

CONSOLIDATED DISCLOSURE STATEMENT

(Real Estate Development Marketing Act)

(Shared Interests in Land)

MAGNA BAY RESORT

Magna Bay, Shuswap Lake, British Columbia

Name of Developer: 0884263 B.C. Ltd.

Address for Service: 3009B – 28th Street
Vernon, British Columbia V1T 4Z7

Business Address of Developer: RR#1, Site 17, Comp 15
Celista, British Columbia V0E 1L0

Real Estate Agent: *Kent Redekop, Homelife Salmon Arm Realty*
#404 – 251 TransCanada Highway
Salmon Arm, BC V1E 3B8

Date of Disclosure Statement: August 14, 2013

Date of First Amendment and

Consolidation: *May 11, 2015*

DISCLAIMER

This Disclosure Statement has been filed with the Superintendent of Real Estate, but neither the Superintendent, nor any other authority of the government of the Province of British Columbia, has determined the merits of any statement contained in the Disclosure Statement, or whether the Disclosure Statement contains a misrepresentation or otherwise fails to comply with the requirements of the *Real Estate Development Marketing Act*. It is the responsibility of the developer to disclose plainly all material facts, without misrepresentation.

This Disclosure Statement relates to a development property that is not yet completed. Please refer to section 7.2 for information on the purchase agreement. That information has been drawn to the attention of

_____, who has confirmed that fact by
initialling in the space provided here: _____

RIGHT OF RESCISSION

Under section 21 of the *Real Estate Development Marketing Act*, the purchaser or lessee of a development unit may rescind (cancel) the contract of purchase and sale or contract to lease by serving written notice on the developer or the developer's brokerage, within 7 days after the later of the date the contract was entered into or the date the purchaser or lessee received a copy of this Disclosure Statement.

A purchaser may serve a notice of rescission by delivering a signed copy of the notice in person or by registered mail to

- (a) the Developer at the address shown in the disclosure statement received by the purchaser,
- (b) the Developer at the address shown in the purchaser's purchase agreement,
- (c) the Developer's brokerage, if any, at the address shown in the Disclosure Statement received by the purchaser, or
- (d) the Developer's brokerage, if any, at the address shown in the purchaser's purchase agreement.

The Developer must promptly place purchasers' deposits with a brokerage, lawyer or notary public who must place the deposits in a trust account in a savings institution in British Columbia. If a purchaser rescinds their purchase agreement in accordance with the Act and regulations, the Developer or the Developer's trustee must promptly return the deposit to the purchaser.

This Consolidated Disclosure Statement contains information originally set out in the Disclosure Statement dated August 14, 2013. Information appearing in the original Disclosure Statement will appear in Calibri Font. *Information and amendments first appearing in the amendment dated May 11, 2015 will appear in italics.*

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Exhibit "A" –Site Plans

Exhibit "B" - Management Company Lease and Easement

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Exhibit "H" – Owners' Corporation Estimated Budget

Exhibit "I" – Existing Encumbrances and Legal Notations

Exhibit "J" – Proposed Encumbrances

Exhibit "K" - Letter of Franklin Engineering Ltd. dated August 8, 2014

1 THE DEVELOPER

- 1.1 0884263 B.C. Ltd. (the "Developer") was registered in the Province of British Columbia on June 23, 2011.
- 1.2 The Developer was not created specifically for the purpose of developing the recreational vehicle campground on the development property known as the Magna Bay Resort. The Developer has no other assets in addition to its rights to purchase the development property.
- 1.3 The Developer's registered and records office is located at 3009B – 28th Street, Vernon, BC V1T 4Z7.
- 1.4 The only director of the Developer is Gregory Ross Darroch.
- 1.5
 - (1) The director of the Developer has experience of approximately seventeen (17) years in real estate development and residential construction, including the development of fee simple subdivisions, bare land strata developments, single family and multi-family residential construction.
 - (2) Neither the Developer nor any of its respective directors, officers or principals, has within 10 years prior to the date of the Developer's Declaration attached to this Disclosure Statement, been subject to any penalties or sanctions imposed by a court or regulatory authority relating to the sale, lease, promotion or management of real estate or securities, or to lending money secured by a mortgage of land, or to arranging, administering or dealing in mortgages of land, or to theft or fraud other than a Consent Order was issued to Gregory Darroch by the Registrar of Mortgage Brokers on May 25, 2005 whereby Mr. Darroch agreed not to apply for registration under the *Mortgage Brokers Act* for three years.
 - (3) Neither the Developer nor any of its respective directors, officers or principals, has five years prior to the date of the Developer's Declaration attached to this Disclosure Statement, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver/manager or trustee appointed to hold the assets of that person.
 - (4) Neither the Developer nor any of its respective directors, officers or principals, has within the five years prior to the date of the Developer's Declaration attached to this Disclosure Statement, been a director, officer or principal holder of any other developer, while that person was acting in that capacity, that:
 - (a) was subject to any penalties or sanctions imposed by a court or regulatory authority relating to the sale, lease, promotion, or management of real estate or securities, or to lending money secured by a mortgage of land, or to arranging, administering or dealing in mortgages of land, or to theft or fraud, and describe any penalties or sanctions imposed, or

- (b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

- 1.6 Except as described herein, the Developer is not aware of any existing or potential conflicts of interest between the Developer, manager, any directors, officers or limited partners of the Developer and manager, any directors and officers of the principal holders, and any person providing goods or services to the Developer, manager or holders of the development units in connection with the Development which could reasonably be expected to affect the purchaser's purchase decision.

2 GENERAL DESCRIPTION

2.1 General Description of the Development

Definitions of words and phrases used in this Disclosure Statement:

- (a) **"Additional Residence"** means the one additional residence or modular home located on the Vacation Site Lands within the area of the Lands designated Development Area 1 in the Comprehensive Development 1 (CD1) zone in the Columbia Shuswap Regional District Magna Bay Zoning Bylaw No. 800, as amended by the Magna Bay Zoning Amendment (Magna Bay Developments) Bylaw No. 800-18. The uses permitted within Development Area 1 include one dwelling unit;
- (b) **"Assessment Authority"** means the British Columbia Assessment Authority or such other governmental authority as has jurisdiction from time to time to assess the value of any or all of the Lands, Shared Facilities and Sites for Property Tax purposes pursuant to the provisions of the *Assessment Act* (British Columbia);
- (c) **"Building"** means the building constructed on the Land for the purpose of a clubhouse that the Owners will share the use of, located within the common use and services area shown on the Site Plan. The approximate size and siting of the Building is shown on the plan attached hereto as Exhibit A.2;
- (d) **"Common Areas"** means the areas of the Development set aside for the common use of all Owners, Guests and Renters, as shown on the Site Plan;
- (e) **"Consumer Price Index"** means the All-Items Consumer Price Index for Vancouver, British Columbia, published on an annual basis by Statistics Canada or its successor;
- (f) **"Development"** means the Magna Bay Resort developed by the Developer on the Lands including the Shared Facilities, Building, Common Areas and Sites;
- (g) **"GST"** means the Goods and Services Tax imposed pursuant to the provisions of the *Excise Tax Act* (Canada);

- (h) **"Guest"** means any person using and occupying a Site for overnight accommodation with the authorization of the Owner and who does not pay any money or give any other consideration to the Owner of the Site or any other party for such use and occupation;
- (i) **"Immediate Family"** means and includes the spouse of the Owner, the children and grandchildren of the Owner and the spouse of any such children or grandchildren of an Owner;
- (j) **"Lands"** means collectively those lands and premises legally described as;
Parcel Identifier: 029-323-711
Lot 1 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan EPP41547 (the Vacation Site Lands)
and
Parcel Identifier: 008-324-441
Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439 (the Waterfront Lands)
as shown on the plans attached hereto as Exhibit A.1.
- (k) **"Management Company"** means Darroch Investments Ltd., a company incorporated in British Columbia which will provide resort management services to the Owners as is more particularly described in the Resort Management Services Agreement;
- (l) **"Management Company's Area"** means that portion of the Vacation Site Lands shown on Plans EPP41548 and EPP41549 which are the areas of the Management Company Lease and Easement as defined below and attached hereto as part of Exhibit "B", and identified as Development Area 3 in the applicable Comprehensive Development 1 (CD1) zoning bylaw in the Columbia Shuswap Regional District Magna Bay Zoning Bylaw No. 800, as amended, which currently includes Sunshore Golf Course Inc.'s ("Sunshore's") boat rental business and office, parking for Sunshore's boat rental business and office.
- (m) **"Management Company Lease and Easement"** means a lease and easement registered on title to the Lands under numbers CA3750606 and CA3750608 which grant the Management Company the use and occupation of the existing residence located on the Vacation Site Lands shown on Plan EPP41548, that portion of the Vacation Site Lands shown on Plan EPP41549, the foreshore lease area adjacent to the Waterfront Lands, the Waterfront Lands, and the boat ramp and dock located within the foreshore of the Waterfront Lands, attached hereto as Exhibit "B";
- (n) **"Management Costs"** means all of the costs, charges and expenses of every nature and kind whatsoever incurred by the Owners' Corporation, including the Management Fee, in carrying out all of the duties, obligations and responsibilities of the Owners' Corporation set forth in the Co-Ownership Agreements;

- (o) **"Management Fee"** means the fee charged to the Owners' Corporation by the Management Company for services provided pursuant to the Resort Management Services Agreement;
- (p) **"Option(s)"** means the options to purchase to be granted to the Owners' Corporation by the Owner and all other Owners, not including the Developer, in the form attached as Exhibit "F";
- (q) **"Owner"** means the owner of a Site who is registered in the Land Title Office as owner in fee simple of a shared interest in the Land and party to the Co-Ownership Agreement, including the Developer, but not including the Management Company;
- (r) **"Owners' Corporation"** means 0977646 B.C. Ltd., a company incorporated in British Columbia to manage the Lands as is more particularly described in the Co-Ownership Agreement;
- (s) **"Owner's Site"** means one of the Sites shown on the Site Plan which is licensed for the use and occupation of the Site by the Permitted Occupants;
- (t) **"Park Model"** means a trailer or recreational unit which conforms to CSA Z241 Standard for RVs and does not exceed 50m² of floor space;
- (u) **"Permitted Occupants"** means, in reference to the Owner's Site, the Owner and other persons authorized by the Owner to use and occupy the Owner's Site and any RV or improvements thereon, from time to time, including the Owner's Immediate Family, Guests and Visitors and the Owner's Renters and their respective Immediate Family, Guests and Visitors;
- (v) **"POA(s)"** means the Power of Attorneys to be granted by the Owner, and all other Owners, not including the Developer, to the Owners' Corporation in the form attached as Exhibit "G";
- (w) **"Prime Rate"** means an annual rate of interest designated and advertised from time to time by the Owners' Corporation's bank or credit union, as its prime rate of interest;
- (x) **"Pro Rata"** the Development will consist of approximately eighty (80) recreational vehicle sites plus one (1) site for the Additional Residence. Pro rata or proportionate share means the fraction which has as its numerator the number one (1) and as its denominator the total number of Sites;
- (y) **"Property Taxes"** means all taxes, local improvements and similar rates, duties, assessments and charges, school taxes and any other taxes, rates, duties and assessments both general and special, levied or imposed upon or with respect to the Lands and any of the Shared Facilities from time to time, as finally determined for each calendar year as a result of assessment, appeal from assessment or judicial review, and shall include any legal, survey or appraisal costs incurred by the Developer or the Owners' Corporation in any appeal of such levies or assessments;

- (z) **"Regional District"** means the Columbia Shuswap Regional District and includes any other governmental authority in succession to the Regional District;
- (aa) **"Renters"** means each person who is renting a Site, with or without the RV or other improvements on the Site, from the Owner of the Site in compliance with the provisions of the Co-Ownership Agreement;
- (bb) **"Residence"** means the existing building located on the Vacation Site Lands located within the Management Company's Area which currently includes Sunshore's boat rental business and office;
- (cc) **"Rules and Regulations"** means the rules and regulations set out in Schedule C to the Co-Ownership agreement and includes all amendments thereto made from time to time in accordance with the provisions of the Co-Ownership Agreement;
- (dd) **"RV"** means a vehicular-type of portable structure, without permanent foundation, that can be towed, hauled or driven and that is primarily designed for use as temporary living accommodation for the purposes of recreation, camping and travel, including, but not limited to, travel trailers, truck campers, camping trailers and self-propelled motor homes and does not include a park model;
- (ee) **"Shared Facilities"** means the facilities of the Development serving the Development shared by all Owners and other Permitted Occupants including, without limitation, washrooms and shower facilities, the Building, the internal road system within the Development, Common Areas, and the water and sewage disposal systems within the Lands;
- (ff) **"Shared Interest"** means an undivided interest in the Lands and Building, registered in the name of the Owner at the Kamloops Land Title Office. The Developer will create eighty-two (82) shared interests in the Lands. One shared interest will be allocated to each of the Sites, and one shared interest will be allocated to the existing residence located on the Vacation Site Lands within the Management Company's Area;
- (gg) **"Sites"** means all of the eighty recreational vehicle vacation sites within the Development described on the Site Plan, including the Owner's Site, plus the site for the Additional Residence, but does not include the Management Company's Area. **"Site"** means any one of the Sites and, in both cases, includes any RV and improvements located on a Site;
- (hh) **"Site Plan"** means the subdivision plan for the Lands and the sketch plan of the Vacation Site Lands showing the location of the Sites attached hereto as Exhibit "A.1";
- (ii) **"Special Resolution"** means a special resolution of the shareholders of the Owners' Corporation passed in accordance with the Articles of the Owners' Corporation and the *Business Corporations Act* (British Columbia);

- (jj) **"Taxes on Owner's Improvements"** means all taxes, rates, duties and assessments imposed or levied in respect of any buildings or other improvements on the Owner's Site or on the RV, whether or not such taxes, rates, duties and assessments form part of the Property Taxes or are levied and payable separately;
- (kk) **"Vacation Site Lands"** means those lands legally described as Parcel Identifier: 029-323-711 Lot 1 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan EPP41547 as shown on the plan attached hereto as Exhibit A.1;
- (ll) **"Visitor"** means any person using and enjoying a Site at the invitation of the Owner of the Site, but who does not use the Site for overnight occupation and who does not pay any money or other consideration to the Owner or any other party for such use and enjoyment;
- (mm) **"Waterfront Lands"** means those lands legally described as Parcel Identifier: 008-324-441 Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439 as shown on the plan attached hereto as Exhibit A.1; and
- (nn) **"Zoning Bylaw"** means the Columbia Shuswap Regional District Magna Bay Zoning Bylaw No. 800, Comprehensive Development 1 (CD1), and amendments thereto and any legislation enacted in replacement thereof from time to time as the provisions thereof apply to the Vacation Site Lands and Columbia Shuswap Regional District Magna Bay Zoning Bylaw No. 800, and General Commercial (GC) as the provisions thereof apply to the Waterfront Lands.

The Development is a shared interest development that will consist of a right of shared use of a Building, Common Areas, Shared Facilities (as defined herein) and approximately 80 recreational vehicle sites one site for an additional residence or modular home to be constructed. The Developer will create eighty-two (82) Shared Interests in the Lands. Each purchaser will be registered in the Land Title Office as to an undivided one eighty-second (1/82) interest for each Shared Interest purchased. The general layout of the development is shown on the subdivision and site plans attached as Exhibit A.1 (the "Subdivision and Site Plans").

The Developer is marketing eighty-one (81) Shared Interests for sale.

Each Shared Interest in the Land will provide to the purchaser the shared use, in common with the Developer and other purchasers of Shared Interests, of the Sites, Building, Shared Facilities, and Common Areas, all subject to the restrictions contained in the Co-Ownership Agreement and the Rules and Regulations therein contained as the same may be amended from time to time, and the provisions of the Zoning Bylaw of the Columbia Shuswap Regional District applicable to the Lands.

The Owners will have the opportunity to enjoy recreational facilities and amenities which include ownership of Shuswap Lake waterfront, a sand and small pebble beach for swimming and other beach activities on the Waterfront Lands, the right to use and occupy a games and exercise room, a volleyball court, and access to showers which each purchaser will own in common with all other Owners.

The Owners will have the opportunity for daily moorage at the dock or buoys subject to ensuring at all times sufficient access is retained for customers of *Sunshore's* boat rental business.

The Owners will also have the opportunity to enjoy boat and watercraft rentals, repairs and sales provided on site by *Sunshore* at market rates.

The Development is the entire Lands excluding that portion shown on the Site Plan as the Management Company's Area. The Development does not include the right to use or occupy the existing Residence located on the Vacation Site Lands within the Management Company's Area or the Management Company's Area. The Management Company will also have the right to place one additional residence or modular home located on the Vacation Site Lands and sale the additional residence or modular home along with a one eighty-second (1/82) interest in the Lands.

The Owners will have the right to use Waterfront Lands, the foreshore lease area adjacent to the Waterfront Lands, the boat ramp and the dock located within the foreshore of the Waterfront Lands subject to the rights of the Developer pursuant to the Management Company Lease and Easement attached hereto as Exhibit B.

The Developer has entered into a Management Company Lease and Easement which grants the Management Company the right to use and occupy the Management Company's Area, the existing Residence located on the Vacation Site Lands within the Management Company's Area, the foreshore lease area adjacent to the Waterfront Lands, the boat ramp and the dock located within the foreshore of the Waterfront Lands, and the Waterfront Lands.

The Management Company holds Licence No. 344292 which grants the Management Company the right to have a dock in the foreshore of the Waterfront Lands, a copy of which is attached to the Management Company Lease and Easement. The Management Company intends to retain ownership of the lease and rights to the foreshore area necessary for the operation of Sunshore's boat rental business. The Management Company will have the right to construct, install, maintain, repair, expand and replace a dock within the foreshore lease area. Sunshore will be solely entitled to all revenues earned from boat rental business. The costs of maintaining and repairing the dock will be allocated 20% to the Management Company and 80% to the Owners' Corporation. Owners will have the use of the dock for launching and removing their boats from the lake. Owners will have the use of and access to the dock for daily moorage on a first come, first serve basis from the Management Company in its sole discretion.

The Management Company entered a sublease for a five year term effective August 15, 2014 with Sunshore such that Sunshore has the benefit of the Management Company's rights to and use of the Management Company's Area, the office located within the existing Residence located on the on the Vacation Site Lands within the Management Company's Area, the foreshore lease area adjacent to the Waterfront Lands, and the boat ramp and the dock located within the foreshore of the Waterfront Lands.

The Management Company will provide the use of showers and laundry facilities located within the Management Company's Area (as defined herein) and the services described in the Resort Management Services Agreement attached hereto as Exhibit "C" (the "Resort Management Services Agreement").

The Management Company is a related company of the Developer.

The Development will consist of the ownership, use and occupation of the Lands and Building in accordance with the terms and conditions of agreements made and entered into between the Owners' Corporation, the Developer, the Management Company and all purchasers of Shared Interests in the Lands, the particulars of which are as follows:

- (i) a Management Company Lease and Easement which grants the Management Company the use and occupation of the Management Company's Area, the existing Residence located on the Vacation Site Lands within the Management Company's Area, the foreshore lease area adjacent to the Waterfront Lands, the foreshore of the Waterfront Lands, the Waterfront Lands, and the boat ramp and the dock located within the foreshore of the Waterfront Lands, substantially as set out in the form attached hereto as Exhibit "B";
- (ii) a Resort Management Services Agreement between the Management Company and the Owners' Corporation substantially as set out in the form attached hereto as Exhibit "C"; and
- (iii) the Purchase Agreement between each purchaser and the Developer substantially as set out in the form attached hereto as Exhibit "D";
- (iv) a Co-ownership Agreement between each purchaser, the Owners' Corporation, the Management Company and the Developer substantially in the form attached hereto as Exhibit "E" (the "Co-ownership Agreement");
- (v) an Option to purchase the purchaser's Shared Interest in the Land and Building granted by each purchaser to the Owners' Corporation substantially in the form attached as Exhibit "F" hereto ; and
- (vi) a power of attorney, substantially in the form attached hereto as Exhibit "G", to be granted by each purchaser appointing the Owners' Corporation as the purchaser's attorney subject to the provisions of the power of attorney and the Co-Ownership Agreement (the POA).

The Development's street address is 6848/6853/6857 Squilax-Anglemont Highway, Magna Bay, British Columbia. The Development is located on the north shore of Shuswap Lake, British Columbia.

2.2 Permitted Use

Use of the Lands and Building is subject to the restrictions contained in the Co-Ownership Agreement and any Rules and Regulations contained therein (attached hereto as Exhibit "E") as amended from time to time, the Resort Management Services Agreement (attached hereto as Exhibit "C"), the Management Company Lease and Easement (attached hereto as Exhibit "B"), and the Zoning Bylaw of the Columbia Shuswap Regional District applicable to the Lands.

The Vacation Site Lands are presently zoned Comprehensive Development 1 (CD1) in the Columbia Shuswap Regional District Magna Bay Zoning Bylaw No. 800, as amended by the Magna Bay Zoning Amendment (Magna Bay Developments) Bylaw No. 800-18, which permits the Building, Shared Facilities, Sites, internal roads and Common Areas as herein described.

The Waterfront Lands are presently zoned General Commercial (GC).

A copy of the Magna Bay Zoning Amendment (Magna Bay Developments) Bylaw No. 800-18 is available from the Developer on request.

The General Commercial (GC) zone permits the Waterfront Lands to be used for a marina, but does not include the sale of marine petroleum products, a nursery, an office, a retail store, either a dwelling unit or a single family dwelling for the use of the owner, operator or caretaker of an existing permitted and principal use, and an accessory use.

The Comprehensive Development 1 (CD1) zone divides the Lands into three development areas. The Sites will be located within the area identified in the bylaw as "Development Area 2" and "Development Area 1".

The uses permitted within Development Area 2 include "Resort Residential Spaces" that can be occupied by a recreational vehicle for "Temporary" or "Seasonal" accommodation. "Temporary" means less than four (4) consecutive weeks and "Seasonal" means less than one hundred eight-two (182) days per calendar year, Such terms are defined in the zoning bylaw. Off site marina parking is also permitted within Development Area 2.

The Comprehensive Development 1 (CD1) zone does not allow the permanent residential use of the resort residential Sites located within Development Area 2.

The Sites within Development Area 2 allocated to purchasers of Shared Interests may only be used for the purpose parking and enjoying a recreational vehicle, an additional vehicle and a boat. Park Models are not allowed until the Lands have service from community sewer and community water systems.

The Building may only be used for the purpose of a clubhouse and games room.

The Site for the Additional Residence will be located within Development Area 1. The uses permitted within Development Area 1 include one dwelling unit.

The Management Company's Area will be located within the area identified in the bylaw as "Development Area 3". The uses permitted within Development Area 3 include boat sales, rental and repair, office; office; personal watercraft ATV and snowmobile sales; retail store; a dwelling unit or single family dwelling for the use of the owner, operator or caretaker of an existing permitted or principal use; and accessory use.

The Management Company will retain use of the Management Company's Lease and Easement area, including the Management Company's Area, for the purpose of residential use of the MBE's principal and family, residential use, an office, operation of a boat rental, repair and sale business, parking and ancillary uses. The Developer reserves the right to use, or allow other to use, the Developer's Lease and Easement area in any manner permitted by law.

3 SHARED INTEREST IN LAND INFORMATION

3.1 Use Agreement

A. Co-ownership Agreement:

The Co-Ownership Agreement governs the shared use of the Lands, Building, Shared Facilities, Sites and Common Areas by purchasers of Shared Interests.

The purpose of the Co-Ownership Agreement is to appoint the Owners' Corporation as the entity with authority and responsibility to manage and administer the Development for and on behalf of, and at the expense of, all of the owners of Shared Interests in a faithful, diligent and honest manner, including, but not limited to, the enforcement and promotion of the Rules and Regulations described in the Co-Ownership Agreement as amended from time to time in accordance with its provisions and to maximize the peaceful and orderly enjoyment of the Development by the owners of Shared Interests.

