was challenged in the court and struck down and the former zoning which allowed smaller lots and residential use was revived. At this time, the landowner began to develop the land. As part of development approval, the restrictive covenant under consideration was placed on the land. The covenant included the following term:

Hereafter, there shall be no cutting, falling or removal of evergreen trees within the Covenant Area WITH THE EXCEPTION that nothing herein contained shall restrict or prohibit the cutting, falling or removal of evergreen trees for the purposes of constructing, installing and maintaining wells, waterlines, driveways, pipes and poles for the purposes of transmission, distribution of electric energy, communication and television, a public trail network, clearing building sites and the curtilage [sic] appurtenant thereto and sewage disposal fields.

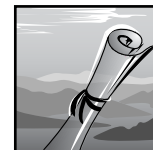
In effect, the covenant prohibited cutting of evergreen trees on portions of the lots bordering the road to preserve a treed corridor in a proposed residential development. The earlier decision of the court was then reversed and the more restrictive zoning reinstated. As a result, the landowner held 8 hectare lots that could be used only for forestry purposes.

The landowner argued that words such as “building site” and “curtilage” are unacceptably vague and that a phrase such as “evergreen trees” is insufficiently precise to serve as a legal norm for use in a restrictive covenant.

<sup>34</sup> *Turney v. Lubin*, para. 20.

<sup>35</sup> *Re Sekretov and City of Toronto*, [1973] 2 O.R. 161 (Ont. C.A.).

<sup>36</sup> *Winmark Capital Inc. v. Galiano Island Local Trust Committee* (2004) (B.C.S.C.), at <http://www.courts.gov.bc.ca/jdb-txt/sc/04/17/2004bcsc1754.htm>. Section 35 of the *Property Law Act* is discussed in greater detail in Chapter 6.



The court rejected this argument and stated:

While there may some debate as to whether the particular activities are allowed or prohibited – for example, whether the construction of a logging road is included in the term “driveway,” – that does not serve to make the covenant unenforceable. The covenant is not unusual in its wording, and the courts are able to assist the parties in its interpretation should that become necessary.

While, as is virtually always the case, greater precision might be helpful, I consider the wording of the restrictive covenant (even in the context of the current zoning) to be enforceable.

## UNITED STATES CASES

The following examples show how the courts in the United States approach conservation easement cases. All but the last example involve interpretation of the terms of the conservation easement. The last example shows how a collateral attack on a conservation easement can threaten its enforceability. It is a cautionary tale for conservation organizations about how they conduct their negotiations.

**Example:** Construction of a swimming pool prohibited<sup>37</sup>

A restriction in a conservation easement stated that the owner of the property would not, among other things, construct or place buildings or other structures on or above the ground. The landowner, who lived on the property, wanted to build a swimming pool and argued that the pool fell under one of the exemptions in the restriction which allowed “fishing, shellfishing, boating...and other similar recreational uses [on the property] and the repair, maintenance, improvement and building of accessory structures appropriate to said uses.” The swimming pool was simply an accessory structure to be used for the recreational use of swimming.

The landowner also argued that the pool fell within an exception in the restriction that allowed for the “improvement of the existing dwelling” and that the Commission had previously allowed him to build decks attached to the dwelling under this exception. The landowner argued that a pool was a similar improvement.

The court rejected these arguments. First, the court found that building a pool was not “accessory” to the recreation: “the structure cannot be ‘accessory’ as the activity is not possible without the structure.” The court found that the exemption allowed for the construction of buildings that were accessory to a pre-existing passive recreational use of the property. For example, the exemption would allow a change room to be constructed next to a swimming pond on the property. Second, the court found that building a pool was not an improvement of the

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<sup>37</sup> *Goldmuntz v. Town of Chilmark*, 38 Mass. App. Ct. 696.

existing building because even if it was flush with the dwelling it was still “an entirely separate structure...”

**Example:** Construction of an addition prohibited<sup>38</sup>

An easement prohibited the landowner “from building any structure on his property, encroaching on any presently open space, or obstructing a view of the building façade from the street, without first obtaining the written consent of the Foundation [for the Preservation of Historic Georgetown].” The landowner wanted to construct a two-story addition on the back of his house to provide support for new air conditioning units and argued that the terms of the easement were ambiguous. He also argued, based on other easements held by the Foundation, that the easement only prevented him from altering the front of the house.

The court rejected all of the landowner’s arguments and held that the easement was clear and unambiguous on its face.

**Example:** Construction of second dwelling allowed<sup>39</sup>

In this example, the court’s determination of the drafters’ intent, its application of common law principles relevant to restrictive covenants and its interpretation of the easement worked against the land trust.

An easement on a nine acre farm restricted the land “to its agricultural and open space use...” and provided that the land, buildings and other structures were to be used only for specified purposes including:

- (a) Farms, truck gardens, forestry and keeping of livestock and poultry.
- (b) A single detached dwelling for one (1) family and not more than (1) such dwelling per lot, except as provided in subparagraph c below.
- (c) An additional dwelling unit for one family in a dwelling or another building, provided that the same is used only as a residence for one or more members of the family of persons directly employed in the operation of the uses in subparagraph a above...”

New owners of the property wished to construct a detached single family home to be occupied by one landowner’s son and his family. The land trust brought an action claiming that the construction of this home would violate the terms of the easement. The land trust attempted to argue that the “dwelling unit” permitted by (c) had to be attached to or constructed within the existing farm house or another existing farm building.

In rejecting this argument, the court relied on a principle that has historically been applied in the interpretation of restrictive covenants:

<sup>38</sup> *Bagley v. Foundation for Historic Georgetown*, 647 A.2d 1110 (D.C.App. 1994).

<sup>39</sup> *Southbury Land Trust, Inc. v. Andricovich*, 59 Conn. App. 785 (Conn.App. 2000).



Recognizing that “[a] restrictive covenant must be narrowly construed and ought not to be extended by implication” ...we decline to adopt the plaintiff’s narrow definition of “dwelling unit”. Applying the definition found in the very code from which the language in the conservation easement derived, we conclude that the term “dwelling unit” applies to a detached stand alone building, such as a single-family home.<sup>40</sup>

The court commented that if the drafters had intended that new dwellings could not be built, they could have used explicit language to express this, for example, by requiring that any additional dwelling unit be part of an existing dwelling or another existing building. The court had this to say about the drafters’ intent:

Clearly, the drafters wanted to preserve the pastoral aspects of [the land] and sought to stave off future development of the land. The drafters recognized, however, that future generations farming [the land] might want to have their sons or daughters live with them on the farm, but in a separate dwelling unit. The drafters thus allowed for the construction of one more home on the land, but only on the condition that the inhabitants of that home be relatives of those working the farm. The drafters likely rationalized that by restricting ownership of any new home on [the land] to relatives of those farming the land the new inhabitants would have a greater connection to the land and would be more likely to take pains to preserve the pastoral setting of the land.... If the drafters had intended to control the physical design of any new structures on the land, they easily could have done so.

**Example:** Development of dude ranch allowed<sup>41</sup>

A scenic easement granted to the government stated that “with reference to [a specific legislative provision], it is agreed that only one residence and one tenant dwelling are authorized within the easement area.” The landowner proposed to develop the property for dude ranching which would require constructing buildings in addition to the log cabin, bunkhouse and barn already existing on the property.

The proposal was rejected through all administrative levels as being contrary to the terms of the easement. The landowner took the matter to court. At the first level, the court interpreted the easement as allowing dude ranching structures such as corrals and barns in addition to one residence and one tenant dwelling. The government appealed.

The appeal court affirmed this decision pointing to the legislative provision incorporated by reference into the easement. That provision expressly permitted structures “necessary...for dude ranching”. The court noted:

It would have been easy for the Government’s drafter to place language in the deed prohibiting all dude ranching buildings otherwise permitted by the regulation...But the Government did not do so. Because of this drafting

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<sup>40</sup> *Southbury Land Trust, Inc. v. Andricovich*, at 790.

<sup>41</sup> *Racine v. United States*, 858 F.2d 506 (1988).



failure, the Government is now essentially asking this Court to re-write the deed...But the Court does not have the power to re-write the deed.

**Example:** Collateral attack on an easement<sup>42</sup>

A landowner sought to donate conservation easements to a land trust. He was told that the trust normally accepted easements on property consisting of 50 acres or more. The landowner contacted several neighbours about simultaneously donating easements so that the aggregate acreage would qualify for a donation to the trust. As part of the negotiations between the landowners and the trust, the board of the trust decided that it would like a "no subdivision" clause in the easement, but that it would accept the easements without this provision, if necessary.

The letter from the trust to the landowner describing the trust's position on subdivision stated that the board requested that the landowners "consider" adding a "no subdivision" clause. The representative from the trust never specifically told the landowner that the board would accept the easements without the subdivision restriction.

The landowner assumed that the "no subdivision" restriction was non-negotiable and, as a result, his easement included such a restriction. However, his neighbours interpreted the letter as simply an offer and they negotiated their easements without such a restriction. Several years later, the landowner discovered that he was the only landowner with a "no subdivision" restriction. He sued the trust for fraud.

Two lower courts decided that the trust's failure to fully explain its negotiating position was fraudulent and, as a result, the easement was invalidated. An argument by the Land Trust Alliance that "rescinding a conservation easement on the evidence brought forth at trial may do irreparable harm to land conservation in Maryland" did not sway the court.

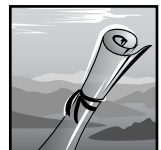
An appeal was made to the Maryland Court of Appeals and it allowed the appeal.<sup>43</sup> In allowing the appeal the court stated:

Failure to state more explicitly that [the trust] would accept the conservation easement without a subdivision restriction was not sufficient, by itself, to constitute fraud, as [the trust] had no duty to do so. There was no fiduciary or confidential relationship existing between respondents and [the trust] that would have required such a disclosure in order to avoid any breach of trust...The letter from [the trust] to respondents truthfully and accurately conveyed the decision made by the Board of Trustees at the meeting and concealed nothing from respondents...

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<sup>42</sup> *Maryland Environmental Trust v. Gaynor*, 140 Md. App. 433.

<sup>43</sup> 370 Md. 89; 803 A.2d 512; (2002).



## CHAPTER 4

# NEGOTIATING AND DRAFTING CONSERVATION COVENANTS

A conservation covenant is a kind of contract as well as creating an interest in land. Like all contracts, the terms of a conservation covenant must be negotiated between the parties. Once negotiations are complete, a final written document is prepared containing the terms on which the parties have agreed. This chapter looks at the negotiation process and draws on the case studies in the last chapter, among other things, to set out principles for effective drafting.

## NEGOTIATING CONSERVATION COVENANTS

The negotiation process can take a significant amount of time. However, the process of reaching agreement about the terms of a covenant provides an opportunity for the landowner and covenant holder to develop an effective working relationship.

A number of steps are involved in developing and finalizing the terms of a covenant. Generally, covenant holders will use a form of conservation covenant, such as the annotated covenant in Appendix 1. A form of covenant is intended to contain the terms that are essential to make the covenant effective and enforceable. However, each form is simply that, a form. It is not a document where the parties can simply “fill in the blanks”. One form of covenant cannot meet the needs of all parties in every circumstance. Each conservation covenant will have its own factual matrix and a form of covenant cannot be expected to address every possibility. Because entering into a conservation covenant is a significant commitment, the parties must review and analyze each term in a form of conservation covenant. Existing terms must be adapted and new terms created as necessary to address the specific circumstances.

Some local governments or other government agencies may require parties to use a particular form of covenant, for example, as a condition of development or subdivision approval or eligibility for property tax relief. The Natural Area Protection Tax Exemption Program of the Islands Trust is one example of a program requiring landowners to enter into a particular form of covenant.<sup>44</sup>

Where a form of covenant is required by legislation, there may be little opportunity to alter its terms. In these circumstances, both the landowner and covenant holder must decide whether the required terms accomplish their goals. If the required terms are not sufficient for their purposes, the parties will need to explore with the government agency in question the possibility of altering the form of covenant. If the form of covenant is not acceptable

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<sup>44</sup> Information about NAPTEP can be found on the Islands Trust website at <http://www.islandstrust.bc.ca/>.

and cannot be changed, the parties may find it impossible to reach agreement on the terms of the covenant.

Regardless of the circumstances, all parties should obtain professional advice during the negotiating stage about the legal impact of the covenant and the tax and other financial implications.

## TYPICAL STEPS IN NEGOTIATING A COVENANT

Conservation covenant negotiations can begin in a number of ways. For example, a landowner with ecologically significant land knows about conservation covenants and wants to protect the land in perpetuity. The landowner contacts a land conservation organization to begin discussions about putting a conservation covenant on her land. Alternatively, a land conservation organization, through its landowner contact program, contacts a landowner or holds a public information meeting about conservation covenants. In still other circumstances, a landowner chooses to grant a conservation covenant on his land to qualify for property tax relief or as a condition of subdivision approval.

Depending on the circumstances and the values to be conserved, the following steps will form part of conservation covenant negotiations:

- determining the values to be protected;
- determining the ways in which the values will be protected, that is, the restrictions on land use;
- determining the rights that are reserved to the landowner;
- preparing and agreeing on a baseline report; this may include mapping, aerial photography, sampling and testing;
- deciding how to allocate costs, liability and obligations relating to drafting, registering and implementing the covenant;
- obtaining legal and tax advice;
- finding out about and dealing with prior charges on the land such as mortgages, easements, and rights of way.

The parties to a conservation covenant generally will conduct much of these discussions themselves. In some circumstances, however, they may have legal representation. This often will be the case in finalizing the terms of the covenant document.

It is also during the negotiation stage that the parties will obtain surveys, appraisals, certificates of ecological sensitivity in the case of ecological gifts, contaminated site assessments, local government and Agricultural Land Commission approvals, and so on. Each of these steps will provide information that may affect covenant negotiations and the kinds of terms that will be included in the covenant.



The final step in negotiating a conservation covenant is drafting the covenant document itself. The covenant document likely will be revised a number of times before it is acceptable to all parties. Drafting often begins before all information has been obtained and terms must be revised to address information as it is received. It is not unusual for the negotiation process to take many months.

## DRAFTING CONSERVATION COVENANTS

Conservation covenants, which are frequently complex documents, are intended to last indefinitely. As the examples in the last chapter show, conservation covenants must be drafted in a way that clearly sets out the rights and obligations of the parties and that will withstand challenges in the future. They must stand the test of time and be as meaningful 150 years from now as they are today. They should be drafted with the assumption that they will be challenged at some time in the future.

### SOME GENERAL PRINCIPLES

The discussion of case law above and general drafting principles offer some guidance for drafting conservation covenants. The principles and suggestions set out below are derived from these sources. It is good practice for any organization developing a form of conservation covenant to adhere to basic drafting principles. These principles should also be applied when drafting the actual terms of specific covenants.

1. Conservation covenants are creatures of statute and must comply with the statutory provisions authorizing their use. In British Columbia, the relevant statutory provision is section 219 of the *Land Title Act*. Section 218 authorizes the granting of statutory rights of way to designated organizations.<sup>45</sup> Anyone involved in drafting conservation covenants must be familiar with sections 218 and 219 and the law related to the following:
  - who can hold a conservation covenant or statutory right of way and what steps must be taken to enable an organization to hold covenants and rights of way;
  - for what purposes a conservation covenant can be granted;
  - what kinds of restrictions a conservation covenant can impose;
  - what kinds of enforcement remedies are permitted; and
  - how a conservation covenant can be modified, assigned or discharged.

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<sup>45</sup> A statutory right of way gives the covenant holder access to the covenanted land for monitoring and enforcement purposes. See the discussion about Access in Chapter 15 and about designation of covenant holders in Chapter 5.

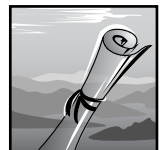
2. Do not use precedents and forms of covenants without giving a great deal of thought and care to ensuring the finished product meets the needs of the parties in the specific circumstances.
3. Check the requirements for registering the conservation covenant in the Land Title Office. Registration is necessary to ensure the covenant runs with land and binds future owners. Will it be necessary for the covenant document to include terms about registration? What can be registered in the Land Title Office (the covenant document) and what cannot (photographs)? How will material essential to the covenant that cannot be registered be dealt with in the document?
4. Look at the entire document during the drafting process. A court will generally look at the entire document when interpreting a provision. Covenant drafters must therefore engage in the same exercise. Throughout the drafting process, review the document to ensure it fits together well. Eliminate internal inconsistencies and and contradictory sections. Be vigilant throughout the drafting process because inconsistencies and contradictions may develop over several drafts.
5. Clear, precise, accurate drafting will help avoid disputes and, if a dispute occurs and goes to court, will help ensure the document is interpreted according the parties' intentions when it was drafted. As much as possible, avoid drafting documents containing vaguely worded clauses and clauses whose meaning is uncertain. Avoid using colloquialisms, abbreviations, terms of art, or technical terms in conservation covenants. If they must be used, define the terms so that a "reasonable person" or a lay person will understand the terms, precisely as intended.
6. Avoid including provisions that cannot be monitored or enforced or that the covenant holder does not intend to monitor and enforce. Avoid any temptation to micromanage land using a conservation covenant. The attempt may backfire.
7. Proof-read the document again and again and proof-read it carefully. Avoid typographical errors, inconsistencies and sloppy mistakes which tend to colour the entire document. Remember that the covenant may need to be enforced a hundred years from now.
8. Obtain legal advice. If lawyers are not involved throughout the drafting process, each party must obtain independent legal advice before finalizing the covenant. Lawyers can assist in answering the questions raised in the discussion below about specific clauses.

## PARTICULAR KINDS OF CLAUSES

A typical conservation covenant will contain many provisions. This section examines a few typical provisions that will form part of most conservation covenants and offers some drafting guidance.<sup>46</sup>

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<sup>46</sup> See also the annotations in the Annotated Conservation Covenant in Appendix 1 for suggestions about drafting.



## Interpretation and definitions

See Annotated Conservation Covenant, section 1.

Every covenant should include an interpretation section. The interpretation section generally will include definitions (Annotated Conservation Covenant, section 1.1) and principles of interpretation that must be applied when interpreting the meaning of the covenant terms (Annotated Conservation Covenant, section 1.2-1.5). The interpretation section is vital to ensuring that the meaning of the terms of the covenant remains clear over time.

Covenant drafters must decide what words should be defined and whether it may be preferable, under some circumstances, to leave words undefined. For example, decide whether it is necessary to define terms like “agriculture”, “sustainable forestry” and “organic gardening”. Defining words clearly freezes their meaning as of the time the covenant is drafted but makes it more likely that the words will be given the meaning the parties intended.

Ensure that all necessary terms are defined and that definitions are as clear and precise as possible.

Defined terms are generally capitalized to indicate that they are defined terms. They must be used consistently throughout the document. Make sure all capitalized terms are defined. If the document includes a definition section, include all defined terms in that section and avoid defining terms elsewhere in the document.

Consider how much information to include in the definition of a term. It may be preferable to include significant content in other sections of the covenant and refer to specific sections in the definitions (see, for example, the definition of “Rent Charge” in section 1.1 of the Annotated Conservation Covenant).

## Intent and purpose section

See Annotated Conservation Covenant, section 3.

The intent and purpose section is also vital to the interpretation of a conservation covenant because it is the lens through which anyone interpreting the covenant must look. It explains why the parties entered into the covenant. The intent and purpose section can include more than one purpose. As discussed in Chapter 6, including more than one purpose can help reduce the risk of a successful application to have the covenant terminated.

An agreement can have both primary and secondary purposes. It is useful to identify the purposes as primary and secondary if that is the case. If there is ever any need to establish a hierarchy of purposes in interpreting other provisions in the conservation covenant, identifying the purposes as primary and secondary will assist in this exercise.

As a general rule, the parties should only include purposes that are important and central to why the covenant was granted. Ancillary purposes that are not central to the conservation

objectives should not be included, especially if there is no real intention or possibility of enforcing them. Including ancillary purposes may muddy the waters and have the effect of diluting the importance of the main purposes of the covenant.

Think about the intent and purpose section carefully in the context of the circumstances relating to each covenant. Avoid simply borrowing the intent and purpose section from another covenant without considering whether it is appropriate for the covenant being drafted.

The intent and purpose section often contains the following kind of statement:

This Agreement shall be perpetual to reflect the public interest in the protection, preservation, and conservation of the natural state of the Land and the Amenities for ecological and environmental reasons.

Whether it forms part of the intent and purpose section or is included elsewhere in the covenant document, such a statement is important to help ensure that the covenant will endure, even in the face of challenges based on changes in the character of the neighbourhood, and so on.

## Restrictions on land use

See Annotated Conservation Covenant, section 4.

Every covenant will contain a section restricting the use of the land. This section forms the heart of the covenant because it sets out the measures that are intended to achieve the conservation objectives. The restriction may be as simple as a prohibition on subdivision or may involve complex provisions permitting some activities while prohibiting others.

This section will be unique to each covenant and careful attention must be given to drafting it in accordance with the principles set out in this chapter. As a general rule, include only restrictions that can be enforced and that will be enforced. Avoid including restrictions that either are not enforceable or will not be enforced by the covenant holder. Both can weaken a covenant and make it vulnerable to challenge.

It is generally preferable to include all restrictions in the main body of the covenant rather than in a schedule to the covenant, even if they are lengthy. The restrictions are central to the covenant and will be easier to find and less likely to become separated from the rest of the covenant document if they are included in the main body of the document.

The land use restrictions section must be drafted in the context of the entire document. Ensure that the land use restrictions section is consistent with all other provisions, for example, the owner's reserved rights section (Annotated Conservation Covenant, section 8). Do not say one thing in one provision and contradict it in another without creating exceptions. Potential inconsistencies must be addressed in the covenant by using words such as "despite section \*\*\*" or "subject to section \*\*\*".

Because the land use restrictions section is unique to each covenant, it is particularly vulnerable to the development of inconsistencies and errors over several drafts of the



covenant. Great care must be taken throughout the drafting process to ensure that this section remains consistent and clear through to the final product.

## Incorporating material by reference

See Annotated Conservation Covenant, section 1.1, definition of “Report”, for an example of incorporating a baseline report by reference.

It is a good practice to include everything in the covenant document itself that is necessary to achieve the objectives of the covenant. In this way, the entire covenant will be registered in the Land Title Office, all parties and the public will have access to the full covenant, and it will be clear what forms part of the covenant.

However, in some circumstances, not all material necessary to a conservation covenant can be included in the covenant. Land Title Office practice, which changes from time to time, may limit the length of documents that can be registered or preclude registration of some material such as photographs or videotapes which form part of a baseline report.<sup>47</sup> In some circumstances, the parties intend material such as standards or bylaws developed by third parties to form part of the covenant.

Incorporating material by reference creates uncertainty which may render the covenant, or portions of it, vulnerable to challenge. It raises such questions as – exactly what material is incorporated? do all parties have access to it? has it changed since the date it was incorporated and, if so, are the changes incorporated as well? if the material has changed, is it possible to find the original material that was incorporated?

Where it is necessary to incorporate material external to the covenant by referring to it in the covenant, the following questions and practices may reduce the uncertainty and help ensure all important parts of the covenant will continue to charge the land in perpetuity.

- Determine the date as of which the material will be incorporated and state this date clearly in the covenant. Attempting to incorporate periodic changes made to incorporated material without an amendment to the covenant may render the covenant vulnerable to attack.
- If the incorporated material will change over time, determine whether the changes will be incorporated as well and how this will be done. Ideally, the covenant should be amended if new material will be incorporated.
- Ensure that the covenant states that a copy of incorporated material is on file with each of the parties. All parties should sign and date enough copies of incorporated material so that each party has an originally signed version. Covenant holders must ensure that new landowners receive a copy of any material incorporated by reference, including the baseline report.<sup>48</sup>

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<sup>47</sup> It is a good practice to check with the Land Title Office from time to time about the policy relating to what can form part of a registered covenant document.

<sup>48</sup> For more information, see the discussion in Chapter 14 about change in ownership.



## “Boilerplate”

Boilerplate is standard language that is essentially identical or very similar and has the same meaning in documents of a similar nature. Sections 18-21 and 24-29 in the Annotated Conservation Covenant are examples of what is often called boilerplate. Although they change little or not at all from covenant to covenant, boilerplate clauses serve an important purpose and must not be changed or removed without legal advice. In most cases, each clause should be included in a covenant. However, in some circumstances, some of the boilerplate clauses will not be necessary. Landowners and covenant holders should obtain legal advice about the meaning of and necessity of including boilerplate clauses.

## DRAFTING WORKING LANDSCAPE COVENANTS

Working landscape covenants (see the discussion in Chapter 2) are more complex than covenants that are intended to protect land in its natural state and present additional drafting challenges.

Although conservation covenants can be used successfully to create working landscapes, the land use management provisions must be carefully drafted to meet the specific needs of the parties in each circumstance. Professional advice is essential to ensure that such a covenant will accomplish the conservation goals of the parties and be enforceable in perpetuity.

All of the drafting considerations discussed above apply to drafting working landscape covenants. The following points should also be considered:

- Ensure definitions (such as “sustainable forestry”, “organic farming”) are clear and will stand the test of time. Include or refer to standards, such as standards developed by the Forest Stewardship Council or other organizations, if necessary.
- Include working landscape purposes either in the intent and purposes section or elsewhere if more appropriate and state them clearly. Decide on the priority of the working landscape purposes in relation to the other purposes of the covenant.
- Consider whether to include principles or objectives of land management or performance goals.
- Decide on the management approach to be taken. This will depend on the needs of the parties and the negotiated approach to management. One or a combination of the following might be used:
  - Will management be on the basis of a management plan? If so, how will land management provisions be divided between the management plan and the covenant itself? What guidance will be given in the covenant for plan preparation?
    - What kind of review and approval process will be required? Who must approve?



- Will professional advice be required in plan preparation or approval?
- Will the management approach be based on specified standards. If so, will the standards be attached to the covenant or a management plan or incorporated by reference, or will a combination of these approaches be used?
- Will management be on the basis of specific restrictions included in the covenant itself? If so, take particular care to ensure that restrictions are measurable and monitorable, based on scientific principles and related to the covenant purposes.
- Take particular care when drafting the owner's reserved rights to avoid inconsistencies and incompatible uses.
- As with other conservation covenants, do not include provisions that will not be enforced or that cannot be enforced. There is a particular danger with complex documents that inconsistencies between provisions will develop over several drafts.

## CHAPTER 5

# HOLDERS OF CONSERVATION COVENANTS

## SOME PRACTICAL CONSIDERATIONS

It is important for landowners to give serious consideration to who will hold a conservation covenant on their property. The organization that becomes the covenant holder should have conservation objectives that fit well with the values the landowner wants to protect. For instance, if a landowner has a piece of property containing an ecologically sensitive marsh, the landowner will want to find a conservation organization that has the interest and expertise necessary to provide appropriate protection for the marsh itself and the flora and fauna dependent on the marsh. If the landowner were interested in protecting the heritage values of his or her property, an organization with experience in heritage conservation would be more appropriate.