Some key terms of the Co-Ownership Agreement are:

- (i) each purchaser will be required to enter into the Co-Ownership Agreement with the Developer and the Owners' Corporation;
- (ii) the Owners' Corporation, a standard British Columbia company, was incorporated on August 13, 2013 under incorporation number BC0977646 having the following share structure:
 - (a) an unlimited number of Class A voting common shares without par value;
 - (b) an unlimited number of Class B voting common shares without par value;
 - (c) an unlimited number of Class C non-voting common shares without par value;
 - (d) an unlimited number of Class D non-voting common shares without par value;
 - (e) an unlimited number of Class E non-voting preferred shares with a par value of \$0.01;
 - (f) an unlimited number of Class F non-voting preferred shares with a par value of \$0.01; and
 - (g) an unlimited number of Class G non-voting preferred shares with a par value of \$0.01,

of which a total of eighty-two (82) Class A shares will be issued to the Developer (it is not expected the Owners' Corporation will issue any class of shares other than Class A shares);
- (iii) When forty-five (45) Shared Interests have been sold by the Developer and the sales have completed, or at such earlier time as the Developer in its discretion may elect, the Developer will transfer one of its Class "A" common voting shares in the capital of the Owners' Corporation to each Owner and where there is more than one Owner of a Shared Interest, the Owner shall hold their share as co-owners as either tenants-in-common or jointly with right of survivorship, as determined by the Owner. The Developer will retain ownership of a share in the Owners' Corporation for each Shared Interest in continues to own and will have the same rights to vote and participate in the affairs of the Owners' Corporation as the Owners;
- (iv) a Shared Interest is not permitted to be sold separately from the share in the Owners' Corporation owned by the owner of the Shared Interest and vice versa;
- (v) a Shared interest in the Vacation Site Lands may not be sold separately from the Shared Interest in the Waterfront Lands and vice versa;

- (vi) Corporate ownership of a shared interest and a corresponding share in the Owners' Corporation is permitted provided that a director of such corporate owner personally guarantees compliance with the Co-Ownership Agreement;
- (vii) the owner and other permitted occupants of the Owner's Site (as defined by the Co-Ownership Agreement) shall be the only persons entitled to the use and occupation of the Owner's Site provided however that not more than a total of eight (8) permitted occupants shall be entitled to use and occupy the Owner's Site at any one time;
- (viii) the rules and regulations governing the use of the Sites and Common Areas are attached to the Co-Ownership Agreement and may be amended from time to time by the Developer until the Developer transfers one Class "A" common voting shares in the capital of the Owners' Corporation to each Owner. Thereafter, the rules and regulations may be amended by the Owners by a majority vote;
- (ix) owners of Shared Interests are responsible for the conduct of their Immediate Family, Renters and Guests, and agree to indemnify the Developer, the Management Company and the Owners' Corporation for any loss or damage suffered by the Developer, the Management Company or the Owners' Corporation as a result of the conduct of the Owner or the Owner's Immediate Family, Renters and Guests and against any lawsuits brought against the Developer, the Management Company or the Owners' Corporation as a result of such conduct;
- (x) each Owner is required to insure his/her own property on or about his/her site and to take out and maintain third party liability insurance of not less than ONE MILLION (\$1,000,000.00) DOLLARS;
- (xi) the Owners' Corporation is responsible for the management of the Development and will be required to prepare a budget for Management Costs and for a Contingency Reserve Fund for each calendar year, all of which is set out and described in Part 9 of the Co-Ownership Agreement. It is expected the Co-Ownership Agreement will be the only form of management contract between the Owners' Corporation and the Owners. Each owner of a Shared Interest is responsible to pay a proportionate share of the budgeted Management Costs and budgeted contribution to the Contingency Reserve Fund;
- (xii) property taxes will be assessed and levied against the Lands as a whole. Each owner of a Shared Interest is required to pay a Pro-Rata portion of the annual property taxes to the Owners' Corporation in addition to budgeted Management Costs and contributions to the Contingency Reserve Fund.

B. Resort Management Services Agreement:

- (i) the Owners' Corporation will delegate the management of the Development and its responsibilities to the Management Company in accordance with the Resort Management Services Agreement. It is expected the Resort Management Services Agreement will be the only form of management contract between the Owners' Corporation and the Management Company. The budgeted Management Costs will include provision for payment of Management Fees to the Management Company.
- (ii) The Management Company expects to enter into a sub-contract with MBE for MBE to carry out the Management Company's obligations pursuant to the Resort Management Services Agreement.

C. Option

- (i) Each purchaser of a Shared Interest will be required to execute and deliver to the Owners' Corporation an Option (see Exhibit "F" hereto). Part 11 of the Co-Ownership Agreement provides that if an owner of a Shared Interest is in default of any provision of the Co-Ownership Agreement, including the payment of money to the Owners' Corporation, and if the default continues for thirty (30) days after notice of the default is given by the Owners' Corporation to the defaulting owner, the Owners' Corporation has the right under its Option to purchase the defaulting owner's Shared Interest for a price equivalent to seventy-five (75%) percent of the then current market value of the Shared Interest determined by appraisal, and to use its POA to transfer the Shared Interest to the Owners' Corporation; If the Owners' Corporation exercises the Option it is obligated to endeavour to resell the Shared Interest and corresponding share in Owners' Corporation and apply the net sale proceeds from the sale in the manner set out in Sub-Section 11.1(g) of the Co-Ownership Agreement with the balance of the sale proceeds being payable to the defaulting owner. The purpose of the Option is to preserve and protect the peaceful use and enjoyment of the Development by all of the owners of Shared Interests and to provide the Owners' Corporation with a remedy to recover money owed to the Owners' Corporation by a defaulting owner of a Shared Interest.

D. Power of Attorney

- (i) Each purchaser of a Shared Interest will be required to execute and deliver to the Owners' Corporation a power of attorney (the POA) appointing the Owners' Corporation as the attorney for the purchaser with respect to his/her/their Shared Interest in the Lands (see Exhibit "G" hereto). Use of the POA is restricted as set forth in its terms and in the provisions of Part 11 of the Co-Ownership Agreement. By the terms of the Co-Ownership Agreement, the POA will not authorize the Owners' Corporation to sell or transfer any Shared Interest, save and except in circumstances where the Owners' Corporation is entitled to and does exercise an Option to purchase a Shared Interest in accordance with the provisions of the Co-Ownership Agreement.

E. Lease and Easement

- (i) *a lease and easement has been registered in the Land Title Office under numbers CA3750606 and CA3750608 in favour of the Management Company for the use and occupation of the existing Residence located on the Vacation Site Lands within the Management Company's Area, the Management Company's Area, the foreshore lease area adjacent to the Waterfront Lands, the Waterfront Lands, and the boat ramp and the dock located within the foreshore of the Waterfront Lands, attached as Exhibit "B".*

3.2 Owners Association

There is no Owners Association as such. The owners of Shared Interests will manage the Lands as shareholders of the Owners' Corporation after the Developer transfers its shares in the Owner's Corporation to the Owners of Shared Interests (see Paragraph 3.1 above).

3.3 Developer's and Management Company's Rights

As more particularly described in the Co-Ownership Agreement or elsewhere in this Disclosure Statement, the Developer will retain the right to:

- (a) control the Development through its ownership of the Owners' Corporation until the Developer transfers its shares in the Owners' Corporation to the owners of the Shared Interests (see Paragraph 3.1 above);
- (b) unilaterally to establish, amend, and replace the rules and regulations governing the use of the Sites, Building, Common Areas and Shared Facilities until the transfers its shares in the Owners' Corporation to the owners of the Shared Interests;
- (c) participate in decisions of the Owners' Corporation as long as it retains Class "A" common voting shares in the Owners' Corporation;
- (d) continue to rent the use of Sites which have not been sold; and

- ~~(e) — cancel the Purchase Agreements if twenty (20) Sites have not been pre-sold on or before September 30, 2013;~~
- (f) use and occupy:
 - a. the Management Company's Area for the purpose of personal residential use, an office, operation of a boat rental, repair and sale business, parking and ancillary uses;
 - b. the Management Company's Area in any manner permitted by law;
 - c. the existing residence or modular home located on the Vacation Site Lands within the Management Company's Area;
 - d. the foreshore lease area adjacent to the Waterfront Lands;
 - e. the dock located within the foreshore of the Waterfront Lands; and
 - f. the Waterfront Lands.
- (g) Determine the allocation of expenses, costs and taxes which apply to the areas used and occupied by Management Company or Developer and the areas used and occupied by the Owners and require payment by the Owner's Corporation of any expenses, costs and taxes paid by the Developer or Management Company for the benefit of the Owners.

3.4 Disposition Rights and Restrictions

The sale or transfer of a Shared Interest is subject to the following restrictions:

- (i) the purchaser shall not complete a sale or transfer of his Shared Interest without first requiring the purchaser thereof to execute and deliver to the Owners' Corporation a counterpart of the Co-Ownership Agreement, an Option and a POA; and
- (ii) a Shared Interest cannot be sold or transferred separately from the purchaser's share in the Owners' Corporation and vice-versa;
- (iii) a Shared interest in the Vacation Site Lands may not be sold separately from the Shared Interest in the Waterfront Lands and vice-versa;
- (iv) the Owners' Corporation is not obligated to release its Option charging the purchaser's Shared Interest to facilitate the sale or transfer unless all money owing by the selling purchaser to the Owners' Corporation has been paid and the purchaser of the Shared Interest executes and delivers to the Owners' Corporation a counterpart of the Co-Ownership Agreement, an Option and a POA; and
- (v) an Owner shall not mortgage, pledge, charge or otherwise encumber the Owner's Shared Interest or the Owner's share in the Owners' Corporation.

3.5 Parking

The owner of a Shared Interest and his/her/their guests may park only one licensed recreational motor vehicles on the Owner's Site and up to two additional vehicles and one boat. Additional motor vehicles must be parked at a designated vehicle storage area, if any. The Owners' Corporation may designate parts of the Common Areas for parking and storage and may set rules and regulations concerning the use of such parking areas pursuant to the provisions of the Co-Ownership Agreement.

The Owners will also retain the use of the off site marina parking within Development Area 2 as shown on the site plan attached hereto as Exhibit A.1.

3.6 Common Areas and Shared Facilities

The Developer will provide on the Lands the following shared facilities for the use and benefit of all Owners:

- (i) off site marina parking;
- (ii) an internal unpaved road system generally as shown on the Site Plan;
- (iii) a central non-potable water source;
- (iv) a central sani dump; and
- (v) the Building.

All such use will be governed by the Rules and Regulations. All operating, repair, replacement and maintenance costs associated with such property and amenities will be common expenses of the Owners pursuant to the Co-Ownership Agreement.

3.7 Furnishings and Equipment

Each site will include the following:

- (a) one wooden picnic table;
- (b) one metal fireplace ring;
- (c) one 30 amp. Power outlet; and
- (d) one non-sanitized water hook-up.

3.8 Budget

An estimated budget for the Owners' Corporation for a period of twelve (12) months is attached hereto as Exhibit "H". The Owners' Corporation budget includes provision for maintenance and operation of the Lands. The purchasers of a shared interest will be liable to pay a Proportionate Share of the annual budget expenses of the Owners' Corporation (the "Owners' Fee") as authorized by the Co-Ownership Agreement.

3.9 Utilities and Services

As the Development Is not located within a municipality, those services which would otherwise be supplied by a municipality will be provided to the Development as described below. Services are currently in place which are sufficient to allow Owners to enjoy the use of the Sites and the Development for the uses described in this Disclosure Statement.

(a) Electricity

Each Site has one 30 amp. power outlet. Electricity costs will be shared by Owners as a common expense.

(b) Telephone

No telephone service is available within the Development by land line, but cellular phone service is available through most or all major Canadian cell phone service providers.

(c) Water

As of the date of this Disclosure Statement the potable water system source is an onsite well in the top corner of the Vacation Site Lands. System pressure is maintained by a variable speed well pump and pressure tank. Comprehensive testing of water samples indicates excellent water quality with all parameters well within the Canadian Drinking Water Guidelines. Thus, no further treatment is required other than a redundant Ultra Violet Disinfection System preceded by a 20, 5, and 1 micro absolute filtration system. The water system was constructed under the approval of the Interior Health Authority via a Construction Permit.

The Developer's engineering company Franklin Engineering Ltd. has certified the water system as fully operational with all approvals in place and a system of high quality and of standard configurations successfully used throughout the Province.

A copy of Franklin Engineering Ltd. confirmation regarding the quality of the water system is attached hereto as Exhibit "K".

A covenant registered on title to the Lands (see Section 4.3) provides that in the event that a regional district owned and operated water system is constructed and installed to the boundary of the Lands, the Lands shall not be occupied unless the Lands are connected to such systems within three months of written notice from the regional district.

(d) Sewerage

As of the date of this Disclosure Statement sewerage service is provided by a sanitary system that consists of a 22,700 Litre per day onsite wastewater treatment system filed and accepted by the Interior Health Authority. The Interior Health Authority is the governing body with jurisdiction regarding this system. The top third of the resort gravity flows directly to the extra-large trash tank. The bottom two thirds of the resort gravity flow to a sewage lift station which has the capacity to time dose the treatment system as it pumps up to the extra-large trash tank. From the trash tank the sewage flows to a Canwest Ecopod Treatment Plant which aerobically digests the organic matter to a Type 2 effluent quality. The effluent then flows to an extra-large dosing chamber which time dose pumps to a sub-surface drip disposal field beside the tanks. The disposal field consists of an engineered sand bed atop excellent native soil quality.

The Developer's engineering company Franklin Engineering Ltd. has certified the sanitary system as fully operational with all approvals in place and a system of high quality and of standard configurations successfully used throughout the Province.

A copy of Franklin Engineering Ltd. confirmation regarding the quality of the sanitary system is attached hereto as Exhibit "K".

A covenant registered on title to the Lands (see Section 4.3) provides that in the event that a regional district owned and operated sewage disposal system is constructed and installed to the boundary of the Lands, the Lands shall not be occupied unless the Lands are connected to such systems within three months of written notice from the regional district

(e) Natural Gas

Natural gas service will not be provided to the Development.

(f) Fire Protection

Fire protection services are provided to the Development by the Anglemont Volunteer Fire Department, whose headquarters are located less than seven kilometres from the Lands.

(g) Cablevision

Cablevision service will not be provided to the Development.

(h) Access

Access to the Development is via the Squilax-Anglemont Highway.

3.10 Management Contracts

The Developer intends to cause the Owner's Corporation to enter into a management contract with the Management Company as described in the Resort Management Services Agreement attached as Exhibit C.

3.11 Insurance

There is presently a policy of liability insurance for the Lands in the amount of \$2,000,000.00 and an all-risk property insurance with respect to the residences and office maintained in the Management Company's Area.

The Owners' Corporation has a policy of liability insurance in the amount of \$2,000,000.00 taken out at the expense of the Owners pursuant to the Co-Ownership Agreement. Purchasers of Shared Interests are responsible to insure, at their own expense, all of their own property located in or upon the purchaser's Site or the Lands.

3.12 Property Taxes

Property taxes will be assessed and levied against the Lands as a whole. Each owner of a Shared Interest is required to pay a Pro-Rata portion of the annual property taxes to the Owners' Corporation in addition to budgeted Management Costs and contributions to the Contingency Reserve Fund. If the BC Assessment Authority determines an actual value for each Site, an owner's share of property taxes will be in the proportion that the actual value of his/her Site bears to the actual value of all Sites. If the BC Assessment Authority does not determine an actual value for each Site, each owner of a Shared Interest will pay a Pro Rata share of the annual property taxes for the Lands.

Individual owners will not be entitled to claim the home owner grant in respect of their Pro-Rata portion of the annual property taxes.

The Developer or purchaser from the Developer will be required to pay the portion of the annual property taxes attributable to the Management Company's Area, and the existing Residence located on the on the Vacation Site Lands within the Management Company's Area.

Property transfer tax is payable on the market value of the Shared Interest when it is transferred to a purchaser.

4 TITLE AND LEGAL MATTERS

4.1 Legal Description

The legal description of the property on which the Development is located:

Parcel Identifier: 029-323-711

Lot 1 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan EPP41547 (the Vacation Site Lands)

and

Parcel Identifier: 008-324-441

Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439 (the Waterfront Lands)

4.2 Ownership

0884263 B.C. Ltd. is the registered owner in fee simple of the Lands.

4.3 Existing Encumbrances and Legal Notations

The legal notations and existing encumbrances to which the purchaser's title will be subject are set out and summarized in Exhibit "I".

The existing financial encumbrances will be discharged from title to each of the shared interests upon completion of the sale of each of the shared interests.

4.4 Proposed Encumbrances

The particular of proposed encumbrances to which the purchaser's title will be subject are set out in summarized in Exhibit "J".

The Lands may be charged by other financial encumbrances granted by the Developer from time to time, which will provide for partial discharges for the shared interests in consideration of repayment from the sale proceeds of the shared interest sales.

4.5 Outstanding or Contingent Litigation or Liabilities

There are no outstanding or contingent liabilities relating to or affecting the Development.

4.6 Environmental Matters

The Vacation Site Lands were subject to soil contamination resulting from the presence of underground storage tanks prior to remediation work being completed. On July 22, 2009, the provincial Ministry of Environment issued a certificate of compliance pursuant to Section 53 of the *Environmental Management Act* in respect of the Vacation Site Lands, certifying that the Vacation Site Lands had been satisfactorily remediate to meet *Contaminated Sites Regulation* standards for residential land soil use.

The proximity of the Development to nearby Ross Creek creates a risk of flooding. As described in Section 4.3 and Exhibit "I", a flood covenant is registered against title to the Lands.

5 CONSTRUCTION AND WARRANTIES

5.1 Construction Commencement Dates

Commencement of construction of the Building is expected to commence by September 30, 2013 and to be completed by October 31, 2013.

Commencement and completion of construction of the Building is conditional on the required number of pre-sales being achieved.

5.2 Warranties

There are no warranties given with respect to the Sites.

5.3 Previously Occupied Building

The Development is a shared interest development and does not involve the conversion of or right to use or occupy any existing building.

6 APPROVALS AND FINANCES

6.1 Development Approval

As is described above, the Developer is, under this Disclosure Statement, marketing shared interests in land which include a right of shared use of a building. Section 8(2) of the *Real Estate Development Marketing Act* of British Columbia requires a developer marketing a shared interest in land that includes a right of use or occupation of a building (such as the Development) to have been issued a building permit in relation to the land subject to the shared interest in land. The Developer has been issued a building permit by the Regional District for the Building. Consequently, all requisite development approval is in place.

6.2 Construction Financing

The Developer has obtained a satisfactory financing commitment sufficient to finance the purchase of the Lands and the construction and completion of the Building.

7 MISCELLANEOUS

7.1 Deposits

All monies received by the Developer from a purchaser of a Shared Interest within the Development will be held in trust by a lawyer or licensed realtor in the manner required by the *Real Estate Development Marketing Act* until the occurrence of all of the following circumstances:

- (ii) the Sites is capable of being occupied ; and
- (iii) an instrument evidencing the interest of the purchaser in the Lands has been submitted for registration in the Kamloops Land Title Office; or
- (iv) the Purchase Agreement between the parties is otherwise terminated.

7.2 Purchase Agreement

- (a) A copy of the Developer's standard form of purchase agreement (the "Purchase Agreement") is attached as Exhibit "D". The Developer reserves the right at any time to amend or replace this form of the Contract or agree on other terms and conditions with any purchaser, in the Developer's sole discretion.
- (b) The Purchase Agreement allows the Developer to terminate the Purchase Agreement if the purchaser fails to pay a deposit when due.
- (c) A purchaser may not assign the Purchase Agreement without the prior written consent of the Developer, who must not withhold such consent unreasonably. However, there must be a form of assignment agreement satisfactory to the Developer and an assignment fee of \$5,000 must be paid to the Developer.
- (d) The Purchase Agreement does not provide for the payment of interest on any deposit monies paid by the Purchaser.
- (e) The Purchase Agreement provides that a buyer must grant to the Owners' Corporation an Option to Purchase (attached as Exhibit "F") and Power of Attorney (attached as Exhibit "G").
- ~~(f) The Purchase Agreement provides that the Developer may terminate the Purchase Agreement if the Developer has not entered into at least twenty (20) unconditional Purchase Agreements and received the required deposits on or before September 30, 2013. If the Developer elects to terminate the Purchase Agreements then the purchaser's deposit will be returned.~~

7.3 Developer's Commitments

There are no other commitments made by the Developer that will be met after the completion of the sale of a Shared Interest in the Development.

7.4 Other Material Facts

There are no management or recreational agreements or any other agreements, existing or proposed, which will grant rights to or impose obligations upon the purchaser other than the Co-Ownership Agreement, the Resort Management Services Agreement and the Management Company Lease and Easement described above.

The Developer and the Management Company are related companies.

The purpose of the Co-Ownership Agreement is to appoint the Owners' Corporation as the entity with authority and responsibility to manage and administer the Lands for and on behalf of, and at the expense of, all of the owners of Shared Interests in a faithful, diligent and honest manner, including, but not limited to, the enforcement and promotion of the Rules and Regulations described in the Co-Ownership Agreement as amended from time to time in accordance with its provisions and to maximize the peaceful and orderly enjoyment of all portions of the Lands by the owners of Shared Interests.

Each purchaser of a Shared Interest must grant to the Owners' Corporation an Option entitling the Owners' Corporation to repurchase the Shared Interest, for an amount equivalent to seventy-five (75%) percent of the fair market value of the Shared Interest, determined by appraisal (see Section 10 of the Co-Ownership Agreement) but the Option may only be exercised in the event that the purchaser of a Shared Interest is in default of the purchaser's obligations under the Co-Ownership Agreement after notice of the default is given by the Owners' Corporation (see Section 10 of the Co-Ownership Agreement). If the Owners' Corporation exercises the Option it is obligated to endeavour to resell the Shared Interest, and corresponding share in the Owners' Corporation and apply the net sale proceeds from the sale in the manner set out in Sub-Section 10.1 of the Co-Ownership Agreement with the balance of the sale proceeds being payable to the defaulting owner. The purpose of the Option is to preserve and protect the peaceful use and enjoyment of the Development by all of the owners of Shared Interests and to provide the Owners' Corporation with a remedy to recover money owed to the Owners' Corporation by a defaulting owner of a Shared Interest.

Each purchaser of a Shared Interest will be required to execute and deliver to the Owners' Corporation a power of attorney (the POA) appointing the Owners' Corporation as the attorney for the purchaser with respect to his/her/their Shared Interest in the Land and Park Model, if any, (see Exhibit "G" hereto). Use of the POA is restricted as set forth in its terms and in the provisions of Section 10 of the Co-Ownership Agreement. By the terms of the Co-Ownership Agreement, the POA will not authorize the Owners' Corporation to sell or transfer any Shared Interest, save and except in circumstances where the Owners' Corporation is entitled to and does exercise an Option to purchase a Shared Interest in accordance with the provisions of the Co-Ownership Agreement.

Pursuant to the Resort Management Services Agreement attached hereto as Exhibit "C" the Management Company will provide property management services to the Owner's Corporation, including arranging and supervising maintenance and landscaping, hiring trades and professions on behalf of the Owner's Corporation, accounting services, attending director's meetings of the Owner's Corporation, and supervising users of the Lands and enforcing the Owner's Corporation Rules and Regulations.

The Management Company will also arrange for a purchaser of an Owner's Shared Interest and shares in the capital of the Owners' Corporation to execute the Co-Ownership Agreement and Resort Management Services Agreement and update the records of the Owner's Corporation upon payment of the Transfer Fee. The Transfer Fee shall be \$500 for 2014, and increased annually thereafter at the rate of 5% compounded annually beginning January 1, 2015.