In some circumstances, government programs or conditions require a specific covenant holder. For example, the Natural Area Protection Tax Exemption Program of the Islands Trust requires that one of the covenant holders be an Islands Trust entity, either the Trust Council, a Local Trust Committee, or the Trust Fund Board. Generally, the landowner may choose a second covenant holder as well.

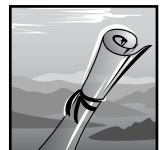
When deciding on an appropriate covenant holder, landowners also should consider the organization's capacity to meet its obligations under a covenant.<sup>49</sup> In addition, landowners may want to inquire whether the organization has adopted standards and practices to guide its conduct and to review these standards and practices. Standards and practices are discussed below.

The landowner and the conservation covenant holder will have an important ongoing relationship and, depending on the nature of the land and the conservation covenant, may have substantial contact. Therefore, it is important for a landowner to choose an organization that he or she will feel comfortable dealing with for as long as the landowner continues to own the property. There may be a significant amount of contact during the process of negotiating and granting the conservation covenant. After the covenant is registered, the parties will have periodic contact when monitoring of the covenant provisions occurs.

Some landowners feel most comfortable dealing with a local organization which might include neighbours or other members of the community known to the landowner. Others prefer a more arm's length or businesslike relationship with the covenant holder and might

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<sup>49</sup> See Chapter 17, Resources of Covenant Holders, for a discussion of the kinds of resources covenant holders need.



choose a national or provincial organization with less of a local presence. In some cases, landowners do not want to deal with government agencies and will only consider non-government organizations as candidates for holding a conservation covenant. Again, other landowners want to ensure there is no danger of the conservation covenant holder ceasing to exist and enjoy the security of knowing that a government agency is likely a permanent body.

## LEGAL OPTIONS

Conservation covenants can be held by a variety of parties. As noted previously, the *Land Title Act* was amended in 1994 to allow non-government organizations to hold conservation covenants, significantly expanding the potential for their use in British Columbia.

The *Land Title Act* provides that a conservation covenant can be held by

- the Crown or a Crown corporation or agency,
- a municipality, regional district or local trust committee under the *Islands Trust Act*, or
- any person designated by the Minister of Sustainable Resource Management on terms and conditions he or she thinks proper.

While many conservation covenants continue to be held by government bodies, such as the Islands Trust Fund Board, there are an increasing number of covenants held by non-government conservation organizations such as land trusts.

## DESIGNATION

Any individual or organization that wishes to hold a conservation covenant must apply to the Surveyor General to be designated before receiving and registering the covenant.<sup>50</sup> Generally, a conservation covenant will also incorporate a statutory right of way granted under section 218 of the *Land Title Act*. A statutory right of way allows the covenant holder access to the covenanted land for monitoring and enforcement purposes.<sup>51</sup> Organizations must be designated to hold statutory rights of way as well. The Surveyor General designates covenant and statutory rights of way holders on behalf of the Minister of Sustainable Resource Management. Conservation covenants and statutory rights of way may be assigned or transferred to another party. Any party receiving a conservation covenant or statutory right of way by way of an assignment also must be designated prior to receiving and registering the assignment of the conservation covenant or statutory right of way.

Application for designation is made to the Surveyor General Division of the Land Title and Survey Authority of British Columbia on behalf of the Minister and should be sent to:

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<sup>50</sup> *Land Title Act*, R.S.B.C. 1996, c. 250, s. 219(3)(c).

<sup>51</sup> See Chapter 15 for a discussion of statutory rights of way.

Surveyor General Division  
Land Title & Survey Authority  
PO Box 9390  
Victoria, BC V8W 9M8

The Surveyor General Division has provided the following guidance about the information an applicant needs to include with an application for designation to hold conservation covenants:<sup>52</sup>

- a statement of whether the applicant is an individual, organization or society; if applying on behalf of a corporation or society, the applicant should indicate the date of incorporation, the incorporation registration number of record (available from the Registrar of Companies), and whether the corporation or society is non-profit in nature;
- a description of the applicant's business and how it relates to holding conservation covenants;
- detailed reasons for requesting designation or assignment;
- a description of the nature of the covenant or covenants which the applicant wishes to hold;
- the legal description of the lands that are the subject of the conservation covenant, unless the application is for a general designation; and
- a statement of whether or not any of the lands to be subject to the conservation covenant lie within an agricultural land reserve (ALR) designated under the *Agricultural Land Reserve Act*.<sup>53</sup>

For designation to hold a statutory right of way, the Surveyor General requires the following information:

- full legal name and incorporation number of the agency to be designated;
- for designation with respect to a particular piece of land:
  - legal description of the land;
  - a copy of the registered title;
  - copies of all pertinent registered or unregistered survey plans; and
- for province or general area designations (see below), the function and range of locations in which the applicant will work.

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<sup>52</sup> See Surveyor General Division website at [http://www.ltsa.ca/sgd\\_conserve.htm](http://www.ltsa.ca/sgd_conserve.htm). The website of the Surveyor General Division has important information about the designation process, including an application form, as well as a list of the organizations that have been designated to hold conservation covenants and statutory rights of way in British Columbia.

<sup>53</sup> R.S.B.C. 1996, c. 10.



The Surveyor General reviews the information provided with the application and, when the designation is made, issues an order which is signed on behalf of the Minister of Sustainable Resource Management. The order must be filed with the appropriate Land Title Office prior to or at the same time that a conservation covenant or statutory right of way in favour of the designated party is registered against title to the land.

## TYPES OF DESIGNATION

Designation may be on a general or individual basis. Registered non-profit organizations or societies can apply for general designation so they may enter into conservation covenants or statutory rights of way without requiring designation or approval of assignment for each covenant or right of way. In some circumstances, a conservation organization may be given a general designation that is limited to a specific geographic area, such as one island in the province.

Persons or organizations that are not of a non-profit nature may apply for individual designations in order to protect specific parcels of private land.

The designate must obtain the written consent of the Provincial Agricultural Land Commission prior to registering a covenant affecting title to lands that lie within the Agricultural Land Reserve as designated under the *Agricultural Land Commission Act*. If lands to be encumbered by a covenant lie within the Agricultural Land Reserve, this must be verified and attested to by the designate.<sup>54</sup>

## MORE THAN ONE HOLDER

It is generally a good practice to have more than one covenant holder. There are many examples of conservation covenants that are held by more than one covenant holder. Landowners may want to consider a number of options when choosing appropriate parties to hold the covenant on their land. Some examples include:

- two non-government conservation organizations, such as one national or provincial organization with a broad range of experience and one local organization with significant local knowledge;
- a local government body with an interest in preserving particular types of ecosystems, such as the Garry oak ecosystem, and a conservation organization with specific expertise in protection of that type of ecosystem; and
- a non-government conservation organization that operates in a particular geographic area and a provincial government body that has conservation objectives in that area.

Ongoing administration of a conservation covenant program demands financial and human resources and expertise. Joint covenant holders can share the responsibilities and obligations imposed by a covenant ensuring that, in the future, if one organization is not able to manage its responsibilities effectively, the other organization can carry on (see the discussion below about Protecting Against the Dissolution of a Covenant Holder).

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<sup>54</sup> See the discussion in Chapter 2 about the requirements related to land within an agricultural land reserve.

It is a good practice for joint covenant holders to enter into a written agreement with each other allocating responsibility for covenant obligations such as monitoring and enforcement and allocating costs associated with these obligations. An agreement dividing responsibilities at the outset may eliminate conflict or uncertainty at a later date.

**Example:** A developer proposed a strata development on two adjoining lots in an urban area. Part of the lots consisted of a rocky area containing mature Garry oaks and was a portion of a larger grove of Garry oaks crossing a number of properties in the neighbourhood. Both the developer and the neighbours were committed to conserving the trees and the development was designed to preserve the grove of trees as part of the common property of the strata development. In addition, the developer placed a conservation covenant on the common property to protect the trees. The covenant is held jointly by a land conservancy organization and the local government. The development design and the conservation covenant promise to encourage better stewardship of the entire grove of Garry oaks and may result in conservation covenants being placed on adjacent properties comprising the Garry oak grove.

## PROTECTING AGAINST THE DISSOLUTION OF A HOLDER

Landowners need to consider ways to protect against the possibility that the holder of the conservation covenant might dissolve or cease to exist in the future.

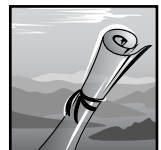
The *Land Title Act*<sup>55</sup> provides that, upon the dissolution or death of the holder of a conservation covenant designated by the Minister of Sustainable Resource Management, the conservation covenant ceases to be enforceable by anyone, including the Crown, other than another conservation covenant holder named in the conservation covenant document, or an assignee of the conservation covenant holder if the assignment has received the written approval of the Minister of Sustainable Resource Management.

One way for a landowner to protect against the possibility that a conservation covenant may become unenforceable due to the dissolution of the holder is to name another holder in the conservation covenant document that would agree in advance to have the conservation covenant assigned to it in the event the original holder is dissolved or ceases to exist.<sup>56</sup> Another form of protection is to have two parties hold the conservation covenant from the outset. Some of the combinations of parties who might jointly hold a conservation covenant are noted above.

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<sup>55</sup> R.S.B.C. 1996, c. 250, s. 219(11).

<sup>56</sup> See section 14 of the annotated covenant in Appendix 1. This section sets out a procedure for assigning the covenant to another holder. Although the Crown is named in this section, it is important to be aware that even if the Crown were to take assignment of the covenant upon the dissolution of the covenant holder, the Crown is under no obligation to ensure that the covenant is monitored and enforced. Finding a conservation organization willing to take assignment of the covenant is therefore vital to the long term protection of the land.



If the holder of a conservation covenant is a corporation or a society, and it has been dissolved and restored into existence under British Columbia legislation, the conservation covenant continues to be enforceable by the restored corporation or society from the date it is restored.<sup>57</sup> For instance, if the holder of a conservation covenant is a society that does not meet the statutory requirements for filing information with the Registrar of Societies, it could be dissolved and would need to be restored before being able to enforce the conservation covenant it holds.

## STRATEGIC OBJECTIVES OF HOLDERS OF CONSERVATION COVENANTS

Negotiating, developing, monitoring and, when necessary, enforcing conservation covenants demand both human and financial resources.<sup>58</sup> Organizations interested in holding covenants must evaluate their capacity to carry out all the obligations associated with entering into and holding covenants. These obligations must be met for as long as the covenant is in place – in most cases in perpetuity.

Covenant holders will need resources to obtain legal and tax advice. In addition, monitoring covenants to ensure that landowners comply with covenant provisions will take money, time, expertise and frequently equipment. Enforcement can be an expensive step. Each of these aspects of holding a covenant is discussed in later chapters. Covenant holders should assess their capacity to fulfil their obligations before deciding to hold a covenant.

Since conservation organizations often have limited financial and human resources, it is desirable for each organization to identify clearly where to direct its resources to best achieve the conservation objectives of the organization. This will ensure that the organization makes the most of its resources and is effective in reaching its goals. Each conservation organization needs to establish a clear set of strategic objectives. From those objectives it can then identify priorities and specific criteria for land it wants to protect or assist in protecting. These objectives, priorities and criteria should be set out in writing and be readily available for potential members, landowners and donors.

The objectives of a conservation organization might be as simple as protecting one piece of property. Indeed, this may be the very reason the organization was formed in the first place. Other conservation organizations will be interested in protecting as much land as possible within a defined set of criteria, such as a particular type of ecosystem or ecologically significant land within a particular geographic area.

A clear set of strategic objectives provides the basis for the conservation organization to identify parcels of land it would like to protect and then focus its resources to accomplish this. It also provides the basis for an organization to decline accepting a conservation covenant where the land does not fit within its priorities or meet its specific conservation

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<sup>57</sup> *Land Title Act*, R.S.B.C. 1996, c. 250, s. 219(12).

<sup>58</sup> See Chapter 15 for a more in depth discussion of the resources needed by covenant holders.



criteria. This ensures that the resources of the organization will be available for priority sites and not directed towards sites that do not fit within its objectives.

## STANDARDS AND PRACTICES

It is a good practice for conservation organizations to develop standards and practices to guide their operations. Adhering to carefully drafted standards and practices will help ensure operational consistency, integrity and accountability and avoid conflicts of interest.<sup>59</sup>

The Land Trust Alliance of British Columbia has developed *Land Trust Standards and Practices*<sup>60</sup> which are

guidelines for the responsible operation of a land trust, which is run legally, ethically, and in the public interest, and which conducts a sound program of land transactions and stewardship.

These standards and practices are adapted from the United States Land Trust Alliance's *Standards and Practices Guidebook: An Operating Manual for Land Trusts*.

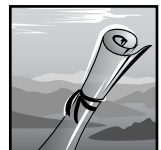
The *Land Trust Standards and Practices* includes standards relating to matters such as the purpose, goals and objectives of the land trust; board accountability; conflict of interest; basic legal requirements for the organization; fundraising; financial and asset management; staff, consultants and volunteers; selecting projects; choosing the best conservation method; ensuring sound transactions; tax benefits; board approval of transactions; and conservation covenant and land stewardship.

Conservation organizations should consider adopting these standards and practices or developing their own to ensure that they act ethically, responsibly and consistently in all their transactions.

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<sup>59</sup> For one discussion about the importance of standards and practices, see Katie Paris, *Land Trusts: Measuring the Effectiveness of Conservation Easement Programs*, prepared for the Nature Conservancy of Canada, 2004.

<sup>60</sup> Available on the LTA Land Trust Alliance of British Columbia website at <http://www.landtrustalliance.bc.ca/standards.html>.





## CHAPTER 6

# MODIFICATION OR TERMINATION OF COVENANTS

Conservation covenants are not intended to be changed or cancelled except in very unusual circumstances. However, circumstances sometimes require that the terms of a covenant be amended or that the covenant be terminated altogether.

Modification or termination can happen in one of a number of ways:

1. A covenant can be modified by written agreement between the covenant holder and the current landowner.<sup>61</sup>
2. The covenant holder can discharge the covenant unilaterally.<sup>62</sup>
3. Certain circumstances such as expropriation may result in termination of a conservation covenant.
4. In certain circumstances, someone with a legal interest in the land can apply to the court to have the covenant modified or cancelled.<sup>63</sup>

## MODIFICATION OR TERMINATION BY THE PARTIES

The parties may agree to amend a conservation covenant for a variety of reasons. For example, an amendment may be necessary to update baseline information or standards incorporated into the covenant. In some circumstances, the parties may agree to amend a covenant to allow a land use that will not interfere with the conservation objectives. In other cases, the parties may find after living with the covenant for a period of time that some of its terms are vague or do not accomplish the conservation objectives.

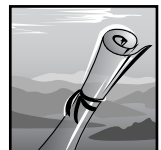
Regardless of the circumstances, the parties must agree to the amendments. Amendments to a conservation covenant must be in writing and must comply with all relevant statutory provisions. For example, amendments must meet the requirements of section 219 in the same way that the covenant itself must meet the requirements. An agreement amending a covenant must be registered in the same way as the original covenant. Any charges registered on title to the property after the conservation covenant and before the amending agreement will have priority over an agreement amending a conservation covenant. In

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<sup>61</sup> *Land Title Act*, R.S.B.C. 1996, c. 250, s. 219(9).

<sup>62</sup> *Land Title Act*, R.S.B.C. 1996, c. 250, s. 219(9).

<sup>63</sup> *Property Law Act*, R.S.B.C. 1996, c. 377, s. 35.



that case, the parties will need to consider whether to request a priority agreement from the intervening charge holder.

Other issues may also arise. Is anyone who is not a party to the covenant such as a mortgage holder or a third party with a right to enforce the covenant required to approve covenant amendments? If the covenant was a charitable gift and the landowner received a donation receipt for making the gift, will the amendment affect the value of the gift and therefore the donor's tax return? If the donation was an ecological gift, will the amendment constitute a change of use and require the consent of the federal Minister of the Environment and, if that consent is not obtained, trigger the penalty tax?<sup>64</sup>

Requests to amend a conservation covenant may arise in a number of circumstances. The parties to a covenant or a prospective purchaser may determine that certain covenant provisions are unclear or do not have the desired effect. A landowner may wish to amend a covenant to make the land more attractive to prospective purchasers. A new owner of the land may ask for amendments to allow activities prohibited by an existing covenant.

Covenant holders should consider developing a policy to assist in resolving issues relating to covenant amendments. At a minimum, the policy should raise and, where possible, address the following questions:

- In what circumstances will the covenant holder consent to an amendment?
- What kinds of amendments will be acceptable generally?
- Do the purposes of the covenant holder allow the kind of amendment being contemplated?
- Does section 218 or 219 affect the kind of amendment being considered?
- Are any other legislative provisions relevant to the proposed amendment?
- Do any covenant provisions relate to amendments?
- What procedures are in place for approving covenant amendments?
- Who must approve amendments?
- Was the covenant the subject of an ecological gift? If so, the covenant holder will need to obtain the approval of Environment Canada for the amendment if the amendment allows a change of use.
- Should the covenant holder use the landowner's request for an amendment as an opportunity to update or improve provisions in the covenant?

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<sup>64</sup> For more information about the tax implications of donating conservation covenants, see Ann Hillyer and Judy Atkins, *Giving it Away: Tax Implications of Gifts to Protect Private Land*, Vancouver, B.C. West Coast Environmental Law Research Foundation, 2004.

## MODIFICATION OR CANCELLATION BY OPERATION OF LAW

Expropriation can result in the cancellation of a conservation covenant. In an expropriation inquiry, the covenant holder generally will have an opportunity to argue in favour of land preservation. However, if an expropriation is approved, the expropriating authority is entitled to take the land free of any charges. The covenant holder may be entitled to compensation for the loss of its interest.

## MODIFICATION OR CANCELLATION BY THE COURT

A person who has a legal interest in land protected by a conservation covenant can apply to the court to have the covenant modified or cancelled.<sup>65</sup> A landowner has an interest. So does someone leasing the property.

Upon an application by an interested party, the court has discretion as to whether or not to modify or cancel the covenant. There are a number of circumstances in which the court may exercise this discretion including:

- where the covenant is obsolete because of changes in the character of the land, the neighbourhood or other circumstances the court considers material;
- where the reasonable use of the land will be impeded, without practical benefit to others, if the covenant is not modified or cancelled;
- where the covenant holder has expressly or impliedly agreed to the modification or cancellation;
- where modification or cancellation will not injure the person entitled to the benefit of the registered charge or interest; and
- where the covenant is invalid, unenforceable or has expired.<sup>66</sup>

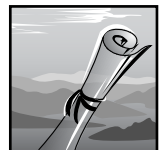
It is good practice to address these issues in the covenant itself. For example, the covenant could include a provision stating that the covenant is intended to preserve the land and is not to be considered obsolete even if the neighbourhood around the land ceases to be used for agricultural (or other) purposes. Alternatively, the covenant could include a term, such as section 3.2 in the Annotated Conservation Covenant in Appendix 1, stating that the covenant is perpetual to reflect the public interest in conservation of the land for ecological and environmental reasons.

Another way to protect against cancellation of the covenant on the basis of obsolescence is to include a number of purposes in the intent and purposes section of the covenant (section 3 of the Annotated Conservation Covenant in Appendix 1. Although it is not a good practice to include purposes that are irrelevant, including all relevant purposes for

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<sup>65</sup> *Property Law Act*, R.S.B.C. 1996, c. 377, s. 35.

<sup>66</sup> *Property Law Act*, R.S.B.C. 1996, c. 377, s. 35(2).



entering into the covenant will help protect against cancellation by court order. The content of the intent and purpose section is discussed in greater detail in Chapter 4.

Although the court will not be bound by the provisions of the covenant, it may be less likely to modify or cancel the covenant on the application of one party if the covenant contains such a provision.

**Example:** A landowner applied under section 35 of the *Property Law Act* for cancellation of a restrictive covenant registered against 20 parcels of land on Galiano Island.<sup>67</sup> The land had previously been down-zoned to prohibit residential use and allow only forestry use and to set the minimum lot size at 65 hectares. This down-zoning was challenged in the court and struck down and the former zoning which allowed smaller lots and residential use was revived. At this time, the landowner began to develop the land. As part of development approval, the restrictive covenant under consideration was placed on the land. In effect, the covenant prohibited cutting of evergreen trees on portions of the lots bordering the road to preserve a treed corridor in a proposed residential development. The earlier decision of the court was then reversed and the more restrictive zoning reinstated. As a result, the landowner held 8 hectare lots that could be used only for forestry purposes.

The landowner asked the court for an order removing the covenant because of the reasons set out in section 35. The court rejected the landowner's application despite the change in circumstances from the time the covenant was granted, specifically that residential development could no longer take place. The court pointed out that the burden is on the landowner to satisfy the court that the covenant should be removed and the burden is a relatively high one. The court commented that the original and current function of the covenant appeared to be to maintain a buffer of trees along the road and that this purpose was neither substantially altered by the change in zoning nor obsolete.

Finally, the court concluded that the covenant would not impede the reasonable use of the land, particularly since the landowner did not anticipate cutting evergreen trees on the land for at least 5 years. The court stated that a landowner would have to show a very substantial balance in favour of its own position before a covenant would be cancelled.

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<sup>67</sup> *Winmark Capital Inc. v. Galiano Island Local Trust Committee* (2004) (B.C.S.C.), at <http://www.courts.gov.bc.ca/jdb-txt/sc/04/17/2004besc1754.htm>.

## CHAPTER 7

# PROFESSIONAL ADVICE

Granting and receiving a grant of a conservation covenant are both serious decisions with legal and financial consequences. It is critical that landowners and covenant holders seek independent professional advice as early as possible in the process of considering whether to enter into a covenant to protect land.

A conservation covenant is an arrangement that is legally binding on all the parties to the covenant and on future owners of the property. It creates rights and obligations that are intended to be permanent. The parties to the covenant must understand what they are able to do and what they are required to do to comply with the terms of the covenant, effectively protect the property and avoid liability.

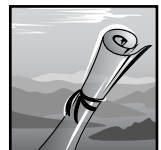
There may be income tax and property tax benefits and liabilities involved in placing a conservation covenant on land. In addition, there may be other financial considerations. Parties to a covenant should discuss these matters with their tax advisers before finalizing the covenant.

Each party to a covenant must obtain its own legal and financial advice. While all parties clearly have a common interest in protecting ecological values of the land on which the covenant will be placed, there are different legal and tax considerations for landowners and covenant holders. In some circumstances, there could be a conflict between their interests and independent professional advice for each party therefore is essential.

## LEGAL ADVICE

Landowners considering a covenant should seek legal advice at the earliest opportunity. A lawyer will explain the effect of granting a covenant and the kinds of obligations and restrictions it might impose on the landowner. This advice will assist the landowner in deciding whether to proceed with the covenant. It will also familiarize the landowner with the kinds of terms to negotiate.

Potential covenant holders should obtain similar advice from their own legal advisers. However, it may not be necessary for covenant holders to seek legal advice as early as landowners since many organizations will already be familiar with conservation covenants and their effect. Covenant holders should avoid the pitfall of advising landowners about the landowner's obligations under the covenant. Although it will often be useful (and unavoidable) for covenant holders to provide landowners with information, they should urge landowners to obtain independent legal advice as soon as possible. Covenant holders should not give legal advice or tax advice to landowners. Typically, conservation covenants will include a term stating that the landowner has obtained independent legal advice and has not obtained legal advice from the covenant holder's legal advisers.



Legal advisers will also be involved in drafting the covenant document as well as any ancillary documents such as a management agreement. In some situations, the parties' lawyers will negotiate the terms of the documents. Generally, the lawyer for one of the parties to a covenant will draft the written documents for review, comment and ongoing negotiation by the other parties. Each party, often through its legal adviser, will have an opportunity for input into the terms of the documents. Frequently, a number of drafts of each document will be generated before the terms are finalized.

Once the documents are in final form and signed by all parties, the covenant will be registered in the Land Title Office. This registration is generally arranged by the lawyer for one of the parties. Registration is necessary to bind future owners of the land.

## TAX AND FINANCIAL ADVICE – WHAT AND WHEN

Granting a covenant generally will have tax and other financial implications for the landowner and covenant holder.<sup>68</sup>

### INCOME TAX

When a landowner grants a covenant to a conservation organization, the grant is considered a disposition under the *Income Tax Act*. It is considered a disposition whether or not the landowner receives any money or other consideration in return. The landowner is considered to have received proceeds of the disposition even if the landowner makes a gift of the covenant. In order to determine the amount of the proceeds of the disposition, the property should be appraised by a qualified appraiser to determine its fair market value.<sup>69</sup>

If the value of the covenant has increased since the landowner purchased the property, a portion of the gain in the value may need to be included in the landowner's income for the year. Generally, unless the property on which the covenant is placed is inventory in the landowner's business (for example, if the landowner is a developer), the property will be capital property and the gain will be treated as a capital gain. Unless an exemption, such as the principal residence or qualifying farm property exemption, is available, one half of the gain must be included in the landowner's income for the year.

If the landowner has made a gift of the covenant to the covenant holder and received a tax receipt, the landowner will be able to claim a tax credit which will reduce income tax payable.

There are also income tax implications for covenant holders. Some of these tax implications may have an impact on the covenant holder's charitable status.

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<sup>68</sup> See Ann Hillyer and Judy Atkins, *Giving it Away: Tax Implications of Gifts to Protect Private Land*, Vancouver, B.C.: West Coast Environmental Law Research Foundation, 2004 for a detailed guide to the tax implications of gifts of covenants.

<sup>69</sup> It is good practice to obtain an appraisal of the value of the covenant in every case, even where the covenant holders pay for the covenant. The fair market value must be reported to the Canada Revenue Agency.



This is only a brief summary of some of the possible income tax implications. Tax provisions are detailed and tax advice is essential at an early stage.

## ECOLOGICAL GIFTS

The *Income Tax Act* offers special tax advantages to taxpayers if a taxpayer makes a gift of a covenant on land certified as ecologically sensitive and if the gift is made to a government agency or registered charity designated by the federal Minister of the Environment as authorized to receive an ecological gift.<sup>70</sup> The federal government has developed a definition of “ecologically sensitive” to guide the certification process. There are several agencies in the province authorized to certify land as ecologically sensitive.

To qualify as an ecological gift, the gift must be of land (or an interest in land) certified as ecologically sensitive and the gift must be to a recipient qualified to receive ecological gifts. The fair market value of the land or interest in land must be certified by the federal Minister of the Environment after an appraisal review process. The review process includes requirements about appraising the fair market value of the ecological gift. If a gift of a covenant qualifies as an ecological gift, only one quarter, rather than one half, of any deemed capital gain resulting from the gift must be included in the landowner’s income for the year.

## ESTATE PLANNING

Consulting legal and financial advisers at an early stage will also help landowners plan how to dispose of assets most effectively during their lifetime.<sup>71</sup> Granting a covenant may form part of a lifetime plan to dispose of property in a way that will minimize tax and meet the landowner’s other needs such as protecting the ecological values of his or her land and providing for dependants.

Professional advisers can assist landowners with exploring options and formulating a comprehensive plan.

## APPRAISALS

As mentioned above, the parties should agree as early as possible on obtaining an appraisal of the fair market value of the covenant.<sup>72</sup> This value will form the basis for the calculation of any tax consequences of entering into the covenant.

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<sup>70</sup> A detailed discussion of ecological gifts is beyond the scope of this guide. For more information on ecological gifts, see the Ecological Gifts Program website at [http://www.cws-scf.ec.gc.ca/ecogifts/intro\\_e.cfm](http://www.cws-scf.ec.gc.ca/ecogifts/intro_e.cfm) and Ann Hillyer and Judy Atkins, *Giving it Away: Tax Implications of Gifts to Protect Private Land*, Vancouver, B.C.: West Coast Environmental Law Research Foundation, 2004.

<sup>71</sup> See Ann Hillyer and Judy Atkins, *Giving it Away: Tax Implications of Gifts to Protect Private Land*, Vancouver, B.C.: West Coast Environmental Law Research Foundation, 2004 and Green Legacies: A Donor’s Guide for B.C. (Stewardship Series) for a more in depth discussion of estate planning.

<sup>72</sup> For a discussion of valuation of covenants, see Ann Hillyer and Judy Atkins, *Giving it Away: Tax Implications of Gifts to Protect Private Land*, Vancouver, B.C.: West Coast Environmental Law Research Foundation, 2004, Ann Hillyer, Judy



The parties must negotiate arrangements for the appraisal. One party may arrange and pay for it or the parties could agree to share the cost of the appraisal. In some circumstances, each party may obtain its own appraisal. Generally, one appraisal will be sufficient.

Because there may not be a wide market on which to base a valuation of a covenant, it is important to retain a qualified appraiser and one that has some familiarity with valuing conservation covenants. If the parties obtain only one appraisal, it is important that they agree on the appraiser since each party must have confidence in the result.

When an appraiser has been selected, it is important to prepare a letter outlining the appraisal assignment and setting out the terms under which the appraiser is being engaged. This will avoid any confusion about the assignment and may save valuable time and resources in having the work completed.<sup>73</sup>

The value of a conservation covenant that is the subject of an ecological gift must be appraised in accordance with the requirements of the Ecological Gifts Program. The Ecological Gifts Program includes an Appraisal Review and Determination Process at the end of which the Minister of the Environment issues a *Statement of Fair Market Value of an Ecological Gift*. This document must be included with the donor's tax return for the year.<sup>74</sup>

The Ecological Gifts Program has developed *Guidelines for Appraisals* to assist appraisers in the preparation of appraisals of ecological gifts. The *Guidelines for Appraisals* include, among other things:

- general requirements for valuation of all ecological gifts;
- a number of considerations that should be applied to different categories of gifts;
- mandatory format requirements for appraisals;
- information about the timing of appraisals;
- acceptable qualifications for appraisers of ecological gifts;
- details about certificates that must be completed for appraisals; and
- contact information for program coordinators across Canada.<sup>75</sup>

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Atkins and John B. Miller, *Appraising Easements, Covenants and Servitudes: Guidelines for Valuation*, forthcoming publication, and Ian C. Attridge, *Conservation Easement Valuation and Taxation in Canada*, Report No. 97-1, Ottawa: North American Wetlands Conservation Council (Canada), 1997.

<sup>73</sup> For additional information about engaging an appraiser, including sample letters for engaging an appraiser, see the Ecological Gifts Program website at [http://www.cws-scf.ec.gc.ca/ecogifts/intro\\_e.cfm](http://www.cws-scf.ec.gc.ca/ecogifts/intro_e.cfm).

<sup>74</sup> For information about the appraisal and other requirements for ecological gifts, see the Ecological Gifts Program website at [http://www.cws-scf.ec.gc.ca/ecogifts/intro\\_e.cfm](http://www.cws-scf.ec.gc.ca/ecogifts/intro_e.cfm). In particular, refer to *Ecological Gifts Program Application Guide: Information and Procedures for Donors and Recipients*.

<sup>75</sup> The current version of the *Guidelines for Appraisals* can be found on the Ecological Gifts Program website at [http://www.cws-scf.ec.gc.ca/ecogifts/intro\\_e.cfm](http://www.cws-scf.ec.gc.ca/ecogifts/intro_e.cfm).

To address some of the difficulties in valuing covenants, the *Income Tax Act* expressly authorizes the use of the “before and after” appraisal method for valuing a covenant that qualifies as an ecological gift. The value of the covenant is deemed to be the greater of its fair market value otherwise determined and the amount by which the value of the land on which the covenant is placed is reduced as a result of making the gift of the covenant.<sup>76</sup>

## SURVEYING

Unless the whole of the property is protected by the covenant, the services of a surveyor will be required to obtain a legal description and, in most cases, a map or plan of the covenant area. A survey may also be necessary where the covenant creates different restrictions on different areas of one parcel of land. The legal description will be used in the covenant document itself and the plan will be filed in the Land Title Office along with the covenant. The survey therefore must be completed before the documents are finalized. Even if a survey is not required by the Land Title Office, it is generally a good idea to obtain one in the circumstances described above. A survey provides the best evidence of the boundaries of the covenant area.

Depending on the practice of the local Land Title Office and the complexity of the description of the covenant area, one of the following must be deposited in the Land Title Office in order to create the covenant areas:<sup>77</sup>

- a metes and bounds description or an abbreviated description of the covenant area (a description of the area in words);
- an explanatory plan (a plan based on existing records in the Land Title Office, not on a survey);
- a reference plan (a plan based on a survey); or
- a combination of a description and a plan.

It is only in rare circumstances that the Land Title Office will accept a metes and bounds description. Similarly, an explanatory plan will be acceptable only in some circumstances such as where the land has been surveyed recently and a plan filed in the Land Title Office.

Generally, therefore, a survey will be required if the covenant covers only part of the land or creates areas with different restrictions. As with an appraisal, the parties should negotiate responsibility for obtaining a survey. One party may agree to assume the burden or the parties may agree to share the cost. Whoever arranges for the survey should check with the local Land Title Office to ascertain what kind of description or plan will be required to create the covenant. This is necessary because each piece of property is different and because practice may differ from one Land Title Office to another or change from time to time.

<sup>76</sup> *Income Tax Act*, R.S.C. 1985 (5<sup>th</sup> Supp.), c. 1, s. 118.1(12).

<sup>77</sup> *Land Title Act*, R.S.B.C. 1996, c. 250, s. 99.





## CHAPTER 8

# CHARGES ON TITLE

A charge is an estate or interest in land less than the fee simple.<sup>78</sup> The fee simple is an unconditional interest, unlimited in duration, and entitles the owner to the entire property. It gives the owner the unconditional power to dispose of the interest. The fee simple is the interest held by most landowners. Covenants, easements, rights of way, and financial encumbrances such as mortgages and liens are all charges. A conservation covenant is also a charge.

Those contemplating entering into a covenant should obtain a copy of the title to the land and of all charges registered against title to the land as early as possible in the process. Financial charges such as mortgages could pose certain difficulties in relation to conservation covenants. In addition, pre-existing easements, covenant and rights of way could interfere with the conservation objectives of a covenant.

Under the land title and registration system in British Columbia, fee simple title to land and all charges on the land are registered in the Land Title Office in the area in which the land is located. Registration of a charge gives notice to the world, including subsequent purchasers of the land, that the owner of the charge is entitled to the interest represented by the charge. Generally, unless charges are registered in the Land Title Office, subsequent owners are not bound by the charges.

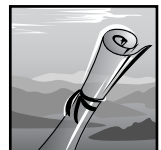
## PRIORITY OF CHARGES

If two or more charges are registered against title to a parcel of property, the charges have priority according to the date and time the applications for registration of the charges were received by the Land Title Office, not according to the dates of execution of the documents.<sup>79</sup> For example, if a landowner has mortgaged land and grants a conservation covenant after the mortgage is registered, the mortgage has priority over the covenant. Similarly, pre-existing easements, covenants and rights of way will have priority over the covenant. As explained below, pre-existing charges can threaten the conservation objectives of a conservation covenant so they should be examined in detail with appropriate professional advisors.

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<sup>78</sup> *Land Title Act*, R.S.B.C. 1996, c. 250, s. 1, definition of “charge”.

<sup>79</sup> *Land Title Act*, R.S.B.C. 1996, c. 250, s. 28.



## MORTGAGES

A pre-existing mortgage can pose a serious threat to a conservation covenant. If a landowner (the borrower) does not repay a mortgage loan as required, the lender has a number of remedies. The lender can

- sue the borrower to enforce the promise to pay the debt;
- seek a court-ordered sale of the property; or
- commence foreclosure proceedings.

If a lender is successful in obtaining an order of foreclosure, title to the property will be vested in the lender. Charges, including covenants, registered against title after the mortgage may be foreclosed or dropped from title. However, the order of priority of charges can be altered by means of a priority agreement between the holders of the charges. Priority agreements are discussed below.

In some circumstances, the parties to a covenant might include a term in the covenant prohibiting the landowner from mortgaging the property. The effect of such a term would be to prohibit both the current landowner and future purchasers from mortgaging the property thereby limiting the possibility of selling the property. Landowners who are not conservation organizations or government agencies may wish to explore the consequences of this kind of term carefully before including in a covenant a prohibition against mortgaging the property.

It is important to review the terms of mortgages already on the property to ensure that there are no restrictions in the mortgage against placing a covenant on the property. The mortgage may prohibit this or require the lender's prior consent.

## EASEMENTS AND RIGHTS OF WAY

Pre-existing easements, restrictive covenants, conservation covenants and rights of way must be reviewed carefully to determine their effect before a conservation covenant is finalized for at least two reasons. First, in a conservation covenant, a landowner can give the covenant holder only rights not already given away. Second, pre-existing easements, covenants and rights of way may authorize their holders to do things that are contrary to the conservation objectives of the parties to the new conservation covenant.

For example, a landowner decides to place a conservation covenant on the landowner's property that prohibits subdivision and the removal of any indigenous flora and fauna. A pre-existing easement in favour of a neighbouring property allows the owner of the neighbouring property to build a driveway across the landowner's property. The driveway has not yet been constructed but construction will entail removal of all flora in a 10 metre wide strip through the middle of the protected property. Such an action would clearly be contrary to the objectives of the conservation covenant. However, the landowner (perhaps a previous owner) has already given away the right to build the driveway.

In such a circumstance, the parties can try to persuade the owner of the neighbouring property to enter into a priority agreement (discussed below) giving the conservation

covenant priority over the easement. Reaching such an agreement is highly unlikely if the easement is necessary for access. Alternatively, the parties can attempt to persuade the easement holder to agree to change the location of the easement if a different location would be better. If no solution is possible, the parties to the conservation covenant must decide whether construction of the driveway would render the conservation covenant useless or whether protection of important ecological values is still possible.

## MINERAL RIGHTS

As a general rule, mineral rights in British Columbia are reserved to the Crown, even on private land. This means that landowners do not have the right to extract minerals from their land. It also means that, with some restrictions, the Crown can give others the right to explore for and extract minerals from land. In the rare circumstances where individuals or corporations own the mineral rights, those individuals or corporations have the right to extract minerals.

Practically speaking, a conservation covenant cannot restrict or remove the Crown's right to minerals. Nor can the parties expect a conservation covenant to be granted priority over mineral rights. In parts of the province where mineral exploration is a possibility, the parties to a covenant must assess the risk that mineral exploration will occur and make an informed decision about entering into a covenant agreement. Although a covenant cannot protect land against the threat of mineral exploration and extraction, it can protect against other threats to the preservation of important ecological values.

## PRIORITY AGREEMENTS

Because foreclosure could have the effect of removing a covenant registered after the mortgage, it is important that landowners and covenant holders contact the lender to attempt to obtain the lender's agreement to give the covenant priority over the mortgage. Without a priority agreement, the covenant could be removed from title to the land if a foreclosure order is granted.

A typical covenant provision reads:

The Owner agrees to do everything necessary at the Owner's expense to register this Agreement against title to the Land, with priority over all financial charges, liens and encumbrances.

However, a lender is under no obligation to enter into a priority agreement. Furthermore, the lender may be reluctant to do so, particularly where placing a covenant on property reduces its value and, consequently, the value of the lender's security for the loan. Parties to a covenant therefore may have to present a convincing case to the lender for giving the covenant priority. The parties should be prepared to explain the purpose and effect of the covenant and highlight any points that would persuade the lender to give the covenant priority. For example, the lender may be more agreeable if the amount of the mortgage loan is small compared to the value of the land. Even better, it may be possible to make the case that the covenant protects the lender's interest, by stopping logging or other activities that would devalue the land. Where there are financial charges registered against



title to the land before the landowner grants a covenant, the landowner should seek legal advice about the wording of any provision in the covenant (such as the provision above) by which the landowner promises to give priority to the covenant and other charges it creates. The landowner cannot promise to do something that is not solely within his or her power. If the landowner makes such a promise and the lender or other financial charge holder does not agree, the landowner may be in breach of the covenant.

There may be more than one financial charge on the land. The parties should attempt to obtain priority agreements from everyone holding a financial charge registered against title to the land before the covenant is registered.

As explained above, non-financial charges can also have a significant impact on a conservation covenant registered later in time. The parties must evaluate the impact of non-financial charges, obtain a priority agreement if possible, or decide whether a pre-existing charge will reduce the benefits of a conservation covenant to an acceptable degree or render it useless.

## PRIORITY AND RENT CHARGES

Current or subsequent landowners may wish to mortgage property after a covenant containing a rent charge<sup>80</sup> has been registered against it. As discussed more fully in Chapter 12, in the context of conservation covenants, rent charges are financial charges agreed to in the conservation covenant that are payable by the landowner to the covenant holder if the landowner breaches the terms of the covenant. Lenders may insist that the mortgage take priority over the rent charge. If a landowner might want a mortgage to have priority over the rent charge in the future, the parties should consider including a clause in the covenant allowing this to happen while still protecting the covenant holder's security.

Such a clause might require the covenant holder to give a first mortgage priority over the rent charge as long as the mortgage was not for an amount exceeding a certain percentage, for example, 75% of the value of the property.<sup>81</sup> The clause should also require that the mortgage contain provisions requiring the lender to take steps to ensure that the covenant holder is entitled to be a party to any legal proceedings resulting from the landowner's being in breach of the mortgage.

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<sup>80</sup> See Chapter 12 – Enforcement for an explanation of rent charges.

<sup>81</sup> See, for example, clause 30 of the Annotated Conservation Covenant in Appendix 1.



## CHAPTER 9

# MANAGEMENT PLANS AND AGREEMENTS

## MANAGEMENT OF THE LAND

When a landowner and a conservation organization agree to protect land by registering a conservation covenant on the title to the land, they must consider how the land will be managed over time. What is involved in managing the land will depend on a number of factors, including

- the type of land being protected,
- the specific values to be protected by the conservation covenant,
- the conservation objectives in the conservation covenant,
- the existing condition of the land and the degree of disturbance that has occurred,
- the permitted use of the land, and
- the level of access to the land contemplated by the conservation covenant.

It is essential that the landowner and the conservation organization assess the management needs of the property, if necessary agree on a management plan for the land including who will undertake the management activities, and secure the resources for carrying out the long term management of the land. It is preferable for this to be done by the time the conservation covenant is executed and registered against title to the land. If management arrangements are not completed at this point, they should be addressed as quickly as possible after the conservation covenant is in place.

## DIFFERENT LEVELS OF MANAGEMENT

In some cases, there will be no need for management activities, for example, where a covenant merely restricts or prevents development or subdivision. In other cases, land management activities may consist of little more than preventing human disturbance and monitoring the land to ensure it is protected from disturbance and allowed to evolve in its natural state. In those cases the land management provisions may be included in the conservation covenant and form part of the document that is registered against title to the property.

If management arrangements are not included in the conservation covenant then, at minimum, the conservation covenant should address the need for a management plan for the land and identify who is responsible for preparing it.



However, in most cases the management requirements will be more complex. In those situations it generally will be preferable to have a separate management agreement that forms a separate contract between the owner and the covenant holder. If a third party is involved in the actual management of the property, it too should be a party to the management agreement.

## MANAGEMENT ACTIVITIES

Specific types of management activities that should be addressed in both the management plan and the management agreement include:

- collecting and assembling baseline information about the property that details the history and existing condition of the property, provides an inventory of the flora and fauna and any unique characteristics of the property, and identifies any features or areas that are degraded and will be the focus of restoration;
- possibly restoring ecological features that have suffered degradation and can be enhanced through proper management;
- ongoing maintenance of the land and its amenities to ensure ongoing protection of the ecological and other land values;
- regular monitoring of the land to ensure compliance with the provisions of the conservation covenant; and
- providing access to ensure that baseline information can be collected and monitoring done on a regular basis.

## MANAGEMENT PLANS

A management plan is a document in which the parties agree to the long-term management of the interest in the land represented by the covenant.<sup>82</sup> It will often provide background about the property as well as the parties involved in its protection. This provides important context for defining and describing the specific management needs created in relation to the rights and obligations in the covenant. Management plans generally include some or all of the following types of information:

- the background of the conservation organization;
- a history and general description of the property, including a statement identifying the value of the land to the community in which it is located;
- the purpose of protecting the land, the management objectives and the parties that will be involved (this may be as general as stating that management will be undertaken by local organizations that will be approved by the parties);
- a description of the physical and natural features of the land, including:
  - the location (the legal description, the map location and directions to the site);

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<sup>82</sup> See the sample Management Plan outline included in Appendix 2 as Schedule C to the Management Agreement.

- a site description (climate, physiography, geology and soils, hydrology, vegetation and landscape classification, flora and fauna, ecological processes, key environmental and ecological factors, and scenic and aesthetic qualities);
- a description of the cultural features and background, including information about the historical values and permitted land use arising from community planning (official community plan, zoning and surrounding land uses);
- management issues particular to the property (steep cliffs, access, trails and viewpoints, falling trees, invasive plant species, exotic grasses, existing debris and fire potential);
- objectives and management strategies; and
- an agreement to enter into a management agreement.

## MANAGEMENT AGREEMENTS

As noted above, there will be circumstances in which the parties also may enter into a management agreement.<sup>83</sup> A management agreement addresses who will carry out management activities and sets out the kind of management activities that will be conducted. In general, the conservation organization holding the conservation covenant is responsible for management of the covenant and the rights and obligations granted by the covenant while the landowner is responsible for all other aspects of land management.

In some cases, the landowner and covenant holder might enter into a management agreement dividing land management responsibilities in a more detailed way than the covenant. In other cases the landowner will enter into an agreement with another party to actually carry out the management responsibilities. If a third party is involved, it should be a party agreeable to the covenant holder. All parties should sign the management agreement.

Management agreements generally include the following types of provisions:

- a contractual licence for the party managing the property to enter onto the land and carry out management functions (necessary where the managing party is not the holder of a statutory right of way giving it the right to enter onto the property);
- an agreement to manage the property according to the terms of the agreement or an existing management plan which is attached to the management agreement as an exhibit;
- the term of the agreement;
- requirements for early termination of the agreement;
- how and when the management agreement will be revised in the future;
- general and specific rules for management;

<sup>83</sup> See the sample Management Agreement in Appendix 2.



- monitoring requirements (these must be in agreement with the monitoring provisions in the conservation covenant);
- the ability to suspend the management agreement if the manager does not manage according to the rules of the agreement;
- an arrangement regarding allocation of management costs;
- indemnification by the party managing the property of the parties not involved in management (the landowner and the conservation covenant holder);
- insurance requirements;
- a prohibition against assigning the contract to another manager without the consent of the owner and the conservation covenant holder;
- notice requirements; and
- other requirements describing the legal relationship among the parties.

## CHAPTER 10

# COLLECTING BASELINE INFORMATION

Baseline information describes the existing state of the land, its flora, fauna and natural and cultural features at the time the conservation covenant is placed on the land. Depending on the particular circumstances, it is generally prepared in the form of a detailed written report accompanied by a combination of surveys, photos, videotapes and maps. It is sometimes referred to as a baseline inventory or baseline documentation report.<sup>84</sup>

Baseline information also helps the parties identify conservation objectives and draft the covenant itself. It provides the benchmark against which to measure changes in the land and its features. It is essential to the monitoring process. Baseline information makes it easier for both present and future landowners to comply with the terms of the covenant.

The baseline inventory report contains the primary evidence of the state of the land at the time the parties enter into the covenant. This evidence will be crucial in any enforcement action relating to the covenant. For this and the other reasons explained above, collecting the baseline information and preparing the baseline inventory report are essential parts of covenant preparation. The same care must be taken as is taken in drafting the covenant document itself.

## WHEN TO COLLECT IT

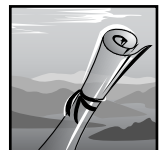
The collection of baseline information should begin as a survey and report of what is present on the land at the time the covenant is first being considered. Once the decision has been made to place a covenant on the property, additional information will be collected. Because baseline information must be collected when the ecological features to be protected can best be observed, baseline studies may have to be done at different times of the year to identify and record seasonal changes.

## TYPES OF INFORMATION

The baseline documentation report should include a detailed written report accompanied, as appropriate, by maps, sketches, charts, plans, photographs, audio tapes or videotapes. In addition, depending on the circumstances, sampling may be required.

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<sup>84</sup> See *On the Ground: A Volunteers' Guide to Monitoring Stewardship Agreements*, Salt Spring Island, BC: The LTA Land Trust Alliance of BC, 2001, a publication in the Stewardship Series, for a more in-depth description of a baseline inventory. In addition, some conservation organizations have prepared their own baseline report protocols. For example, the Nature Conservancy of Canada (BC Region) and Habitat Acquisition Trust have prepared a Baseline Inventory Protocol.



Again, depending on the circumstances, the following kinds of information should be included:

- the location and legal description of the property;
- the size of the land;
- a description of other covenants, easements, rights-of-way, leases or licences relating to the land, including water rights and grazing rights;
- the landowner's name, address, telephone number, e-mail address, and fax number;
- the covenant holder's name, address, e-mail address, telephone and fax number, and a contact name;
- a statement about the significance of the land and the conservation goals;
- a history of the site;
- a description of the right of access, if any, to the land;
- a list of buildings and other structures and their locations on the land;
- an inventory of flora and fauna on the land;
- aquatic and terrestrial features of the land (climate, physiography, geology and soils, hydrology);
- a description of cultural features;
- activities, land use and zoning on and around the land;
- identification of disturbances on the land and potential impact of the disturbances;
- historical photographs and information collected from previous surveys or maps;
- maps, sketches, charts, plans showing location of land and ecological features;
- air and ground photographs, audio tapes and videotapes;
- results of sampling; and
- any other information, either historic or current, that completes the picture of the land at the time the covenant is granted.

The information in the baseline documentation report forms the basis for monitoring. Monitors can record information, take photos or do sampling in the same place and at the same time of year as in gathering the baseline information in order to measure changes most effectively.

## WHERE TO GET IT

Baseline information can be obtained from a variety of sources. Often the landowner is a source of rich information about the land. In addition to the information gathered during the initial site visit to obtain baseline information, critically important information about the significant ecological and cultural features of a parcel of land may be available through organizations such as the Conservation Data Centre, local government, the Forest Service, and the Provincial Agricultural Land Commission.

Other sources of information might include the Land Title Office, local First Nations' centres, universities and colleges, and neighbours. Information might be gathered from habitat atlases and maps, groundwater maps, and other environmental mapping, species accounts, sensitive area inventories, the records or members of organizations such as local naturalist clubs, rod and gun clubs, land trusts or birdwatchers.

## WHO SHOULD COMPILE IT

The covenant holder is generally responsible for gathering baseline information and updating it periodically. Baseline information will be collected by either professionals or trained lay people depending on the ecological features of the land to be protected. In some circumstances, collecting the information will require the technical or professional expertise of such individuals as biologists, foresters or landscape planners.

## AGREEING ON CONTENT AND FORMAT

It is good practice for the landowner and covenant holder to cooperate in gathering baseline information. Even though it generally will be the covenant holder's responsibility to prepare the baseline documentation report, the covenant holder should work with the landowner to determine the content and format of the report.<sup>85</sup>

The landowner also should be invited to participate in the gathering of the baseline information and preparation of the report. The landowner may be the person most familiar with the land and the ecological values to be protected. Even if the landowner is not very familiar with the land, participating in gathering the baseline information will educate the landowner about the land and may contribute to the landowner's commitment to its protection. Working together on the baseline inventory and report will help establish a good working relationship between the landowner and covenant holder from the outset.

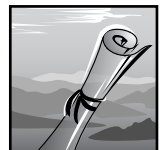
## WHERE TO KEEP IT

If the length and format of the baseline documentation report permit, it can be included as a schedule to the covenant. For example, if the baseline documentation report and all attachments are in a format that can be reproduced on paper, it would be appropriate to include it in the covenant. Lengthy reports and those accompanied by information in other than written format, such as photographs and audio or video tapes, generally will be stand-alone documents.

Typically, a covenant will define the baseline report as follows:

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<sup>85</sup> See, for example, the sample baseline inventory form in *On the Ground: A Volunteers' Guide to Monitoring Stewardship Agreements*, Salt Spring Island, BC: The LTA Land Trust Alliance of BC, 2001, a publication in the Stewardship Series.



“Report” means the baseline documentation report that describes the Land and the Amenities in the form of text, maps, and other records of the Land and the Amenities as of the date of registration of this Agreement, a copy of which is attached to this Agreement as Schedule B.

If the full baseline documentation report is not included as part of the covenant, it is a good practice to include an overview of the report so that the information is readily available as part of the covenant. If only an overview of the baseline report is attached, the definition might read:

“Report” means the baseline documentation report that describes the Land and the Amenities in the form of text, maps, and other records of the Land and the Amenities as of the date of registration of this Agreement, a copy of which is on file with each of the Parties at the addresses set out in section \*\*\*, an overview of which is attached to this Agreement as Schedule B.

Whether or not the full baseline documentation report is attached to the covenant, the covenant should refer to it and describe its purpose. A typical provision in a covenant might state:

The Parties agree that the Land and the Amenities are described in the Report.<sup>86</sup>

This Report will serve as an objective information baseline to enable the parties to monitor compliance with the terms of this Agreement.

The typical provision will also acknowledge that the features and ecological values of the land will change naturally over time and that these natural changes will be taken into account and incorporated into the baseline report.

A baseline documentation report that forms part of the covenant will be registered in the Land Title Office with the covenant. Anyone requesting a copy of the covenant from the Land Title Office will receive a copy of the report as part of the covenant.

Each party to the covenant must have a copy of the full baseline documentation report whether it forms part of the covenant or stands alone. All parties should execute enough dated copies of the baseline documentation report that each party can have an originally executed version. The landowner and each covenant holder should keep a copy in a safe place to which they have ready access. Since the baseline information is essential to monitoring and enforcing the covenant, covenant holders should also keep a copy of the full baseline documentation report with monitoring records. It is a good practice to make at least one copy of the baseline report to use as a working copy. This will preserve the original intact.

The covenant holder should provide each new landowner with a copy of the full baseline documentation report, particularly if the full report is not attached to the conservation

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<sup>86</sup> In this example, “Report” will be a defined term in the covenant document. See the annotated covenant in Appendix 1.



covenant. This will ensure that all parties have complete information and also provide a good opportunity for landowner contact.