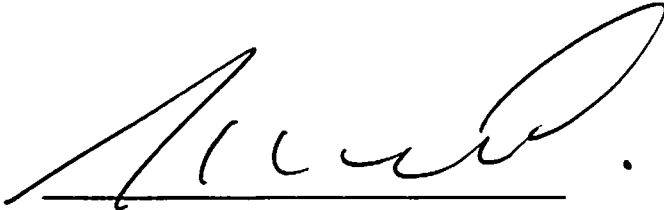
Each purchaser will also be required to sign a Release and Indemnity Agreement attached as Schedule B to the Resort Management Services Agreement. Each owner releases the Developer, the Owners' Corporation and the Management Company and their officers, directors and employees from all liability to the Owner arising from an interruption to the use of the Lands or personal injury or property damage suffered by the Owner or a member of the Owner's family or a guest of the Owner. Each purchaser in the Release and Indemnity Agreement also agrees to indemnify and save harmless the Developer, the Owners' Corporation and the Management Company and their officers, directors and employees from all claims brought by any of the Owners family or guests suffered as a result of the use of the Lands.

CAUTION

Section 22 of the *Real Estate Development Marketing Act* provides that every purchaser who is entitled to receive this Disclosure Statement is deemed to have relied on any false or misleading statement of a material fact contained in this Disclosure Statement, if any, and any omission to state a material fact. The developer, its directors and any person who has signed or authorized the filing of this Disclosure Statement are liable to compensate the purchaser for any misrepresentation, subject to any defences available under section 22 of the Act.

DECLARATION

The foregoing statements disclose, without misrepresentation, all material facts relating to the Development referred to above, as required by the *Real Estate Development Marketing Act* of British Columbia, as of August 14, 2013.



Gregory Ross Darroch

Director - 884263 B.C. Ltd.



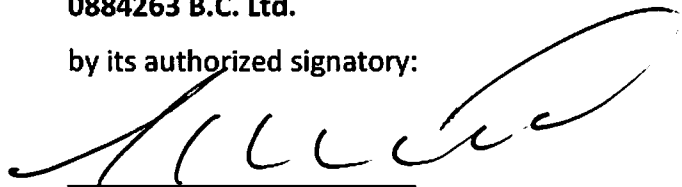
Witness: **JEFFREY BOSCHERT** ;
Lawyer

DAVIDSON PRINGLE LLP
3009 28 Street
Vernon, British Columbia V1T 4Z7

Occupation

0884263 B.C. Ltd.

by its authorized signatory:

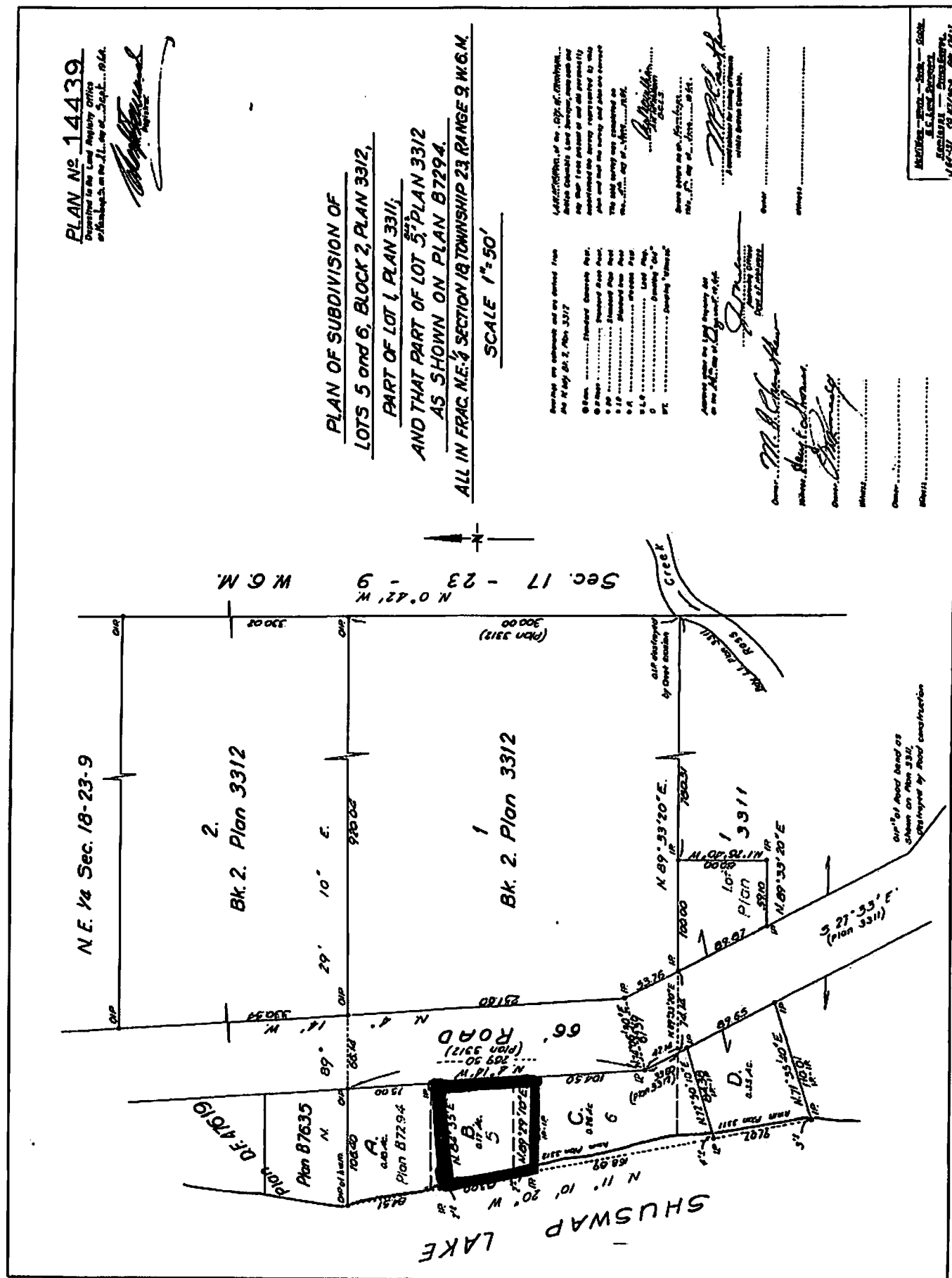


Gregory Ross Darroch

EXHIBIT "A"
Subdivision and Site Plans

(see attached)

RCVD: RQST: 2013-05-20 13.57.00



The Sites
and Shared
Facilities

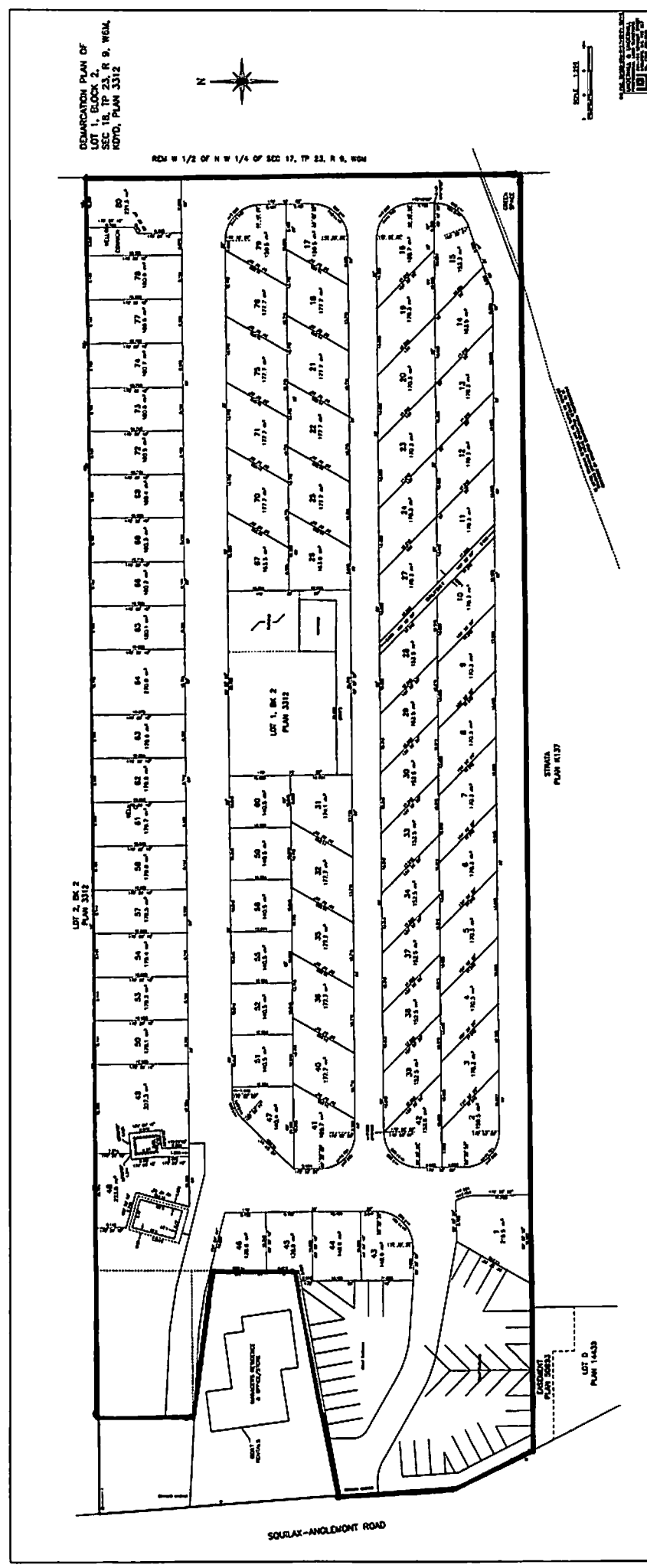


EXHIBIT "B"

Management Company Lease and Easement

(see attached)

LAND TITLE ACT
FORM C (Section 233) CHARGE
GENERAL INSTRUMENT - PART 1 Province of British Columbia

May-29-2014 15:10:24.005

CA3750606

PAGE 1 OF 10 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Jeffrey Charles
Boschert
874C5K

Digitally signed by Jeffrey Charles
Boschert 874C5K
DN: c=CA, cn=Jeffrey Charles
Boschert 874C5K, o=Lawyer,
ou=Verdy ID at www.juricert.com/
LKUP.cfm?id=874C5K
Date: 2014.05.29 13:43:18 -07'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Davidson Lawyers LLP

3205 - 32nd

Vernon

BC V1T 2M4

Telephone: 250-545-5344

LTO Client No. 10517

File No. 28227014 JCB/tg

Document Fees: \$73.50

Deduct LTSA Fees? Yes ☒

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

NO PID NMBR LOT 1, SECTION 18, TOWNSHIP 23, RANGE 9, W6M, KDYD, PLAN EPP41547

STC? YES

Related Plan Number: **EPP41547**

3. NATURE OF INTEREST

Lease

CHARGE NO.

ADDITIONAL INFORMATION

part on Plan EPP41549

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) ☐ Filed Standard Charge Terms D.F. No.(b) ☒ Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

0884263 B.C. LTD. (INC. NO. BC0884263)

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

DARROCH INVESTMENTS LTD.

C/O 4TH FLOOR, 3205 - 32ND STREET

VERNON

BRITISH COLUMBIA

Incorporation No

BC0687283

V1T 2M4

CANADA

7. ADDITIONAL OR MODIFIED TERMS:

N/A

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

Officer Signature(s)

Jeffrey Boschert

Barrister & Solicitor

4th Floor, 3205 - 32nd Street

Vernon, B.C., V1T 2M4

Execution Date

| Y | M | D |
|----|----|----|
| 14 | 05 | 29 |

Transferor(s) Signature(s)

0884263 B.C. Ltd. by its authorized
signatory:

Name: Gregory Darroch

OFFICER CERTIFICATION:

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

**LAND TITLE ACT
FORM D**

EXECUTIONS CONTINUED

PAGE 2 of 10 pages

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

Jeffrey Boschert

Barrister & Solicitor

4th Floor, 3205 - 32nd Street
Vernon, B.C., V1T 2M4

| Y | M | D |
|----|----|----|
| 14 | 05 | 29 |

Darroch Investments Ltd. by its
authorized signatory:

Name: Gregory Darroch

OFFICER CERTIFICATION:

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

TERMS OF INSTRUMENT - PART 2

LEASE

THIS LEASE dated for reference the 29th day of May, 2014.

BETWEEN:

0884263 B.C. Ltd. (Inc. No. 0884263)
3009B – 28th Street
Vernon, British Columbia V1T 4Z7

(Herein called the "Lessor" and being the Transferor described in Section 5 of Land Title Act form C attached hereto)

OF THE FIRST PART

AND:

Darroch Investments Ltd.
4th Flr, 3205 32nd Street
Vernon, BC V1B 3Y3

(Herein called the "Lessee" and being the Transferee described in Section 6 of Land Title Act Form C attached hereto)

OF THE SECOND PART

SECTION 1 - DEFINITIONS

1.00 In this Lease and any Schedule attached hereto:

"**Access Roads**" means the internal access roads on the Vacation Site Lands shown on the Sketch Plan.

"**Assessment Authority**" means the British Columbia Assessment Authority or such other governmental authority as has jurisdiction from time to time to assess the value of the Vacation Site Lands and Residence from time to time.

"**Easement**" means an Easement granted by the Lessor to the Lessee appurtenant to this Lease over the Easement Area and the Waterfront Lands, made in writing and to be registered concurrently with but immediately following the registration of this Lease at the appropriate Land Title Office.

"**Easement Area**" means the area of the Easement defined by surveyed Plan of Easement to be deposited in the appropriate Land Title Office concurrently with the application to register this Lease and the Easement.

"**G.S.T.**" means the Federal Goods and Services Tax imposed by the Government of Canada.

"Lease Plan" means a reference plan of lease of a building on part of Lot 1 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan EPP41547, prepared from a survey conducted by Christopher John de Haan, B.C.L.S., completed on the 26th day of May, 2014, and assigned Plan EPP41549.

"Local Government Regulations" means all by-laws and regulations governing the use of the Lands and the construction of buildings or structures on the Lands enacted from time to time by a Regional District, Municipality or other local government having jurisdiction to do so.

"Owners' Corporation" means 0977646 B.C. Ltd., a company incorporated in British Columbia to manage the Lands as is more particularly described in the Co-Ownership Agreement;

"Property Purchase Tax" means Property Purchase Tax payable to the Government of British Columbia upon registration of this Lease at the appropriate Land Title Office.

"Property Taxes" means all taxes, rates and assessments whether general or special, levied or assessed against the Vacation Site Lands and improvements thereon from time to time, as finally determined for each calendar year during the term of this Lease as a result of assessment, appeal from assessment or judicial review, and shall include any legal survey or appraisal costs incurred by the Lessor in any appeal of such levies or assessments.

"Residence" means the building located on the Vacation Site Lands and more particularly shown in bold outline on the Lease Plan.

"Sketch Plan" means the Sketch Plan attached to this Lease as Schedule "A".

"Taxing Authority" means the Province of British Columbia, Regional District, Municipality or other local government having jurisdiction to levy Property Taxes against the Vacation Site Lands from time to time.

"Vacation Site Lands" means Parcel Identifier: _____, Lot 1 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan EPP41547.

"Waterfront Lands" means Parcel Identifier: 008-324-441 Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439.

SECTION 2 - LEASE, TERM AND RENT

2.00 The Lessor hereby leases to the Lessee the Residence located on the Vacation Site Lands and more particularly shown in bold outline on the Lease Plan (as defined in Section 1 hereof), for the exclusive use of the Lessee, for a term of ninety-nine (99) years commencing on the 1st day of June, 2014, and ending on the 1st day of June, 2113, for a rent of TEN (\$10.00) DOLLARS and other good and valuable consideration payable to the Lessor in advance, the receipt whereof is hereby acknowledged by the Lessor.

2.01 In consideration of the payment of rent as aforesaid and the faithful and proper performance by the Lessee of his covenants and obligations herein contained, the Lessor further grants to the Lessee a licence during the currency of the term of this Lease to use the Access Roads maintained on the Vacation Site Lands by the Lessor from time to time in common with other persons and corporations authorized by the Lessor from time to time.

SECTION 3 - USE

3.00 The Lessee will comply with, and shall cause his family members, guests, workmen, employees and agents to comply with all applicable Local Government Regulations applicable to the use of the Residence, the Vacation Site Lands and the Waterfront Lands.

3.01 The Lessee will comply with, and cause his family members, guests, workmen, employees and agents to comply with, all federal and provincial statutes and regulations applicable to the use of the Residence, the Vacation Site Lands and Waterfront Lands.

3.02 The Lessee shall have the right to repair, maintain, alter and replace from time to time the Residence, provided that the Lessee shall bear all costs and expenses in connection therewith and shall insure that all work complies with all Local Government Regulations.

SECTION 4 - UTILITIES

4.01 It is the responsibility of the Lessee to install and arrange for any sewer, electrical, telephone, water or other utility services for the Residence and Easement Area and to pay the costs associated with the installation and use of such utility services.

4.02 The Lessor shall not be responsible to supply any sewer, electrical, telephone, water or other utility services or any utility services for the use of the Lessee, nor shall the Lessor be responsible or liable for any loss or interruption of any such utility services.

SECTION 5 - LESSOR'S COVENANTS

5.00 During the currency of the term of the Lease, the Lessor agrees with the Lessee to maintain Access Roads to a standard of construction and maintenance at least equivalent to that existing at the commencement of the term of this Lease, but the Lessor's obligation to maintain the Access Roads shall be limited to that part of each calendar year commencing on April 1st and ending on October 31st. The Lessor shall not be obligated to effect snow removal from the Access Roads at any time.

5.01 Provided however that the Lessor shall not be liable to the Lessee for temporary interruptions in the use of the Access Roads provided that the Lessor carries out, or causes to be carried out, required repairs or maintenance thereto reasonably promptly as and when required from time to time.

5.02 The Lessor will pay all mortgages and other financial encumbrances registered against the title to the Lands by or at the request of the Lessor from time to time in accordance with the provisions of such mortgages or other financial encumbrances.

SECTION 6 - REGISTRATION OF LEASE AND EASEMENT

6.00 It shall be the responsibility of the Lessee to pay all legal, registration and survey costs incurred to effect registration of the Lease and Easement at the appropriate Land Title Office.

6.01 The Lessee shall be responsible to pay all Property Transfer Tax payable in connection with the registration of the Lease.

SECTION 7 - TAXES

7.00 The Lessee shall pay G.S.T. to the Lessor in addition to rent and at the same time that rent is payable hereunder.

7.01 If the Taxing Authority provides the Lessee a tax notice setting forth the Property Taxes levied in respect of the Residence, Easement Area and the improvements on the Easement Area, the Lessee will pay to the Taxing Authority the amount of such Property Taxes specified in such notice.

- 7.02
- (a) If and so long as the Taxing Authority provides to the Lessor in each year a tax notice setting forth the portion of the Property Taxes levied in respect of the Residence or improvements only on the Easement Area, the Lessee will pay to the taxing authority the amount of such Property Taxes as specified in such notice.
 - (b) If and so long as the Taxing Authority provides to the Lessor in each year a tax notice setting forth the portion of the Property Taxes levied in respect of the land only for Easement Area, the Lessee will pay to the taxing authority the amount of such Property Taxes as specified in such notice.

7.03 Subject to Section 7.01 ad 7.02:

- (a) If in any year the Taxing Authority fails or refuses to provide to the Lessee a separate tax notice assessing Property Taxes in respect of the Easement Area, then in such year the Lessee will pay a proportionate share of Property Taxes levied against the Easement Area in the proportion that the actual value of the Easement Area bears to the actual value of the Lands as a whole.
- (b) If the Assessment Authority provides to the Lessor in each year the Assessment Authority's determination of the actual value of the Easement Area on a land only basis, the Lessee will pay to the Taxing Authority a proportionate share of Property Taxes levied against land only in the proportion that the actual value of the Easement Area as determined by the Assessment Authority bears to the actual value of the whole of the Lands as determined by the Assessment Authority.
- (c) If in any year the Assessment Authority fails or refuses to provide to the Lessor the Assessment Authority's separate determination of the actual value of the Easement Area in comparison to the actual value of the Lands as a whole, then for that year the Lessee will pay a proportionate share of Property Taxes levied against land only in the proportion that the area contained within the boundaries of the Easement Area bears to the area contained within the boundaries of the Lands as a whole.
- (d) If in any year the Taxing Authority fails or refuses to provide to the Lessee a separate tax notice assessing Property Taxes in respect of the Residence and other improvements within the Easement Area, then in such year the Lessee will pay a proportionate share of Property Taxes levied against the Residence and improvements on the Lands in the proportion that the actual value of the Residence and other improvements located within the Easement Area bears to the actual value of all improvements located within the boundaries of the Lands as a whole.
- (e) If the Assessment Authority provides to the Lessor in each year the Assessment Authority's determination of the actual value of the Residence and other improvements within the Easement Area, the Lessee will pay to the Taxing Authority a proportionate share of Property Taxes levied against the Residence and other improvements within the Easement Area in the proportion that the actual value of the Residence and other improvements within the Easement Area as determined by the Assessment Authority bears to the actual value of the whole of the improvements on the Lands as determined by the Assessment Authority.

- (f) If the Assessment Authority fails to provide to the Lessor in each year the Assessment Authority's separate determination of the actual value of the Residence and other improvements within the Easement Area, the Lessee will pay to the - Taxing Authority a proportionate share of Property Taxes levied against improvements only in the proportion that the actual value of the Residence and other improvements within the Easement Area bears to the actual value of the whole of the improvements on the Lands as determined by the Owners' Corporation acting reasonably.
- (g) In the event of any dispute arising between the Owners' Corporation and Lessee as to the Owners' Corporation calculation of the Lessee's proportionate share of Property Taxes under this Clause 7.03, such dispute shall be referred to arbitration under the provisions of the Commercial Arbitration Act (British Columbia) or legislation enacted in replacement thereof, except that the venue for the arbitration shall be Vernon, British Columbia and the British Columbia International Commercial Arbitration Centre rules for domestic commercial arbitration proceedings shall not apply.

7.04 The Owners' Corporation will provide to the Lessee concurrently with the Lessor's bill for the Lessee's proportionate share of Property Taxes for a year, the Lessor's calculation of such Property Taxes and supporting information including, where applicable, a copy of the information obtained from the Assessment Authority supporting such calculations.

7.05 The Lessee's proportionate share of Property Taxes shall be paid to the Lessor within seven (7) days after notice is given by the Lessor to the Lessee setting forth the amount payable by the Lessee as his proportionate share of Property Taxes for the year in question. In the event that the term of this Lease commences or terminates other than at the beginning or end of a calendar year, the Lessee's proportionate share of Property Taxes shall be pro-rated accordingly.

7.06 For the purposes of this Section 7, "actual value" means the Actual Value determined in accordance with the principles of assessment of Actual Value employed by the Assessment Authority from time to time.

7.07 The Lessor shall be solely responsible for paying the Property Taxes for the Waterfront Lands.

SECTION 8 - ASSIGNMENT AND SUB-LETTING

8.01 The Lessee shall have the right to assign or sub-let this Lease at any time during the currency of the term hereof without the written consent of the Lessor.

SECTION 9 - INSURANCE AND INDEMNITY

9.00 The Lessee hereby specifically acknowledges and agrees that the Lessor shall not be responsible for any personal injury, death or loss of or damage to property suffered by persons in or about the Vacation Site Lands and the Waterfront Lands or in connection with the use of the Vacation Site Lands and the Waterfront Lands, save and except for such personal injury, death, loss or damage as may be caused directly by the overt or negligent act or omission of the Lessor or its directors, officers, employees or agents, and the Lessee hereby specifically releases the Lessor and its directors, officers, employees and agents from such liability and waive any and all right to claim damages arising from such occurrences.

9.01 At all times during the currency of the term of this Lease, the Lessee shall take out and maintain Third Party Public Liability Insurance with the Lessor as a named insured, providing Third Party

Public Liability Insurance against personal injury, death and property damage and loss in an amount not less than TWO MILLION DOLLARS (\$2,000,000.00) per occurrence. The Lessee shall provide written proof of the existence of such insurance coverage promptly at the request of the Lessor from time to time.

9.02 The Lessee covenants and agrees to indemnify and save harmless the Lessor and its officers, directors, employees and agents and their respective heirs, executors and personal representatives from any and all liability whatsoever arising out of personal injury, death, or property loss or damage occurring in or about the Residence or Easement Area generally, save and except for such injury, death, loss or damage occurring directly as a result of the overt act or negligent act or omission of the Lessor or its officers, directors, employees or agents. Such indemnity shall extend to and include all legal cost and expenses generally incurred by the Lessor or any of its directors, officers, employees or agents in defending a claim advanced against them or any of them and arising as aforesaid.

9.03 The Lessee shall be responsible to insure the Residence and other improvements constructed on the Easement Area against loss by fire and extended coverage.

9.04 The Lessee shall have this Section 9 of this Lease reviewed by an insurance agent licenced to carry on an insurance agency business in British Columbia to ensure that the Lessee takes out and maintains at all times the insurance coverage required by this Section 9.

SECTION 10 - THE LESSEE'S DEFAULT

10.00 If the Lessee shall be in default in performance or observance of any of his covenants or obligations herein contained, the Lessor may, but shall not be obligated to, remedy such default and all costs, charges or expenses incurred by the Lessor in remedying any such default shall, when incurred by the Lessor, be a debt immediately due and owing to the Lessor as additional rent payable hereunder.

10.01 In the event that the Lessee shall fail to pay any money to the Lessor when due hereunder (whether for Property Taxes or otherwise), the amount remaining unpaid shall bear interest at the rate of EIGHTEEN (18%) per cent per annum calculated monthly not in advance, from the date that the money in question became due and payable to the date that the said money is fully paid and satisfied.

SECTION 11 - NOTICES

11.00 Any notice required or permitted to be given hereunder shall be given in writing and may be delivered to the Lessor or Lessee or to an officer or director of the Lessor or Lessee as the case may be, or may be mailed postage prepaid and registered from a Canadian Post Office addressed to the Lessor or Lessee as the case may be at the address given for him on the first page of this Lease or at such other address as the Lessor or Lessee may specify to the other by notice in writing. Any notice mailed as aforesaid shall be deemed to have been received on the third (3rd) business day (Saturdays, Sundays and Statutory Holidays excluded) following the date of posting unless at the time of posting or within three (3) business days thereafter, the Canadian Postal Service is interrupted by strike or a lock out, in which case such notice to be effective must either be delivered as aforesaid or mailed again as aforesaid when the Canadian Postal Service is restored.

SECTION 12 - INTERPRETATION

12.00 Wherever the masculine singular pronoun is used in this Lease, the same shall be deemed to include the plural, feminine or corporate as the case may be and the circumstances may require.

12.01 Where the Lessee is more than one person or corporation, all such persons or corporations shall be jointly and severally liable to observe and perform the covenants and obligations of the Lessee hereunder.

12.02 This Lease and the terms, covenants and provisos herein contained shall enure to the benefit of and be binding upon the Lessor and Lessee and their respective heirs, executors, administrators, successors and permitted assigns.

12.03 This Lease and all provisions hereof shall be interpreted and construed in accordance with the Laws of the Province of British Columbia, notwithstanding that the Lessor or Lessee may execute this Lease outside of British Columbia.

12.04 In the event that any provision of this Lease is found to be void, voidable or unenforceable by a Court of competent jurisdiction or pursuant to an arbitration, all other provisions, terms, covenants and provisos herein contained shall remain in full force and effect and the provision(s) found to be void, voidable or unenforceable shall be deemed to be severed from the remaining provisions, terms, conditions and provisos hereof.

IN WITNESS WHEREOF the Lessor and Lessee have hereunto affixed their hands and seals, or being corporations have hereunto affixed their corporate seals in the presence of their duly authorized officers or directors, at the places and on the dates specified below.

[illegible]

MILWAUKEE
 INFORMATION PLUM OF
 LOT 1, BLOCK 2,
 SEC 12, T22, R 2, NEPA
 COVA, PLAT 3312

KAMLOOPS LAND TITLE OFFICE

May-29-2014 15:10:24.004

EPP41549

SURVEY PLAN CERTIFICATION
PROVINCE OF BRITISH COLUMBIA

0799

PAGE 1 OF 2 PAGES

By incorporating your electronic signature into this form you are also incorporating your electronic signature into the attached plan and you

(a) represent that you are a subscriber and that you have incorporated your electronic signature to the attached electronic plan in accordance with section 168.73 (3) of the Land Title Act, RSBC 1996 c.250; and

(b) certify the matters set out in section 168.73 (4) of the Land Title Act, Each term used in this representation and certification is to be given the meaning ascribed to it in part 10.1 of the Land Title Act.

Christopher
dehaan
9MDLKB

Digitally signed by Christopher dehaan
9MDLKB
DN: c=CA, cn=Christopher dehaan
9MDLKB, o=BC Land Surveyor,
ou=Verify ID at www.juricert.com/
LKUP.cfm?id=9MDLKB
Date: 2014.05.27 13:46:24 -0700

1. BC LAND SURVEYOR: (Name, address, phone number)

Christopher J. de Haan
204-153 Seymour Street

250-372-8835
cdehaan@underhill.ca

Kamloops BC V2C 2C7

☐ Surveyor General Certification [For Surveyor General Use Only]

2. PLAN IDENTIFICATION:

Control Number: 140-122-3584

Plan Number: EPP41549

This original plan number assignment was done under Commission #: 799

LTO Document Reference: CA3750605

3. CERTIFICATION:

☐ Form 9 ☒ Explanatory Plan ☐ Form 9A

I am a British Columbia land surveyor and certify that

this plan was completed and checked on: 2014 May 27 (YYYY/Month/DD)

that the checklist was filed under ECR#: 161562

and that the plan is correct in accordance with Land Title Office records.

☒ None ☐ Strata Form S

☒ None ☐ Strata Form U1 ☐ Strata Form U1/U2

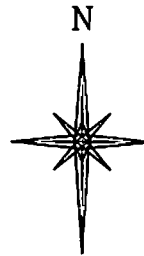
Arterial Highway ☐

4. ALTERATION: ☐

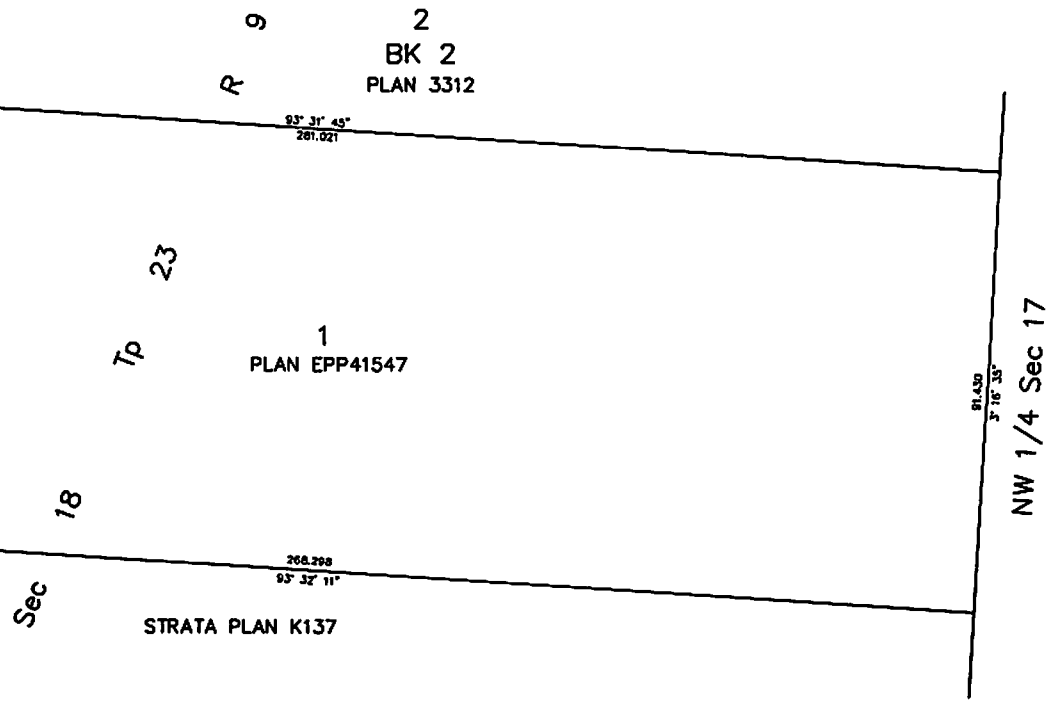
EXPLANATORY PLAN
TO ACCOMPANY A LEASE OF A ONE STOREY BUILDING
OVER A PORTION OF
LOT 1, Sec 18, Tp 23, R 9, W6M
KDYD, PLAN EPP41547

PURSUANT TO SECTION 99(1)(k) OF THE LAND TITLE ACT
FOR LEASEHOLD PURPOSES
BCGS 82 L 094

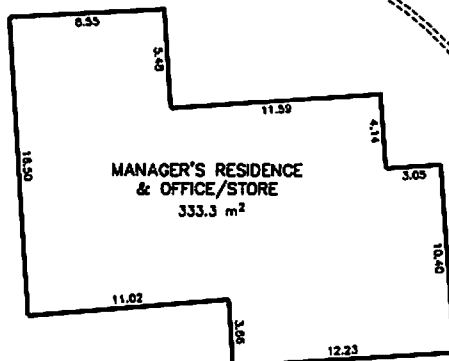
PLAN EPP41549



SQUILAX-ANGLEMONT ROAD



DETAIL "A"
NOT TO SCALE



| BOOK OF REFERENCE | |
|---|----------|
| DESCRIPTION | AREA |
| LEASE OVER A PORTION OF LOT 1, Sec 18, Tp 23, R 9, W6M, KDYD, PLAN EPP41547 | 333.3 m² |

BEARINGS ARE GRID AND ARE DERIVED FROM PLAN EPP41547
OFFSETS TO PROPERTY LINES ARE PERPENDICULAR THERETO AND MEASURED
TO EXTERIOR WALLS
LEASE DIMENSIONS ARE MEASURED TO THE EXTERIOR FACE OF EXTERIOR WALLS
PARCEL DIMENSIONS ARE DERIVED FROM PLAN EPP41547

10 0 10 20m

THE INTENDED PLOT SIZE OF THIS PLAN IS 560mm IN WIDTH
BY 432mm IN HEIGHT (SHOT SIZE C) WHEN PLOTTED AT
A SCALE OF 1:750

DISTANCES ARE HORIZONTAL GROUND LEVEL DISTANCES EXPRESSED
IN METRES AND DECIMALS THEREOF UNLESS OTHERWISE SPECIFIED

THIS PLAN IS BASED ON THE FOLLOWING LAND
TITLE AND SURVEY AUTHORITY OF BC RECORDS:
PLAN EPP41547

CHRISTOPHER JOHN de HAAN, BCLS (#700)
27TH DAY OF MAY, 2014

CAD FILE: T02030-R1-EXP.DWG (MAY 27, 2014)

THIS PLAN LIES WITH THE
COLUMBIA-SKUSWAP REGIONAL DISTRICT

UNDERHILL & UNDERHILL
PROFESSIONAL LAND SURVEYORS
204-153 SEYMOUR STREET
KAMLOOPS, B.C. V2C 2C7
TEL. (250) 372-8835

DRAWN BY: BMR/NL

FILE NO. K13-007

LAND TITLE ACT
FORM C (Section 233) CHARGE

May-29-2014 15:10:24.008

CA3750608

GENERAL INSTRUMENT - PART I Province of British Columbia

PAGE 1 OF 7 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Jeffrey Charles
Boschert
874C5K

Digitally signed by Jeffrey Charles
Boschert 874C5K
DN: c=CA, cn=Jeffrey Charles
Boschert 874C5K, o=Lawyer,
ou=Verify ID at www.juricert.com/
LKUP.cfm?id=874C5K
Date: 2014.05.29 15:05:17 -0700

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Davidson Lawyers LLP

3205 - 32nd

Vernon

BC V1T 2M4

Telephone: 250-545-5344

LTO Client No. 10517

File No. 28227014 JCB/tgf

Document Fees: \$73.50

Deduct LTSA Fees? Yes ☒

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

SEE SCHEDULE

STC? YES ☐

3. NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

SEE SCHEDULE

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) ☐ Filed Standard Charge Terms D.F. No.(b) ☒ Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

0884263 B.C. LTD. (INC. NO. BC0884263)

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

DARROCH INVESTMENTS LTD.

C/O 4TH FLOOR, 3205 - 32ND STREET

VERNON

BRITISH COLUMBIA

Incorporation No

BC0687283

V1T 2M4

CANADA

7. ADDITIONAL OR MODIFIED TERMS:

N/A

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

Officer Signature(s)

Jeffrey Boschert

Barrister & Solicitor

4th Floor, 3205 - 32nd Street

Vernon, B.C., V1T 2M4

Execution Date

| Y | M | D |
|----|----|----|
| 14 | 05 | 29 |

Transferor(s) Signature(s)

0884263 B.C. Ltd. by its authorized signatory:

Name: Gregory Darroch

OFFICER CERTIFICATION:

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

LAND TITLE ACT
FORM D

EXECUTIONS CONTINUED

PAGE 2 of 7 pages

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

Jeffrey Boschert

Barrister & Solicitor

4th Floor, 3205 - 32nd Street
Vernon, B.C., V1T 2M4

| Y | M | D |
|----|----|----|
| 14 | 05 | 29 |

Darroch Investments Ltd. by its
authorized signatory:_____
Name: Gregory Darroch

OFFICER CERTIFICATION:

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

LAND TITLE ACT
FORM E

SCHEDULE

PAGE 3 OF 7 PAGES

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]**NO PID NMBR LOT 1, SECTION 18, TOWNSHIP 23, RANGE 9, W6M, KDYD, PLAN EPP41547**

STC? YES

[Related Plan Number]

EPP415472. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]**008-324-441 LOT B, SECTION 18, TOWNSHIP 23, RANGE 9, W6M, KDYD, PLAN 14439**STC? YES ☐2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]STC? YES ☐

**LAND TITLE ACT
FORM E****SCHEDULE****PAGE 4 OF 7 PAGES**

| NATURE OF INTEREST | CHARGE NO. | ADDITIONAL INFORMATION |
|---------------------------|-------------------|---|
| Easement | | over part on Lot 1, Plan EPP41547 on Plan EPP41548 and Lot B, Plan 14439 Dominant Tenement: Lease registered with one registration number less than this Easement |

| NATURE OF INTEREST | CHARGE NO. | ADDITIONAL INFORMATION |
|---------------------------|-------------------|-------------------------------|
|---------------------------|-------------------|-------------------------------|

| NATURE OF INTEREST | CHARGE NO. | ADDITIONAL INFORMATION |
|---------------------------|-------------------|-------------------------------|
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| NATURE OF INTEREST | CHARGE NO. | ADDITIONAL INFORMATION |
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| NATURE OF INTEREST | CHARGE NO. | ADDITIONAL INFORMATION |
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| NATURE OF INTEREST | CHARGE NO. | ADDITIONAL INFORMATION |
|---------------------------|-------------------|-------------------------------|
|---------------------------|-------------------|-------------------------------|

TERMS OF INSTRUMENT - PART 2

EASEMENT APPURTENANT TO LEASE

WHEREAS:

- A. The Transferor is the registered owner of the lands described as the servient tenement in Item 2 of the General Instrument Part 1 - Land Title Act Form "C" attached hereto and forming part of this and legally described as:
- Parcel Identifier: _____
- Lot 1 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan EPP41547 (the "Vacation Site Lands")
- and
- Parcel Identifier: 008-324-441
- Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439 (the "Waterfront Lands")
- B. The Transferee is the registered holder of a Lease of a Building on the Vacation Site Lands which such Lease is registered at the Kamloops Land Title Office with the registration number one less than this Easement and to which this Easement is appurtenant (which such Lease is the dominant tenement for the purposes of this Easement and is herein called the "Lease") and the Vacation Site Lands and Waterfront Lands are the servient tenement for the purposes of this Easement. The Transferor has agreed to grant this Easement to the Transferee as an Easement appurtenant to the Lease on the terms, covenants and conditions herein contained.

NOW THEREFORE WITNESSETH that in consideration of the mutual covenants and agreements herein contained, and of the sum of ONE DOLLAR (\$1.00) now paid by the Transferee to the Transferor, receipt whereof is hereby acknowledged, the parties hereto agree as follows:

- 1) The Transferor hereby grants to the Transferee and his family members, guests, workmen, employees and agents the full and free right during the currency of the term of the Lease to enter onto and use that portion of the Vacation Site's Lands shown in bold outline as easement area on a Plan of Easement prepared from a survey conducted by Christopher John de Haan, B.C.L.S., completed on the 26th day of May, 2014, and assigned Plan EPP41548, which such Plan of Easement shall be deposited at the appropriate Land Title Office concurrently with the application to register this Easement Agreement (the "Easement Area") for the purposes described herein.
- 2) The Transferee may use the Easement Area and construct any buildings or improvements within the Easement Area permitted by the provisions of the Magna Bay Zoning Amendment (Magna Bay Developments) Bylaw No. 800-18 (amending the Comprehensive Development 1 (CD1) Columbia Shuswap Regional District Magna Bay Zoning No. 800) and amendments thereto and by-laws and regulations enacted in substitution therefore from time to time that shall apply to the use of the Easement Area.
- 3) The Transferor hereby grants to the Transferee and his family members, guests, workmen, employees and agents the full and free right during the currency of the term of the Lease to go, be, return, pass and repass upon the internal access roads on the Vacation Site Lands on foot and with motor vehicles for access to and from the Easement Area for personal, business and commercial purposes.

- 4) The Transferor hereby grants to the Transferee and his family members, guests, workmen, employees and agents the full and free right during the currency of the term of the Lease to enter onto and use the Waterfront Lands for the following purposes:
 - a) to use the foreshore of and lake area fronting on the Waterfront Lands in accordance with any lease or license granted by Her Majesty the Queen in Right of the Province of British Columbia or other regulatory body having jurisdiction from time to time, in particular, without limiting the forgoing, the Transferee may:
 - i) apply for, hold, assign, transfer, and sub-lease a lease or license granted by Her Majesty the Queen in Right of the Province of British Columbia or other regulatory body having jurisdiction from time to time for the use and occupation of the foreshore of and lake area fronting on the Waterfront Lands;
 - ii) construct, install, maintain, repair, expand and replace from time to time a boat dock or docks, and boat ramp or part thereof on the foreshore of and lake area fronting on the Waterfront Lands;
 - iii) moor boats at the boat dock or docks located in the foreshore of and lake area fronting on the Waterfront Lands;
 - iv) enter, go, be, return, pass and repass upon the Waterfront Lands on foot and with motor vehicles for access to and from the boat dock or docks and walkway constructed within the foreshore of and lake area fronting on the Waterfront Lands;
 - v) enter, go, be, return, pass and repass upon the Waterfront Lands with motor vehicles and boat trailers for the purpose of launching boats and removing boats from the foreshore of and lake area fronting on the Waterfront Lands using the boat ramp located thereon;
 - vi) sell, assign, transfer and sub-lease individual boat slips at any existing or future boat dock or docks located within the foreshore of and lake area fronting on the Waterfront Lands; and
 - vii) engage in all of the foregoing activities for commercial and business purposes.
- 5) The Transferor acknowledges and agrees that the Transferee's use of the foreshore of and lake area fronting on the Waterfront Lands in accordance with any lease or license granted by Her Majesty the Queen in Right of the Province of British Columbia or other regulatory body having jurisdiction from time to time, or renewal or replacement thereof, shall not constitute an interference with the Transferor's riparian rights, including without limitation its right of access to or its right of navigation on Shuswap Lake.
- 6) The Transferor may continue to use the Waterfront Lands, including the foreshore of and lake area fronting on the Waterfront Lands, the boat ramp and the existing dock located within the foreshore of and lake area fronting on the Waterfront Lands for the purpose of launching boats and removing boats from the foreshore of and lake area fronting on the Waterfront Lands so long as such use does not interfere with the Transferee's rights pursuant to this easement.
- 7) The Transferee shall not cause or permit:
 - a) any use of the Waterfront Lands for any unlawful purpose; or
 - b) any parking of motor vehicles, boat trailers, boats, other towed vehicles or other chattels on the Waterfront Lands or otherwise obstruct the full and free passage over and through the Waterfront Lands of pedestrian and motor vehicle traffic.

- 8) The Transferee shall use and cause all of his family members, guests, workmen, employees and agents to use the Waterfront Lands and Easement Area in compliance all applicable provisions of statutes, by-laws and regulations governing use of the Waterfront Lands and enacted by federal, provincial and local governmental authorities having jurisdiction to regulate such use.
- 9) In the event that the Lease is released, cancelled or discharged as an encumbrance against the title to the Vacation Site Lands, this Easement and the rights hereby granted shall immediately cease and become null and void, and the Registrar of Titles for the Land Title Office in which the Lease was registered is hereby authorized and instructed to cancel the registration of this Easement from the Waterfront Lands and the Vacation Site Lands concurrently with the release, discharge or cancellation of the registration of the Lease as an encumbrance against the title to the Vacation Site Lands.
- 10) This Easement shall be construed as a covenant running with the Lease, and save as aforesaid and subject to the provisions of the Lease, the Transferee shall have quiet enjoyment of the rights hereby granted.
- 11) This Agreement and the covenants, terms and conditions herein contained shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, executors, administrators and assigns.

IN WITNESS WHEREOF the parties have executed this agreement on one or more pages of the General Instrument.

KAMLOOPS LAND TITLE OFFICE

May-29-2014 15:10:24.007

EPP41548

SURVEY PLAN CERTIFICATION
PROVINCE OF BRITISH COLUMBIA

0799

PAGE 1 OF 2 PAGES

By incorporating your electronic signature into this form you are also incorporating your electronic signature into the attached plan and you

(a) represent that you are a subscriber and that you have incorporated your electronic signature to the attached electronic plan in accordance with section 168.73 (3) of the Land Title Act, RSBC 1996 c.250; and

(b) certify the matters set out in section 168.73 (4) of the Land Title Act, Each term used in this representation and certification is to be given the meaning ascribed to it in part 10.1 of the Land Title Act.

Christopher
dehaan
9MDLKB

Digitally signed by Christopher dehaan
9MDLKB
DN: c=CA, cn=Christopher dehaan
9MDLKB, o=BC Land Surveyor,
ou=Verify ID at www.jutcert.com/
LKUP.cfm?id=9MDLKB
Date: 2014.05.27 13:47:48 -07'00'

1. BC LAND SURVEYOR: (Name, address, phone number)

Christopher J. de Haan
204-153 Seymour Street

250-372-8835
cdehaan@underhill.ca

Kamloops BC V2C 2C7

☐ Surveyor General Certification [For Surveyor General Use Only]

2. PLAN IDENTIFICATION:

Control Number: 140-122-3668

Plan Number: EPP41548

This original plan number assignment was done under Commission #: 799

LTO Document Reference: CA3750607

3. CERTIFICATION:

☒ Form 9 ☐ Explanatory Plan ☐ Form 9A

I am a British Columbia land surveyor and certify that I was present at and personally superintended this survey and that the survey and plan are correct.