## UPDATING BASELINE INFORMATION

Baseline information may become outdated where land has changed significantly over time. For example, a natural catastrophe or certain types of human intervention may alter the land to the degree that the original baseline report is no longer useful. It may be necessary either to update the baseline documentation report or prepare a new report. Ideally, this would be accomplished by way of an amendment to the covenant to ensure that updated baseline information is fully incorporated into the covenant. All of the information in this chapter, in Chapter 6 about modifying covenants and in Chapter 4 about drafting covenants applies to updating baseline documentation reports.





## CHAPTER 11

# MONITORING AND LANDOWNER CONTACT

Monitoring is essential to ensure that the objectives of a conservation covenant are met and to provide information to assist with management of the land. Monitoring is carried out to measure and record change on the land, determine the effectiveness of the covenant to protect the land and ensure compliance with the terms of the covenant.<sup>87</sup> It provides information that may be used as evidence if enforcement of the covenant is necessary. The extent of monitoring necessary to determine compliance with the terms of the covenant will vary from covenant to covenant. For example, a covenant that simply prohibits subdivision of the land will require only minimal monitoring.

Most covenants address monitoring and include a right of access by the covenant holder for monitoring purposes. Covenants often incorporate a registrable statutory right of way<sup>88</sup> permitting access. It is wise to include such a statutory right of way to ensure that future landowners will permit access for monitoring. As explained in Chapter 5, the covenant holder must be designated to hold a statutory right of way as well as a conservation covenant. Access is discussed in greater detail in Chapter 15.

A well-designed program of landowner contact in conjunction with the monitoring program is also essential to the success of the covenant. It is much more effective to prevent violations of the covenant through monitoring and landowner contact than to enforce compliance and seek a remedy once a violation has occurred.

## ROLE OF MONITORS

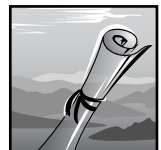
In accordance with the terms of the covenant, monitors will

- conduct and document regular inspections of the land comparing the current state of the land to the baseline information;
- document any changes to the land, including flora and fauna; and
- in some cases act as a liaison between the covenant holder and the landowner.

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<sup>87</sup> See *On the Ground: A Volunteers' Guide to Monitoring Stewardship Agreements*, Salt Spring Island, BC: The LTA Land Trust Alliance of BC, 2001, a publication in the Stewardship Series, for a more in-depth discussion of monitoring a variety of stewardship agreements, including conservation covenants. In addition, some conservation organizations have prepared their own monitoring protocols. See, for example, the Monitoring Protocol prepared by the Nature Conservancy of Canada (BC Region) and Habitat Acquisition Trust.

<sup>88</sup> Under section 218 of the *Land Title Act*.



## RELATIONS BETWEEN LANDOWNERS AND COVENANT HOLDERS

It is important for covenant holders to maintain regular contact with landowners and advise them of monitoring visits. The terms of the covenant may require prior agreement on monitoring dates. Notice, and generally written notice, of visits is usually required. Even if the terms of the covenant or management agreement do not require prior agreement or notice, relations between landowners and covenant holders likely will be strengthened by such contact.

The covenant holder should put in place a general program for maintaining contact with landowners in addition to monitoring visits.<sup>89</sup> This could include providing landowners with regular updates of the covenant holder's conservation activities as well as regularly scheduled specific contact with the landowner.

Covenant holders should develop policies regarding contact with landowners and keep monitors informed of these policies. For example, the organization's policy might involve a volunteer monitor contacting the landowner to arrange a visit and an interview time, if necessary, once a staff representative has made initial contact. When arranging monitoring visits, it is a good idea to check with the landowner about any specific circumstances to be careful of, such as the presence of pets or other animals.

Covenant holder staff should brief monitors about appropriate questions to ask landowners as well as questions to expect from landowners. Careful preparation and prior contact with the landowner will help prevent any conflict or unpleasant surprises.

## SELECTING AND TRAINING MONITORS

Covenant holders should establish a training program for monitors tailored to the monitoring requirements for the specific property. Depending on the conservation values protected in the covenant and the nature of the monitoring required, it may be necessary to recruit monitors with technical expertise. Otherwise, lay volunteers generally will carry out monitoring duties. While monitoring may be conducted by staff of the covenant holder, it often is done by volunteers.

Training programs should teach techniques that will be required in the particular circumstances. These could include videotaping, photography, and the use of other equipment such as water sampling equipment. All monitors should be proficient in accurate and detailed note-taking. A complete training and orientation program will also include safety instruction.

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<sup>89</sup> See Theresa Duynstee, *Landowner Contact Guide for British Columbia*, A publication in the Stewardship Series, co-published by Environment Canada, Victoria, BC: Ministry of Environment, Lands and Parks, 1997.

# DETERMINING WHAT, HOW AND HOW OFTEN TO MONITOR

The covenant or management agreement may set out a monitoring plan and schedule. In the absence of such a plan and schedule, the nature, extent and frequency of monitoring will depend on the ecological values to be monitored. The baseline information, conservation objectives and site specific requirements will determine the specifics of monitoring: the kinds of observations to be made, whether of natural features, flora or fauna; the monitoring techniques required; and the frequency of monitoring.

One reason for monitoring is to determine compliance with the terms of the covenant. The emphasis of this aspect of monitoring will be on whether the landowner has met his or her obligations in the covenant. This may require seasonal monitoring or only annual monitoring. It may require extensive documentation or completion of a simple form. Detailed mapping may be necessary in some circumstances. In others, a short walk through the protected area and a short interview with the landowner may suffice.

No matter how frequently monitoring is done, it is a good practice to monitor at regular intervals and as close to the same time each year as possible. This helps evaluate any changes observed on the monitoring visit. It also provides consistency, an important factor should it be necessary to bring proceedings to enforce the covenant.

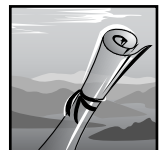
## TYPES OF DOCUMENTATION

As with frequency of monitoring, the type of documentation of monitoring visits will depend on the ecological values to be monitored, the baseline information and site specific requirements. Monitoring should focus on recording the state of important natural features as well as flora and fauna. Monitors should be particularly alert to indications of disturbance by people or domestic animals.

Generally, covenant holders should provide monitors with a monitoring form to complete for each monitoring visit. The form may be adapted, as necessary, for each specific site. In addition, covenant holders should be flexible about amending the form in response to feedback from monitors and other input that indicates ways in which the form could be improved.

Depending on the circumstances, monitors may also document the state of the protected area and any changes by

- collecting and recording samples, provided collecting samples does not result in damage to flora or fauna,
- still or video photography,
- making audio tapes,
- mapping of landforms, vegetation or other significant features, or
- preparing surveys of the land, flora, fauna or surrounding community.



## CREATING RECORDS THAT MEET EVIDENTIARY STANDARDS

Where violations of the covenant occur, enforcement proceedings may be necessary. These proceedings could take the form of mediation, arbitration or court action. It may be necessary for monitors and staff of the covenant holder to give evidence in these proceedings.

It is important, therefore, that the monitoring program and monitoring records are credible. Monitoring must be accurate, consistent and repeated at regular intervals. Preferably, the same individual or team will monitor on each occasion. If this is not possible, overlap between monitors is advisable to ensure continuity. Monitoring techniques also should be consistent from one monitoring visit to the next. This will help ensure that any changes in the land observed and recorded will not be attributed to a change in monitors or a variation in monitoring technique.

In addition, the documentation of monitoring visits must be as thorough, clear, precise and consistent as possible. Detailed and legible note-taking are important. A complete monitoring form will ensure that all necessary information is gathered. The monitoring documentation itself could be introduced as evidence in proceedings. In addition, it likely will form the basis for the monitor's oral testimony in proceedings.

## CHAPTER 12

# ENFORCEMENT PRACTICES

## NEED FOR ENFORCEMENT

Generally, parties to a covenant are committed to the protection of the land involved and to the fulfillment of their obligations under the covenant. The need for enforcement therefore does not arise. It is preferable to prevent breaches of a covenant than to enforce its terms. Regular monitoring and a well-designed program of landowner contact will go a long way to preventing breaches of the covenant. They will promote a good relationship between the covenant holder and subsequent owners of the land. However, in some circumstances, it may be necessary for the covenant holder to enforce compliance with the terms of the covenant to protect the ecological values incorporated in the covenant.

Furthermore, if the covenant holder does not enforce compliance with the covenant when breaches occur, it may lose the right to a remedy from the courts in the future. Courts have the jurisdiction to refuse to grant remedies such as an order for specific performance or an injunction on a number of discretionary grounds.<sup>90</sup> For example, if the covenant holder delays an unreasonable length of time in taking steps to enforce the covenant and the delay would make giving the remedy unjust, the court may refuse to grant relief. Similarly, if the covenant holder, by its actions, seems to be representing to the landowner that it does not intend to enforce the covenant and, as a consequence, enforcement would become unjust, the court may refuse relief.

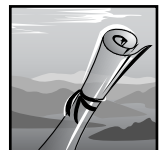
In addition, as previously noted, section 35 of the *Property Law Act*<sup>91</sup> provides that anyone with an interest in land may apply to the court for an order to modify or cancel charges or interests against the land. This includes conservation covenants. One of the circumstances under which the court may order modification or cancellation of a covenant is if the holder of the covenant has expressly or impliedly agreed to it being modified or cancelled. A landowner could argue that if a covenant holder does not enforce the covenant, the covenant holder has impliedly agreed to the modification or cancellation of the covenant.

Covenants generally include a provision stating that failure by the covenant holder to enforce a particular breach does not operate as a waiver of any other breach or affect the covenant holder's right to enforce in the future. However, given section 35 of the *Property Law Act* and the jurisdiction of the court in this area, it would not be a good practice for a covenant holder to shirk its monitoring and enforcement responsibilities and attempt to rely on this kind of provision.

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<sup>90</sup> Courts have the jurisdiction to refuse to grant relief on a number of equitable grounds such as laches (unreasonable delay), acquiescence and waiver. An exhaustive discussion of these is beyond the scope of this guide.

<sup>91</sup> R.S.B.C. 1996, c. 377.



It is important that covenants provide a variety of enforcement mechanisms and that covenant holders take recourse to these mechanisms when they become aware of breaches, either through monitoring or some other process.

## FILE MANAGEMENT

It is a good practice for all parties to the covenant to keep detailed and accurate records of all interactions. As mentioned in Chapter 3, if a provision of a conservation covenant is determined to be ambiguous, a court might look beyond the document itself to determine the intent of the parties at the time the instrument was drafted.

Covenant holders and, where applicable, landowners therefore should take the following steps:

- Keep an organized file for each covenant.
- Document the specific reasons for entering into the conservation covenant.
- Retain all drafts of the covenant and all correspondence through negotiation process.

These records should be retained permanently because this record will be the “only voice left” indicating the intent of the parties.

In addition, each party should:

- Ensure that all notices, approvals, waivers and consents are in writing. All parties should retain the original or a copy as appropriate.
- Retain copies of all correspondence after the covenant is finalized.
- Retain all monitoring reports.

## TYPES OF ENFORCEMENT MECHANISMS

Conservation covenants contain a variety of enforcement mechanisms. Most, if not all, of the following kinds of provisions should be included in a covenant.

### ENFORCEMENT REMEDY

Covenants should include a mechanism to initiate and carry out enforcement. A typical provision will

- require the covenant holder to serve the landowner with written notice of any suspected breach of the terms of the covenant and the maximum cost to remedy the breach;<sup>92</sup>

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<sup>92</sup> The covenant should also include a separate provision setting out how and to whom notice is to be given.



- require the landowner to remedy the breach within 60 days of receiving the notice; and
- if the landowner does not remedy the breach, permit the covenant holder to do so at the landowner's expense.

If the covenant holder remedies the breach and the landowner refuses to pay, the cost of remedying the breach generally is recoverable as a debt.

If there is a dispute about the breach or the cost to remedy it, it may be necessary for the covenant holder to resort to the dispute resolution provisions to recover the cost of remedying the breach.

## RENT CHARGE

Conservation covenants commonly include a rent charge, another type of enforcement mechanism.<sup>93</sup> A rent charge secures payment of a specific amount by the landowner to the covenant holder for each breach by the landowner of the terms of the covenant. The amount of the rent charge is specified in the covenant and may differ from covenant to covenant, depending on factors such as the size of the covenant area and the sensitivity of the land. In addition, the amount is generally indexed for inflation since the covenant is intended to last indefinitely. Commonly, where the breach involves the removal of flora or fauna from the land, the rent charge is increased by the market value of the material removed plus an additional percentage of the value.

A rent charge is registered against title to the land. The covenant will provide that the rent charge ranks ahead of all other financial charges so that the amount of security will not be affected by enforcement proceedings by the holders of other financial charges.<sup>94</sup> The rent charge binds all future owners of the land.

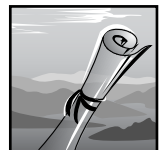
A rent charge is enforceable if the landowner is in breach of the covenant and either has not cured the breach or is not taking steps to do so. Generally, the covenant holder may enforce the rent charge in several ways,<sup>95</sup> including by a court action against the landowner for the rent charge amount, appointment of a receiver or an order for sale of the land. The covenant holder could apply to the court to have the landowner's interest in the land sold to provide funds to pay the rent charge.

The covenant holder need prove only that the landowner has violated the terms of the covenant in order to collect the basic rent charge amount. It is not necessary to prove that any particular harm resulted from the violation. The covenant holder can also recover the reasonable costs of enforcing the rent charge. This would include legal fees.

<sup>93</sup> The granting of a rent charge is permitted under s. 219 of the *Land Title Act* and at common law.

<sup>94</sup> See Chapter 8 Charges on Title. If there are other financial charges such as a mortgage or lien on title before the covenant and rent charge are registered, it will be necessary to obtain a priority agreement from the chargeholder to give the rent charge priority. As explained in Chapter 8, the prior chargeholder may not agree to give the rent charge priority.

<sup>95</sup> See clause 12 in the annotated covenant, Appendix 1.



All of these features make the rent charge a more powerful enforcement tool than simply bringing a court action for damages for breach of the covenant.

## REQUIRING THE OWNER TO ENFORCE

Another provision frequently included in conservation covenants requires the owner to take all reasonable steps to identify and prosecute those who damage the land by trespass or vandalism and to seek financial restitution for any damage caused to the land (see Annotated Conservation Covenant, section 9.5).

## POSTING SECURITY

Another option to ensure compliance is a requirement in the covenant that the landowner post a bond, letter of credit or cash as security for the performance of the covenant. While this is a common requirement in commercial contracts, it is not usually found in a covenant. A covenant is intended to last indefinitely and bind successive owners of the land. Security in this form would need to be reposted periodically, and certainly by a new owner. In addition, it would be expensive to maintain such security indefinitely.

## DISPUTE RESOLUTION

A conservation covenant generally contains mechanisms for resolving disputes. Dispute resolution will be discussed in greater detail in the next chapter. However, it is important to note at this point that covenants contain these types of provisions to which the parties can or must take recourse if a dispute arises. The dispute might be about whether there has been a breach of the covenant, the meaning of the terms of the covenant or the appropriateness of any enforcement action taken. Depending on the circumstances, dispute resolution may be used in conjunction with the enforcement options described above.

It is advisable for covenants to contain a provision allowing mediation in the event of a dispute before seeking a remedy from the courts. The parties may also want to include a provision requiring that they look to an arbitrator rather than the courts to resolve disputes.

## GOING TO COURT

As mentioned, the covenant holder may be required to go to court to enforce a rent charge or obtain a judgment for any amounts spent to remedy a breach.

The covenant holder could also seek an injunction, a form of court order, to stop an anticipated or ongoing violation. An injunction is available at the discretion of the court where a violation results or will likely result in irreparable harm to the land that cannot be compensated by money.

Finally, the covenant holder could seek an order for specific performance. An order for specific performance would require the landowner to comply with the terms of the covenant.

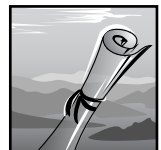
If the landowner were to disobey either an injunction or an order for specific performance, the covenant holder could bring contempt of court proceedings against the landowner.

Although sometimes necessary, court actions are very expensive and the outcome is uncertain. Furthermore, court proceedings are adversarial, resulting in a “winner” and a “loser”, often creating discord between the parties. The discord could poison the ongoing relationship between the landowner and covenant holder. Beginning a court action should therefore be the last resort in enforcing the terms of a covenant.

## ENFORCEMENT STEPS IN CASE OF A BREACH

The most effective enforcement is prevention of violations through ongoing contact with the landowner and diligent monitoring programs. However, violations do occur. More often than not, violations will be accidental or inadvertent. In some cases, a landowner will knowingly violate the terms of a covenant, for example, by logging a protected area. Depending on the circumstances of the violation, the covenant holder should take the following steps:

- Ensure that the suspected violation really is a violation. Does the covenant prohibit the behaviour? Is the covenant too vague? Has the covenant created a situation that is impossible to comply with or enforce? Address these questions before deciding how to proceed.
- Do not ignore violations of the covenant.
- Contact the landowner informally to notify the landowner of the violation, request that the violation stop if it is ongoing and discuss measures to remedy the situation. A face to face meeting is the best choice.
- Negotiate an acceptable solution to the problem with the landowner. In many cases this will end the matter. This first step is vital in the case of minor infractions and offers a way to deal with them in a cost effective manner. Make detailed notes of all discussions with the landowner and all actions taken. Confirm any action taken in a letter to the landowner. Advise the landowner in writing that the covenant holder is reserving the right to take further steps if the violation continues or recurs. Keep copies of all correspondence, including e-mail correspondence. If the landowner does not cooperate and continues the violation or refuses to remedy the situation or does both, give formal notice of the violation under the enforcement remedy provision of the covenant. The landowner will have a certain time period within which to remedy the breach at the landowner's cost.
- If the landowner disputes that there is a violation or interprets the covenant differently, consider using the dispute resolution provisions of the covenant and seeking mediation of the dispute if necessary. This may resolve the matter or, at least, clarify the issues that need to be resolved.



- If the landowner continues to be uncooperative even in response to formal notice, the covenant holder can take all necessary steps to remedy the breach under the enforcement remedy provisions and, if necessary, sue the landowner to recover the cost of doing so. The covenant holder can also recover at least some portion of the costs of the proceedings. In this circumstance, the covenant holder would obtain a monetary judgment against the landowner. If the landowner did not pay, the judgment could be registered against title to the property and enforced in the same way as any other judgment.
- If the landowner does not stop the violation and remedy any damage that has occurred, the covenant holder could also enforce the rent charge. There will be a number of steps the covenant holder can take to enforce the rent charge. Some of these steps will involve starting a court action. The covenant holder should consider enforcing the rent charge if the landowner has removed flora, fauna or soil from the protected area contrary to the terms of the covenant.
- If the violation is one which will cause or is causing irreparable damage to the land, the covenant holder should consider seeking an injunction as soon as possible requiring the landowner to stop the conduct that is in breach of the covenant.
- If the violation is still not remedied adequately, the covenant holder could then seek other remedies through the courts such as an order for specific performance.<sup>96</sup>

While most breaches will be remedied at an early stage, in some cases where a breach has occurred, the party enforcing the covenant may need to employ most, if not all, of the enforcement mechanisms available in the covenant to ensure compliance with the covenant or obtain recovery of costs.

At every step, the party enforcing the covenant should make careful and detailed notes of all discussions with the party in breach. In addition, the enforcing party should keep a record of all actions taken as well as retain copies of all correspondence and documents. This information may be required as evidence in any arbitration or court proceedings.

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<sup>96</sup> Or binding arbitration if required by the covenant.

## CHAPTER 13

# DISPUTE RESOLUTION

Even with careful drafting of covenant documents, on occasion disputes related to conservation covenants arise between landowners and covenant holders. A dispute might occur if there were

- a difference in interpretation of a specific provision in a conservation covenant,
- an honest mistake on the part of a landowner about what types of activities were permitted on the land or where certain activities could take place, or
- a deliberate violation of a provision in a conservation covenant, particularly if the violation were repeated.

To address these possibilities, it is useful for landowners and conservation organizations to consider what types of dispute resolution mechanisms they want included in the covenant document. It is always useful to include alternatives to the parties having to go to court to resolve their differences.

## PROVISIONS TO INCLUDE IN COVENANTS

A range of dispute resolution mechanisms is available including negotiation, mediation and arbitration. It is becoming increasingly common for one or more of these mechanisms to be included in covenants. There are costs associated with resolving disputes and the covenant should set out how these costs will be allocated among the parties. Generally, parties will share the cost of dispute resolution. A brief description of each of these mechanisms follows.

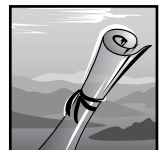
### NEGOTIATION

Negotiation involves direct dealing between the parties in an attempt to resolve the dispute. Most covenants include a provision permitting the parties to attempt to resolve disputes directly with each other. Such a provision could also be mandatory, requiring the parties to attempt to negotiate a solution before moving on to other dispute resolution mechanisms.

In many cases, the parties will be successful in negotiating a resolution of the dispute.

### MEDIATION

Covenants often provide that, if attempts by the parties to resolve the dispute are not successful, the parties may appoint a mediator. A mediator is a mutually acceptable, neutral third party who is skilled at assisting the parties to resolve the dispute themselves.



Mediation encourages direct participation by the parties. A mediator does not impose a resolution to the problem but helps the parties find one themselves.

The majority of disputes will be resolved by either direct dealings between the parties or mediation.

## ARBITRATION

With arbitration, the parties select a neutral third party to decide the matter in dispute for them. After hearing the parties and any witnesses, the arbitrator makes an award in favour of one or the other. Arbitration may or may not be binding, depending on the provisions included in the covenant and the terms of reference given to the arbitrator. However, binding arbitration generally ends the matter, saving the time and money of taking further steps to resolve the dispute.

With binding arbitration, the parties agree to use arbitration instead of the courts to resolve disputes. Arbitration is generally faster and less expensive than court proceedings and can be tailored by the parties to meet their needs.

While conservation covenants generally do not include arbitration as a dispute resolution option, it may be useful for the parties to consider this option in appropriate circumstances. If the parties decide to use arbitration to resolve disputes, they should include provisions in the covenant setting out acceptable qualifications for the arbitrator, how the arbitrator will be appointed, the arbitration process and the allocation of arbitration costs.

It is important to remember that arbitration will generally be the last recourse and the parties must be satisfied with the arbitrator and the arbitration process.

## POSSIBLE TRADE-OFFS TO RESOLVE DISPUTES

It is almost always in the best interests of the landowner, the covenant holder and the protection of the land to avoid disputes through the use of best practices and, where disputes are unavoidable, to attempt to settle them as early as possible. Often the landowner and covenant holder will be able to find a solution to problems that arise. Sometimes mediation will assist the parties to find a resolution to the dispute.

Workable solutions may involve trade-offs that will meet the land stewardship objectives of the covenant. Consider this hypothetical dispute: a landowner constructs a small guest cottage within the covenant area contrary to the terms of the covenant. After some negotiation between the landowner and covenant holder, the landowner agrees to grant a covenant on a separate wetland area on the property in exchange for modifying the boundary of the original covenant to exclude the guest cottage. This solution is acceptable to both the landowner and covenant holder and further enforcement measures are not necessary.

## CHAPTER 14

# CHANGE IN OWNERSHIP

Conservation covenants are intended to protect land indefinitely. They are registered against title to the land and bind future owners of the land. Because they last indefinitely, changes in ownership of the land will almost certainly occur during the life of the covenant. A change of ownership will take place if the landowner transfers the land during the landowner's life or disposes of it by will on death. Covenant holders therefore must be prepared to deal with change in ownership to ensure that the covenant requirements are met and the land continues to be adequately protected after the change of ownership.

## NOTICE TO NEW LANDOWNER

Prospective new landowners will receive notice of the existence of the conservation covenant through conducting a search of the title to the property in the Land Title Office. A title search will reveal all charges, including covenants, registered on title. Copies of the covenant and any other documents filed in the Land Title Office may be obtained from the Land Title Office.

## TRACKING CHANGES IN OWNERSHIP

Covenant holders generally will not receive notice of a change of ownership. A covenant could include a term requiring the owner to notify the covenant holder of a change in ownership. However, such a term would not guarantee that covenant holders will be kept up to date. Covenant holders therefore should establish a system to check for changes in ownership of land on which they hold a covenant. Regular landowner contact programs will reveal changes in ownership. In addition, it is a good practice for covenant holders to conduct Land Title Office searches on a periodic basis of land on which they hold covenants to determine whether there have been changes of ownership. A title search will also reveal any changes in the other charges registered against title to the land.

In addition, the Land Trust Alliance of BC has established the BC Lands in Trust Registry<sup>97</sup> to provide an up to date reference of private lands that have been protected in BC either by conservation covenants or by donation to a land trust organization. Anyone with questions or wanting to use the registry should contact The Land Trust Alliance of BC, at: (250)538-0112 or by e-mail at [registry@landtrustalliance.bc.ca](mailto:registry@landtrustalliance.bc.ca). The registry does not include a complete listing of conservation covenants in the province. Although it is a useful tool, it is not a substitute for a periodic title review for each covenant held.

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<sup>97</sup> At <http://www.landtrustalliance.bc.ca/registry/index.html>.



## ESTABLISHING CONTACT AND ONGOING RELATIONS

A good landowner contact program is even more important with subsequent landowners than with landowners who are the original party to the covenant. Subsequent owners, even the heirs of the owner that is a party to the covenant, may not be as committed to conservation of the land as the original owner. Subsequent landowners may wish to use the land in ways that the original owner wanted to limit and seek to modify the covenant provisions. An effective landowner contact program will go a long way toward ensuring that new landowners understand and respect the intent of the covenant.

It is good practice for landowners to advise the covenant holder of an impending sale or transfer of the property even in the absence of a requirement in the covenant to do so. Similarly, it is also good practice for the covenant holder to notify the new owner of the covenant and explain how the covenant is intended to protect certain features of the land.

This notification provides the basis for establishing initial contact with the new owner. As part of the landowner contact program, new owners should be provided with a copy of the conservation covenant and baseline documentation report as well as any information produced by the covenant holder about its work in general. The covenant holder should give the new owner access to all monitoring reports and any other information available about the protected area and the property in general.

Covenant holders should take the same care in maintaining contact with a new landowner as was taken with the landowner that granted the covenant. Regular contact and consultation with the landowner will contribute significantly to a good relationship. In addition, the owner may be in the best position to report on changes in the protected area. The new landowner should be introduced to the monitoring program and invited to participate where appropriate.



## CHAPTER 15

# ACCESS

It is necessary to provide for access to the area protected in the covenant. Certainly, the covenant holder must have access in order to monitor and enforce compliance with the covenant. In some circumstances, it will also be appropriate to provide for public access to the protected area.

## WHEN PUBLIC ACCESS IS APPROPRIATE

Many protected areas are ecologically very sensitive and are protected in large part to prevent unnecessary human access that is potentially damaging. In addition, in many instances, the landowner will not want the public to have access to the protected area. This often is the case if the landowner lives on the property.