The field survey was completed on: 2014 May 26 (YYYY/Month/DD) The checklist was filed under ECR#: 161561
The plan was completed and checked on: 2014 May 27 (YYYY/Month/DD)

☒ None ☐ Strata Form S

☒ None ☐ Strata Form U1 ☐ Strata Form U1/U2

Arterial Highway ☐

4. ALTERATION: ☐

SQUILAX-ANGLEMONT ROAD



PLAN EPP41548

REFERENCE PLAN OF EASEMENT
OVER A PORTION OF
LOT 1, Sec 18, Tp 23, R 9, W6M
PURSUANT TO SECTION 99(1)(e) OF THE LAND TITLE ACT
FOR ACCESS PURPOSES
BCGS 82 L 094

NW 1/4 Sec 17

| BOOK OF REFERENCE | |
|--|----------|
| DESCRIPTION | AREA |
| EASEMENT OVER A PORTION OF LOT 1, Sec 18, Tp 23, R 9, W6M, KDYD, PLAN EPP41547 | 0.170 ha |

LEGEND

● FOUND PLACED
○ STANDARD IRON POST
⊙ NON STANDARD POST (ROUND BAR)

THE UNDATED PLOT SIZE OF THIS PLAN IS 360mm IN WIDTH
BY 432mm IN HEIGHT (SHEET SIZE C) WHEN PLOTTED AT
A SCALE OF 1:1500



DISTANCES ARE HORIZONTAL GROUND LEVEL UNLESS OTHERWISE SPECIFIED
IN METRES AND DECIMALS THEREOF UNLESS OTHERWISE SPECIFIED
BEARINGS ARE GRID AND ARE DERIVED FROM
PLAN EPP41547

THE FIELD SURVEY REPRESENTED BY THIS PLAN WAS COMPLETED
ON THE 26th DAY OF MAY, 2014
CHRISTOPHER JOHN DE HAAN, DLS (8799)

UNDERHILL & UNDERHILL
PROFESSIONAL LAND SURVEYORS
204-153 SENECA STREET
KAMLOOPS, B.C. V2C 2C7
TEL (250) 372-8835

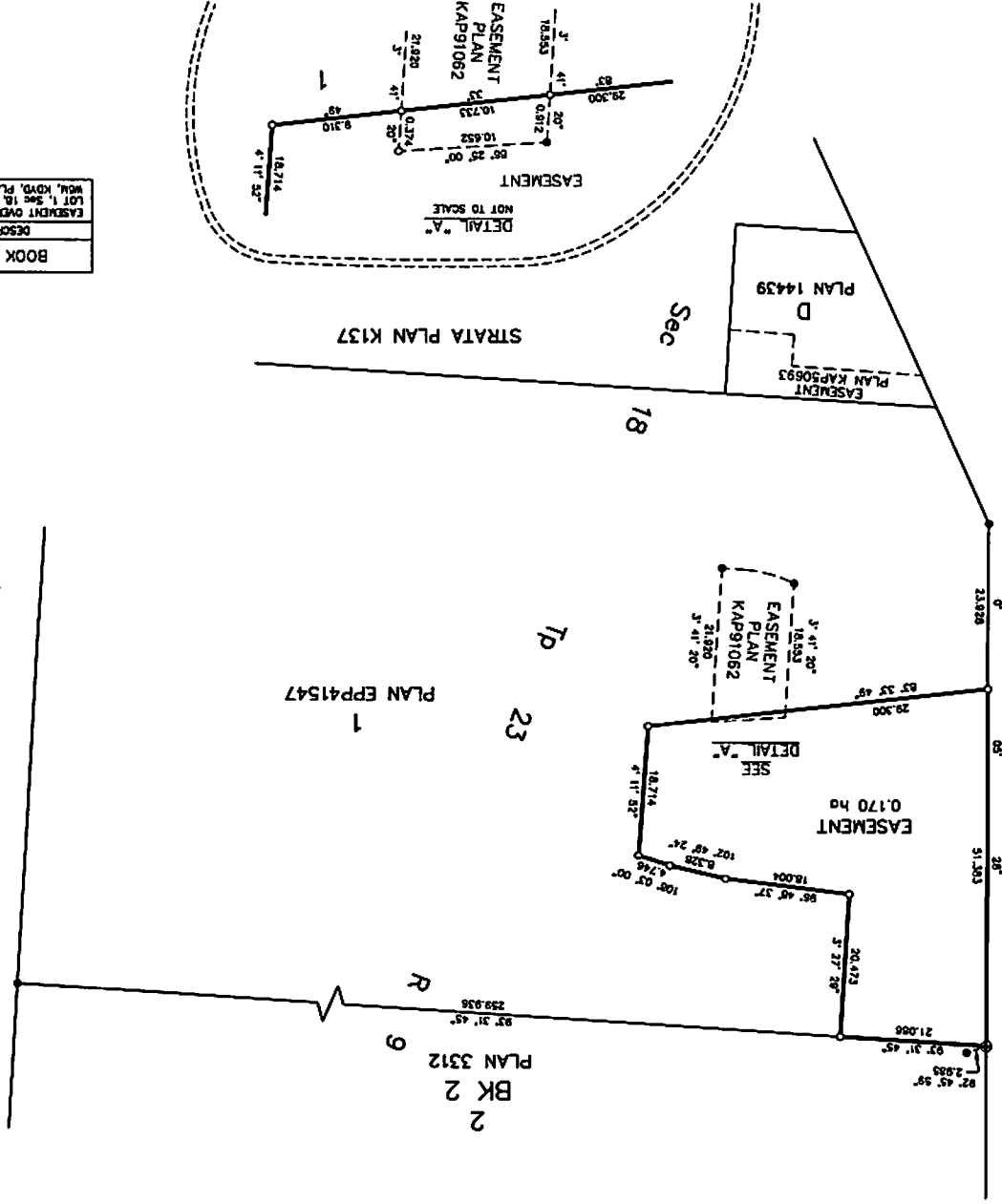


EXHIBIT "C"
Resort Management Services Agreement

(see attached)

RESORT MANAGEMENT SERVICES AGREEMENT

THIS AGREEMENT made this ____ day of _____, 2013.

BETWEEN:

0884263 B.C. Ltd.
3009B – 28th Street
Vernon, British Columbia V1T 4Z7

(herein called the "Developer")

AND:

Darroch Investments Ltd.
4th Floor, 3205 32nd Street
Vernon, British Columbia
V1T 2M4

(herein called the "Management Company")

AND:

(Inc. No. ____)
4th Floor, 3205 32nd Street
Vernon, British Columbia
V1T 2M4

(herein called the "Owners' Corporation")

AND:

Name of Owner(s)

Address of Owner(s)

(herein called the "Owner")

RECITALS:

- A. The Owner has agreed to purchase an undivided interest one eighty-second (1/82) (the "Shared Interest") in Parcel Identifier: 010-875-735 Lot 1 Block 2 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 3312 (the "Vacation Site Lands") and Parcel Identifier: 008-324-441 Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439 (the "Waterfront Lands") (collectively referred to as the "Lands") from the Developer.
- B. The Management Company will provide the services described herein.
- C. The Developer has constructed an additional building on the Lands that includes a games and exercise room (the "Building").
- D. The Owner has agreed to enter into this Agreement with the Developer, the Management Company and the Owner's Corporation in consideration of the services provide by the Management Company on the terms herein set forth.
- E. The Owner's Corporation has agreed to engage the Management Company as its exclusive agent for the property management of the Lands.
- F. The Management Company has agreed to collect the Owner's Fees and Transfer Fees (as defined herein) from the Owner and the owners of other Shared Interests in accordance with the provisions of this Resort Management Services Agreement.

WITNESSETH that in consideration of the recitals to this Agreement and the mutual covenants herein contained (the sufficiency of which consideration is hereby acknowledged by the Developer, the Management Company, the Owners' Corporation and the Owner) the Developer, the Management Company, the Owners' Corporation and the Owner agree with each other as follows:

Section 1 – Definitions

1.1 In this Agreement and the recitals hereto:

"Assessment Authority" means the British Columbia Assessment Authority or such other governmental authority as has jurisdiction from time to time to assess the value of any or all of the Lands, Building, Shared Facilities and Sites for Property Tax purposes pursuant to the provisions of the *Assessment Act* (British Columbia);

"Budget" means a budget of Management Costs anticipated for each fiscal year of the Owners' Corporation;

"Building" means the building constructed on the Lands for the purpose of a clubhouse that the Owners will share the use of, located within the common use and services area shown on the Site Plan;

"Co-ownership Agreement" means the agreement between each purchaser, the Owners' Corporation, the Management Company and the Developer to provide for the professional management and operation of the Development for the benefit of the Owners; and to provide to the Owner the right of access and use of the Owner's Site and the Building;

"Common Areas" means the areas of the Development set aside for the common use of all Owners and Permitted Occupants, as shown on the Site Plan;

"Consumer Price Index" means the All-Items Consumer Price Index for Vancouver, British Columbia, published on an annual basis by Statistics Canada or its successor.

"Contingency Reserve Fund" means a fund established by the Owners' Corporation for all extra-ordinary and capital costs and expenditures concerning the repair, maintenance and replacement of the Common Areas and Shared Facilities,

"Developer" means 0884263 B.C. Ltd.

"Development" means the Magna Bay Resort developed by the Developer on the Lands including the Shared Facilities, Building, Common Areas and Sites;

"Excess Management Costs" means Management Costs incurred by the Owners' Corporation in excess of Management Costs that have been included in the current Budget;

"GST" means the Goods and Services Tax imposed pursuant to the provisions of the *Excise Tax Act* (Canada);

"Guest" means any person using and occupying a Site for overnight accommodation with the authorization of the Owner and who does not pay any money or give any other consideration to the Owner of the Site or any other party for such use and occupation;

"Immediate Family" means and includes the spouse of the Owner, the children and grandchildren of the Owner and the spouse of any such children or grandchildren of an Owner;

"Lands" means those lands and premises legally described as:

Parcel Identifier: 010-875-735

Lot 1 Block 2 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 3312 (the **"Vacation Site Lands"**)

and

Parcel Identifier: 008-324-441

Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439 (the **"Waterfront Lands"**)

"Management Company" means Darroch Investments Ltd. a company incorporated in British Columbia which will provide resort management services to the Owners as is more particularly described in this Resort Management Services Agreement and includes the successors and assignees of Darroch Investments Ltd.;

"Management Company's Area" means that portion of the Vacation Site Lands shown on the Site Plan and identified as Development Area 3 in the applicable Comprehensive Development 1 (CD1) zoning bylaw in the Columbia Shuswap Regional District Magna Bay Zoning Bylaw No. 800, as amended, which currently includes Magna Bay Enterprises Ltd.'s ("MBE") boat rental business, office and the personal residence of the MBE's principal;

"Management Company Lease and Easement" means a lease and easement registered on title to the Lands which grants the Management Company the use and occupation of the existing residence and modular home located on the Vacation Site Lands within the Management Company Area, the Management Company's Area, the foreshore lease area adjacent to the Waterfront Lands, and the boat ramp and dock located within the foreshore of the Waterfront Lands, the Waterfront Lands,;

"Management Costs" means all of the costs, charges and expenses of every nature and kind whatsoever, including the Management Fee, incurred by the Owners' Corporation in carrying out all of the duties, obligations and responsibilities of the Owners' Corporation set forth in the Co-Ownership Agreements;

"Option(s)" means the option to purchase granted to the Owners' Corporation by each Owner;

"Owners' Fees" means the annual mandatory fee payable by each Owner to the Owners' Corporation as its Pro Rata Share of the Management Costs and contributions to the Contingency Fund;

"Owners" means, collectively, the Owner and all other Owners of a Site, including the Developer, but not including the Management Company;

"Owner's Site" means the Site which is licensed for the use and occupation of the Owner and Permitted Occupants;

"Permitted Occupants" means, in reference to the Owner's Site, the Owner and other persons authorized by the Owner to use and occupy the Owner's Site and any RV or improvements thereon, from time to time, including the Owner's Immediate Family, Guests and Visitors and the Owner's Renters and their respective Immediate Family, Guests and Visitors;

"POA" means the Power of Attorney granted by the Owner to the Owners' Corporation;

"Prime Rate" means an annual rate of interest designated and advertised from time to time by the Owners' Corporation's bank or credit union, as its prime rate of interest;

"Pro Rata" the Development will consist of approximately eighty (80) recreational vehicle sites. Pro rata or proportionate share means the fraction which has as its numerator the number one (1) and as its denominator the total number of Owners;

"Property Taxes" means all taxes, local improvements and similar rates, duties, assessments and charges, school taxes and any other taxes, rates, duties and assessments both general and special, levied or imposed upon or with respect to the Lands and any of the Shared Facilities from time to time, as finally determined for each calendar year as a result of assessment, appeal from assessment or judicial review, and shall include any legal, survey or appraisal costs incurred by the Developer or the Owners' Corporation in any appeal of such levies or assessments;

"Regional District" means the Columbia Shuswap Regional District and includes any other governmental authority in succession to the Regional District;

"Renters" means each person who is renting a Site, with or without the RV or other improvements on the Site, from the Owner of the Site in compliance with the provisions of this Agreement;

"Rules and Regulations" means the rules and regulations set out in Schedule C to the Co-Ownership Agreement and includes all amendments thereto made from time to time in accordance with the provisions of the Co-Ownership Agreement;

"RV" means a vehicular-type of portable structure, without permanent foundation, that can be towed, hauled or driven and that is primarily designed for use as temporary living accommodation for the purposes of recreation, camping and travel, including, but not limited to, travel trailers, truck campers, camping trailers and self-propelled motor homes and does not include a park model;

"Seasonal" means less than one hundred eight-two (182) days per calendar year;

"Shared Facilities" means the facilities of the Development shared by all Owners and other Permitted Occupants including, without limitation, washrooms and shower facilities, the Building, the internal road system within the Development, Common Areas, and the water and sewage disposal systems serving the Development;

"Shared Interest" means the undivided interest in the Lands, registered in the name of the Owner at the Kamloops Land Title Office;

"Sites" means all of the eighty recreational vehicle vacation sites within the Development described on the Site Plan, including the Owner's Site, plus the site for the Additional Residence, but does not include the Management Company's Area. **"Site"** means any one of the Sites and, in both cases, includes any RV and improvements located on a Site;

"Site Plan" means the sketch plan of the Vacation Site Lands attached as Schedule D to the Co-Ownership Agreement;

"Special Resolution" means a special resolution of the shareholders of the Owners' Corporation passed in accordance with the Articles of the Owners' Corporation and the *Business Corporations Act* (British Columbia);

"Temporary" means less than four (4) consecutive weeks;

"Taxes on Owner's Improvements" means all taxes, rates, duties and assessments imposed or levied in respect of any buildings or other improvements on the Owner's Site or on the RV, whether or not such taxes, rates, duties and assessments form part of the Property Taxes or are levied and payable separately;

"Visitor" means any person using and enjoying a Site at the invitation of the Owner of the Site, but who does not use the Site for overnight occupation and who does not pay any money or other consideration to the Owner or any other party for such use and enjoyment; and

"Zoning Bylaw" means Columbia Shuswap Regional District Magna Bay Zoning Bylaw No. 800, Comprehensive Development 1, and amendments thereto and any legislation enacted in replacement thereof from time to time as the provisions thereof apply to the Development.

Section 2 – Term

- 2.1 This Agreement shall come into force and effect as of the date of this Agreement and shall remain in effect for a term of ninety-nine (99) years.
- 2.2 This Agreement may be terminated by the Management Company giving two months clear notice to the Owners' Corporation.
- 2.3 The Owners' Corporation may terminate this Agreement only by passing a Special Resolution authorizing the directors of the Owners' Corporation to terminate this Agreement.

Section 3 - Resort Management Services

- 3.1 The Management Company agrees that throughout the term of this Agreement, it will, at the cost of the Owners Corporation, manage and administer the Lands, the Building, the Sites, Common Areas and Shared Facilities for and on behalf of, and at the expense of, the Owners' Corporation, and shall do so in a faithful, diligent and honest manner. Without limiting the generality of the foregoing, such management and administration shall include the right, authority, power, duty and responsibility to:
- (a) collect and deposit the Owners Fees, contributions to the Contingency Reserve, and Excess management Costs and GST thereon for or on behalf of the Owners' Corporation in a trust account separate from the Management Company's own accounts;
 - (b) promote and enforce the Rules and Regulations and to publish all amendments made to the Rules and Regulations from time to time at a conspicuous place on the Lands;
 - (c) promote and enforce the Co-Ownership Agreements;
 - (a) provide all janitorial, maintenance and landscaping services required, in the opinion of the Owners' Corporation, to keep the Building, Common Areas and Shared Facilities in a clean and sanitary condition;
 - (b) provide security and supervisory services with respect to the Lands to prevent, to the extent reasonably practicable, the entry to or continued presence on the Lands of any persons who are not properly permitted or otherwise authorized to be in or upon any portion of the Lands;
 - (c) manage, control and administer the use and enjoyment of the Lands, Building, Common Areas and Shared Facilities by the Owners and Permitted Occupants including, without limitation, making and enforcing such requirements, in addition to the Rules and Regulations as the Owners' Corporation may deem necessary for the fair and equitable sharing of the use, benefit and enjoyment of the Lands, Building, Common Areas and Shared Facilities;
 - (d) provide the use of showers;
 - (e) obtain and maintain such insurance coverage on such terms and in such amounts as the Owners' Corporation, acting reasonably, sees fit from time to time with respect to:
 - (i) any public liability and property damage insurance protection indemnifying the Owners' Corporation, the Developer and the Owners against any claims for damage or injury to persons or property or for the loss of life occurring upon the Lands or any part thereof or with respect to the use of the Lands, Building and Shared Facilities;
 - (ii) insurance for all buildings and improvements comprising any portion of the Lands, including Common Areas and Shared Facilities, against all risk of loss or damage caused by or resulting from fire, lightening, flood, malfunction or non-function, and all such other perils as the Owners' Corporation, acting reasonably, may deem fit;

- (f) keep and maintain in a state of good and serviceable repair the Lands, Building, Common Areas and Shared Facilities, provided the cost of any repairs, maintenance or replacement as may be required as a result of the act, negligence or omission by the Owner or any Permitted Occupants of the Owner's Site, shall be paid by the Owner;
- (g) maintain, repair and replace, as needed, all roads and utility works and services installed within and serving the Lands;
- (h) provide for the collection and disposal of garbage and refuse for the Lands and, in furtherance thereof, to require Permitted Occupants of Sites to place their garbage, contained within plastic garbage bags, in one or more bins provided by the Owners' Corporation at such locations on the Common Areas as the Owners' Corporation chooses;
- (i) provide a mobile sewer disposable service;
- (j) prepare or cause to be prepared proper and adequate records, books of account and financial statements of the operations, profits and losses of the Owners' Corporation and to at all times, upon receiving reasonable advance notice and request from the Owner, provide the Owner with full and ample opportunity to inspect all such records, books of account and financial statements;
- (k) provide all staff and personnel reasonably required to fully and effectively carry out all of the duties and responsibilities of the Owners' Corporation in a prompt and efficient manner;
- (l) establish and continually maintain a contingency reserve fund for all extra-ordinary and capital costs and expenditures concerning the repair, maintenance and replacement of the Lands, Building, Common Areas and Shared Facilities (the "Contingency Reserve Fund") in such amounts as the Owners' Corporation, acting reasonably, deems fit;
- (m) keep the Contingency Reserve Fund separate and apart in an interest bearing account for and on behalf of the Owners and the Owners' Corporation shall not use, borrow against or dispose of the Contingency Reserve Fund or any part thereof except for the purposes for which it is intended unless such borrowing, disposition or expenditure is approved by Special Resolution;
- (n) maintain for the Owners Corporation all permits and licences issued or required with respect to the Lands generally;
- (o) file any necessary income tax returns or other governmental filings lawfully required to be filed by the Owners' Corporation from time to time;
- (d) permit the Owners' Corporation at any time during the Management Company's regular office hours to have access to and examine all records and vouchers in the possession of the Management Company pertaining to the management and administration of the Owners' Corporation;
- (e) employ or retain such counsel, accountants, engineers, appraisers, or other experts or advisers as it may reasonably require for the purposes of discharging its duties hereunder, and the Management Company shall not be responsible for any misconduct on the part of any of them, but may act, in good faith, on the opinion or advice of, or information obtained from any of them;

- (f) deposit of all receipts collected for or on behalf of the Owners' Corporation in a trust account separate from the Management Company's own accounts;
- (g) attend a maximum of six (6) director meetings per year in addition to the Owners' Corporation Annual General Meeting, which the Management Company may attend by telephone conference if the meeting is not in Kamloops, BC. Attendance and preparation for additional director meetings or extra-ordinary meetings by the Management Company will be upon request with all costs billed in addition to Section 5 of this Agreement.
- (h) send notice of arrears to Owners (or returned cheques);
- (i) receive invoices on behalf of the Owners Corporation, check for accuracy and then issue cheques and mail to supplier;
- (j) prepare and provide to the Owners' Corporation a Budget on an annual basis for each fiscal year of the Owners' Corporation.

3.2 The Owners' Corporation and the Management Company mutually agree to the following provisions:

- (a) The Owners' Corporation appoints the Management Company as its agent to manage and administer the Lands, the Building, the Sites, Common Areas and Shared Facilities for and on behalf of, and at the expense of, the Owners' Corporation and authorizes the Management Company to make any decision, grant any permission and exercise any discretion on behalf of the Owner's Corporation. The Management Company agrees to be the Owners' Corporation's agent to manage and administer the Lands, the Building, the Sites, Common Areas and Shared Facilities for and on behalf of, and at the expense of, the Owners' Corporation and making decisions, granting permission and exercising discretion on behalf of the Owners' Corporation.
- (b) None of the provisions contained in this Agreement shall obligate the Management Company, nor shall the Management Company be otherwise obligated, to expend or risk its own funds or otherwise incur financial liability in the performance of its duties or in the exercise of any of its rights or powers thereunder unless the Owners' Corporation shall have first furnished the Management Company with indemnity satisfactory to the Management Company to protect and hold harmless the Management Company against any costs, charges, expenses and liabilities to be incurred or which it may suffer by reason thereof.
- (c) The Management Company is not assuming, nor will it be called upon to assume responsibility for any acts, omissions or errors in judgement done or made in good faith in connection with the management, care and administration of the Owners' Corporation, or otherwise in the carrying out of the provisions of this Agreement, nor for any vandalism or damage from causes beyond the reasonable control of the Management Company.
- (d) The Management Company shall have generally such powers as are required or incidental to the fulfillment of its obligations under this Agreement including, but

not restricting the generality of the foregoing, the power to sign, execute and deliver on behalf of and in the name of the Owners' Corporation, service contracts, and labour agreements for the Owners' Corporation.

- (e) The Owners' Corporation shall from time to time furnish the Management Company with copies of all documents and records and supply any information relevant to the Lands which may be necessary for the proper discharge by the Management Company of its duties hereunder.

Section 4 Lease and Easement

- 4.1 The Management Company reserves the right to retain use of the Management Company's Area for the purpose of personal residential use, an office, operation of a boat rental, repair and sale business, parking and ancillary uses. The Management Company reserves the right to use, or allow other to use, the Management Company's Area in any manner permitted by law.
- 4.2 The Developer, the Owners' Corporation and the Owner acknowledge and agree that a Management Company Lease and Easement has been or will be registered on title to the Lands which grants the Management Company the use and occupation of the existing residence located on the Vacation Site Lands within the Management Company Area, the Management Company Area, the foreshore lease area adjacent to the Waterfront Lands, the Waterfront Lands, the dock located within the foreshore of the Waterfront Lands, and the right to place one additional residence or modular home located on the Vacation Site Lands within the Management Company's Area. The Management Company reserves the right to sale, transfer, assign, mortgage or sub-lease the Management Company Lease and Easement.
- 4.3 The Developer, the Owners' Corporation and the Owner agree not to interfere with any of the rights and privileges granted to the Management Company pursuant to the Management Company Lease and Easement.

Section 5 - Calculation of Transfer and Management Fees

- 5.1 In the event of a sale or transfer by the Owner of the Owner's Shared Interest and corresponding share in the issued capital of the Owners' Corporation the Owner shall pay a transfer fee (the "Transfer Fee") to the Owners' Corporation to cover the Owners' Corporation's cost of preparing and arranging execution and registration of a new Co-Ownership Agreement, Option and POA for the purchaser or transferee of the Owner's Shared Interest and the cost of preparing and arranging execution of the documents to transfer the corresponding share in the issued capital of the Owners' Corporation.
- 5.2 The Transfer Fee for the year 2013 is FIVE HUNDRED (\$500.00) DOLLARS. The Transfer Fee will be increased annually by five (5%) percent compounded annually, beginning on the 1st day of January 2014, and thereafter on the 1st of January in each subsequent year.