However, there are cases in which the public may be invited onto the protected area for educational or recreational purposes. This might occur where the land, although privately owned, is a place where the public has enjoyed access in the past for recreational purposes or where the purpose of the covenant is to permit construction of a hiking or cycling trail. In other circumstances, it may also be in the best interests of the covenant holder, and acceptable to the landowner, to invite the public to a protected area to view wildlife, vegetation or ecosystems generally where this serves to educate the public and garner support for the conservation objectives. This is more likely to be the case where public access can be accomplished with minimal impact.

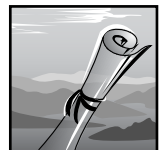
## HOW TO ACHIEVE A RIGHT OF ACCESS

Every covenant should incorporate a statutory right of way in favour of the covenant holder and its employees, workers and invitees. Section 218 of the *Land Title Act* authorizes the landowner to grant the covenant holder a right of way “for any purpose necessary for the operation and maintenance of the grantee’s undertaking.” Conservation organizations must be designated by the Surveyor General (on behalf of the Minister of Sustainable Resource Management) to be granted a statutory right of way.<sup>98</sup>

The statutory right of way should state to whom the right of way is being given and for what purpose. Typical statutory right of way provisions will allow access to enter, rehabilitate and restore the land, to monitor by inspecting the land, taking samples, taking photographs, to survey the land, and so on. Where a covenant charges only a portion of a parcel of land, the statutory right of way should permit access over the uncovenanted portion of the land to the covenant area where necessary.

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<sup>98</sup> See the discussion in Chapter 5 about designation.



Unless the public is to have access to the covenant area, the covenant should include a provision stating that the statutory right of way does not give a right of public access. Alternatively, if the public is to have access, this should be stated clearly.

Even though the statutory right of way is generally included in the covenant itself, it should be registered separately against title to the land. It will show as a separate charge.

## RELATIONS WITH LANDOWNER

Typical right of way provisions require the landowner and covenant holder to agree on regular dates of access to the land. They also require notice to the landowner of visits to the land in some circumstances.

Covenant holders should make a practice of giving as much notice to the landowner as possible of visits to the land. Alternatively, the parties also might agree on a regular access schedule for monitoring and inspection purposes. If this is the case, the covenant holder should make careful note in writing of the schedule. Even with a prior agreement, the covenant holder should notify the landowner of an upcoming visit to the land. This will prevent surprise and inconvenience to the landowner and contribute to a positive relationship.

## CHAPTER 16

# HOW TO PROTECT AGAINST LIABILITY

Both the landowner and the covenant holder are potentially liable to third parties. Liability could arise in relation to individuals who enter on the land subject to the covenant. There is also potential liability in nuisance to neighbouring landowners.

The landowner (and the occupier of land) has exposure to this liability even in the absence of a covenant. However, the existence of a covenant may add to the landowner or occupier's liability largely because the number of people permitted or likely to enter the land may increase. Depending on the terms of the covenant, the covenant holder is also potentially liable as an occupier of land.

The risk of liability is much lower where the person entering on property willingly assumes the risk of doing so. This affords both landowners and covenant holders an opportunity to take steps to minimize liability or avoid it altogether. In addition, adequate liability insurance helps protect against the adverse economic consequences of liability should liability be found.

This section will describe circumstances that could give rise to liability and address ways in which landowners and covenant holders can minimize liability and protect against the potentially adverse consequences of liability.

## OCCUPIERS LIABILITY ACT

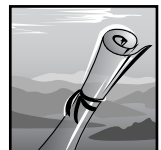
The *Occupiers Liability Act*<sup>99</sup> provides that anyone<sup>100</sup> who is in physical possession of property, or has the responsibility for, and control over, the condition of the property, the activities conducted on the property and the persons allowed to enter the property, must take reasonable care to see that individuals entering on the property will be reasonably safe in using the property. This duty is referred to as a duty of care. What is considered reasonable care will depend on the circumstances. This duty does not require that occupiers ensure that visitors are absolutely safe. However, an occupier could be held liable for inadvertently or accidentally endangering someone.

The duty of care applies to the condition of the property (land and structures), activities conducted on the property and the conduct of others on the property. In other words, the occupier of property must ensure that the property is maintained in a safe condition and that activities conducted on the property do not cause harm to others.

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<sup>99</sup> *Occupiers Liability Act*, R.S.B.C. 1996, c. 337, s. 3.

<sup>100</sup> Called the occupier in the Act.



Depending on the circumstances, the occupier could be the landowner, a tenant of the property or a covenant holder. There may be more than one occupier of a piece of property. The owner of property subject to a covenant will be an occupier if the owner lives on the property or has the responsibility for and control over the property. Clearly this will be the case in most circumstances. A landowner (or tenant) owes this duty of care whether or not there is a covenant on the property.

The covenant holder may also have responsibility for and control over at least part of the property depending on the terms of the covenant and any rights of way granted by the landowner in favour of the covenant holder. For example, the covenant holder may have responsibility for and control over a trail located on the covenant area. Both the landowner (and, perhaps, a tenant) and the covenant holder therefore could be occupiers within the meaning of the *Act* and potentially liable if someone were injured on the property.

Where someone is harmed because an occupier of property has not taken reasonable care to ensure that person's safety, the occupier may be required to pay the person monetary damages.

A conservation covenant on property might increase the property owner's risk of liability where, under the terms of the covenant, more people are authorized or invited to enter onto the property than if the covenant did not exist. For example, a covenant or an ancillary management agreement will generally authorize the covenant holder to monitor compliance with the terms of the covenant. In addition, the covenant may permit access by the public to the covenant area for recreational or educational purposes. An associated right of way or easement contained in the covenant document itself or prepared separately may authorize such access. The increased number of people permitted to enter on property increases the risk of harm to someone for which the landowner or covenant holder may be found liable.

Where a person entering property willingly assumes the risks of entering the property, the owner or occupier owes a lesser duty to that person. In these circumstances, the occupier has a duty not to create a dangerous situation with the intent of harming that person or his or her property and not to act with reckless disregard to that person's safety. Because this duty requires either intention or reckless disregard on the part of the occupier, it is a much lower duty than the general duty owed to people entering on property.

Whether someone entering property willingly assumes the risks of entering the property will depend on the circumstances of the particular situation. For example, if property is marked as hazardous or dangerous by the posting of clearly visible signs, those who enter the property may be considered to have done so at their own risk. Protective measures are discussed in greater detail below.

In a number of situations, however, a person who enters on property is deemed under the *Act* to have willingly assumed the risk of entering the property. These situations are:

- where the person is trespassing while committing or intending to commit a criminal act;

- where the person is trespassing in any circumstances or the entry is for the purpose of a recreational activity<sup>101</sup> and the property falls within certain categories such as
  - property primarily used for agricultural purposes;
  - rural property that is
    - used for forestry or range purposes,
    - vacant or undeveloped property,
    - forested or wilderness property, or
    - a private road reasonably marked as a private road; or
  - a recreational trail reasonably marked as such.

In many circumstances, property subject to a covenant will fall within one or more of these categories and the occupier of the property will owe those trespassing on the property or coming onto the property for a recreational purpose the lesser duty of care. In these circumstances, to avoid liability, the occupier must not create a situation with the intent to harm anyone entering the property or act with reckless disregard to their safety.

However, occupiers of property that is not in one of these categories, for example, property located in a municipality that is not primarily used for agricultural purposes or is not a recreational trail, will owe those coming onto the property the higher duty of care – that is, to ensure that they will be reasonably safe in using the property.

No matter which duty of care is owed in the circumstances, landowners and covenant holders can and should take effective steps to protect against liability. These steps are discussed below.

## NUISANCE

Both landowners and covenant holders must take care not to do anything on property that will unreasonably interfere with a neighbouring parcel of land. This could result in a nuisance. Nuisance is the unreasonable, unwarranted or unlawful use by a person of his or her own property resulting in interference with the reasonable use and enjoyment of another person's property or by the public of a public area. Smoke, odours, noise, vibration, obstructing private easements, interfering with support of land or structures and interference with public rights of passage and enjoyment could all constitute nuisances, depending on the circumstances.

Landowners and covenant holders that have responsibilities under covenants must carry out activities in such a way that they that will not interfere with neighbouring properties. For example, care must be taken in trail building or any other construction or restoration activities to ensure that neighbouring property does not flood or subside. In addition,

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<sup>101</sup> If the occupier provides the person with living accommodation or receives payment for the entry or recreational activity, other than payment from a government agency or non-profit association, the higher duty will be owed.



where property adjoins a public area, it is important to ensure that public access to and enjoyment of the area is not hampered by any structures or activities on the property.

## ENVIRONMENTAL LIABILITY

Environmental contamination is another possible source of liability and should be addressed prior to finalizing the terms of the covenant.<sup>102</sup> Contamination can occur as a result of a variety of agricultural, commercial and industrial activities. In circumstances where the covenant holder, after completing a site inspection and a review of the history of the property, is concerned that contamination may be a problem, the covenant holder may want to retain professional assistance to complete an environmental audit of the property. An audit will identify the nature and extent of contamination of the land or water included in the covenant area and the remediation measures necessary to clean up the contamination.

Whether or not the land is contaminated, it is advisable for conservation covenants to include a term allocating responsibility for the contamination. Generally, covenants provide that the owner is responsible for any contamination on the land and that the owner will indemnify the covenant holder for any costs or liabilities that arise from contamination on the property.<sup>103</sup>

## MISCELLANEOUS LIABILITY ISSUES

Covenant holders will not generally be held liable to third parties for non-enforcement of the terms of a covenant. While the holder of a covenant has the right to enforce the terms of the covenant, it does not have an obligation to do so. Members of the public who are of the view that a covenant holder is not adequately enforcing compliance with the covenant generally will not have a legal remedy against the holder.

Covenant holders may owe landowners a duty not to cause harm to the landowner or the property that is reasonably foreseeable.<sup>104</sup> It is common, however, for the parties to a covenant to include a clause excluding this liability. Where it is not excluded, this duty is in addition to any obligations that the holder may have under the terms of the covenant. Covenant holders must ensure that they act with reasonable care when carrying out monitoring and maintenance obligations so that they do not cause damage to the property.

Landowners and, especially, staff and volunteers working with covenant holders should be aware of the boundaries of the land subject to the covenant in order to avoid trespassing on neighbouring properties while carrying out monitoring or maintenance duties.

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<sup>102</sup> For additional information in the context of land transfers, see pages 28-30 of Paul Peterson, "Securement Process," in Part 3 of Ontario Nature Trust Alliance, *Land Securement Manual*. Don Mills, Ont.: Ontario Nature Trust Alliance, 1999, revised September 2003.

<sup>103</sup> See clause 9.4 of the annotated covenant in Appendix 1.

<sup>104</sup> This is a duty which if breached gives rise to tort liability.

# PROTECTING AGAINST LIABILITY

Landowners and covenant holders can take a number of measures to protect against liability. Depending on the circumstances, some or all of these measures should be implemented as a matter of course for each property subject to a covenant.

## SIGNAGE

Landowners and covenant holders should give primary consideration to posting signs on property. There are three kinds of signs that serve a purpose in protecting against liability: signs warning of danger or particular hazards, signs marking roads or trails, and “no trespassing” signs.

As explained above, where someone willingly assumes the risk of entering property, the occupier has a much lesser duty to ensure that person’s safety. Where a property is dangerous or contains hazardous areas, signs warning of the danger or hazards serve to inform those who might enter on the property. It is more likely that individuals who have been informed of a risk in such a way that they can recognize and avoid danger will be found to have assumed the risk willingly.

Similarly, because under some circumstances individuals are deemed to have assumed the risk of entering property that is marked as a private road in a rural area or as a recreational trail, clearly visible signs to this effect should be posted identifying such property.

One of the situations in which an occupier owes a lesser duty of care is if the individual entering on certain kinds of land is trespassing. Anyone entering without consent on land that is fenced, enclosed by a natural boundary or posted with no trespassing signs is a trespasser.<sup>105</sup> Therefore, on those properties to which the public does not have access under the terms of the covenant, such as highly sensitive ecological areas, signs should be erected prohibiting trespass. In order to be effective, signs prohibiting trespass must be posted at each ordinary access to the land in such a way as to be clearly visible and readable in daylight and under normal conditions.

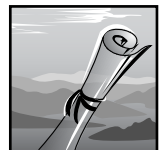
## MAINTENANCE AND MONITORING

As explained previously, landowners and covenant holders have a duty to take all reasonable steps to ensure that individuals are reasonably safe when using the land. Putting good maintenance and monitoring procedures in place is an important measure in taking all reasonable steps to ensure safety. These procedures will assist in identifying hazards and might include cutting down hazardous trees, maintaining trails, and dealing with flooding. This is particularly true for properties to which the public has access.

Those charged with the obligation to maintain property, including the covenant area, must maintain the property in a safe way. This includes general, systematic maintenance appropriate in the circumstances. It also involves being aware of unusual conditions and

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<sup>105</sup> *Trespass Act*, R.S.B.C. 1996, c. 462.



taking steps to ensure the risk of danger is not increased as a result. For example, where there is a recreational trail, the trail should not be opened prematurely if there is a risk of flooding, avalanche, slides, or trail washouts because of weather conditions. The public should be warned through clearly visible and readable signs of the risks involved in entering the land and, if necessary in the circumstances, warned to keep off the trail.

When carrying out monitoring or maintenance duties, staff and volunteers should keep detailed records of conditions they observe on the land, including conditions that could result in a hazardous situation, and of maintenance and preventive measures taken. Should a problem arise, these records can provide evidence that all reasonable steps were taken to ensure that the property was safe.

## INSURANCE

The landowner and the covenant holder should address the issue of liability insurance either in the covenant or an ancillary management agreement. If liability does arise, insurance is the only effective way to guard against the economic consequences. It is very important, therefore, that the parties consider maintaining liability insurance on land. Where the public has access to the covenant area, it is even more important that the parties address insurance since the risk of liability increases significantly with public access.

While landowners generally insure their own property, it is open to the parties to a covenant to agree that the covenant holder will obtain and pay for insurance. Depending on the circumstances, covenant agreements should provide that the other party to the agreement is an additional named insured.

## ALLOCATING RESPONSIBILITY

Responsibility for taxes, penalties, charges and other expenses and for maintenance of the property as well as for dealing with hazards specific to the property should be allocated between the landowner and covenant holder in the conservation covenant or management agreement or both. The covenant or management agreement also should address who is responsible for signage, particularly when signage is necessary for safety reasons.

The landowner and covenant holder generally will agree about their liability to each other. It is common, for example, for the landowner and covenant holder to exclude liability for torts such as negligence and limit their liability to each other to liability for breach of the terms of the covenant itself.<sup>106</sup>

It is not possible, however, to exclude or limit liability to third parties. The covenant document therefore should address who will be responsible if liability to a third party should arise. For example, covenants commonly include an indemnification clause in which one party agrees to indemnify or protect the other from particular kinds of claims. An indemnity serves to shift liability from one party to another. The party who agrees to

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<sup>106</sup> See clause 18 of the annotated covenant in Appendix 1.



indemnify should have insurance to support this promise in the event a successful claim is made.<sup>107</sup>

**Example:** Conservancy West holds a covenant on a piece of property located in a municipality. Over 80% of the property is comprised of a sensitive wetlands area. There is one particularly treacherous swampy area on the property. There is also one small cabin located on the property where the landowner spends several weeks a year. The property is fenced but there are a number of access points through the fence. At one of these access points, Conservancy West has erected a plaque and a sign explaining the sensitive nature of the property. The public is requested to keep out of the area because it is so sensitive. There are no signs warning of the hazard. There are no marked trails through the property. Although Conservancy West monitors the landowner's compliance with the terms of the covenant, it does no maintenance on the property.

One spring day, Jan, a new resident with a particular interest in wetlands, ventured onto the property in spite of the sign. She was injured when she fell in the swamp and sued both the landowner and Conservancy West. The judge found that both the landowner and Conservancy West were liable and awarded Jan damages of \$50,000. The judge found that they had a duty to take all reasonable steps to ensure that those going onto the property were reasonably safe and that they had not done so. The judge found it significant that there was no sign warning of the danger on the property even though both the landowner and Conservancy West were fully aware of the hazard. A sign at each access point warning of the hazard and stating that those who entered the property did so at their own risk might well have provided the landowner and Conservancy West with a defence to Jan's claim.

**Example:** Sasha owns 50 acres of forested rural property but does not live on the property. Sasha granted a covenant in favour of Conservancy West to protect 10 acres of bog on the property. Under the terms of the covenant, Conservancy West engaged in restoration of the bog area. This involved removing plants and trees such as hemlocks not naturally occurring in the bog.

Conservancy West posted a sign at the edge of Sasha's property explaining the project and describing its involvement. There were also signs posted at each access point to the property asking the public to keep out because it was private property, contained sensitive bog area and was likely to be hazardous.

Mohan and Jocelyn entered the property without authorization in late March to look at the bog and the progress of the restoration work. They were injured when they lost their footing in an unstable area of the property and slid down an embankment. Mohan and Jocelyn sued Conservancy West and Sasha for damages.

The judge dismissed the action against both Conservancy West and Sasha. The judge found that Mohan and Jocelyn had accepted the risk of entering the

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<sup>107</sup> See clause 9 in the annotated covenant in Appendix 1 for an example of some indemnification provisions.



property. They entered the property without consent and therefore were trespassers. The property is forested property. There were signs asking the public to keep out of the property. In addition, the public was warned of hazards on the property.<sup>108</sup>

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<sup>108</sup> These are fictitious examples. Readers should obtain their own advice about how to best protect against liability in their particular circumstances.

## CHAPTER 17

# RESOURCES OF COVENANT HOLDERS

## NON-GOVERNMENT ORGANIZATIONS

The change in the *Land Title Act* in 1994 in British Columbia has opened up opportunities for conservation organizations to play a central role in protecting many of the significant spaces in the province. The number of conservation organizations and the level of activity of those groups have increased steadily over the past years. The results are impressive – natural areas, wetlands, scenic vistas, ranch and farm land are being protected on a continuous and routine basis.

## TYPES OF RESOURCES NEEDED

The success of this work requires substantial resources, both human and financial, on the part of the conservation community generally as well as within individual organizations. The resources needed to acquire conservation covenants normally will be significantly less than the resources to acquire land outright. Even if the conservation covenant is purchased rather than received as a donation, the purchase price will be considerably less than the purchase price of the land itself.

However, there will be acquisition costs even if the conservation covenant is donated to the conservation organization.<sup>109</sup> These costs could include:

- conducting an environmental assessment of the land to ensure it fits the conservation objectives of the organization and disclose any outstanding liabilities connected with the land, such as environmental contamination;
- appraising the value of the land and the conservation covenant;
- surveying the area of the conservation covenant;
- collecting and documenting baseline information;
- legal fees for negotiating, preparing and reviewing the conservation covenant;
- professional fees for tax and accounting services; and
- fees for registering the covenant, statutory right of way, rent charge, priority agreements, survey plans, and any other documents registered in the Land Title Office.

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<sup>109</sup> See Appendix 3: Steps in Donation of Covenant.



In addition to these initial costs, there will be ongoing costs associated with monitoring the provisions of the conservation covenant, managing the land according to the terms of the management plan, maintaining appropriate signage on the property and maintaining appropriate insurance for the conservation organization and its holdings. If there are problems with compliance with the conservation covenant, there will be costs associated with enforcing the terms of the covenant.

A conservation organization should carefully consider the human and financial resources it will need to acquire and protect every parcel of land for which it might hold a conservation covenant. The organization also needs to assess its present capacity to hold conservation covenants to determine how many it will be able to hold and maintain effectively and to identify where and how it might wish to expand its own resources. Landowners should carry out the same kind of assessment when choosing a covenant holder keeping in mind that the covenant is intended to protect the land in perpetuity.

Many of the resources required of conservation organizations may be available through volunteers who are willing to work for these organizations in exchange for the satisfaction of protecting land important for its ecological, cultural and community values. At times outside assistance will be required on a fee for service basis. Some professionals are willing to do this work on a *pro bono* or reduced fee basis. In addition, conservation organizations often will assist each other in sharing needed expertise or referrals to appropriate experts.

Every conservation organization should identify the various types of expertise required to meet its conservation objectives and strategize about how to fill those needs. In some situations it may be possible to attract members with the desired skills.

## WORKING LANDSCAPE COVENANTS

Potential holders of working landscape conservation covenants (see the discussion in Chapter 2) must evaluate their ability to fulfil the obligations and responsibilities imposed by such a covenant. Depending on the nature of the conservation covenant, a covenant holder should have experience in managing forest, ranch or farm land so that it can develop a good working landscape covenant program generally and respond to specific management questions and concerns effectively and efficiently.

Ongoing administration and monitoring often will also require more outside resources and expertise. In addition to the professional assistance required in relation to all conservation covenants (see Chapter 7), ongoing administration of a working landscape covenant will require the covenant holder to have access to the services of other professionals such as foresters. The covenant holder must have the resources to be able to support the professional review of management plans during the plan approval process and professional assistance in monitoring land use activities and responding to suspected violations. To address these concerns, small conservation organizations interested in holding a working landscape covenant should consider holding it jointly with a larger organization with greater resources and experience. Co-holding covenants is discussed in greater detail in Chapter 5.

## FOCUSING SCARCE RESOURCES

It may be tempting for an organization to accept every opportunity that comes its way to protect land with conservation covenants. However, it is advisable for each organization to determine its conservation objectives, set priorities, establish specific criteria concerning the type of land it wants to protect, and accept covenants that fit within this framework. This will ensure that the organization gets the maximum benefit from the resources at its disposal and will enable it to attract new resources in the form of donors and volunteers more easily. It will also prevent the organization from expending all of its resources on protecting land that happens to come to its attention earlier than other more significant parcels but which may not be of the highest priority to the organization or may be land of lesser priority generally.

As discussed in Chapter 5, where there is more than one covenant holder, the covenant holders can enter into an agreement dividing covenant responsibilities and associated costs. This will help minimize the burden on individual covenant holders.

## FUNDRAISING

Conservation organizations are developing sophisticated fundraising expertise and raising impressive sums to protect land with significant ecological and cultural values. Often this work requires monumental efforts at raising public awareness and considerable media savvy, in addition to financial skill. If these talents are not available within the organization, it may wish to consider retaining the assistance of outside professionals. Fortunately, many conservation organizations include members with many of these critical talents.

Although a detailed discussion about fundraising for conservation purposes is outside the scope of this guide, there are excellent resources available.

Readers concerned about the tax implications of gifts to protect private land may wish to refer to *Giving it Away*.<sup>110</sup>

## ENDOWMENTS

One technique for raising funds is to request an endowment from the landowner with the grant of a conservation covenant. An endowment will help offset some of the costs associated with entering into a conservation covenant and may provide initial funding for ongoing monitoring costs. Assuming the covenant holder is a registered charity, the endowment would constitute a gift that would result in tax benefits for the landowner.

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<sup>110</sup> Ann Hillyer and Judy Atkins, *Giving it Away: Tax Implications of Gifts to Protect Private Land*, Vancouver, B.C.: West Coast Environmental Law Research Foundation, 2004 discusses the tax implications of gifts of covenants.





APPENDIX 1

# ANNOTATED CONSERVATION COVENANT

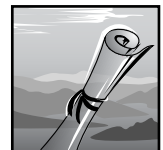
This Appendix consists of an annotated conservation covenant. This annotated conservation covenant is also available as a downloadable file from West Coast Environmental Law Association’s website, [www.wcel.org](http://www.wcel.org). The terms of the covenant are contained in the left column while comments about the meaning and use of the terms are contained in the right column.<sup>111</sup>

**This is only one example of a conservation covenant and must be used with caution.** While many of the kinds of provisions included in this covenant are necessary in every conservation covenant, not all the provisions in this covenant will apply in every situation. Nor will the wording necessarily be same in every document. This annotated covenant does not contain wording relating to specific conservation objectives and land restrictions. These sections must be written specifically for each covenant.

It is important for landowners, covenant holders and real estate, legal and other professionals to be aware of the range of terms that can be included and to turn their minds to the kinds of terms that are appropriate to the specific situation.

TERMS OF INSTRUMENT – PART 2	EXPLANATORY NOTES
Section 219 Conservation Covenant	→ Section 219 of the <i>Land Title Act</i> authorizes, among others, a provincially designated body to hold a registered interest in land for the purposes of conservation.
And	
Section 218 Statutory Right of Way	→ Section 218 of the <i>Land Title Act</i> allows an owner to give another person the right to enter onto the owner’s land, in the case of a covenant, to ensure the covenant is being complied with.

<sup>111</sup> See Chapter 4 for additional information about drafting conservation covenants.



This Agreement dated for reference [insert date], is

→ This reference date allows the parties to refer to and identify the agreement<sup>112</sup> by its date.

BETWEEN:

→ Or AMONG if there are more than two parties. If there is only one covenant holder, the agreement must be amended to reflect that.

Name, address and occupation of the owner.

AND:

Name, status ["a society..." or "a corporation..."] and address of the covenant holder

AND:

Name, status ["a society..." or "a corporation..."] and address of each additional covenant holder

(collectively, the "Parties")

BECAUSE:

→ This section of the agreement is known as the "recitals" and is composed of statements explaining what has led to the agreement and why the parties have entered into it. The recitals will often state what is special about the land that is to be protected by the covenant contained in the agreement.

A. The Owner is the registered owner of the Land;

B. The Land contains significant amenities including flora, fauna and natural features of great importance to the Owner, the Covenant Holders and the public;

C. The Owner wishes to grant the Covenant Holders a covenant pursuant to section 219 of the *Land Title Act*, to restrict the use of the Land;

D. The Owner intends the grant of covenant and statutory right of way in this Agreement to be an ecological gift under the *Income tax Act* (Canada).

→ Add this kind of clause if the covenant will be an ecological gift under the *Income Tax Act*. This will alert future owners to the fact that the original grant of covenant was or may have been an ecological gift.

E. A statutory right of way in favour of the Covenant Holders is necessary for the operation and maintenance of the undertakings of the Covenant Holders; and

→ A statutory right of way gives the covenant holder the right to enter on the land to, among other things, monitor the covenant.

F. [Name of Covenant Holder] has been designated by the British Columbia Minister of Sustainable Resource Management as a person authorized to

→ Non-government organizations must be designated before they can hold conservation covenants.

<sup>112</sup> The conservation covenant is contained within this agreement. The agreement also incorporates, among other things, a statutory right of way and rent charge. Generally these annotations will refer to this annotated document as "the agreement" because the agreement contains more than the conservation covenant. Occasionally, however, the term "covenant" will be used to refer to the agreement as a whole.



accept covenants under section 219 of the *Land Title Act* and as a person authorized to accept a statutory right of way under section 218 of the *Land Title Act*.