- 5.3 The Management Company will charge an annual fee (the "Management Fee") to the Owner's Corporation and the Owner's Corporation agrees to pay an annual fee to the Management Company in consideration of the Management Company providing the services described herein.
- 5.4 The Management Fee for the year 2013 is \$24,000 plus GST payable in equal monthly instalments of \$2,000.00 plus GST by the Owners' Corporation to the Management Company.
- 5.5 The Management Company shall notify the Owners' Corporation of the Management Company's determination of the fair market Management Fee for subsequent calendar years on or before December 1 of each year and the Owners' Corporation shall provide for the Management Fee in its annual budget.
- 5.6 If the Owners do not agree with the Management Company's determination of the fair market Management Fee, the Owners shall have the right, within 30 days after receipt by the Owners' Corporation of the fair market Management Fee, either to accept the Management Company's determination of fair market Management Fee or to refer the determination of the fair market Management Fee to arbitration in accordance with the Commercial Arbitration Act (BC).
- 5.7 While the parties are determining the fair market Management Fee the Owner's Corporation shall continue to pay the Management Fee at the amount payable in the calendar year immediately preceding.
- 5.8 During the term of this Agreement the Owners shall include in the Owners' Corporation's budget provision for payment of the Management Fee.
- 5.9 All arrears of Management Fees and Transfer Fees shall bear interest from the due date for payment thereof until payment at the rate of twelve (12%) percent per annum.

Section 6 - Payment of Management Fees and Transfer Fees

- 6.1 The Owner's Corporation appoints the Management Company as it's agent to collect the Management Fee from the Owners' Corporation and the Owners Fees and Transfer Fees from the Owners.
- 6.2 The Owner acknowledges that the Management Company has agreed with the Owners' Corporation to collect the Management Fee from the Owners' Corporation and the Owners Fees and Transfer Fees from the Owners.
- 6.3 The Owner's Corporation will pay the initial monthly instalment of the Management Fee to the Developer on the first day of the month following the transfer of twenty of the Shared Interests to purchasers.
- 6.4 The Owners' Corporation will pay the Management Fee, after the initial monthly installment of the Management Fee, to the Management Company pursuant to this Agreement in monthly installments on the first day of each month.
- 6.5 The Owners' Corporation authorizes the Management Company to pay the Management Fee from the Owners' Fees collected.

- 6.6 The Owners further agrees with the Management Company that if the Owners' Corporation shall fail or refuse to collect Management Fees in respect of the Owner's Shared Interest, the Owner will, on demand made by the Management Company, pay the Owner's Pro Rata share of the Management Fee in default to the Management Company.
- 6.7 The Transfer Fee becomes payable, and the Owner will pay the Transfer Fee, when the Owner completes the sell or transfer of the Owner's Shared Interest.
- 6.8 The Owner agrees to pay the Transfer Fee to the Owners' Corporation when the Transfer Fee becomes payable.
- 6.9 No person or corporation who is an Owner shall be liable hereunder, or to pay the Owners' Fee or Transfer Fee payable in respect of the Owner's Shared Interest, after the Owners has ceased to own a Shared Interest and corresponding share in the issued capital of the Owners' Corporation, provided that the Owner has complied with the requirements of Section 8. Notwithstanding the foregoing, the Owner shall remain liable for payment of arrears of Owners' Fees and Transfer Fees and interest thereon owing by the Owner, and the Owner shall continue to be liable for breaches by the Owner of any of the provisions of this Agreement and for any damage to the caused by the Owner or any Permitted Occupant occurring prior to such person or corporation ceasing to be an Owner.

Section 7 - Additional Services

- 7.1 The Developer may provide additional services to those provided under Section 4 upon request by the Owners' Corporation. The cost of additional services provided shall be paid by the Owner's Corporation upon receipt of invoices therefore from the Developer.

Section 8 - Transfer of the Owner's Shared Interest

- 8.1 The Owner shall promptly give notice to the Owners' Corporation and the Management Company of the particulars of any proposed sale, transfer or allotment of the Owner's Shared interest and corresponding share in the issued capital of the Owners' Corporation, including the names and addresses of the person(s) and corporation(s) acquiring an interest in the Owner's Shared Interest or shares in the capital of a corporate Owner, and the Owner concerned shall not complete such sale, transfer, or allotment without first requiring each person and corporation who is acquiring an interest in the Owner's Shared Interest, or acquiring the shares in the capital of the corporate Owner, to enter into a new Co-Ownership Agreement and Resort Management Services Agreement in the form of the Co-Ownership Agreement and Resort Management Services Agreement then in use by the Owner's Corporation and Management Company. In the event of any such sale transfer or allotment, the Owner shall be responsible to adjust prepaid annual or monthly Owner's Fees directly between the Owner and the person(s) or corporation(s) acquiring the interest or shares, and the Owners' Corporation and Management Company shall not be required to refund any portion thereof.

Section 9 - Notice

- 9.1 Any notice required or permitted to be given hereunder shall be given in writing and may be delivered to the party concerned or to an officer or director of a corporate party, or may be mailed postage prepaid and registered from a Canadian Post Office addressed to the party concerned at the address first herein given for him or such other address as the party may provide from time to time in writing. Any notice mailed as aforesaid shall be deemed to have been received by the party to whom it is addressed on the fifth (5th) business day (Saturdays, Sundays and statutory holidays excluded) following the date of posting unless at the time of posting or within five (5) days thereafter the Canadian Postal Service is interrupted by strike or lockout in which case such notice must either be delivered as aforesaid or mailed again as aforesaid when the Canadian Postal Service is restored.

Section 10 - Release and Indemnity

- 10.1 The Owner will execute the Release and Indemnity attached hereto as Schedule "A", concurrently with this Agreement, and on each occasion that the Owner enters into an agreement to sell the Owner's Shared Interest or to sell or transfer any of the Owner's interest in the Owner's Shared Interest to another person or corporation the Owner shall not complete such sale or transfer without first requiring each person or corporation that is acquiring the Owner's Shared Interest or an interest therein to enter into a written Release and Indemnity for the benefit of the Developer, the Owners' Corporation and the Management Company in the form attached hereto as Schedule "A" or in such other form as may then be specified by the Developer, the Owners' Corporation and the Management Company. The Owner shall deliver each such required Release and Indemnity to the Developer, the Owners' Corporation and the Management Company prior to completing the sale or transfer of the Owner's interest in the Owner's Shared Interest.
- 10.2 The Developer, the Owners' Corporation and the Management Company shall be entitled to require each Permitted Occupant of the Owner's Shared Interest to execute the Release and Indemnity attached hereto as Schedule "A" as a condition of the use by the Permitted Occupants of the Lands, the Building, Common Areas and Shared Facilities.

Section 11 – General Provisions

- 11.1 This Agreement and the terms, covenants and conditions herein contained shall enure to the benefit of and be binding upon the Owner, the Owners' Corporation, the Management Company and the Developer and their respective heirs, executors, administrators, successors, assigns and personal representatives.
- 11.2 This Agreement and any reference to an Owner using the masculine singular pronoun shall be deemed to include the feminine plural or body corporate as the identity of the Owner may require and where the Owner is more than one (1) person or corporation the liability of such persons and corporations hereunder is joint and several.

- 11.3 The Management Company may assign the benefits of the covenants and obligations of the Management Company under this Agreement to any person, in whole or in part without the consent of the Owner or Owners' Corporation.
- 11.4 This Agreement shall be construed in accordance with the laws of the Province of British Columbia notwithstanding the residency or domicile of the Owner and notwithstanding that the Owner may execute this Agreement in some other jurisdiction.
- 11.5 This Agreement may be executed by the Developer, Management Company, Owners' Corporation and each Owner in two (2) or more counterparts and all counterparts so executed shall be construed together as one (1) Agreement with the same affect as if one (1) original of this Agreement had been executed by all such parties.

EXECUTED by the Owner, the Management Company, the Owner's Corporation and the Developer the day and year first above written:

Witness

The Owner's Corporation
by its authorized signatory:

Authorized Signatory for Owner's
Corporation

Witness

The Developer
by its authorized signatory:

Authorized Signatory for Developer

Witness

The Management Company
by its authorized signatory:

Authorized Signatory for Management
Company

Witness as to all Owners

Owner

Owner

SCHEDULE "A"

RELEASE AND INDEMNITY

WHEREAS:

- A. 0884263 B.C. Ltd. (the "**Developer**") is the registered owner of the lands legally described as

Parcel Identifier: 010-875-735

Lot 1 Block 2 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 3312 (the "**Vacation Site Lands**")

and

Parcel Identifier: 008-324-441

Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439 (the "**Waterfront Lands**")

(collectively the "**Lands**").

- B. ____ is the owners corporation for the lands created to provide for the professional management and operation of the Lands, Building, Common Areas, Shared Facilities, and Sites (as defined herein)
- C. Darroch Investments Ltd. is the management company for Magna Bay Resort located on the Lands.
- D. It is a condition precedent to the entitlement of the undersigned (the "**Owner**") to enter onto and use the Lands, Building, Common Areas, Shared Facilities, and Sites, that the Owner shall execute and deliver to the Owners' Corporation, the Developer and the Management Company this Release and Indemnity.

NOW THEREFORE WITNESSETH that in consideration of the premises, the execution of the Recreational Facilities Use Agreement by the Developer and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each Owner, each Owner agrees with the Developer as follows:

1. In this Release and Indemnity:
 - (a) "**Building**" means the building constructed on the Lands for the purpose of a clubhouse that the Owners will share the use of;

- (b) **"Common Areas"** means the areas of the Development set aside for the common use of all Owners, Guests and Renters;
 - (c) **"Development"** means the Magna Bay Resort developed by the Developer on the Lands including the Shared Facilities, Building, Common Areas and Sites;
 - (d) **"Guest"** means any person using and occupying a Site for overnight accommodation with the authorization of the Owner and who does not pay any money or give any other consideration to the Owner of the Site or any other party for such use and occupation;
 - (e) **"Immediate Family"** means and includes the spouse of the Owner, the children and grandchildren of the Owner and the spouse of any such children or grandchildren of an Owner;
 - (f) **"Owner's Site"** means one of the Sites shown on the Site Plan which is licensed for the use and occupation of the Site by the Permitted Occupants;
 - (g) **"Permitted Occupants"** means, in reference to the Owner's Site, the Owner and other persons authorized by the Owner to use and occupy the Owner's Site and any RV or improvements thereon, from time to time, including the Owner's Immediate Family, Guests and Visitors and the Owner's Renters and their respective Immediate Family, Guests and Visitors;
 - (h) **"RV"** means a vehicular-type of portable structure, without permanent foundation, that can be towed, hauled or driven and that is primarily designed for use as temporary living accommodation for the purposes of recreation, camping and travel, including, but not limited to, travel trailers, truck campers, camping trailers and self-propelled motor homes and does not include a park model;
 - (i) **"Shared Facilities"** means the facilities of the Development shared by all Owners and other Permitted Occupants including, without limitation, washrooms and shower facilities, the Building, the internal road system within the Development, Common Areas, and the water and sewage disposal systems serving the Development;
 - (j) **"Sites"** means all of the recreational vehicle sites within the Development, including the Owner's Site, **"Site"** means any one of the Sites and, in both cases, includes any RV and improvements located on a Site;
 - (k) **"Visitor"** means any person using and enjoying a Site at the invitation of the Owner of the Site, but who does not use the Site for overnight occupation and who does not pay any money or other consideration to the Owner or any other party for such use and enjoyment.
2. Each Owner hereby releases the Owners' Corporation, the Developer and the Management Company and their officers, directors, and employees from all liability whatsoever to each Owner whether for damages or otherwise arising directly or indirectly out of:
- (a) Any temporary interruption of the Owner's ability to use the Lands, Shared Facilities, Building, Common Areas and Sites; or

- (b) Any personal injury (including death) and property damage suffered or incurred by any Owner or Permitted Occupant as a result, directly or indirectly, of any use by the Owner or Permitted Occupant of or occurring on the Lands, Shared Facilities, Building, Common Areas or Sites.
3. Each Owner covenants and agrees to indemnify and save harmless the Owners' Corporation, the Developer and the Management Company and their officers, directors and employees (collectively called the "Indemnified Parties") from and against all claims and demands whatsoever including law suits or other legal proceedings and all costs and expenses incurred in defending the same (herein collectively called the "Claims") that may hereafter be brought against any of the Indemnified Parties by the Owner or by or on behalf of the Permitted Occupants, where such Claims are for damages for personal injury (including death), property damage or other loss suffered or incurred by the Owner or Permitted Occupants on or about the Lands, Shared Facilities, Building, Common Areas or Sites or directly or indirectly as a result of the use of the Lands, Shared Facilities, Building, Common Areas or Sites.
4. This Agreement and the Release and Indemnity herein granted shall enure to the benefit of the Indemnified Parties and their respective heirs, executors, administrators, personal representatives, successors and assigns and shall be binding upon each Owner and each Owner's respective heirs, executors, administrators and personal representatives.

EXECUTED BY THE OWNERS this ____ day of _____, 20__.

Witness
(as to all signatures)

(Signature of Owner)

(Print Name of Owner)

(Signature of Owner)

(Print Name of Owner)

DATED:

BETWEEN:

AND:

AND:

AND:

RESORT MANAGEMENT SERVICES AGREEMENT

File No. JCB

DAVIDSON AND COMPANY
Barristers and Solicitors
4th Floor, 3205 - 32nd Street,
Vernon, British Columbia
V1T 2M4
(250) 545-5344

EXHIBIT "D"
Purchase Agreement

(see attached)

SITE NO. _____

PURCHASE AGREEMENT – SHARED INTEREST IN LAND

MAGNA BAY RESORT – SHUSWAP LAKE

Date of Contract: _____

Developer: 0884263 B.C. Ltd. of _____ (the "Developer")

Purchaser: Name: _____

Address: _____

City/Prov/Postal Code: _____

Telephone: Home: _____ Work: _____

Email: _____ Fax: _____

(the "Purchaser")

Property: An undivided one eighty-second (1/82) interest in the Lands, as hereinafter defined (the "Shared Interest") for the shared use of the Building and Site _____ (the "Site") in accordance with the Co-Ownership Agreement attached as Exhibit "E" to the Disclosure Statement.

Purchase Price: \$_____ excluding GST (the "Purchase Price")

Initial Deposit: \$_____ (payable upon acceptance of this Contract by the Developer)

Completion Date: _____ (the "Completion Date")

Terms of Agreement

In consideration of the mutual promises and conditions set out in this Contract, the parties agree as follows:

1. **DEFINITIONS:** In this Agreement:

"Building" means the building located on the Lands that the Purchaser will share the use of with other Purchasers.

"Co-Ownership Agreement" means an agreement made between the Purchaser, the Developer and the Management Company a copy of which is attached as Exhibit "E" to the Disclosure Statement.

"Developer's Lawyer" *Developer's Lawyer* means Att: Jeffrey C. Boschert, DAVIDSON PRINGLE LLP, Barristers and Solicitors, 3009 28th Street, Vernon, British Columbia V1T 4Z7 Telephone: (250) 275-8381, Fax: (250) 542-1105, Email: JeffB@DavidsonPringle.com

"Disclosure Statement" means the Disclosure Statement dated August 14, 2013 filed by the Developer, concerning the development on the Lands and the Shared Interest, with the Superintendent of Real Estate pursuant to the *Real Estate Marketing Act* and includes all amendments thereto, if any.

"GST" means the Goods and Services Tax imposed pursuant to the provisions of the Excise Tax Act of Canada.

"Lands" means collectively those lands and premises legally described as;

Parcel Identifier: 029-323-711

Lot 1 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan EPP41547 (the Vacation Site Lands)

and

Parcel Identifier: 008-324-441

Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439 (the Waterfront Lands)"

"Management Company" means Darroch Investments Ltd., a party to the Co-Ownership Agreement.

"Management Company Lease and Easement" means a lease and easement registered on title to the Lands under numbers CA3750606 and CA3750608 which grant the Management Company the use and occupation of the existing residence located on the Vacation Site Lands shown on Plan EPP41548, that portion of the Vacation Site Lands shown on Plan EPP41549, the foreshore lease area adjacent to the Waterfront Lands, the Waterfront Lands, and the boat ramp and dock located within the foreshore of the Waterfront Lands;

"Option(s)" means the options to purchase to be granted to the Owners' Corporation by the Owner and all other Owners, not including the Developer, in the form attached as Exhibit "F" to the Disclosure Statement.

"POA(s)" means the Power of Attorneys to be granted by the Owner, and all other Owners, not including the Developer, to the Owners' Corporation in the form attached as Exhibit "G" to the Disclosure Statement.

"Shared Interest" means a one eighty-second (1/82) undivided interest in the Lands and Building, registered in the name of the Owner at the Kamloops Land Title Office.

2. **PURCHASE AND SALE:** The Purchaser will purchase the Shared Interest from the Developer and the Developer will sell the Shared Interest to the Purchaser for the Purchase Price (plus GST), subject to the terms and conditions of this Contract.
3. **DEPOSIT:** The Initial Deposit is payable upon execution of this Contract by the Purchaser and the Developer. The Initial Deposit (, the "Deposit") will be paid to and held in trust by the Developer's lawyers, Davidson Lawyers LLP, as a stakeholder. There will be no interest payable by the Developer to the Purchaser on the Deposit. In no case shall the Purchaser receive a credit for any interest earned on the Deposit. If the Purchaser fails to complete the purchase of the Property by the Completion Date, the Developer may elect to retain the Deposit on account of damages without prejudice to such other remedies at law to which the Developer may be entitled by reason of the Purchaser's failure to complete.
4. **CONDITIONS:** The obligation of the Purchaser to complete this transaction is conditional upon fulfilment of the conditions, if any, set out in Schedule A (the "Conditions").

5. **CONCURRENT DOCUMENTS:**

- (a) **CO-OWNERSHIP AGREEMENT:** The Developer, the Purchaser and the Management Company shall each sign three counterparts of the Co-Ownership Agreement prior to the Completion Date – one to be delivered to each signing party.
- (b) **OPTION AND POWER OF ATTORNEY TO MANAGEMENT COMPANY:** The Purchaser shall also sign a Power of Attorney and an Option granted to the Management Company in registerable form prior to the Completion Date. The form of the Option and the POA are attached as Exhibit "F" and Exhibit "G" to the Disclosure Statement. The executed POA shall be delivered to the Developer's Lawyer prior to the Completion Date and the executed Option shall be registered concurrently with the Transfer of the Shared Interest to the Purchaser.

6. **POSSESSION:** The Purchaser will have vacant possession of the Site on the day following the Completion Date subject to the Co-ownership Agreement (the "Possession Date").

7. **ADJUSTMENTS:** The Purchaser will assume and pay all property taxes, utilities, fees and other charges payable to the Management Company and other charges customarily the subject of adjustments as of the Completion Date. The Purchaser's Lawyer will prepare Statements of Adjustments which will include adjustment of property taxes, utilities, fees and other charges payable to the Management Company, real estate commission (if any) and the Deposit. Other matters customarily the subject of adjustments, if any, will be adjusted directly between Developer and Purchaser as of the Completion Date.

The Purchaser will also pay the Owners' Fees for the current year, pro rated, to the Owners Corporation on the Completion Date.

8. **TENDER:** Tender or payment of monies by the Purchaser to the Developer will be by certified cheque, bank draft or lawyer's/notary's trust cheque.

9. **TITLE:** Title to the Shared Interest will be conveyed to the Purchaser on or before the Completion Date free and clear of all encumbrances except conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights of way in favour of utilities and public authorities, the Management Company Lease and Easement and the Option.
10. **DOCUMENTS:** The Purchaser's solicitors will prepare and deliver the required Transfer and Statement of Adjustments to the Developer's solicitors at least five days prior to the Completion Date. All documents required to give effect to this Contract will be delivered in registrable form where necessary and will be lodged for registration at the appropriate Land Title Office on or before the Completion Date. The Purchaser will bear all costs of the conveyance and the Developer will bear all costs of clearing title.
11. **TIME:** Time will be of the essence of this Contract.
12. **CLEARING TITLE:** If the Developer has existing financial charges to be cleared from title, the Developer, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Purchase Price, but, in this event, the Purchaser may pay the Purchase Price to a lawyer or notary in trust, on undertakings to pay and discharge the financial charges, and remit the balance, if any, to the Developer.
13. **RISK:** The Site shall be at the risk of the Developer to and including the day preceding the Completion Date and from and after the Completion Date shall be at the risk of the Purchaser. The Purchaser shall be responsible to take out and maintain insurance as required by the terms of the Co-Ownership Agreement from and including the Completion Date.
14. **TAXES:** The Purchaser shall assume and pay all real property taxes, Goods and Services Tax ("GST") on the value of the Shared Interest, Property Transfer Tax, rates, local improvements assessments and other charges including all contributions levied against the Shared Interest, and all adjustments both incoming and outgoing of whatsoever nature will be made as of the Completion Date. The Purchaser will pay to the Developer on the Completion Date the amount of GST on the value of the Shared Interest and the Developer will be responsible for remitting the appropriate amount of tax.

15. **DEVELOPER'S WARRANTIES:** The Developer warrants and represents to the Purchaser as follows:
- (a) the Developer is "resident in Canada" within the meaning of that phrase in Section 116 of the Income Tax Act of Canada; and
 - (b) the Developer will require the Management Company and other Purchasers of a shared interest in the Lands to execute a counterpart of the Co-Ownership Agreement and will require other Purchasers to execute and deliver an Option and POA to the Management Company on the same terms as are herein contained.
16. **ACKNOWLEDGEMENTS BY PURCHASER:** Each Purchaser acknowledges to and agrees with the Developer and the Management Company as follows:
- (a) Each Purchaser has received a copy the Disclosure Statement and all Exhibits thereto, and has had an opportunity to read and understand the same prior to the signing and delivery of this Agreement by any Purchaser or the Developer.
 - (b) The Developer intends to create eighty undivided shared interests in the Lands.
 - (c) The Lands are not subdivided to create separate titles to the Site or other Sites on the Lands, and the Purchaser's rights to use and occupy the Site pursuant to the Shared Interest are defined by the Co-Ownership Agreement.
17. **ASSIGNMENT:** The Purchaser may not directly or indirectly assigned the Purchaser's interest in this Contract or direct the Developer to transfer title to the Property to any third party without the written consent of the Developer, acting reasonably, and unless the Purchaser gives the Developer and the Developer's solicitors not less than 10 days' notice of a proposed assignment. An assignment will not release or discharge the Purchaser from any of the Purchaser's obligations or duties under this Contract. In the event of any assignment of this Contract prior to closing, the Purchaser will pay to the Developer an assignment fee of \$5,000.00 (the "Assignment Fee") unless such assignment is to a spouse, child, grandchild, parent, grandparent or sibling of the Purchaser or a company owned or controlled by the Purchaser on closing and the Purchaser provides the Developer with a statutory declaration in respect thereof. Any assignment by the Purchaser for which consent has been received from the Developer will only be effective upon receipt of the

Assignment Fee and the execution of an agreement by the assignee agreeing to be bound by the terms and conditions of this Contract.

18. **COUNTERPARTS:** This Agreement may be signed in counterparts or by facsimile and each such counterpart or facsimile will constitute an original document and such counterparts or facsimile, taken together, will constitute one and the same instrument.
19. **MARKETING:** The Shared Interests may be marketed in British Columbia by the Developer's in-house sales staff or such other Real Estate Agents as the Developer may retain from time to time. The in-house sales staff and employees of the Developer are not licensed under the *Real Estate Services Act* and are not acting on behalf of the Purchaser. The Developer reserves the right to substitute other listing agents from time to time to represent the Developer in the sale of the Site.
20. **GENERAL TERMS:**
 - (a) any changes made to this Agreement by interlineations or by writing on this Agreement shall be binding upon the parties hereto only if initialled by all of them;
 - (b) there are no representations, warranties, promises or agreement made by either of the parties hereto to the other save and except as specifically set out herein in writing or in any addendum hereto, all of which will survive the completion of the purchase and sale of the Shared Interest, registration of conveyancing documents at the Land Title Office and payment of the Purchase Price;
 - (c) this Agreement and the terms, covenants and conditions herein contained shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns;

- (d) this Agreement shall be interpreted in accordance with and shall be subject to the laws of the Province of British Columbia whether or not this Agreement is signed by any party hereto outside of the said Province.

SIGNED by the Purchaser(s) this ____ day of _____, 2013.

Witness
(as to both signatures if more than one)

Purchaser -

Purchaser -

SIGNED by the Developer this ____ day of _____, 2013

Witness

Developer by its authorized agent

SCHEDULE A

Purchasers Conditions

DATED:

BETWEEN:

(Purchaser)

AND:

(Developer)

PURCHASE CONTRACT

EXHIBIT "E"
Co-Ownership Agreement

(see attached)

MAGNA BAY RESORT – SHUSWAP LAKE

CO-OWNERSHIP AGREEMENT

THIS AGREEMENT dated for reference the ____ day of _____, 20__.

BETWEEN:

0884263 B.C. Ltd.

a British Columbia company

4th Floor, 3205 32nd Street, Vernon, BC V1T 2M4

(the “Developer”)

AND:

(the “Owner”)

AND:

0977646 B.C. Ltd.

a British Columbia company (Inc. No. BC0977646)

4th Floor, 3205 32nd Street

Vernon, BC V1T 2M4

(the “Owners’ Corporation”)

AND: Darroch Investments Ltd.

a British Columbia company

4th Floor, 3205 32nd Street, Vernon, BC V1T 2M4

(the “Management Company”)

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Background

- A. As of the date of this Agreement, the Developer is the owner of 82 Class "A" voting common shares in the issued capital of the Owners' Corporation, being all of the issued shares in the Owners' Corporation.
- B. The Developer intends to develop approximately eighty (80) recreational vehicle sites on the Lands as defined below. The Lands are approximately 6.37 acres in size and each recreational vehicle site will be approximately 170 sq.m. in size.

Terms of Agreement

In consideration of the premises and the covenants, agreements, representations, warranties and payments contained in this Agreement, the parties agree with each other and with all other Owners of Shared Interests, as follows:

Part 1 – Purposes, Definitions and Interpretation

- 1.1 The parties have entered into this Agreement for the following purposes:
 - (a) to provide for the professional management and operation of the Lands for the benefit of the Owners;
 - (b) to provide to the Owner the right of access and use of the Owner's Site and the Building; and
 - (c) to provide the Manage the right of access and use of the Management Company's Area.
- 1.2 In this Agreement,
 - (a) "Access Roads" means the internal access roads on the Vacation Site Lands shown on the Sketch Plan.
 - (b) "Additional Residence" means the one additional residence or modular home located on the Vacation Site Lands within the area of the Lands designated Development Area 1 in the Comprehensive Development 1 (CD1) zone in the Columbia Shuswap Regional District Magna Bay Zoning Bylaw No. 800, as amended by the Magna Bay Zoning Amendment (Magna Bay Developments) Bylaw No. 800-18. The uses permitted within Development Area 1 include one dwelling unit;
 - (c) "Assessment Authority" means the British Columbia Assessment Authority or such other governmental authority as has jurisdiction from time to time to assess the value of any or all of the Lands, Building, Shared Facilities and Sites for Property Tax purposes pursuant to the provisions of the *Assessment Act* (British Columbia);
 - (d) "Building" means the building constructed on the Lands for the purpose of a clubhouse that the Owners will share the use of, located within the common use and services area shown on the Site Plan;

- (e) **"Common Areas"** means the areas of the Development set aside for the common use of all Owners, Guests and Renters, as shown on the Site Plan;
- (f) **"Consumer Price Index"** means the All-Items Consumer Price Index for Vancouver, British Columbia, published on an annual basis by Statistics Canada or its successor.
- (g) **"Development"** means the Magna Bay Resort developed by the Developer on the Lands including the Shared Facilities, Building, Common Areas and Sites;
- (h) **"GST"** means the Goods and Services Tax imposed pursuant to the provisions of the *Excise Tax Act* (Canada);
- (i) **"Guest"** means any person using and occupying a Site for overnight accommodation with the authorization of the Owner and who does not pay any money or give any other consideration to the Owner of the Site or any other party for such use and occupation;
- (j) **"Immediate Family"** means and includes the spouse of the Owner, the children and grandchildren of the Owner and the spouse of any such children or grandchildren of an Owner;
- (k) **"Lands"** means those lands and premises legally described as:
 Parcel Identifier: 010-875-735
 Lot 1 Block 2 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 3312 (the **"Vacation Site Lands"**)
 and
 Parcel Identifier: 008-324-441
 Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439 (the **"Waterfront Lands"**)
- (l) **"Management Company"** means Darroch Investments Ltd., a company incorporated in British Columbia which will provide resort management services to the Owners as is more particularly described in the Resort Management Services Agreement;
- (m) **"Management Company's Area"** means that portion of the Vacation Site Lands shown on the Site Plan and identified as Development Area 1 and Development Area 3 in the applicable Comprehensive Development 1 (CD1) zoning bylaw in the Columbia Shuswap Regional District Magna Bay Zoning Bylaw No. 800, as amended, which currently includes Magna Bay Enterprises Ltd.'s ("MBE") boat rental business, office, and the personal residence of the MBE's principal;
- (n) **"Management Company Lease and Easement"** means a lease and easement registered on title to the Lands which grants the Management Company the use and occupation of the existing residence located on the Vacation Site Lands within the Management Company's Area, the Management Company Area, the foreshore lease area adjacent to the Waterfront Lands, the Waterfront Lands, and the boat ramp and the dock located within the foreshore of the Waterfront Lands;

- (o) **"Option(s)"** means the option to purchase to be granted to the Owners' Corporation by the Owner and all other Owners, not including the Developer, in the form attached as Schedule A;
- (p) **"Owners"** means, collectively, the Owner and all other Owners of a Site and the owner of the Additional Residence registered in the Land Title Office as owner in fee simple of a shared interest in the Land and party to the Co-Ownership Agreement, including the Developer, but not including the Management Company;
- (q) **"Owner's Site"** means site number indicated on the first page of this Co-Ownership Agreement as shown on the Site Plan which is licensed for the use and occupation of the Site by the Owner and the Permitted Occupants;
- (r) **"Park Model"** means a trailer or recreational unit which conforms to CSA Z241 Standard for RVs and does not exceed 50m² of floor space;
- (s) **"Permitted Occupants"** means, in reference to the Owner's Site, the Owner and other persons authorized by the Owner to use and occupy the Owner's Site and any RV or improvements thereon, from time to time, including the Owner's Immediate Family, Guests and Visitors and the Owner's Renters and their respective Immediate Family, Guests and Visitors;
- (t) **"POA"** means the Power of Attorney to be granted by the Owner, and all other Owners, to the Owners' Corporation in the form attached as Schedule B;
- (u) **"Prime Rate"** means an annual rate of interest designated and advertised from time to time by the Owners' Corporation's bank or credit union, as its prime rate of interest;
- (v) **"Pro Rata"** the Development will consist of approximately eighty (80) recreational vehicle sites. Pro rata or proportionate share means the fraction which has as its numerator the number one (1) and as its denominator the total number of Sites;
- (w) **"Property Taxes"** means all taxes, local improvements and similar rates, duties, assessments and charges, school taxes and any other taxes, rates, duties and assessments both general and special, levied or imposed upon or with respect to the Lands and any of the Shared Facilities from time to time, as finally determined for each calendar year as a result of assessment, appeal from assessment or judicial review, and shall include any legal, survey or appraisal costs incurred by the Developer or the Owners' Corporation in any appeal of such levies or assessments;
- (x) **"Regional District"** means the Columbia Shuswap Regional District and includes any other governmental authority in succession to the Regional District;
- (y) **"Renters"** means each person who is renting a Site, with or without the RV or other improvements on the Site, from the Owner of the Site in compliance with the provisions of this Agreement;

- (z) **"Residence"** means the existing building located on the Vacation Site Lands located within the Management Company's Area which currently includes MBE's boat rental business, office, and the personal residence of the MBE's principal;
- (aa) **"Rules and Regulations"** means the rules and regulations set out in Schedule C and includes all amendments thereto made from time to time in accordance with the provisions of this Agreement;
- (bb) **"RV"** means a vehicular-type of portable structure, without permanent foundation, that can be towed, hauled or driven and that is primarily designed for use as temporary living accommodation for the purposes of recreation, camping and travel, including, but not limited to, travel trailers, truck campers, camping trailers and self-propelled motor homes and does not include a park model;
- (cc) **"Seasonal"** means less than one hundred eight-two (182) days per calendar year;
- (dd) **"Shared Facilities"** means the facilities of the Development shared by all Owners and other Permitted Occupants including, without limitation, laundry facilities, washrooms and shower facilities, the Building, the internal road system within the Development, Common Areas, and the water and sewage disposal systems serving the Development;
- (ee) **"Shared Interest"** means an undivided interest in the Lands, registered in the name of the Owner at the Kamloops Land Title Office. The Developer will create eighty-two (82) shared interests in the Lands. One shared interest will be allocated to each of the Sites and one shared interest will be allocated to the existing residence located on the Vacation Site Lands within the Management Company's Area,;
- (ff) **"Sites"** means all of the recreational vehicle sites within the Development described on the Site Plan, including the Owner's Site, plus the site for the Additional Residence, but does not include the Management Company's Area. **"Site"** means any one of the Sites and, in both cases, includes any RV and improvements located on a Site;
- (gg) **"Site Plan"** means the sketch plan of the Vacation Site Lands attached as Schedule D;
- (hh) **"Special Resolution"** means a special resolution of the shareholders of the Owners' Corporation passed in accordance with the Articles of the Owners' Corporation and the *Business Corporations Act* (British Columbia);
- (ii) **"Temporary"** means less than four (4) consecutive weeks;
- (jj) **"Taxes on Owner's Improvements"** means all taxes, rates, duties and assessments imposed or levied in respect of any buildings or other improvements on the Owner's Site or on the RV, whether or not such taxes, rates, duties and assessments form part of the Property Taxes or are levied and payable separately;
- (kk) **"Visitor"** means any person using and enjoying a Site at the invitation of the Owner of the Site, but who does not use the Site for overnight occupation and who does

not pay any money or other consideration to the Owner or any other party for such use and enjoyment; and

- (II) **"Zoning Bylaw"** means Columbia Shuswap Regional District Magna Bay Zoning Bylaw No. 800, Comprehensive Development 1, and amendments thereto and any legislation enacted in replacement thereof from time to time as the provisions thereof apply to the Development.
- 1.1 All accounting terms, words and phrases used in this Agreement shall have the meanings generally ascribed to them in accordance with generally accepted accounting principles applied consistently in Canada.
- 1.2 Corporate ownership of a shared interest and a corresponding share in the Owners' Corporation is permitted provided that a director of such corporate owner personally guarantees compliance with the Co-Ownership Agreement.
- 1.3 In this Agreement, **"spouse"** includes a common law spouse, being
 - (a) a person who is united to another person by a marriage that, although not a legal marriage, is valid by common law; or
 - (b) a person who has lived and cohabited with another person in a marriage-like relationship, including a marriage-like relationship between persons of the same gender, for a period of at least 2 years immediately before the other person's death.
- 1.4 In this Agreement, reference to the masculine singular includes the feminine, plural and body corporate as the context or the circumstances require.
- 1.5 This Agreement has specific application to the Owner named as a party to this Agreement and general application to all Owners.
- 1.6 The Developer will require all persons who purchase Shared Interests from the Developer to enter into and execute a counterpart of this Agreement, the Option, and POA.
- 1.7 The Owners' Corporation will require all purchasers of Shared Interests (other than those who purchase from the Developer) to enter into and execute a counterpart of this Agreement and cause the purchaser to execute and deliver to the Owners' Corporation the Option and POA.

Part 2 – Term

- 2.1 This Agreement shall continue in full force and effect as long as the Owner owns a Shared Interest.

Part 3 - Transfer of Shares of Owners' Corporation

- 3.1 When forty-five (45) Shared Interests have been sold by the Developer and the sales have completed, or at such earlier time as the Developer in its discretion may elect, the Developer will transfer two of its Class "A" common voting shares in the capital of the Owners' Corporation to the Management Company and one of its Class "A" common voting shares in the capital of the Owners' Corporation to each Owner and where there is more than one Owner of a Shared Interest, the Owner shall hold their share as co-owners as either tenants-in-common or jointly with right of survivorship, as determined by the Owner.
- 3.2 The Management Company's two Class "A" common voting shares in the capital of the Owners' Corporation shall be allocated one to the existing residence located on the Vacation Site Lands within the Management Company's Area, and one shared interest will be allocated to the site for the Additional Residence.
- 3.3 Notwithstanding the Articles of the Company, an Owner may not transfer such share to any corporation other than the Owners' Corporation and may only transfer such share, in accordance with the provisions of this Agreement, to an individual person or to members of the same Immediate Family.
- 3.4 Notwithstanding the Articles of the Owners' Corporation, the shares of the Owners' Corporation may not be held by anyone other than the Owners, the Developer, the Management Company, or by the Owners' Corporation itself.

Part 4 – Transfer Restrictions

- 4.1 An Owner shall not complete a sale or transfer of the Owner's Shared Interest without first requiring the purchaser thereof to execute and deliver to the Owners' Corporation a counterpart of this Agreement, an Option and a POA.
- 4.2 An Owner shall not sell or transfer his Shared Interest separately from his corresponding share in the issued capital of the Owners' Corporation and a sale or transfer of a Shared Interest must include the sale or transfer of the corresponding Owners' Corporation Share and *vice versa*.
- 4.3 An Owner shall not sell or transfer his Shared Interest in the Waterfront Lands separately from his corresponding Shared Interest in the Vacation Site Lands and a sale or transfer of a Shared Interest in the Waterfront Lands must include the sale or transfer of the Shared Interest in the Vacation Site Lands and *vice versa*.
- 4.4 In the event of the sale by an Owner of the Owner's Shared Interest, the Owners' Corporation shall not be obligated to provide a release of its Option charging the Shared Interest to facilitate such sale unless:
 - (a) each purchaser of the Shared Interest executes and delivers to the Owners' Corporation a counterpart of this Agreement, an Option and a POA; and

- (b) the Option shall be registered concurrently with the transfer of the Shared Interest to the purchaser.
- 4.5 In the event of the sale by an Owner of the Owner's Shared Interest, the Developer shall not be obligated to provide a release of its Option charging the Shared Interest to facilitate such sale unless:
 - (a) each purchaser of the Shared Interest executes and delivers to the Developer a counterpart of this Agreement, an Option and a POA; and
 - (b) the Option shall be registered concurrently with the transfer of the Shared Interest to the purchaser.
- 4.6 In the event of a sale by an Owner of the Owner's Shared Interest and corresponding share in the issued capital of the Owners' Corporation the Owner shall pay a transfer fee to the Management Company to cover the Management Company's cost of preparing and arranging execution and registration of a new Co-Ownership Agreement, Option and POA for the purchaser of the Owner's shared interest and the cost of preparing and arranging execution of the documents to transfer the corresponding share in the issued capital of the Owners' Corporation.
- 4.7 The Owner shall not mortgage, pledge, charge or otherwise encumber the Owner's Shared Interest or the Owner's share in the Owners' Corporation.
- 4.8 The Management Company shall not complete a sale or transfer of the Management Company Lease and Easement without first requiring the purchaser thereof to execute and deliver to the Owners' Corporation an assumption of this Agreement and transferring one Shared Interest and one share in the issued capital of the Owners' Corporation to the purchaser of the Management Company Lease and Easement.
- 4.9 The Management Company shall not complete a sale or transfer of the Shared Interest allocated to the site for one additional residence or modular home located on the Vacation Site Lands within the Management Company's Area without first requiring the purchaser thereof to execute and deliver to the Owners' Corporation an assumption of this Agreement and transferring one share in the issued capital of the Owners' Corporation to the purchaser thereof.
- 4.10 The Management Company shall not sell or transfer his Shared Interest separately from his corresponding share in the issued capital of the Owners' Corporation and a sale or transfer of a Shared Interest must include the sale or transfer of the corresponding Owners' Corporation Share and *vice versa*.

**Part 5 – Restrictions on Use, Occupation and Enjoyment of
the Lands, Sites, Common Areas and Shared Facilities**

- 5.1 The Owner and other Permitted Occupants of the Site shall be entitled to the use and occupation of the Site pursuant to the terms and conditions of this Agreement.
- 5.2 Only those Permitted Occupants who are using and occupying a Site for overnight accommodation shall be entitled to use the Lands, the Building, Common Areas and Shared Facilities.
- 5.3 The Owner acknowledges and agrees that, notwithstanding payment of the annual Owner's Fees (as defined below) to the Owners' Corporation, use of the Lands, the Building, the Sites, Common Areas and Shared Facilities is subject to the policies of the Owners' Corporation established from time to time with respect to seasonal openings, hours of operation, and compliance by the Users of the Owner's Shared Interest with all rules governing the conduct of those using the Lands, the Building, the Sites, Common Areas and Shared Facilities, established by the Owners' Corporation from time to time.
- 5.4 The Owners' Corporation and the Management Company (and the Developer while the Developer is the Owner of a Shared Interest) shall have the right at any time to enter onto the Site, and, upon reasonable notice, to enter into any RV or other improvements located on the Site, for the purposes of:
 - (a) inspecting the Site, the RV and improvements, including any of the utility works and services serving the Site and any improvements and RV;
 - (b) to make any necessary repairs, replacement or alterations to the utility works and services serving the Site or serving any other Site, the Common Areas or Shared Facilities;
 - (c) to keep the Site clear of any growth, obstructions, fences or other structures or improvements of any nature or kind whatsoever which might interfere with or endanger any of the utility works and services; and
 - (d) to preserve and promote the peace, harmony and quiet use and enjoyment of any portion of the Development and the Site including, without limitation, for the purpose of enforcing the Rules and Regulations.
- 5.5 The Owner shall give to the Owner's Corporation a minimum of 48 hours' advance notice of any proposed use and occupancy of the Site, and any improvements or RV located thereon, by any person other than the Owner. Such notice shall include the name, address and telephone numbers of such persons. The Owners' Corporation may require that such notice be given to the Management Company. The Owners' Corporation may deny access by such persons to the Development and the Site if an Owner fails to give the notice as required by this section.

- 5.6 The Lands, the Building, the Sites, Common Areas and Shared Facilities shall be used, occupied and enjoyed strictly in compliance with the Rules and Regulations, the Zoning Bylaw and the provisions of this Agreement.
- 5.7 The Owner acknowledges and agrees the Site may be used only for Seasonal and Temporary accommodation in accordance with the Zoning Bylaw.
- 5.8 Service boxes on a Site containing electrical or other works and services shall be locked and only the Owners' Corporation and its employees, agents and contractors or the service provider shall have access to the boxes and the services in them.
- 5.9 The Management Company reserves the right to retain use of the Management Company's Area for the purpose of personal residential use, an office, operation of a boat rental, repair and sale business, parking and ancillary uses. The Management Company reserves the right to use, or allow others to use, the Management Company's Area in any manner permitted by law.
- 5.10 The Developer, the Owners' Corporation and the Owner acknowledge and agree that a Management Company Lease and Easement has been or will be registered on title to the Lands which grants the Management Company the use and occupation of the existing residence and modular home located on the Vacation Site Lands within the Management Company Area, the Management Company Area, the foreshore lease area adjacent to the Waterfront Lands, and the boat ramp and dock located within the foreshore of the Waterfront Lands.
- 5.11 The Developer, the Owners' Corporation and the Owner agree not to interfere with any of the rights and privileges granted to the Management Company, its successors, assigns or transferees, pursuant to the Management Company Lease and Easement.
- 5.12 The Owners' Corporation and the Management Company agree that the costs to maintain, repair, and replace the existing dock located within the foreshore of the Waterfront Lands shall be allocated 80% to the Owners' Corporation and 20% to the Management Company.
- 5.13 The Owners' Corporation and the Management Company agree that the costs to install, maintain, repair; expand and replace from time to time an additional boat dock or docks and boat ramp within the foreshore of the Waterfront Lands shall be at the sole cost and expense of the Management Company.
- 5.14 The Owners' Corporation reserves the right to refuse use of the Lands, the Building, the Sites, Common Areas and Shared Facilities to the Owner and other Permitted Occupants for failure by the Owner or Permitted Occupants to comply with this Agreement, including, without limitation, failure to comply with the rules established by the Owners Corporation from time to time governing the conduct of persons using the Lands, the Building, the Sites, Common Areas and Shared Facilities, or for failure by the Owner to pay Owner's Fees with respect to the Owner's Shared Interest.

- 5.15 Default by the Owner or any subsequent owner of the Owner's Shared Interest under the provisions of this Agreement shall entitle the Owners' Corporation to suspend the Lands, the Building, the Sites, Common Areas and Shared Facilities use privileges granted to the Owner and other Permitted Occupants under this Agreement until such default is remedied, provided however that no such suspension shall relieve the Owner from the obligation to pay the Owners' Fees and the Transfer Fee.

Part 6 – Rules and Regulations

- 6.1 The Rules and Regulations governing the use, occupation and enjoyment of the Sites, the Building, the Common Areas, the Shared Facilities and the Lands generally shall be those Rules and Regulations attached as Schedule C.
- 6.2 The Rules and Regulations may be amended from time to time in accordance with the following provisions :
- (a) the Rules and Regulations may be amended, unilaterally, by the Developer until such time as the Developer transfers its shares in the Owners' Corporation to the owners of the Shared Interests,
 - (b) after the transfer of the shares in the Owners' Corporation to the Owners in accordance with Section 3.1 the Rules and Regulations may be amended from time to time by a resolution passed by a majority of the owners.

Part 8 – Owners' Covenants and Obligations

- 8.1 The Owner agrees to observe and to cause the Permitted Occupants to observe the Rules and Regulations attached as Schedule C, and such further and other reasonable rules and regulations and amendments therein as may hereafter be made by the Owners' Corporation.
- 8.2 The Owner shall be responsible for the conduct of and breach of the Rules and Regulations by the Owner or other Permitted Occupants of the Owner's Site for any damage or personal injury caused by any of them to any persons, or to the Lands, the Building, Common Areas, Shared Facilities or to the Sites and the property of other Owners and persons on the Lands.
- 8.3 The Owner covenants and agrees to indemnify and save harmless the Developer, the Management Company and the Owners' Corporation from and against:
- (a) any damage, loss or expense suffered or incurred by the Developer, the Management Company or Owners' Corporation as a direct or indirect result of any act, negligent act or omission on the part of the Owner or any Permitted Occupant of the Owner's Site;
 - (b) any and all claims, demands, lawsuits or legal proceedings that may be brought against the Developer, the Management Company or the Owners' Corporation by any person or corporation whatsoever claiming damages,

costs or expenses suffered or incurred by any such claimants for personal injury (including death) or property damage, arising directly or indirectly as a result of any act, negligent act or omission of the Owner or any Permitted Occupant of the Owner's Site;

- (c) costs incurred by the Developer, the Management Company or Owners' Corporation on a solicitor and own client basis as a result of responding to or defending any such claim, demand, lawsuit or other legal proceedings; and
- (d) any loss, damage, cost or expense suffered or incurred by the Developer, the Management Company or the Owners' Corporation as a result of any breach of any of the provisions of this Agreement by the Owner or any Permitted Occupant of the Owner's Site.

This indemnity shall extend to and be for the benefit of the directors, officers and employees of the Developer, the Management Company and Owners' Corporation. Notwithstanding the foregoing, no person shall be liable in respect of the indemnity where the circumstances giving rise to the obligation to indemnify occur after the person has ceased to be an Owner of a Shared Interest.