**NOW THEREFORE** in consideration of the payment of \$2.00 by each of the Covenant Holders to the Owner, the receipt and sufficiency of which is acknowledged by the Owner, and in consideration of the promises exchanged below, the parties agree as follows, in accordance with sections 218 and 219 of the *Land Title Act* (British Columbia):

## 1. INTERPRETATION

### 1.1 In this Agreement:

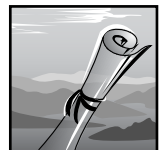
- (a) "Amenity" includes any natural, scientific, environmental, wildlife, plant life or cultural value relating to the Land [or Covenant Area];
- (b) "Business Day" means any day on which the Land Title Office in [insert location], BC is open for business;
- (c) "Covenant Area" means that part of the Land as shown on the Plan;
- (d) "Covenant Holder" means, unless the context otherwise requires, [name of Covenant Holder # 1] or [name of Covenant Holder #1, etc.], singularly;

Repeat this paragraph for each covenant holder.

- The agreement containing the conservation covenant is a contract. Every contract must have some kind of payment or "consideration" to be valid. The consideration in this covenant is \$2.00 and the mutual promises.
- This section includes definitions and general principles of interpretation that the parties agree to apply in interpreting the agreement.
- Any term that has a specific interpretation or meaning in the agreement is defined in this section and capitalized in the text of the agreement. All defined terms should be included in this section. Terms that are not used in the agreement should not be included.

It may be necessary to include definitions other than the ones included in this sample covenant. In a covenant permitting sustainable forestry, for example, the term "sustainable forestry" should be defined as should any standards to be applied.

- In cases where the covenant does not cover the entire property, the covenanted portion is called the "Covenant Area" and an additional definition must be added. The agreement must then be drafted to include reference to the Covenant Area rather than the Land, where appropriate.
- Each covenant holder should be defined.



- (e) "Name of Covenant Holder #1" [or short name of covenant holder] means, unless the context otherwise requires, [full name and status of covenant holder] and includes its permitted successors and assigns;
- (f) "Name of Covenant Holder #2" [or short name of covenant holder] means, unless the context otherwise requires, [full name and status of covenant holder] and includes its permitted successors and assigns;
- (g) "Covenant Holders" means, unless the context otherwise requires, [include names of each covenant holder], collectively; → **Include this definition if there is more than one covenant holder.**
- (h) "CPI" means the All-Items Consumer Price Index published by Statistics Canada, or its successor in function, for Vancouver, BC, where [insert year] equals 100; → **The consumer price index provides a benchmark for calculating increases in the rent charge to account for inflation.**
- (i) "Land" means the parcel of land legally described as [insert legal description of the land];
- (j) "Management Plan" means the management plan for the Land created in accordance with section 5; → **Include this definition if the agreement provides for a management plan.**
- (k) "Natural State" means the state of the Land as described in the Report;
- (l) "Owner" means [name and address of the current owner of the Land] and includes any Successor of the Owner;
- (m) "Plan" means the Reference Plan [describe plan] certified correct by [name of surveyor], B.C.L.S., dated [date of Plan], and deposited in the \_\_\_\_\_ Land Title Office under number VIP\_\_\_\_\_, a reduced copy of which is attached to this Agreement as Schedule A; → **This definition should be included if a plan is attached to the agreement. A plan might be attached to define a covenant area or show a subdivision.**
- (n) "Rent Charge" means the rent charge granted by the Owner under section 12; → **A rent charge is a specified amount that is made payable to the covenant holder if the landowner breaks the covenant.**
- (o) "Rent Charge Amount" means the amount set out in section 12, the payment of which is secured by the Rent Charge; → **It is a penalty intended to ensure that the landowner complies with the terms of the covenant.**

(p) "Report" means the baseline documentation report that describes the Land and the Amenities in the form of text, maps, and other records of the Land and the Amenities as of the date of registration of this Agreement, a copy of which is attached as Schedule B; and

or

"Report" means the baseline documentation report that describes the Land and the Amenities in the form of text, maps, and other records of the Land the Amenities as of the date of registration of this Agreement, a copy of which is on file with each of the Parties at the addresses set out in section 15, an overview of which is attached to this Agreement as Schedule B.

(q) "Successor" means a person who, at any time after registration of this Agreement, becomes an owner of the Land or any part of the Land by any means, and includes both registered and beneficial owners;

1.2 Where this Agreement says something is in the "sole discretion" of a party, that thing is within the sole, absolute and unfettered discretion of that party;

1.3 This Agreement must be interpreted in accordance with the laws of British Columbia and the laws of Canada applicable in British Columbia.

1.4 This Agreement is comprised of the recitation of the Parties, the recitals to the Agreement, the Schedules to the Agreement and Part 1 of the *Land Title Act* Form C to which this Agreement is attached.

1.5 In this Agreement:

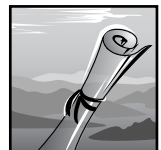
- (a) reference to the singular includes a reference to the plural, and vice versa, unless the context otherwise requires;
- (b) where a word or expression is defined in this Agreement, other parts of speech and grammatical forms of the same word or expression have corresponding meanings;

→ Use this definition if the full baseline documentation report is attached to the covenant.

→ Use this definition if an overview of the baseline documentation report is attached to the covenant.

→ This section is intended to give a party, generally the covenant holder, as much authority as possible to make unilateral decisions.

→ These general clauses assist in understanding and interpreting the agreement.



- (c) reference to a particular numbered section or article, or to a particular lettered Schedule is a reference to the correspondingly numbered or lettered article, section or Schedule of this Agreement;
- (d) article and section headings have been inserted for ease of reference only and are not to be used in interpreting this Agreement;
- (e) the word "enactment" has the meaning given to it in the *Interpretation Act* (BC) on the reference date of this Agreement;
- (f) reference to any enactment is a reference to that enactment as consolidated, revised, amended or re-enacted or replaced, unless otherwise expressly provided;
- (g) reference to a "party" or the "parties" is a reference to a party or the parties to this Agreement and their respective successors, assigns, trustees, administrators and receivers; and
- (h) reference to a "day", "month" or "year" is a reference to a calendar day, calendar month, or calendar year, as the case may be, unless otherwise expressly provided.

**2. REPRESENTATIONS AND WARRANTIES**

- 2.1 The Owner warrants that the facts set out in Recital A are true as of the date of this Agreement.
- 2.2 Covenant Holder warrants that the facts set out in Recital E are true as of the date of this Agreement.
- 2.3 The Parties warrant that the facts set out in Recitals B and D are true as of the date of this Agreement.

**3. INTENT OF AGREEMENT**

- 3.1 The parties each agree that the intent of this Agreement is:
  - (a) to protect, preserve, conserve, maintain, enhance or restore the Land and the

→ This section will help avoid disputes in the future about the truth of the facts stated in the recitals.

Add a similar paragraph for each covenant holder. Change the paragraph letter as necessary.

→ Section 3 explains the intent of the agreement and gives the context in which the agreement must be interpreted by any potential reader, including the court.

Add here any other specific purposes of

- Amenities, in a Natural State; and
- (b) to prevent any occupation or use of the Land that will impair or interfere with the Natural State of the Land or the Amenities;

and the parties agree that this Agreement is to be interpreted, performed and applied accordingly.

- 3.2 This Agreement shall be perpetual to reflect the public interest in the protection, preservation, conservation, maintenance and enhancement of the Land and Amenities for ecological and environmental reasons.

#### 4. RESTRICTIONS ON USE OF THE LAND

- 4.1 Except as expressly permitted in this Agreement [or, in the Management Plan], the Owner must not do anything, omit to do anything, allow anything to be done, or allow the omission of anything, that does or could reasonably be expected to destroy, impair, diminish, negatively affect, or alter the Land or the Amenities from the condition described in the Report.

- 4.2 Without restricting the generality of section 4.1, the Owner must not, except with the written approval of both Covenant Holders, in the sole discretion of each of them:

- (a) use or permit the use of the Land for an activity or use which:
  - (i) causes or allows silts, leachates, fills or other deleterious substances to be released into any watercourse on the Land;
  - (ii) causes the erosion of the Land to occur;
  - (iii) causes or facilitates the loss of soil on the Land;
  - (iv) alters or interferes with the hydrology of the Land, including by the diversion of natural drainage or flow of water in, on or through the Land in a manner which may impact the Land;
  - (v) causes or allows fill, rubbish, ashes,

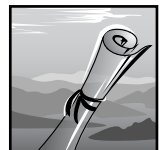
the agreement; for example, to preserve a particular ecological feature of the property.

→ This clause is important to help ensure that the covenant will last in perpetuity and that perpetual protection is in the public interest.

→ Section 4 sets out restrictions on the owner's use of the land. The sample restrictions set out in this covenant will not all apply in every situation and should not be included unless they do apply. Depending on the circumstances, there may be other specific restrictions that will be included. More than any other section, this will change from covenant to covenant. Careful thought must be given to each clause in this section to ensure that it expresses the intention of the parties.

Some restrictions and land management provisions will be complex, particularly in working landscape covenants. These will be unique to each covenant and must be drafted specifically for each covenant keeping in mind the objectives of the parties.

It is not a good practice to include restrictions that are unenforceable or that will not be enforced.



garbage, waste or other material foreign to the Land to be deposited in or on the Land;

(vi) causes or allows any component of the Land, including soil, gravel or rock, to be disturbed, explored for, moved, removed from or deposited in or on the Land;

(vii) causes or allows pesticides, including but not limited to herbicides, insecticides or fungicides, to be applied to or introduced onto the Land; or

(viii) causes or allows any indigenous flora on the Land to be cut down, removed defoliated or in any way tampered with;

(b) use or permit the use of the Land for hunting, fishing, gathering or grazing of domestic animals;

(c) have the Land removed from the Agricultural Land Reserve;

(d) construct, build, affix or place on the Land any buildings, structures, fixtures or improvements of any kind;

(e) lay out or construct any new roads or paths on the Land;

(f) lease or license the Land or any part thereof unless the lease or license is expressly made subject to the provisions of this Agreement and expressly entitles the Owner to terminate the lease or license if the tenant or licensee breaches any of the provisions of this Agreement;

(g) after all financial encumbrances have been removed from the Land, place any new financial encumbrance on the Land;

(h) subdivide the Land by any means.

## 5. MANAGEMENT PLAN

5.1 The Owner must create, review and revise at intervals agreed to by the Covenant Holders [or specified intervals such as five years], a

→ Plants that are native to the area must be left in a natural state.

→ Covenants on land within the Agricultural Land Reserve must be approved by the Provincial Agricultural Land Commission.

→ If any lease or license is given for the land, the person it is given to must be made expressly aware of the provisions of the covenant.

→ The parties can provide in the agreement for the creation and revision of a management plan for the land. In some circumstances the covenant holder will be responsible for creating

Management Plan for the Land and submit the Management Plan to each Covenant Holder for approval. Each Covenant Holder must, within 25 Business days of receipt of the proposed Management Plan, notify the Owner in writing whether or not that Covenant Holder, acting reasonably, approves the proposed Management Plan.

- 5.2 If a Covenant Holder does not approve the proposed Management Plan, the Covenant Holder will, in its notification to the Owner, provide written reasons for not approving the Management Plan and a description of changes to the Management Plan that are necessary for the Covenant Holder to approve the Management Plan.

## 6. BASELINE DOCUMENTATION REPORT

- 6.1 The Parties agree that the Land and the Amenities are described in the Report.
- 6.2 The parties agree that the Report is intended to serve as an objective information baseline for monitoring compliance with the terms of this Agreement and the parties each agree that the Report provides an accurate description of the Land and the Amenities as of the date of this Agreement.
- 6.3 The Parties each acknowledge that the flora and fauna on the Land will evolve through natural succession over time and, unless otherwise expressly stated, references to the Report in this Agreement are intended to take into account the natural succession of the flora and fauna over time, without human intervention other than as expressly permitted by this Agreement.

## 7. DISPUTE RESOLUTION

- 7.1 If a breach of this Agreement occurs or is

the plan. The parties may wish to provide for specific revision times in the agreement itself.

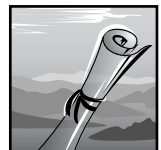
This section may be omitted if there will be no management plan or if the covenant holder will enter into a management agreement, including a management plan, with a third party.

- A baseline report is prepared for each covenant. The report provides a brief history of the land and describes its current state. It also includes a list of the special features and values on the land including known or documented plants, animals, and cultural features.

The baseline report provides protection for the parties by documenting the conditions on the land at the time of the agreement. The baseline report is important for enforcement purposes because it allows documentation of change, damage and loss on the land.

- As time passes the features and values will change naturally and for monitoring or rehabilitation purposes those natural changes will be taken into account. For example, if a breach of the agreement occurs 50 years from now, the parties would take into account a 50 year change from the baseline information when initiating rehabilitation or considering enforcement.

- This section establishes a mechanism to resolve disputes that might arise between the parties. It is important to



threatened, or if there is disagreement as to the meaning of this Agreement, either Covenant Holder or the Owner may give notice to the other parties requiring a meeting of all parties within 10 Business Days of receipt of the notice.

7.2 All activities giving rise to a breach or threatening a breach of this Agreement, or giving rise to a disagreement as to the meaning of this Agreement must immediately cease upon receipt of notice.

7.3 The parties must attempt to resolve the matter, acting reasonably and in good faith, within 20 Business Days of receipt of the notice.

7.4 If the parties are not able to resolve the matter within that time, the parties may appoint a mutually acceptable person to mediate the matter, with the costs to be borne equally between the parties, and the parties must act reasonably and in good faith and cooperate with the mediator and with each other in an attempt to resolve the matter within 30 days after the mediator is appointed.

7.5 If the parties are not able to resolve the matter within that time with the assistance of a mediator, the parties agree to submit the matter to a single arbitrator under the *Commercial Arbitration Act* (British Columbia) appointed jointly by them.

7.6 If the parties cannot agree on a single arbitrator, then the Covenant Holders must present to the Owner a list of three arbitrators and the Owner must choose one arbitrator from the list.

7.7 The decision of the arbitrator is final and binding.

7.8 The cost of the arbitration will be borne equally between the parties.

## 8. OWNER'S RESERVED RIGHTS

8.1 Subject to section 4, the Owner reserves all of its rights as owner of the Land, including the right

include a dispute resolution mechanism because the agreement is intended to last indefinitely and disputes may occur at some point.

→ The number of days for responding may be changed if a longer or shorter time would be more appropriate for the parties.

→ This section permits the parties to have disputes mediated. The parties could consider making mediation mandatory by stating that the parties must appoint a mediator. If the agreement includes an arbitration clause such as section 7.5, the first steps in the dispute resolution process should be mandatory.

→ The next four sections should be included only if the parties decide to use binding arbitration as an alternative to court action to resolve disputes if mediation is not successful or instead of mediation.

A clause requiring the arbitrator to have expertise in the subject matter of the arbitration as well as in the arbitration process could also be included.

→ This section sets out rights that the owner wants to retain. Although the owner retains any rights not given away under the agreement, listing them



to use, occupy and maintain the Land in any way that is not expressly restricted or prohibited by this Agreement, so long as the use, occupation or maintenance are consistent with the intent of this Agreement.

8.2 Without limiting the generality of section 8.1, and subject to section 5, the following rights are expressly reserved to the Owner:

- (a) to maintain, restore or replace existing buildings and other improvements on the Land, the location of which are indicated in the Report, as of the date of registration of this Agreement;
- (b) to build, maintain, replace or restore any improvements necessary for the operation of the agricultural activities on the land;
- (c) to maintain, replace or restore the existing waste disposal and water supply system, the location of which is indicated in the Report;
- (d) to maintain, replace or restore the utility lines running through the Land, the location of which is indicated in the Report;
- (e) to build, maintain, improve, replace or restore a driveway, the location of which is indicated in the Report;
- (f) to allow public access to the Land;
- (g) to install, maintain, restore or replace signs for the purposes of public safety or informing the public about the Land and the Amenities.
- (h)

8.3 Subject to section 8.4 nothing in this Agreement restricts or affects the right of the

allows the owner to specify particular rights to avoid future disputes and confusion about the ways in which the owner can use the land.

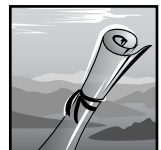
→ Section 8.2 includes examples of some rights that might be specifically reserved. There are many others. These specific rights will vary with the circumstances. The parties may wish to include specific reserved rights in the context of the restrictions in section 4. Care must be taken to ensure that the provisions are not contradictory or inconsistent.

→ If the exact location of buildings or any other structure or improvement on the land is central to the objectives of the parties, it would be a good practice to arrange for a survey to show areas in which buildings or structures can be located. A survey affords the best evidence.

→ This section could be included if the land is farmed.

→ In many cases, the parties may wish to restrict rather than allow public access.

→ Sections 8.3 and 8.4 clarify that the owner may take action to prevent



Owner or any other party to do anything reasonably necessary to:

- (a) prevent potential injury or death to any individual; or
- (b) prevent, abate or mitigate any damage or loss to any real or personal property.

8.4 If the Owner or any other party intends to do anything described in section 8.3, the Owner must give at least 30 days' prior written notice to each Covenant Holder, describing in reasonable detail the intended action, the reason for it, and its likely effect on the Land or the Amenities. Despite the rest of this Agreement, the Owner must permit each Covenant Holder to enter upon and inspect the Land if any action is proposed under section 8.3. The Covenant Holders may comment on the proposed action and the Owner and any other party must take those comments into consideration before doing anything under that section.

8.5 Despite section 8.4, in an emergency situation, such as fire or threat to human safety, the Owner may do anything reasonably necessary to prevent potential injury or death without the consent of the Covenant Holders, but the Owner must notify the Covenant Holders of the circumstances of such action within 30 days, including the actual or likely effect on the Land or the Amenities.

## 9. OWNER'S OBLIGATIONS

9.1 The Owner retains all responsibilities and bears all costs and liabilities related to the ownership, use, occupation and maintenance of the Land, including any improvements expressly authorized by this Agreement.

9.2 The Owner must indemnify the Covenant Holders, their directors, officers, employees, agents and contractors, from and against any and all liabilities, damages, losses, personal injury or death, causes of action, actions, claims, and demands by or on behalf of any person, arising out of any act or omission, negligent, or otherwise, in the use, occupation and maintenance of the Land or the Amenities by the Owner.

damage to persons or property, provided the owner gives the appropriate notice to the covenant holder.

→ Insert this kind of clause if the parties want the owner to be able to act in an emergency situation without notice to the covenant holder.

→ Despite the covenant, the owner retains responsibility for the costs and potential liabilities of ownership. This section protects the covenant holder from having to pay costs such as property taxes and from liability for damages.

→ If the covenant holder is found liable by a court for any damage in relation to the Land, the owner agrees in this section to protect the covenant holder from the financial consequences of liability.

9.3 The Owner is liable for any and all breaches of this Agreement, but the Owner is not liable for

- (a) breaches of this Agreement which occur while the Owner is not the registered owner of any interest in the Land;
- (b) injury or alteration to the Land or the Amenities resulting from natural causes, or causes beyond the Owner's reasonable control, including accidental fire, flood, storm, vandalism, trespass and earth movement, but excluding injury or alteration resulting from actions of the Owner or any other person with the actual or constructive knowledge of the Owner;
- (c) any prudent action taken by the Owner under emergency conditions to prevent, abate, or mitigate significant injury to the Land or Amenities resulting from natural causes, including accidental fire, flood, storm and earth movement; or
- (d) injury or alteration to the Land caused by the Covenant Holders exercising their rights under this Agreement.

9.4 Without limiting the generality of sections 9.1, 9.2 and 9.3, the Owner:

- (a) is solely responsible and liable for any loss or damage, or liability of any kind (whether civil, criminal or regulatory), in any way connected with the existence in, on, from, to or under the Land (whether through spill, emission, migration, deposit, storage or otherwise) of any pollutant, contaminant, waste, special waste, or any matter that impairs the environment; and
- (b) must indemnify each Covenant Holder from and against any loss, damage, liability, cause of action, action, penal proceeding, regulatory action, order, directive, notice or requirement, including those of any government agency, incurred, suffered, brought against or instituted

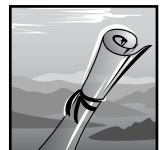
→ The owner is only liable for breaches that occur when he or she is the registered owner of the land. This section is necessary since the agreement is intended to bind all future owners. Prospective purchasers of the land should request that the covenant holder inspect the land before purchase to confirm the condition of the land.

→ The owner will not be liable for injury to the land caused by natural causes or causes beyond his or her control such as vandalism.

→ The Owner is not liable for breaches that occur when the owner attempts to protect against a natural disaster in an emergency situation.

→ The Owner is not liable for damage caused by the covenant holders.

→ Covenant holders are not responsible for the clean up of any contamination on the land, such as toxic waste.



against the Covenant Holders, jointly or severally, in any way associated with anything described in section 9.4(a).

- 9.5 Where, as provided under section 9.3(b), the Owner is not responsible for damage or theft due to trespass or vandalism, the Owner will take all reasonable steps to identify and prosecute the person responsible and to seek financial restitution for the damage or theft.
- 9.6 The Owner must pay when due all taxes, assessments, levies, fees and charges of whatever description which may be levied on or assessed against the Land and must pay any arrears, penalties and interest in respect thereof.
- 9.7 The Owner must indemnify each Covenant Holder from and against any fee, tax, or other charge which may be assessed or levied against the Owner or the Covenant Holder pursuant to any enactment, including the *Income Tax Act* (Canada) with respect to the Land or with respect to this Agreement, including any fee, tax or other charge which may be assessed or levied against the Owner or Covenant Holder as a result of the amendment or termination of this Agreement [provided that the Owner shall not indemnify either Covenant Holder from and against a tax assessed against either Covenant Holder under the *Income Tax Act* (Canada) as a result of the Covenant Holder's non-compliance with the provisions of the *Income Tax Act* (Canada), the revocation of that Covenant Holder's registration as a charity or of that Covenant Holder's disposing or changing the use, without authorization or permission, of the interest in the Land granted to that Covenant Holder under this Agreement].
- 9.8 Any debts or other amounts due from the Owner to the Covenant Holders under this Agreement, if not paid within 30 days after notice, will bear interest at the annual interest rate that is 1 per cent greater than the prime rate of interest. For the purposes of this section, the "prime rate of interest" is the annual rate of interest charged from time to time by the Bank of Montreal, at its main branch in Vancouver, BC, for demand Canadian dollar commercial

→ Only the owner has the right to prosecute trespassers or vandals or seek restitution. Section 9.5 prevents owners turning a blind eye to such violations.

→ In some circumstances a tax receipt is issued in relation to the donation of a covenant. If the covenant holder releases the covenant, there could be significant penalties against both the owner and covenant holder, for example, in the case of ecological gifts. In this section, the owner agrees to pay any penalties that arise.

→ This clause should be removed or modified as shown in square brackets if the owner is not prepared to give such an indemnity.

→ The parties can choose another rate of interest or define the prime rate with reference to another financial institution.

loans and designated from time to time by the Bank of Montreal as its prime rate.

9.9 For clarity, the indemnities granted by the Owner to the Covenant Holders under sections 9.2, 9.4(b) and 9.7 are indemnities granted as an integral part of the section 219 covenant granted by this Agreement.

9.10 The Owner must provide to the Covenant Holders, within two months after the anniversary of the date of this Agreement, an annual written report setting out any changes to the Land and the Amenities in comparison with the Report.

## 10. STATUTORY RIGHT OF WAY

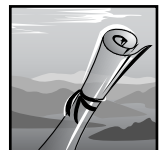
10.1 The Owner grants to each Covenant Holder a licence, and a statutory right of way pursuant to section 218 of the *Land Title Act*, permitting each Covenant Holder to do the following:

- (a) to enter upon and inspect the Land,
  - (i) at least once each calendar year, with the date for each inspection to be agreed on by the parties before August 31 each year, but if the parties cannot agree, on those days by August 31 each year, the Covenant Holders are entitled to enter upon and inspect the Land in accordance with section 10.1(a)(ii); and
  - (ii) at all reasonable times upon prior written notice by a Covenant Holder to the Owner of at least 24 hours, unless, in the opinion of a Covenant Holder, there is an emergency or other circumstance which does not giving such notice practicable, in the sole discretion of the Covenant Holder; and
- (b) as part of inspection of the Land, to take soil, water or other samples, photographs and video and sound recordings as may be necessary to monitor compliance with and enforce the terms of this Agreement;

→ Not all covenants will include this section because not all owners will undertake this kind of monitoring obligation. In many cases, the covenant holder will do all the monitoring.

→ A statutory right of way is a charge or encumbrance on the land in addition to the covenant. It allows the covenant holders to enter on the land to monitor and inspect the land at regular intervals to ensure that the owner is complying with the terms of the covenant. Conservation organizations must be designated to hold a statutory right of way.

→ The parties could agree to more frequent inspections if the circumstances of the covenant warrant it.



- (c) to enter upon and protect, preserve conserve, maintain, enhance, rehabilitate or restore, in the Covenant Holder's sole discretion and at the Covenant Holder's expense, the Land or the Amenities to as near the condition described in the Report as is practicable, if an act of nature or of any person other than as described in section 10.1(d) destroys, impairs, diminishes or negatively affects or alters the Land or the Amenities from the condition described in the Report;
- (d) in accordance with section 11, to enter upon and protect, preserve conserve, maintain, enhance, rehabilitate or restore, in the Covenant Holder's sole discretion and at the Owner's expense, the Land or the Amenities to as near the condition described in the Report as is practicable, if an action of the Owner or any other person acting with the actual or constructive knowledge of the Owner contravenes any term of this Agreement;
- (e) to carry out or evaluate, or both, any program agreed upon between the parties for the protection, preservation, conservation, maintenance, restoration or enhancement of all of any portion of the Land or the Amenities; and
- (f) to place survey pegs or other markings on the Land, or to increase the visibility of existing survey pegs or other markings.

10.2 The Covenant Holders may bring workers, vehicles, equipment and other personal property onto the Land when exercising their rights under this Agreement.

**11. ENFORCEMENT REMEDIES OF THE COVENANT HOLDERS**

11.1 If either Covenant Holder, in its sole discretion, believes that the Owner has neglected or refused to perform any of the obligations set out in this Agreement or is in breach of any term of this Agreement, that Covenant Holder may serve on the Owner and the other Covenant Holder a notice setting out particulars of the breach and of the Covenant Holder's estimated

→ This statutory right of way section also permits the covenant holder to enter on the land for the purpose of restoration or repairs. Generally, the covenant holder must pay for the restoration.

→ Where the restoration or repairs are required as a result of a breach of the agreement by the owner, the owner must pay for the work.

→ In some cases, it might be contrary to the conservation objectives to permit vehicles and other large equipment on the land.

→ This section gives the covenant holder the power to ensure that the owner complies with the terms of the covenant and to remedy any breaches at the owner's expense.

maximum costs of remedying the breach.

11.2 The Owner has 60 days from receipt of the notice given under section 11.1 or from the conclusion of a dispute resolution process under section 7 if it is invoked, to remedy the breach or make arrangements satisfactory to the Covenant Holder for remedying the breach, including with respect to the time within which the breach must be remedied.

11.3 If the Owner does not remedy a breach described in section 11.1 within the time acceptable to the Covenant Holder under section 11.2, either Covenant Holder may enter upon the Land and remedy the breach or carry out the arrangements referred to in section 11.2 and the Owner must reimburse that Covenant Holder for any expenses incurred in doing so, up to the estimated maximum costs of remedying the breach as set out in the notice given under section 11.1.

11.4 Expenses incurred by the Covenant Holder under this section, until paid, are a debt owed by the Owner to the Covenant Holder.

11.5 By this section, each Covenant Holder appoints the other its agent for the purpose of recovering any debt owed by the Owner to the Covenant Holder who incurred expenses under this section, including through legal proceedings, and the Covenant Holder who recovers the debt holds it, less reasonable legal fees and disbursements and other reasonable expenses of recovery, as agent for the Covenant Holder that incurred the expenses.

## 12. RENT CHARGE AND ITS ENFORCEMENT

12.1 As security for the performance of the Owner's obligations under this Agreement, the Owner grants to the Covenant Holders a perpetual rent charge against the Land, ranking prior to all other financial charges and encumbrances registered against the Land, including options to purchase and rights of first refusal. The Rent Charge is granted both under section 219 of the *Land Title Act* (British Columbia) as an

→ It may be necessary for the covenant holder to bring a legal action against the owner to recover the cost of remedying a breach by the owner. This section sets out rights of the covenant holders vis-à-vis each other when there is more than one covenant holder. This section is not necessary if there is only one covenant holder.

→ This is a penalty section. The rent charge is similar to a fine and is a charge registered against the land. The rent charge amount is payable by the owner if the owner violates the covenant. The rent charge is only enforced if the owner violates the covenant and is intended to deter the owner from such violations.

This section provides that the rent



integral part of the statutory covenant created by this Agreement and as a fee simple rent charge at common law.

charge has priority over other charges on the land. However, in the case of charges registered against the land before the covenant and rent charge are registered, it would be necessary for the charge holder to sign a priority agreement giving the rent charge priority. The parties may wish to change this section to accommodate pre-existing charges where a priority agreement will not be entered into.

12.2 The Rent Charge secures payment to the Covenant Holders by the Owner of the sum of \$\_\_\_\_ per year, subject to adjustment under section 12.3, for each violation occurring within that year. For clarity, only one Rent Charge Amount is payable by the Owner for each violation and not one to each Covenant Holder.

→ The amount of the rent charge can be any amount agreed to by the parties. The amount should be sufficient to act as a deterrent.

12.3 The Rent Charge Amount is to be adjusted on January 1 of each year by increasing or decreasing, as the case may be, the Rent Charge Amount by the amount determined by multiplying the Rent Charge Amount on December 31 immediately preceding by the percentage increase or decrease, as the case may be, in the CPI between the previous January 1 and that December 31, and adding the amount so determined to the Rent Charge Amount as it stands on that December 31. If Statistics Canada, or its successor in function, ceases to publish a CPI or comparable indicator as determined by the Covenant Holder in its sole discretion, the parties agree that the factor to be used in determining the Rent Charge Amount for each year shall be 3%.

→ The rent charge amount is to be adjusted for inflation. This section is essential because the covenant is intended to last indefinitely. Even a significant rent charge amount today may be of little value decades from now without an adjustment for inflation.

12.4 The Rent Charge Amount shall be increased by a sum equal to 110% of the market value, at the date of any breach of this Agreement, of any flora or fauna, soil, rock, gravel or minerals, which have been altered, damaged, destroyed, moved, harvested or removed.

→ Increasing the amount of the penalty by more than the value of substances removed from the land prevents the owner from profiting from a violation of the covenant.

12.5 The Covenant Holders shall be entitled to recover from the Owner all reasonable expenses incurred as a result of enforcement of the Rent Charge.



12.6 The Rent Charge is suspended unless and until the Owner is in breach of any provision of this Agreement and has not cured the breach, or is not diligently proceeding to cure the breach in accordance with section 11 of this Agreement.

12.7 The Covenant Holders may enforce the Rent Charge by any of the following:

- (a) an action against the Owner for the Rent Charge Amount;
- (b) an action for appointment of a receiver in respect of the Land;
- (c) distraint against the Land to the extent of the Rent Charge Amount; or
- (d) an order for sale of the Land.

12.8 If either of the Covenant Holders wishes to enforce the Rent Charge, it must provide notice to that effect to the Owner and the other Covenant Holder. This notice may be given at any time after notice is given under section 11.1.

12.9 The Covenant Holder receiving notice given under section 12.8 has 30 days from receiving it to send notice to the notifying Covenant Holder that it wishes to enforce the Rent Charge jointly and, if it does not do so, it is deemed to have elected not to enforce the Rent Charge.

12.10 If the Rent Charge is enforced jointly:

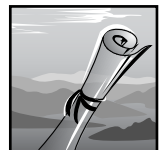
- (a) reasonable expenses incurred as a result of the enforcement of the Rent Charge must be shared equally between the Covenant Holders; and
- (b) the net proceeds obtained as a result of the enforcement of the Rent Charge must be shared equally between the Covenant Holders,

unless otherwise agreed in writing between the Covenant Holders.

12.11 If the Covenant Holder receiving notice given

→ **The covenant holder has a number of options for enforcing the rent charge. This section further strengthens the deterrent effect of the rent charge.**

→ **The remaining paragraphs in section 12 address enforcement of the rent charge where there is more than one covenant holder and the rights of the covenant holders vis-à-vis each other. These paragraphs are not necessary where there is only one covenant holder.**



under section 12.8 does not wish to enforce the Rent Charge jointly, that Covenant Holder shall not be entitled to the Rent Charge unless otherwise agreed in writing between the Covenant Holders.

12.12 A Covenant Holder who declines to enforce the Rent Charge jointly must execute all documents which may be necessary for the enforcement and collection of the Rent Charge by the notifying Covenant Holder.

### 13. SUCCESSORS OF THE OWNER

13.1 This Agreement shall enure to the benefit of and be binding on the Owner and the Owner's Successors.

### 14. ASSIGNMENT OF AGREEMENT OR DISSOLUTION OF THE COVENANT HOLDERS

14.1 This Agreement shall be transferable by a Covenant Holder, but the Covenant Holder may assign its rights and obligations under this Agreement only to a person or entity qualified by law at the time of transfer to hold covenants under section 219 of *the Land Title Act* (or any successor provision then applicable) and any applicable regulations.

14.2 The Covenant Holders agree that before either of them assigns its rights and obligations under this section, it must consult with the Owner, and consider the Owner's comments, with respect to the proposed assignee. The Covenant Holder must give notice to the Owner of the proposed assignment, setting out in reasonable detail the identity of the proposed assignee and the qualifications and experience of the proposed assignee relevant to performance by the assignee of the rights and obligations of the Covenant Holders under this Agreement. If the Owner does not provide comments to the Covenant Holder regarding the proposed assignee within 10 working days after the Covenant Holder gave notice to the Owner under this section, the Owner is

→ The covenant is intended to bind the current owner, and any subsequent owners, including beneficial owners, of the land. A sale or other transfer of the land will not release or otherwise affect the covenant.

→ This section permits covenant holders to assign their interest in the covenant to another qualified party. If the covenant holder dissolves or changes its purposes, its rights and responsibilities can be assigned to another entity that is able to hold covenants. Again, because the covenant is intended to last indefinitely, provision must be made for possible changes in the status and existence of covenant holders, as well as owners.

→ This section requires a covenant holder that wants to assign its interest under the agreement to another qualified covenant holder to consult with the owner before doing so. While the owner's comments are not binding on the covenant holder, the covenant holder must take the comments into account.

conclusively deemed to have declined to comment on the proposed assignee and to have consented to the assignment. For clarity, the Owner agrees that the Covenant Holder is only required to consult the Owner and that the Covenant Holder is entitled to assign its rights and obligations so long as it has consulted the Owner.

14.3 In the event of the winding-up or dissolution of a Covenant Holder, the Covenant Holder must use its best efforts to assign and transfer all of its interest under this Agreement to a person or entity authorized to accept covenants under section 219 of the *Land Title Act*. If the Covenant Holder does not assign and transfer all of its interest under this Agreement as set out in this section, it shall be deemed to have assigned and transferred all of its interest under this Agreement to the other Covenant Holder to hold until another qualified and suitable covenant holder can be found, or, if the other Covenant Holder is not available, to Her Majesty the Queen in Right of the Province of British Columbia. For clarity, the consultation process set out in section 14.2 does not apply to this section.

## 15. NOTICE

15.1 Any notice or other communication required or permitted under this Agreement must be in writing and must be:

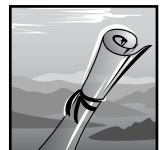
- (a) delivered in person;
- (b) sent by facsimile to the parties at their respective facsimile numbers set out in section 15.5, followed by a copy sent by ordinary mail; or
- (c) sent by pre-paid registered mail addressed to the parties at their respective addresses set out in section 15.5.

→ If a covenant holder winds up, it must use its best efforts to transfer its rights to another qualified covenant holder. If that cannot be accomplished then the covenant will be transferred temporarily to the other covenant holder or to the provincial Crown. Note, however, that the Crown may not have the will or the resources to monitor and enforce the covenant.

The parties may wish to include an additional clause in which the covenant holder agrees not to assign its interest in the agreement for a specified period.

In the case of the death or dissolution of a covenant holder, the Minister of Sustainable Resource Management must approve an assignment to a covenant holder not named in the covenant. To avoid this requirement, the parties therefore may wish to name another covenant holder in this section.

→ A number of provisions require or contemplate notice. The parties should consider the reliability of methods of giving notice, and consider, for example, whether they want to allow notice by facsimile or other electronic means. Notice is very important and, with some methods of giving notice, it can be difficult to know if the notice has actually been delivered.



- 15.2 If notice is delivered in person, the party receiving the notice must forthwith acknowledge in writing receipt of the notice, and the notice shall be deemed to have been received on the earlier of the date of the acknowledgement and the date that is 5 days after the notice is delivered.
- 15.3 If notice sent by facsimile, it shall be deemed to have been received on the date of the transmission of the notice.
- 15.4 If notice is sent by pre-paid registered mail, it shall be deemed to have been received on the fourth Business Day following the day on which the notice was sent.
- 15.5 The addresses of the parties for notice are as follows:
- The Owner:  
 [Address of the Owner]  
 [Facsimile number of the Owner]
- Covenant Holders [list separately]:  
 [Address of the Covenant Holder]  
 [Facsimile number of the Covenant Holder]
- 15.6 Each party agrees to give notice immediately to the other parties of any change in its address or facsimile number from those set out in section 15.5.
- 15.7 If a party refuses to sign an acknowledgement of receipt of notice, the person delivering the notice may swear an affidavit of service and the notice shall be deemed to have been received on the date of service set out in the affidavit.

**16. ACCESS**

- 16.1 No right of access by the general public to any portion of the Land is conveyed by this Agreement.
- [16.1] The Land is accessible to the public, subject to such regulation by the Owner as to time, place and amount of access as is required for safety

→ Although the covenant does not carry with it a right of public access, a clause such as this could be included for greater clarity, particularly if public access is a concern to the owner.

Some covenants, however, may include a right of public access such as the one included here. Where a covenant

purposes and to maintain the Land in its Natural State.

## 17. NOTICE OF COVENANT

17.1 The Owner agrees to allow the Covenant Holders to publicize the existence of this Agreement in a tasteful manner.

17.2 Without restricting the generality of the foregoing, the Owner agrees to allow the Covenant Holders to erect a plaque or other sign on the Land, in a tasteful manner and at the expense of the Covenant Holders, indicating that they hold a covenant on the Land. The size, style and location of the plaque or sign must be approved by the Owner prior to its placement, such approval not to be unreasonably withheld.

## 18. NO LIABILITY IN TORT

18.1 The parties agree that this Agreement creates only contractual obligations and obligations arising out of the nature of this Agreement as a covenant under seal. Without limiting the generality of the foregoing, the parties agree that no tort or fiduciary obligations or liabilities of any kind are created or exist between the parties in respect of this Agreement, and nothing in this Agreement creates any duty of care or other duty on any of the parties to anyone else. For clarity, the intent of this section is to, among other things, exclude tort liability of any kind and to limit the parties to their rights and remedies under the law of contract and the law pertaining to covenants under seal.

## 19. WAIVER

19.1 An alleged waiver of any breach of this Agreement is effective only if it is an express written waiver signed by each of the Covenant Holders, and is only effective to the extent of that express waiver and does not operate as a waiver of any other breach.

permits public access, the parties to the agreement must carry adequate liability insurance.

→ The text of covenants is available to the general public from the Land Title Office. This section allows the covenant holders to publicize the covenant, for example, in newsletters, displays, and requests for funding, and to erect a sign on the land.

If an owner objects to having a sign posted on the land, this section must be omitted.

→ This section clarifies that the liability of the parties is limited to the terms of the agreement and that the agreement does not create any additional duties that would be actionable in tort. For example, the owner could not sue the covenant holder in negligence, as negligence is a tort claim, but they could sue for breach of contract.

→ If the covenant holder does not enforce the terms of the covenant in one circumstance, the owner cannot argue that the covenant holder is prevented from doing so in the future.

While this kind of provision expresses the intent of the parties, it may not be binding on the court, depending on the



19.2 The failure of either or both Covenant Holders to require performance by the Owner at any time of any obligation under this Agreement does not affect either Covenant Holder's right to subsequently enforce that obligation.

## 20. JOINT AND SEVERAL OBLIGATIONS

20.1 Where there is more than one party comprising the Owner in this Agreement, the obligations of those parties are joint and several.

## 21. REMEDIES NOT EXHAUSTIVE

21.1 Exercise or enforcement by a party of any remedy or right under or in respect of this Agreement does not limit or affect any other remedy or right that party may have against the other parties in respect of or under this Agreement or its performance or breach.

## 22. COVENANT RUNS WITH THE LAND

22.1 Unless it is otherwise expressly provided in this Agreement, every obligation and covenant of the Owner in this Agreement constitutes a personal covenant and also a covenant granted under section 219 of the *Land Title Act* (British Columbia) and a statutory right of way granted under section 218 of the *Land Title Act* (British Columbia) in respect of the Land. This Agreement burdens the Land and runs with it and binds the successors in title to the Land. This Agreement burdens and charges all of the Land and any parcel into which it is subdivided by any means and any parcel into which it is consolidated.

## 23. REGISTRATION

23.1 The Owner agrees to do everything necessary at the Owner's expense to ensure that this Agreement, and the interests it creates, are registered against title to the Land.

circumstances. Covenant holders should not ignore breaches of the covenant. Breaches should be addressed as discussed elsewhere in this guide.

→ Where more than one person owns the land, each person is both jointly with the other owners and individually responsible for all of the obligations under the covenant.

→ The covenant is intended to charge the land and stay on title to the land in perpetuity even if the land is sold, subdivided or consolidated into a larger parcel.

→ Registration of the agreement is essential to ensure that the covenant, statutory right of way and rent charge are registered against title to the land. Once registered in the Land Title Office, the covenant will bind all successive owners.

This section should be changed if the covenant holder will bear the registration expenses.

23.2 The Owner agrees to do everything necessary and possible, at the Owner's expense, to ensure that this Agreement, and the interests it creates, are registered with priority over all financial charges, liens and encumbrances, including options to purchase and rights of first refusal, registered or pending registration in the Land Title Office at the time of application for registration of this Agreement.

→ The parties intend that the covenant, right of way and rent charge have priority over other charges against the land. While the owner cannot be sure of obtaining priority agreements from holders of existing charges, the owner agrees to try to do so.

If there are pre-existing charges and a priority agreement is not possible, it would be prudent from the owner's point of view to list these charges and make an exception for them.

#### 24. SEVERANCE

24.1 If any part of this agreement is held by a court [or arbitrator] to be invalid, illegal or unenforceable, that part is to be considered to have been severed from the rest of this Agreement and the rest of this Agreement is to remain in force unaffected by that holding or by the severance of that part as if the part was never part of this Agreement.

→ One invalid term will not make the whole covenant unenforceable. The invalid term will be severed from the agreement and the rest of the agreement will remain in force.

#### 25. NO OTHER AGREEMENTS

25.1 This Agreement is the entire agreement between the parties and it terminates and supersedes all other agreements and arrangements regarding its subject.

→ It is important that the parties include everything in the agreement since side verbal and other informal agreements generally will not be effective.

#### 26. INDEPENDENT ADVICE

26.1 The Owner acknowledges and agrees that the Owner has sought and obtained, to the Owner's satisfaction, independent advice from an accountant or other income tax expert with respect to the income tax implications of this Agreement and acknowledges that it does not rely and has not relied on either Covenant Holder for advice in this regard and that the Covenant Holders have given no representation or warranty in that regard.

→ It is crucial that owners seek independent tax advice before placing a covenant on their land. Granting a covenant can have significant tax implications. Owners should not rely only on information provided by the covenant holder.

26.2 The Owner acknowledges and agrees that the Owner has been advised by the Covenant Holders that the Owner should seek

→ Independent legal advice is important to ensure that the agreement will be enforceable. Covenant holders should



independent legal advice as to the meaning and effect of this Agreement, and the Owner further acknowledges and agrees that no legal advisor of either of the Covenant Holders has advised the Owner on the meaning or effect of this Agreement or in connection with this Agreement.

not give legal advice on the implications of the covenant and should insist that the owner obtain independent legal advice.

## 27. AMENDMENTS

27.1 This Agreement is meant to be perpetual and may only be changed by a written instrument signed by all the parties.

## 28. DEED AND CONTRACT

28.1 By executing and delivering this Agreement, each of the parties intends to create both a contract and a deed and covenant executed and delivered under seal.

→ The contract under seal is the oldest method of creating an enforceable promise. A promise made under seal is enforceable even if there is nothing given in return for the promise.

## 29. RIGHTS OF COVENANT HOLDERS

29.1 A Covenant Holder may exercise its rights under this Agreement through its directors, officers, employees, agents or contractors.

## 30. MORTGAGES

30.1 If the Owner charges the Land with a mortgage and wishes the mortgage to have priority over the Rent Charge, the mortgage must include provisions obligating the mortgage lender to notify the Covenant Holders in the event of any default in compliance with any of the terms of the mortgage and each Covenant Holder shall be entitled to status as a party in any legal proceedings as a consequence of any default under the terms of the mortgage and shall have the right to redeem the mortgage in any such proceedings.

→ This clause should be included if the owner and covenant holder agree that the covenant holder will give priority to a mortgage over the rent charge. A lender may insist that a mortgage registered after the covenant and rent charge be given priority over the rent charge. The effect of priority is that if the owner defaults on mortgage payments, the lender is entitled to enforce its remedies against the owner and the land before the covenant holders are entitled to enforce the rent charge.

This clause gives the covenant holder the right to participate in foreclosure or other legal proceedings and pay the mortgage. This allows the covenant holder to ensure that the land is preserved.



30.2 In this section, "approve" and "approval" mean approval by the Covenant Holders of a first mortgage intended to be registered against the Land or any portion of the Land.

30.3 If the Owner is not in breach of this Agreement, the Covenant Holders must approve a first mortgage if:

- (a) the mortgage does not exceed 75% of the fair market value of the Land at the date of the approval, as determined by a qualified appraiser; and
- (b) the mortgage is an arms-length transaction with a mortgage lender.

30.4 Upon approving a first mortgage, the Covenant Holders must execute a priority agreement granting priority to the first mortgage over the Rent Charge to a maximum of the outstanding balance of the first mortgage plus penalties.

30.5 Either Covenant Holder may, in its sole discretion, inspect the Land to determine if the Owner is in breach of any of the terms of this Agreement before granting approval and may withhold approval if there is any breach.

30.6 The Owner must reimburse and indemnify each Covenant Holder for all reasonable expenses incurred by the Covenant Holder as a result of a site visit to inspect the Land pursuant to this section.

As evidence of their agreement to be bound by the above terms, the parties each have executed this Agreement under seal by signing Part 1 of the Land Title Act Form C to which this agreement is attached.

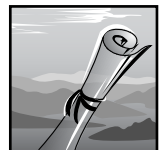
The schedules referred to throughout the document are attached after this page.

**END OF DOCUMENT**

→ The covenant holder or holders are only required to approve a mortgage if the amount of the mortgage is 75% or less of the market value of the property and if the lender is at arm's length, or independent, from the owner. This helps minimize the risk of foreclosure proceedings, which could result in the removal of the rent charge from title to the land.

→ In order for a mortgage registered after the covenant to have priority over the rent charge, the covenant holder must sign an agreement giving the mortgage priority. If the mortgage meets the requirements, the covenant holder must sign the priority agreement.

A lender is more likely to approve a mortgage if the mortgage is given priority over the rent charge.





## APPENDIX 2

# MANAGEMENT AGREEMENT AND PLAN

This Appendix includes a sample management agreement. It also includes an outline for a management plan which is attached as a schedule to the management agreement. As with the Annotated Conservation Covenant in Appendix 1, the management agreement in this Appendix must be used with caution. This management agreement contemplates delegation of management responsibilities by the landowner to a manager. The landowner, covenant holders and manager are all parties to this sample agreement. In some cases, there may not be a third party manager. While some of the provisions included in the management agreement are necessary in every management agreement, not all the provisions in this agreement will apply in every situation.

Management plans are specifically tailored to the needs of the parties and the protected area to be managed. As a result, only an outline of a management plan is provided showing the structure of a management plan and the kinds of information included.

If the covenant area does not cover all of the land, the management agreement must state clearly that it covers the same area as the conservation covenant. In some cases, such as those in which the conservation covenant is granted only to prevent the subdivision of land, a management agreement and management plan may not be required at all.

It is important for landowners, covenant holders and real estate, legal and other professionals to be aware of the range of terms that can be included and to turn their minds to the kinds of terms that are appropriate to the specific situation.

## MANAGEMENT AGREEMENT

THIS AGREEMENT dated for reference [insert date] is

BETWEEN:

Name and address of landowner

AND:

Name and address of manager

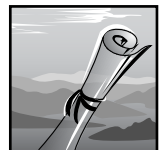
AND:

Name and address of each covenant holder

AND:

Name and address of covenant holder [if more than one]

(collectively, the “parties”)



BECAUSE:

- A. The Owner is the registered owner in fee simple of the Land;
- B. [a description of the importance of reason for protecting the land];
- C. The proper management and use of the Land will protect and preserve the Land and Amenities;
- E. The Owner has granted the Covenant Holders a covenant pursuant to s. 219 of the Land Title Act, respecting the use of, subdivision of and building on the Land, and in respect of the conservation, protection, preservation, maintenance, enhancement and restoration of the Land and the Amenities and a statutory right of way pursuant to s. 218 of the Land Title Act;
- F. The parties want the Manager to manager the Land in accordance with the terms of the Covenant and this Agreement];

[The Covenant requires the parties to enter into a written management agreement for the management of the Land] [add if the covenant requires this];

NOW THEREFORE in consideration of the payment of \$1.00 by the Manager and each of the Covenant Holders to the Owner, the receipt and sufficiency of which is acknowledged by the Owner, and in consideration of the promises exchanged below, the Owner, the Manager and the Covenant Holders agree as follows:

1. Definitions

In this Agreement:

[Insert as many defined terms as necessary to accomplish the objectives of the management agreement. Some of the more common terms are included below.]

- (a) "Amenities" includes any natural, scientific, environmental, natural heritage, wildlife, plant life, and Biodiversity values relating to the Land;
- (b) "Baseline Report" means the baseline documentation report that describes and illustrates the state of the Land and the Amenities at the time of execution of the Covenant, a copy of which is attached to this Agreement as Schedule "\*\*\*\*";
- (c) "Biodiversity" means the variety of life and its processes and encompasses genetic, species, assemblage, ecosystem and landscape levels of biological organization and their structural, compositional and functional components;
- (d) "Covenant" means the covenant agreement between the Owner and [insert name of each covenant holder]; a copy of which is attached to this Agreement as Schedule "\*\*\*\*".
- (e) ["Covenant Area A" means those areas marked "Covenant Area" on the Covenant Plan;] [use if there are separate covenant areas]
- (f) "Covenant Holders" means [insert names of each covenant holder; each covenant holder should be defined separately] collectively and each singly is a Covenant Holder;
- (g) "Covenant Plan" means [insert description if there is a covenant plan], a reduced copy of which is attached to this Agreement as Schedule "\*\*\*\*";
- (h) "Covenant Purposes" means the purposes set out in Section \*\*\* of the Covenant;
- (i) "Guidelines" means [define any guidelines that will be applied in management of the

land], a copy of which is attached to this Agreement as Schedule "\*\*\*\*";

- (j) "Land" means [insert legal description of land];
- (k) ["Management Plan" means the management plan prepared in accordance with section \*\*\* of the Covenant [or section 5 of this Agreement, depending on which agreement requires preparation of a management plan] attached to this Agreement as Schedule "\*\*\*\*";] [insert if a management plan will be prepared]
- (l) "Manager" means [insert name and address of manager];
- (m) "Owner" means [insert name and address of owner].

## 2. Grant of Licence

The Owner grants to the Manager the contractual licence to enter and be on, and the right to manage, the Land. The Manager agrees that this section does not grant to it any property right or interest in the Land and that the non-exclusive contractual licence created by this section is only for the purpose of enabling the Manager to perform its rights and obligations under this Agreement.

## 3. Management and Use of the Land

The Manager must manage the Land:

- (a) according to the terms of the Covenant;
- (b) according to the terms of this Agreement;
- (c) [according to the terms of the Management Plan, if a management plan is included];
- (d) only for the Covenant Purposes, and
- (e) subject to all applicable laws, statutes, bylaws, regulations, orders and directives.

## 4. Term of This Agreement

This Agreement starts on the reference date noted above and terminates on [specify date].

## 5. Management Plan

[Include if the covenant does not provide for creation of a management plan and if a management plan is desired.]

- (a) The Manager must create, review and revise at five year intervals, a Management Plan for the Land and submit the Management Plan to the Owner and each Covenant Holder. The Owner and each Covenant Holder must, within 25 Business days of receipt of the proposed Management Plan, notify the Manager in writing whether or not the Owner and that Covenant Holder, acting reasonably, approves the proposed Management Plan.
- (b) If the Owner or a Covenant Holder does not approve the proposed Management Plan, the Owner or Covenant Holder will, in its notification to the Manager, provide written reasons for not approving the Management Plan and a description of changes to the Management Plan that are necessary for the Owner or Covenant Holder to approve the Management Plan.

## 6. Rules for Management and Use of the Land

[Do not use this kind of provision if there is a management plan.]



Subject to section 3 the Manager must manage the Land according to the following rules:  
[Insert specific rules if desired. Any rules must be consistent with the terms of the covenant.]

#### 7. Termination of Agreement

Despite section 4, this Agreement may be terminated

- (a) by the Owner or either Covenant Holder, if
  - (i) the Manager breaches this Agreement and fails to cure that breach within 15 days after the Owner or either Covenant Holder gives notice to the Manager to do so,
  - (ii) the Manager is wound up, dissolved, or otherwise ceases to exist, or
  - (iii) the Owner gives the Manager at least 90 days notice of termination, or
- (b) by the Manager, by giving, the Owner and the Covenant Holders at least 90 days notice of termination.

#### 8. Temporary Suspension of Management

Without affecting section 7, the Owner may give written notice to the Manager immediately suspending the Manager's contractual licence to enter and be on the Land and the Manager's right to manage the Land for up to 90 days if the Owner considers that any act proposed or undertaken by the Manager would be, or is contrary to this Agreement.

#### 9. Management Costs

Except to the extent the Owner and the Manager may agree in writing, the Owner is not obliged to remunerate Manager, or provide financial or other assistance, in connection with management of the Land by the Manager. For clarity, the Manager is solely responsible to pay the costs connected with its performance of this Agreement. [Or set out other specific cost-sharing arrangements.]

#### 10. Indemnification

The Manager

- (a) irrevocably releases the Owner and the Covenant Holders from, and waives, any claim, right, remedy, action, cause of action, loss, damage, expense or liability which the Manager may have against the Owner and Covenant Holders in respect of this Agreement or its performance or breach, and
- (b) must indemnify and hold harmless the Owner and the Covenant Holders from and against any claim, right, remedy, action, cause of action, loss, damage, expense or liability incurred or suffered by the Owner or Covenant Holders,

in connection with performance of this Agreement by the Manager, or its breach by the Manager, or connected with any negligence or other legal wrong of the Manager. Among other things, the release and indemnity under this section includes occupier's liability and builder's lien matters. For the purposes of the Occupier's Liability Act all other enactments, and the common law, the Manager is, as between the Owner and the Manager, the sole occupier of the land.

#### 11. Insurance

The Owner agrees to obtain, and maintain in effect throughout the term of this Agreement,

public liability insurance under which the Manager is named as an insured against liability to anyone for personal injury, death, property loss and property damage, and any of them. The insurance must be underwritten by an insurance company licensed to carry on business in British Columbia.

12. Assignment

The Manager may not assign this Agreement or sub-contract any of its rights or obligations under this Agreement except with the written consent of the Owner and Covenant Holders.

13. Notice

(a) Any notice, request for approval or consent under this Agreement must be in writing and may be given by any of the following means:

- (i) delivered in person; or
- (ii) sent by pre-paid registered mail addressed to the parties at their respective addresses set out in Section 13(c).

(b) A notice sent by pre-paid registered mail is deemed to have been received on the seventh business day following mailing.

(c) The addresses of the parties for notice are as follows:

The Owner:

The Manager

Covenant Holder 1

Covenant Holder 2

(d) Each party agrees to immediately give written notice to the others of any change in its address from that set out in Section 14(c).

14. No Liability in Tort

This Agreement creates only contractual obligations. No tort obligations or liabilities of any kind exist between the parties in connection with the performance of, or any default under or in respect of, this Agreement. The intent of this section is to exclude tort liability of any kind in connection with this Agreement and to limit the parties to their rights and remedies under the law of contract.

15. Waiver

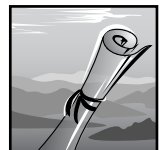
An alleged waiver of any breach of this Agreement is effective only if it is an express waiver in writing of the breach in respect of which the waiver is asserted. A waiver of a breach of this Agreement does not operate as a waiver of any other breach of this Agreement.

16. Interpretation

(a) This Agreement is comprised of the recitation of the parties, the recitals to this Agreement, and the Schedules to this Agreement.

(b) Where this Agreement says something is in the "sole discretion" of a party, that thing is within the sole, absolute and unfettered discretion of that party.

(c) In this Agreement:



- (i) wherever the singular or masculine is used the same shall be construed as meaning the plural or the feminine or the body corporate or politic where the context or the parties hereto so require;
- (ii) every reference to a party is deemed to include heirs, executors, administrators, successors, assigns, officers and employees of such parties wherever the context so requires or allows; and
- (iii) the headings are inserted for reference and convenience only and must not be used to construe or interpret the provisions hereof.

17. Amendment

No amendment to this Agreement is valid unless it is in writing and executed by the parties.

18. Severance

If any part of this Agreement is held to be invalid, illegal or unenforceable by a court having the jurisdiction to do so, that part is to be considered to have been severed from the rest of this Agreement and the rest of this Agreement remains in force unaffected by that holding, or by the severance of that part.

19. No Other Agreements

This Agreement is the entire agreement between the parties regarding its subject.

20. Enurement

This Agreement binds the parties to it and their respective successors, heirs, executors and administrators.

As evidence of their agreement to be bound by the above terms, the parties each have executed and delivered this Agreement.

SCHEDULE \*\*\*  
MANAGEMENT PLAN

**A. INTRODUCTION**

- A.1 Covenant Purposes
- A.2 Background Summary
  - Project history
  - General visual description
  - Value to the community

**B. PROJECT DESCRIPTION**

- B.1 Purpose
- B.2 Management Objectives
- B.3 Project Partners
- B.4 Limitations

**C. PHYSICAL AND NATURAL FEATURES DESCRIPTION**

- C.1 Location
  - C.1.1 Legal Description
  - C.1.2 Map Location
  - C.1.3 Directions to Site
- C.2 Site Description



- C.2.1 Climate
- C.2.2 Physiography
- C.2.3 Geology and Soils
- C.2.4 Hydrology
- C.2.5 Vegetation and Landscape Classification
- C.2.6 Flora
- C.2.7 Fauna
- C.2.8 Ecological History and Processes
- C.2.9 High Visibility and Sensitive Resources
- C.2.10 Key Environmental and Ecological Factors
- C.2.11 Studies/Inventories
- C.3. Special Features
  - C.3.1 Rare/Endangered/Threatened Species
  - C.3.2 Biodiversity
  - C.3.3 Scenic/Aesthetic
  - C.3.4 Historical/Archaeological
  - C.3.5 Cultural and Recreational

**D. LAND STATUS AND USE**

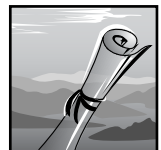
- D.1 Land Tenure and History
- D.2 Past and Present Land Use
- D.3 Community Plan Policies
- D.4 Zoning, Registered and Unregistered Encumbrances
- D.5 Water Management/Licences
- D.6 Surrounding Land Uses

**E. NATURAL RESOURCE MANAGEMENT ISSUES**

- Fire risk
- Falling trees
- Steep slopes
- Physical access to property
- Noise pollution
- Invasive plant species
- Existing debris
- Ocean-borne pollutants
- Watershed pollutants
- Watershed integrity/recharge
- Squatters/vandalism
- Midden/berm protection
- Interference with ground nesting birds
- Traffic
- Camping
- Beach access
- Garbage
- Tourism
- Trespassing on adjacent lands

**F. OBJECTIVES AND MANAGEMENT STRATEGIES**

- F.1 Objectives
  - F.2 Management Strategies
    - F.2.1 Short-Term Strategies



F.2.2 Mid-Term Strategies  
F.2.3 Long-Term Strategies

**G. INSURANCE**

**H. MANAGEMENT AGREEMENT**

**BIBLIOGRAPHY**

**MAPS AND APPENDICES**

## APPENDIX 3

# STEPS IN DONATION OF COVENANT

The table below sets out steps in the granting of a conservation covenant. Not all transactions will require each step listed below. Some steps will be carried out by or at the request of the landowner, and some, by or at the request of the covenant holder.

Nor will all costs be incurred on every transaction. In each instance, the landowner and conservation organization will negotiate who is responsible for each transaction cost. Every conservation covenant will involve ongoing costs as well as transaction costs. Ongoing costs include ongoing property insurance, property taxes, maintenance, restoration and improvement, management, monitoring and enforcement. These costs are not included in the table below.

Transaction step	Responsible Party	Cost and Who Pays	Time to Complete
Obtain designation to hold conservation covenant and statutory right of way			
Fundraising campaign			
Tax advice			
Legal advice			
Title search including agent's fees			
Title insurance			
Obtaining copies of charges against title			
Survey of entire property			
Survey of covenant area			
Legal opinion as to title			



Transaction step	Responsible Party	Cost and Who Pays	Time to Complete
Correction of title defects or other remedial action			
Preparing baseline report including mapping, aerial photography, sampling, testing			
Conservancy travel and other expenses			
Contaminated site environmental assessment/audit			
Municipal, Provincial Agricultural Land Commission and other approvals			
Certification as ecologically sensitive land			
Appraisal			
Ecological Gifts Program appraisal review and determination process			
Legal work- negotiating and preparing covenant documents, priority agreements, etc.			
Land title registration of covenant and related documents including agent's fees			
Property transfer tax			
Property insurance			
Publicity and promotional material - thanking donor, publicizing conservation			

## APPENDIX 4

# GLOSSARY

**Appraisal.** An estimate of the value of a property made by a qualified appraiser, sometimes referred to as a valuer.

**Arbitration.** The referring of a dispute to an impartial third person chosen by the parties to a dispute who agree in advance to abide by the arbitrator's award issued at a hearing at which both parties have an opportunity to be heard. (*Black's Law Dictionary*)

**Baseline information.** Also called baseline inventory. Information describing the existing state of the land, its flora, fauna and natural and cultural features at the time the conservation covenant is placed on the land.

**Charge on land.** In the *Land Title Act*, an estate or interest in land less than the fee simple. Includes encumbrances such as judgments, mortgages, and liens. Charges may be registered against title to land in the Land Title Office.

**Conservation covenant.** A voluntary, written agreement registrable against title to land under section 219 of the *Land Title Act* made between a landowner and a covenant holder covering all or part of a parcel of property in which the landowner promises to protect the land as provided in the covenant.

**Covenant.** In real property law, a promise made by a landowner, the covenantor, to another, the covenantee, to do, or not do, something in relation to his or her land. Such promises take the form of voluntary, written agreements. See also "restrictive covenant".

**Covenant holder.** Also covenantee. A person for the benefit of whom a covenant is made.

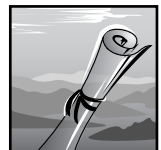
**Crown.** The reigning monarch of England who is the constitutional head of the Canadian government and whose powers are carried out by the provincial and federal governments.

**Crown land.** Land owned by the Crown. Also known as public land. Crown land may be held by either the federal or provincial government.

**Designation.** Authorization by the Minister of Environment, Lands and Parks of an individual or organization to hold a conservation covenant. Designation may be general designation or individual.

**Dominant tenement.** Land which receives the benefit of a covenant or easement over a neighbouring property called the servient tenement.

**Easement.** A right of use attached to land over nearby or adjacent property of another. The land having the right of use attached is known as the dominant tenement



and the land subject to the easement is known as the servient tenement. Often used to provide access to one parcel of land over another.

**Ecological gift.** A gift of land or a covenant or easement on land that is certified as ecologically sensitive by the federal Minister of the Environment or his designate in accordance with the provisions of the federal *Income Tax Act* and otherwise meets the requirements of the *Income Tax Act* and that gives rise to special tax benefits.

**Enforcement.** The act of putting the terms of a conservation covenant into effect.

**Estate.** (1) An interest in land. (2) All the property of which a person had the power to dispose by will.

**Fee simple.** The estate in fee simple is the largest estate or interest in land known in law and is the most absolute in terms of the rights which it confers. The largest possible bundle of ownership rights in a piece of land including the right to exclusive possession of the land, the right to use the land, and the right to dispose of the land.

**Indemnify.** To restore the victim of a loss; to secure against loss or damage; to make good, compensate or make reimbursement to a person for a loss already incurred.

**Injunction.** An order of the court forbidding a person to do some act which he or she is threatening to do or is doing or commanding a person to do some act that he or she is required to do.

**Interest in land.** A right to have the advantage from something. One or more of the ownership rights of land. A conservation covenant or an easement is an interest in land. See also "estate".

**Management agreement.** A written agreement addressing who will carry out management activities in relation to a conservation covenant.

**Management plan.** A document in which the parties agree to the long-term management of the interest in the land represented by the covenant.

**Mediation.** Intervention by a neutral third party in a dispute between two other parties with a view to persuading them to settle their dispute.

**Monitoring.** Actions carried out to measure and record change on land on which a covenant has been placed, determine the effectiveness of the covenant to protect the land and ensure compliance with the terms of the covenant.

**Nuisance.** An unreasonable interference with the use and enjoyment of land that is owned or occupied by another person. For example, depending on the circumstance, the creation of smoke, odours, noise or vibration, obstructing easements, interfering with support of land or structures, diminution of water quality or flow, and soil erosion could all constitute nuisances.

**Private land.** Land owned by private individuals or corporations rather than the Crown.

**Real property.** Land or an interest in land such as an easement or covenant.

**Relief.** The redress of a wrong or the benefit that a person seeks from the court. See also “remedy”.

**Remedy.** “The means by which a right is enforced or the violation of a right is prevented, redressed or compensated.” (*Black’s Law Dictionary*)

**Rent charge.** A charge, registered against title to land, securing payment of a specific amount by the landowner to the covenant holder for each breach by the landowner of the terms of the covenant.

**Restrictive covenant.** An agreement between two landowners restricting the use of one property for the benefit of the other.

**Security.** A pledge, lien, bond, mortgage or other promise given by a person to assure the payment of a debt or the performance, to be forfeited in case of default.

**Servient tenement.** Land over which a burden such as an easement or covenant has been granted in favour of another parcel of land called the dominant tenement.

**Statutory right of way.** An easement without a designated dominant tenement registrable against title to land under section 218 of the *Land Title Act*.

**Title.** The legal right to the possession of property, especially real property, or the evidence of the right such as title deeds.

**Tort.** Breach of duty, other than under a contract, leading to liability for damages resulting from the breach. A legal wrong.

**Note:** The authors relied extensively on *Black’s Law Dictionary* (West Publishing Co.) in compiling this glossary.







## APPENDIX 5

# EXCERPTS FROM LEGISLATION

*Land Title Act*, sections 218 and 219

### **Statutory right of way**

**218** (1) A person may and is deemed always to have been able to create, by grant or otherwise in favour of

- (a) the Crown or a Crown corporation or agency,
- (b) a municipality, a regional district, the Greater Vancouver Transportation Authority, a local trust committee under the *Islands Trust Act* or a local improvement district,
- (c) a water users' community, a public utility, a pulp or timber, mining, railway or smelting corporation, or a corporation authorized to transport oil or gas, or both oil and gas, or solids, as defined in the *Pipeline Act*, or
- (d) any other person designated by the minister on terms and conditions that minister thinks proper,

an easement, without a dominant tenement, to be known as a "statutory right of way" for any purpose necessary for the operation and maintenance of the grantee's undertaking, including a right to flood.

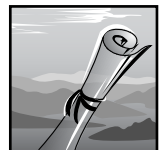
(2) To the extent necessary to give effect to subsection (1), the rule requiring an easement to have a dominant and servient tenement is abrogated.

(2.1) The minister may delegate to the Surveyor General the minister's powers under subsection (1)(d).

(3) Registration of an instrument granting or otherwise creating a statutory right of way

- (a) constitutes a charge on the land in favour of the grantee, and
- (b) confers on the grantee the right to use the land charged in accordance with the terms of the instrument, and the terms, conditions and covenants expressed in the instrument are binding on and take effect to the benefit of the grantor and grantee and their successors in title, unless a contrary intention appears.

(4) A person who executes an instrument in which a statutory right of way is created is not liable for a breach of a covenant in the instrument occurring after the person has ceased to be the owner of the land.



(5) This section is retroactive in its application and applies to all statutory rights of way, whenever created.

(6) A recital in a grant or reservation of a statutory right of way that it "is necessary for the operation and maintenance of the grantee's undertaking", or a statement to that effect in the application to register the statutory right of way, is sufficient proof to the registrar of that fact.

### **Registration of covenant as to use and alienation**

**219** (1) A covenant described in subsection (2) in favour of the Crown, a Crown corporation or agency, a municipality, a regional district, the Greater Vancouver Transportation Authority, or a local trust committee under the *Islands Trust Act*, as covenantee, may be registered against the title to the land subject to the covenant and is enforceable against the covenantor and the successors in title of the covenantor even if the covenant is not annexed to land owned by the covenantee.

(2) A covenant registrable under subsection (1) may be of a negative or positive nature and may include one or more of the following provisions:

(a) provisions in respect of

(i) the use of land, or

(ii) the use of a building on or to be erected on land;

(b) that land

(i) is to be built on in accordance with the covenant,

(ii) is not to be built on except in accordance with the covenant, or

(iii) is not to be built on;

(c) that land

(i) is not to be subdivided except in accordance with the covenant, or

(ii) is not to be subdivided;

(d) that parcels of land designated in the covenant and registered under one or more indefeasible titles are not to be sold or otherwise transferred separately.

(3) A covenant described in subsection (4) in favour of

(a) the Crown or a Crown corporation or agency,

(b) a municipality, a regional district, the Greater Vancouver Transportation Authority or a local trust committee under the *Islands Trust Act*, or

(c) any person designated by the minister on terms and conditions he or she thinks proper,

as covenantee, may be registered against the title to the land subject to the covenant and, subject to subsections (11) and (12), is enforceable against the covenantor and the successors in title of the covenantor even if the covenant is not annexed to land owned by the covenantee.

(4) A covenant registrable under subsection (3) may be of a negative or positive nature and may include one or more of the following provisions:

(a) any of the provisions under subsection (2);

(b) that land or a specified amenity in relation to it be protected, preserved, conserved, maintained, enhanced, restored or kept in its natural or existing state in accordance with the covenant and to the extent provided in the covenant.

(5) For the purpose of subsection (4) (b), "amenity" includes any natural, historical, heritage, cultural, scientific, architectural, environmental, wildlife or plant life value relating to the land that is subject to the covenant.

(6) A covenant registrable under this section may include, as an integral part,

(a) an indemnity of the covenantee against any matter agreed to by the covenantor and covenantee and provision for the just and equitable apportionment of the obligations under the covenant as between the owners of the land affected, and

(b) a rent charge charging the land affected and payable by the covenantor and the covenantor's successors in title.

(7) If an instrument contains a covenant registrable under this section, the covenant is binding on the covenantor and the covenantor's successors in title, even though the instrument or other disposition has not been signed by the covenantee.

(8) No person who enters into a covenant under this section is liable for a breach of the covenant occurring after the person has ceased to be the owner of the land.

(9) A covenant registrable under this section may be

(a) modified by the holder of the charge and the owner of the land charged, or

(b) discharged by the holder of the charge

by an agreement or instrument in writing the execution of which is witnessed or proved in accordance with this Act.

(9.1) A covenant that was required as a condition of subdivision under section 82 and registered under this section before the coming into force of the repeal of section 82 may be

(a) modified by the approving officer and the owner of the land charged, or



(b) discharged by the approving officer.

(9.2) For the purpose of determining whether to modify or discharge a covenant under subsection (9.1), an approving officer may exercise the powers provided under section 86 (1) (d), whether or not the modification or discharge is related to an application for subdivision approval.

(10) The registration of a covenant under this section is not a determination by the registrar of its enforceability.

(11) On the death or dissolution of an owner of a covenant registrable under subsection (3) (c), the covenant ceases to be enforceable by any person, including the Crown, other than

(a) another covenantee named in the instrument creating the covenant, or

(b) an assignee of a covenantee if the assignment has been approved in writing by the minister.

(12) If a covenantee or assignee referred to in subsection (11) is a corporation that has been dissolved and subsequently restored into existence under an enactment of British Columbia, the covenant continues to be enforceable by the restored corporation from the date of its restoration.

(13) A recital in a covenant that a person "has been designated by the minister under section 219(3)(c) of the *Land Title Act*", or a statement to that effect in the application to register the covenant, is sufficient proof to a registrar of that fact.

(14) The minister may delegate to the Surveyor General the minister's powers under subsections (3) (c) and (11) (b).

## APPENDIX 6

# ORGANIZATIONS DESIGNATED TO HOLD CONSERVATION COVENANTS IN BRITISH COLUMBIA

(Taken March 7, 2005 from the Surveyor General's website at  
[http://www.ltsa.ca/sgd\\_home.htm](http://www.ltsa.ca/sgd_home.htm).)

### **Agencies Designated to Hold Covenants Under Section 219 of the *Land Title Act*, Including Conservation Covenants**

Comox Valley Project Watershed Society	October 5, 1994
* The Nature Conservancy of Canada	October 17, 1994
Quadra Island Conservancy and Stewardship Society	January 4, 1995
* Turtle Island Earth Stewards Society	January 5, 1995
Pender Islands Conservancy Association	January 5, 1995
* Ducks Unlimited Canada	January 24, 1995
* The Nature Trust of British Columbia	February 23, 1995
Saltspring Island Conservancy	February 27, 1995
Galiano Conservancy Association	May 1, 1995
Denman Conservancy Association	May 4, 1995
Delta Farmland and Wildlife Trust	May 18, 1995
Cowichan Community Land Trust Society	June 14, 1995
Nanaimo and Area Land Stewards Society	July 19, 1995
The Association for the Protection of Rural Metchosin	October 13, 1995
Gambier Island Conservancy	February 29, 1996
Comox Valley Community Land Society	February 29, 1996
Eco-Care Conservancy of the Powell River Region	March 5, 1996
* Rocky Mountain Elk Foundation Canada	June 25, 1996
Janice J. Halldorson	August 22, 1996
Rosewall-Bonnel Trust Society	August 29, 1996
The Association for the Protection of Rural Metchosin	September 3, 1996
The Garry Oak Meadow Preservation Society	November 20, 1996
The Heartlands Conservancy Society	December 17, 1996



Discovery Coast Greenways Land Trust	December 17, 1996
Amanda Hubbard Law Corporation	January 22, 1997
The Bishop of Victoria	February 13, 1997
VNHS Habitat Acquisition Trust Foundation	March 4, 1997
* Silva Forest Foundation	March 5, 1997
* TLC The Land Conservancy of British Columbia	June 10, 1997
The Society for the Preservation of Ayam Creek	July 25, 1997
The Real Estate Foundation of B.C.	December 29, 1997
Bowen Island Conservancy	April 21, 1998
Sunshine Coast Natural History Society	June 8, 1998
Alice Alexandra Grange	July 23, 1998
The Real Estate Foundation of B.C.	August 25, 1998
Abbotsford Land Trust Society	November 2, 1998
Savary Island Land Trust Society	November 10, 1998
Board of School Trustees No. 41	December 1, 1998
George C. Reifel	December 14, 1998
Bowen Island Heritage Preservation Association	January 4, 1999
Robert Mewburn	February 11, 1999
The Real Estate Foundation of B.C.	February 18, 1999
* Kootenay Land Trust Society	March 16, 1999
* Rocky Mountain Elk Foundation Canada	March 30, 1999
* Comox Valley Land Trust	April 21, 1999
Saltspring Island Waterbird Watch Collective	August 12, 1999
East Kootenay Land Corporation	August 19, 1999
Kapoor Lumber Company Limited	September 8, 1999
Gabriola Historical and Museum Society	October 20, 1999
The Real Estate Foundation of B.C.	April 6, 2000
Cortes Land Conservancy Society	October 3, 2000
TLC The Land Conservancy & Kootenay Land Trust Society	August 21, 2000
Intrawest Corporation	November 24, 2000
The Real Estate Foundation of B.C.	January 2, 2001
The Real Estate Foundation of B.C.	January 5, 2001
Kicking Horse Mountain Water Utility	March 21, 2001
Kicking Horse Mountain Development Corporation	March 21, 2001
Kicking Horse Mountain Sanitary Sewer Services Ltd	March 21, 2001
Mill Bay Waterworks District	June 29, 2001
Thompson Health Region	October 15, 2001
Fraser Valley Health Region	November 9, 2001
Simon Fraser Health Region	November 28, 2001

West Coast Reduction Ltd. (Inc. No. 0177294)	November 30, 2001
Okanagan Similkameen Health Region	December 4, 2001
North Okanagan Health Region	December 5, 2001
Peace Liard Health Region	December 13, 2001
Mt. Matheson Conservation Soc. Inc. No. s41874	April 4, 2002
Wilderness Mountain Corp. Inc. No. 0232326	April 18, 2002
Lantzville Improvement District	June 12, 2002
Coquitlam Foundation	September 6, 2002
WBT Wild Bird Trust of British Columbia	October 9, 2002
The Real Estate Foundation of B.C.	October 10, 2002
Furry Creek Power Ltd.	October 11, 2002
The Owners, Strata Plan VIS5160	November 13, 2002
Vancouver Coastal health Authority	November 14, 2002
Vancouver Island Health Region - South	November 14, 2002
Vancouver Island Health Region - Central	November 14, 2002
Vancouver Island Health Region - North	November 14, 2002
North Okanagan Parks and Natural Area Trust	December 13, 2002
Kamloops Indian Band Utility Corp. 0577100	January 23, 2003
C.H.I. - Association for Conservancy Hornby Island	April 15, 2003
Wilden Utility Corp. Inc. #A-0059370	May 27, 2003
* Sunshine Coast Conservation Association Inc. #S37722	July 31, 2003
The Real Estate Foundation of B.C.	August 26, 2003
Wilden Utility Corp. Inc. #A-0059370	September 15, 2003
Swansong Holdings Ltd. Inc. #463576	September 22, 2003
Hemlock Valley Resorts Inc. #0320626	December 16, 2003
Alouette River Management Society Inc. #S-0031296	April 13, 2004
Marlene Russo	June 17, 2004
Chum Ltd. Inc.A0052962	September 07, 2004
Northern Health Authority	September 28, 2004
* Blenk TerraSource Corp. Inc. #A0059370	February 05, 2005
Derek Sharpe	February 15, 2005
Sutil Channel Ventures Ltd Inc #BC0069158	February 15, 2005

\* Denotes Province-wide designation.







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Canada Revenue Agency at <http://www.cra-arc.gc.ca/>

Ducks Unlimited Canada, especially Institute for Wetland and Waterfowl Research at <http://www.ducks.ca/research/>

Ecological Gifts Program at <http://www.cws-scf.ec.gc.ca/ecogifts/>

Land Trust Alliance (US) at <http://www.lta.org/>

LTA The Land Trust Alliance of British Columbia at <http://www.landtrustalliance.bc.ca/>

The Land Centre (Real Estate Foundation of British Columbia) at <http://www.landcentre.ca/foundation/>

Nature Conservancy (US) at <http://nature.org/>

Nature Conservancy of Canada at <http://www.natureconservancy.ca/files/index.asp>

Nature Trust of British Columbia at <http://www.naturetrust.bc.ca/>

Ontario Land Trust Alliance at <http://www.ontariolandtrustalliance.org/>

Provincial Agricultural Land Commission at <http://www.alc.gov.bc.ca/>

Stewardship Canada at [http://www.stewardshipcanada.ca/sc\\_national/main/index.asp?sProv=ca](http://www.stewardshipcanada.ca/sc_national/main/index.asp?sProv=ca)

Stewardship Centre for British Columbia at [http://www.stewardshipcentre.bc.ca/sc\\_bc/main/index.asp?sProv=bc](http://www.stewardshipcentre.bc.ca/sc_bc/main/index.asp?sProv=bc)

Surveyor General of British Columbia at <http://srmwww.gov.bc.ca/sgb/>

TLC The Land Conservancy at <http://www.conservancy.bc.ca/>



Trust for Public Land (US) at <http://www.tpl.org/>

West Coast Environmental Law Association at <http://www.wcel.org/>

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