- 8.4 The Owner shall pay to the Owners' Corporation promptly when due and without any deduction, counterclaim or setoff of any kind or nature whatsoever, all money payable by the Owner to the Owners' Corporation pursuant to the provisions of this Agreement, including without limitation the Owners' Fees as defined below.
- 8.5 The Owner shall be responsible to insure any RV or improvement on the Owner's Site or any of the Owner's property in or about the Lands.
- 8.6 The Owner shall keep the Owner's Site clear of any growth, obstruction, fences or other structures or improvements of any nature or kind whatsoever which might interfere with or endanger any of the utility works and services within the Development or which obstructs full and free access to such utility works and services.
- 8.7 Prior to the Owners' Corporation providing service for the collection and disposal of garbage and refuse for the Development, each Owner shall be responsible for securing and storing garbage and refuse on the Owner's Site and in a manner which does not attract wildlife. The owner shall remove all garbage and refuse from the Owner's Site within a reasonable time, and any event no later than departure by the Owner.
- 8.8 Upon the Owners' Corporation providing service for the collection and disposal of garbage and refuse for the Development, no garbage or refuse shall be stored outside of an RV or other building on the Owner's Site, and the Owner or other Permitted Occupant of the Site shall place such garbage and refuse in plastic garbage bags and deposit such garbage bags in bins provided by the Owners' Corporation at such place on the Common Areas as the Owners' Corporation decides.

- 8.9 The Owner shall not make, place, erect, grow or maintain any building, structure, improvement or vegetation of any kind or nature whatsoever in or upon the Owner's Site (other than an RV) or any other part of the Lands without the express prior written consent of the Owners' Corporation, which may, in their sole, unfettered discretion, be withheld or given conditionally. In the event such consent is given, the Owner shall proceed strictly in compliance with any conditions imposed upon such consent and in compliance with all applicable governmental requirements including, without limitation, the applicable provisions of the Bylaws of the Regional District.
- 8.10 The Owner shall not grant a mortgage, security interest, or any encumbrance of any kind in the Owner's Shared Interest or the Owner's Owners' Corporation share.

Part 9 – Management Company's Authority, Covenants and Obligations

- 9.1 The Management Company or any subsequent owner, transferee, assignee or lessee of the Management Company Lease and Easement shall, at all times, have the sole authority and responsibility to manage and administer the Residence and the Management Company's Area.
- 9.2 The Management Company or any subsequent owner, transferee, assignee or lessee of the Management Company Lease and Easement shall be responsible for paying for all taxes, costs, charges and expenses attributable to the Residence and the Management Company's Area.

Part 10- Owners' Corporation Powers, Authority and Duties

- 10.1 The Owners' Corporation shall, at all times, have the sole authority and responsibility to manage and administer the Development, the Building, the Sites, Common Areas and Shared Facilities for and on behalf of, and at the expense of, the Owner and all other Owners of Shared Interests, and shall do so in a faithful, diligent and honest manner. Without limiting the generality of the foregoing, such management and administration shall include the right, authority, power, duty and responsibility to:
- (a) collect and administer the Owners' Fees as defined below;
 - (b) promote and enforce the Rules and Regulations and to publish all amendments made to the Rules and Regulations from time to time at a conspicuous place on the Lands;
 - (c) provide all janitorial, maintenance and landscaping services required, in the opinion of the Owners' Corporation, to keep the Building, Common Areas and Shared Facilities in a clean and sanitary condition;
 - (d) provide security and supervisory services with respect to the Lands to prevent, to the extent reasonably practicable, the entry to or continued presence on the Lands of any persons who are not properly permitted or otherwise authorized to be in or upon any portion of the Lands;

- (e) manage, control and administer the use and enjoyment of the Building, Common Areas and Shared Facilities by the Owners and Permitted Occupants including, without limitation, making and enforcing such requirements, in addition to the Rules and Regulations as the Owners' Corporation may deem necessary for the fair and equitable sharing of the use, benefit and enjoyment of the Building, Common Areas and Shared Facilities;
- (f) obtain and maintain such insurance coverage on such terms and in such amounts as the Owners' Corporation, acting reasonably, sees fit from time to time with respect to:
 - (i) any public liability and property damage insurance protection indemnifying the Owners' Corporation, the Developer and the Owners against any claims for damage or injury to persons or property or for the loss of life occurring upon the Lands or any part thereof or with respect to the use of the Building and Shared Facilities;
 - (ii) insurance for all buildings and improvements comprising any portion of the Lands, including Common Areas and Shared Facilities, against all risk of loss or damage caused by or resulting from fire, lightening, flood, malfunction or non-function, and all such other perils as the Owners' Corporation, acting reasonably, may deem fit;
- (g) keep and maintain in a state of good and serviceable repair the Building, Common Areas and Shared Facilities, provided the cost of any repairs, maintenance or replacement as may be required as a result of the act, negligence or omission by the Owner or any Permitted Occupants of the Owner's Site, shall be paid by the Owner;
- (h) maintain, repair and replace, as needed, all roads and utility works and services installed within and serving the Development;
- (i) provide for the collection and disposal of garbage and refuse for the Development and, in furtherance thereof, to require Permitted Occupants of Sites to place their garbage, contained within plastic garbage bags, in one or more bins provided by the Owners' Corporation at such locations on the Common Areas as the Owners' Corporation chooses;
- (j) prepare or cause to be prepared proper and adequate records, books of account and financial statements of the operations, profits and losses of the Owners' Corporation and to at all times, upon receiving reasonable advance notice and request from the Owner, provide the Owner with full and ample opportunity to inspect all such records, books of account and financial statements;

- (k) provide all staff and personnel reasonably required to fully and effectively carry out all of the duties and responsibilities of the Owners' Corporation in a prompt and efficient manner;
 - (l) establish and continually maintain a contingency reserve fund for all extraordinary and capital costs and expenditures concerning the repair, maintenance and replacement of the Common Areas and Shared Facilities (the "Contingency Reserve Fund") in such amounts as the Owners' Corporation, acting reasonably, deems fit;
 - (m) keep the Contingency Reserve Fund separate and apart in an interest bearing account for and on behalf of the Owners and the Owners' Corporation shall not use, borrow against or dispose of the Contingency Reserve Fund or any part thereof except for the purposes for which it is intended unless such borrowing, disposition or expenditure is approved by Special Resolution;
 - (n) hold and maintain for and on behalf of the Owners all permits and licences issued or required with respect to the Development generally;
 - (o) file any necessary income tax returns or other governmental filings lawfully required to be filed by the Owners' Corporation from time to time;
 - (p) employ or retain such counsel, accountants, engineers, appraisers, or other experts or advisers as it may reasonably require for the purposes of discharging its duties hereunder, and the Owners' Corporation shall not be responsible for any misconduct on the part of any of them, but may act, in good faith, on the opinion or advice of, or information obtained from any of them.
- 10.2 All of the duties, obligations and responsibilities of the Owners' Corporation set forth in this Agreement are herein called "**Management Duties**". The Management Duties may be amended or added to by Special Resolution.
- 10.3 All of the costs, charges and expenses of every nature and kind whatsoever, including the Management Fee, incurred by the Owners' Corporation in carrying out all of the duties, obligations and responsibilities of the Owners' Corporation set forth in the Co-Ownership Agreements are herein called the "**Management Costs**".
- 10.4 The Owners' Corporation shall not be responsible for
- 10.5 Until changed by Special Resolution, the fiscal year of the Owners' Corporation shall end on December 31st in each year.
- 10.6 The Owners' Corporation shall prepare and provide to the Owners, on an annual basis for each fiscal year of the Owners' Corporation, a budget of Management Costs anticipated for each fiscal year of the Owners' Corporation (the "**Budget**"). The Budget for each fiscal year shall be prepared and mailed to the Owners prior to the end of the immediately preceding fiscal year.

- 10.7 The Budget shall include, in addition to anticipated Management Costs, a provision for contribution to the Contingency Reserve Fund.
- 10.8 If the Owners' Corporation deems it necessary, the Owners' Corporation may amend a Budget for a fiscal year from time to time and, if the Owners' Corporation elects to do so, the Owners' Corporation shall prepare an amended Budget and mail the amended Budget to the Owners as soon as the amended Budget has been prepared.
- 10.9 The Owners' Corporation shall collect the budgeted Management Costs and contributions to the Contingency Fund from the Owners, and the Owners of each Shared Interest shall be responsible to pay a Pro Rata Share of the budgeted Management Costs and contributions to the Contingency Reserve Fund ("Owners' Fees"). The Owners shall pay their Owners' Fees to the Owners' Corporation, in advance, annually on or before January 31.
- 10.10 If the Owners' Corporation incurs Management Costs from time to time in excess of Management Costs that have been included in the current Budget (the "Excess Management Costs"), the Owners' Corporation shall make a special assessment of Owners' Fees payable by the Owners to cover the Excess Management Costs and shall mail to the Owners a notice of the special assessment giving the particulars of the Excess Management Costs being the subject of the special assessment. The Owner shall pay the Owner's Pro Rata share of the Excess Management Costs not later than 30 days after notice of the special assessment has been given.
- 10.11 If Owners' Fees are subject to payment of GST, the Owners will pay to the Owners' Corporation in addition to and at the same time as payment of Owners' Fees is required, GST on the amount of the Owners' Fees.
- 10.12 Overdue Owners' Fees (and GST thereon if any) shall bear interest at an annual rate equivalent to the Prime Rate plus 5% per annum, calculated monthly from the due date for payment of the Owners' Fees until the overdue Owners' Fees are fully paid.
- 10.13 If the Owners' Fees collected by the Owners' Corporation for a fiscal year exceed the amount of the actual Management Costs and Excess Management Costs (if any) incurred by the Owners' Corporation for that fiscal year (a "Surplus"), the Surplus shall either be refunded to the Owners and Developer in proportion to their contributions, deposited in the Contingency Reserve Fund or applied toward payment of Management Costs for the next fiscal year, as the Owners' Corporation may direct, and in either case shall be reflected in the Budget for the next fiscal year.
- 10.14 The Owner acknowledges and agrees that the Owners' Corporation has delegated the Owners' Corporation's powers, authority and duties described in this Part 9 to the Management Company pursuant to the Resort Management Services Agreement.

Part 11- Property Taxes

- 11.1** Property Taxes shall be charged to the Owner separately from and in addition to Owners' Fees, in accordance with the provisions of this Section 10, and shall not be included in the annual budget of the Owners' Corporation.
- 11.2** In each year that the Assessment Authority provides to the Owners' Corporation in each year the Assessment Authority's determination of the assessed value of each of the Sites, the Owner will in each year pay to the Owners' Corporation, when billed by the Owners' Corporation, the Owner's proportionate share of the Property Taxes, which shall be determined each year as follows:

$$\frac{\text{Assessed value of Owner's Site}}{\text{Total Assessed Values of all Sites}} \times \text{Property Taxes}$$

Total Assessed Values of all Sites

- 11.3** If, in any year, the Assessment Authority fails or refuses to provide to the Owners' Corporation the Assessment Authority's assessment of the value of each of the Sites and the Additional Residence at least 30 days before the date upon which Property Taxes must be paid in order to avoid a late payment penalty (the "Property Tax Billing Date") then each Owner shall be obligated to pay a Pro Rata Share of the total amount of the Property Taxes.
- 11.4** As soon as the Owners' Corporation has determined the proportionate share of Property Taxes to be paid in respect of each Site in accordance with section 10.2 or section 10.3 as applicable, the Owners' Corporation shall provide to the Owner a notice setting out the Owner's share of the Property Taxes and the method of calculating the amount payable. The Owner shall pay to the Owners' Corporation the Owner's proportionate share of the Property Taxes not later than 10 days prior to the Property Tax Billing Date.
- 11.5** The Owner shall pay Taxes on the Owner's Improvements relating to the Owner's Site as and when the same become due from time to time unless such Property Taxes are included in the amount payable by the Owner under sections 10.2 or 10.3.
- 11.6** The Owner's proportionate share of the Property Taxes and in arrears, together with any interest, penalties or other amounts levied by the taxing authority (plus GST on such amount, if any) shall bear interest at an annual rate equivalent to the Prime Rate plus 5% per annum, calculated monthly from the due date for payment of the Property Taxes until the overdue Property Taxes are fully paid.
- 11.7** The Management Company shall pay Property Taxes on the Residence in accordance with the Management Company Lease and Easement.

Part 12- Owners' Corporation Remedies

- 12.1** If the Owner, including any Permitted Occupants, (in this Part, the "Defaulting Owner") is in default of any of the provisions of this Agreement (a "Default"), the following shall apply:
- (a) any Default by a Permitted Occupant of the Owner's Site, for all purposes, will be deemed a Default by the Owner and the Owner shall be a Defaulting Owner;
 - (b) the Owners' Corporation shall deliver to the Defaulting Owner a written notice (the "Notice") setting out the nature of the Default and the Defaulting Owner will have 30 days (the "Cure Period") from the date of the Notice to fully rectify and remedy the Default, unless, as stated in the Notice, the Default constitutes an immediate threat to the reasonable enjoyment, safety or well-being of any other persons using and occupying any portion of the Development and, in any such case, the Owner shall immediately remedy or rectify the Default;
 - (c) if a Default in respect of which a Notice is given is not fully remedied or rectified within the Cure Period, then, at the expiration of the Cure Period, the continuing Default shall constitute and is for the purposes of this Agreement be deemed to be a "Triggering Event";
 - (d) upon the occurrence of a Triggering Event, the Owners' Corporation may, in its sole discretion, purchase the Defaulting Owner's Shared Interest, including any RV or moveable chattels on the Defaulting Owner's Site, together with the Owners' Corporation Share of the Defaulting Owner, for a price equivalent to 75% percent of the fair market value of the Defaulting Owner's Shared Interest (without including any RV or moveable chattels on the Defaulting Owner's Site) as determined by a qualified real estate appraiser chosen by the Owners' Corporation and whose determination of the fair market value of the Owner's Site and its Owners' Corporation Shared shall be final and binding upon the Defaulting Owner;
 - (e) if the Owners' Corporation exercises its Option to purchase the Shared Interest and Owners' Corporation Share of the Defaulting Owner as set out in section 10.1(d), the Owners' Corporation shall be entitled to use the POA to effect such transfer to the Owners' Corporation or, at the option of the Owners' Corporation, to a third party purchaser;
 - (f) the Owners' Corporation shall use its best reasonable efforts to sell the Shared Interest and related Owners' Corporation Share, without any vendor financing, for the best price the Owners' Corporation may reasonably obtain given then current market conditions, and the Owners' Corporation may, but shall not be obligated to, list the Shared Interest or the Owner's Owners' Corporation Share for sale with a licenced real estate agent;

- (g) upon completion of a sale of the Defaulting Owner's Shared Interest and Owners' Corporation Share, the sale proceeds realized from such sale shall be paid and applied as follows:
 - (i) firstly, to the payment as necessary to release and discharge any and all financial charges encumbering the title to the Shared Interest or the Owner's Site;
 - (ii) secondly, to the payment of all money owing by the Defaulting Owner to the Owners' Corporation including, without limitation, Owners' Fees, the Defaulting Owner's proportionate share of the Property Taxes together with penalties, interest and arrears thereon, and money payable to the Owners' Corporation pursuant to the indemnity given by the Owner to the Owners' Corporation;
 - (iii) thirdly, to the payment of all appraisal costs incurred to determine the fair market value of the Defaulting Owner's Site and the Owners' Corporation Share;
 - (iv) fourthly, to the reimbursement and payment of all costs and expenses whatsoever incurred by the Owners' Corporation to transfer and sell the Defaulting Owner's Shared Interest and Owners' Corporation Share including, without limitation, real estate commission (if any) and legal costs; and
 - (v) the payment to the Defaulting Owner the balance of the net sale proceeds remaining, if any;
 - (h) if the balance of the net sale proceeds available to pay the Price payable to the Defaulting Owner are not sufficient to pay the Price in full the Owners' Corporation shall not be liable to pay the balance of the Price to the Defaulting Owner; and
 - (i) if the net sale proceeds are not sufficient to pay to the Owners' Corporation monies owing by the Defaulting Owner to the Owners' Corporation as aforesaid, the Owners' Corporation shall be entitled to pursue such legal remedies as may be available to it to recover the deficit from the Defaulting Owner.
- 12.2 If more than one Default occurs in respect of which a Notice is given by the Owners' Corporation concerning the Owner, then upon the occurrence of the 3rd such Default, the Owners' Corporation may, at its option, exercise all of its rights and remedies available to it in the event of the occurrence of the Triggering Event whether or not the 3rd Default is fully rectified and remedied within the Cure Period.
- 12.3 If more than one Default constituting an immediate threat or undue interference with reasonable enjoyment, safety or well-being of other persons using and occupying any portion of the Development occurs concerning the same Owner, then upon the 3rd occurrence of such Default, the Owners' Corporation may, at its option,

exercise all of its rights and remedies available to it, including but not limited to the rights and remedies available in the event of the occurrence of the Triggering Event.

- 12.4 In addition to the rights and remedies of the Owners' Corporation set out in this Part 10, if a triggering event occurs or if a Default constituting an immediate threat or undue interference of the reasonable enjoyment, safety or well-being of any other persons using and occupying any portion of the Lands occurs, the Owners' Corporation shall have the right to do or cause to be done such work, acts and things as the Owners' Corporation may deem necessary to fully rectify and remedy the Default, and all costs and expenses whatsoever incurred by the Owners' Corporation to fully remedy and rectify the Default shall be a debt immediately due, owing and payable by the Defaulting Owner to the Owners' Corporation.
- 12.5 The Owners' Corporation shall use the POA only for the purposes set out in this Part 10 and for the purposes of granting, on behalf of the Owners, non-financial charges to be registered against the title to the Lands such as easements, statutory rights-of-way and covenants pursuant to Section 219 of the *Land Title Act*, including any necessary priority agreements granting such non-financial charges priority over any financial charges encumbering Shared Interests, if any, all of which are as may be approved by the directors of the Owners' Corporation from time to time.

Part 13 - Partition And Sale

- 13.1 Each Owner waives the benefit of all provisions of law relating to actions for a partition or sale in lieu of partition or administration of real and personal property including, without limitation, the *Partition of Property Act* (British Columbia). Each Owner agrees that it will not resort to any action at law or in equity for partition or sale in lieu of partition of the Lands or seek administration in respect of the Lands, except as provided in this Agreement.

Part 14– Notice

- 14.1 Any notice, request or demand provided for in this Agreement shall be in writing and sufficiently given if served personally upon the party for whom such notice was intended, or, if mailed by registered mail to the addresses set out above or to such other address as a party may notify the other in accordance with this section. All notices given by mail under this section shall be deemed to be received three days following its posting, if posted at Vernon, British Columbia, provided that after the time of posting there shall be any slowdown, strike or labour dispute which might affect the delivery of notice by mail, then such notice shall only be effective if actually delivered.
- 14.2 Any notice given to one person who is an Owner of a Shared Interest is sufficient notice to all persons who are the Owners of the same Shared Interest.

Part 15 - General Provisions

- 15.1 Time is of the essence of this Agreement.
- 15.2 Should any provision of this Agreement be illegal or not enforceable such provision shall be considered separate and several from this Agreement and the remaining provisions of this Agreement shall remain in force and be binding upon the parties as though the illegal or unenforceable provision had never been included.
- 15.3 This Agreement constitutes the entire agreement among the parties with respect to the matters contemplated by this Agreement and cancels and supersedes any prior understandings, agreements, negotiations and discussions, written or oral, among the parties with respect to such matters. There are no representations, warranties, terms, conditions, undertakings or collateral agreements or understandings, express or implied, among the parties other than those expressly set out in this Agreement.
- 15.4 This Agreement may not be amended, supplemented or otherwise modified in any respect except by written instrument executed by the parties.
- 15.5 This Agreement shall be construed, interpreted and enforced in accordance with, and the rights of the parties shall be governed by, the laws of British Columbia, and each party irrevocably submits to the exclusive jurisdiction of the courts of British Columbia with respect to any matter arising pursuant to or relating to the Agreement.
- 15.6 Each party shall from time to time execute and deliver or cause to be executed and delivered all such further documents and instruments and do or cause to be done all further acts and things as any of the other party may reasonably require as being necessary or desirable in order to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.
- 15.7 This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page of this Agreement to the other party by facsimile transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.

15.8 This Agreement shall enure to the benefit of and be binding upon the parties, and their respective heirs, executors, administrators, successors and assigns.

AS EVIDENCE OF THEIR AGREEMENT the parties have executed Agreement as of the date first written above.

SIGNED AND DELIVERED by the Owner(s))

_____ this ____ day of _____)

20__ in the presence of:)

_____)

Owner

_____)

Witness

_____)

Owner

_____)

Address

_____)

Occupation

0977646 B.C. LTD.

Per: _____

Authorized Signatory for the Owners' Corporation

0884263 B.C. LTD.

Per: _____

Authorized Signatory for the Developer

DARROCH INVESTMENTS LTD.

Per: _____

Authorized Signatory for the Management Company

SCHEDULE A

OPTION TO PURCHASE

(see attached)

SCHEDULE B

POWER OF ATTORNEY

(see attached)

SCHEDULE C

MAGNA BAY RESORT

RULES AND REGULATIONS

The following Rules and Regulations are hereby adopted by the Owners' Corporation as the first Rules and Regulations of the Magna Bay Resort and they shall remain valid until such time as they are rescinded, or revised, added to, or otherwise modified as set out in the Co-Ownership Agreement.

The primary consideration in the adoption of these rules has been to enable Owner and their Guests to obtain maximum enjoyment from the use of the facilities while at the same time considering the important aspects of health, safety and general welfare. These Rules and Regulations are subject to change by the Developer until such time as the Developer transfers its shares in the Owners' Corporation to the owners of the Shared Interest and thereafter by a resolution passed by a majority of the owners. The Management Company and the Owners' Corporation are hereinafter referred to as the "Resort Management".

The Resort Management will, at all times, have the authority to enforce and carry out these Rules and Regulations.

A. GENERAL

1. The Resort may only be used for "Seasonal" and "Temporary" accommodation in accordance with the Zoning Bylaw.
2. All Co-Owners, guests and visitors shall comply with the laws of British Columbia, Canada and including the Canadian Criminal Code.
3. Profanity or immoral conduct of Co-Owners or their guests shall not be permitted.
4. Discretionary use is required for the consumption of alcohol on any of the common or recreational areas.
5. Co-Owners are responsible for any and all conduct of their children, guests and visitors.
6. Motorcycles, off road vehicles, snowmobiles, etc. may be used on the property provided that these do not present a nuisance to other Owners.
7. No Co-Owner, guest or visitor is permitted to sell goods or services without permission from the Resort Management.

B. INSURANCE & RISK

1. All facilities are used by Co-Owners, their guests and visitors at their own risk.

2. The Resort Management will not be responsible for the loss or damage to any property of the Co-Owners, their guests or visitors or others.
3. The resort management shall have the authority to move recreational vehicles, equipment, vehicles and belongings of the Co-Owners, their guests or visitors without notice or liability, in the event of any emergency. However, the resort management will have no obligation to do so.

C. NOISE

1. Quiet hours shall be observed from 11:00 PM to 8:00 am.
2. Any noise generating equipment such as televisions, radios, record/CD players or generators shall be restricted in their use and time of operation for the mutual comfort and pleasure of all Co-Owners. They should at no time cause a nuisance.
3. There shall be no car alarms activated while the vehicles are within the resort.

D. PARKING

1. Co-Owners, their guests, visitors and others are to park in designated parking only and not on the interior street system of the resort.
2. No more than one (1) Recreational Vehicles (RV) can be parked on an Owner Site. If there are other vehicles, debris, etc. that is stored on the Owner Site and the site is deemed to be a concern by the Management then the Owner will be asked to remove the offending material. If the Material is not removed then the Management may pay to have the material removed and disposed of and the bill for this will go to the Owner.

E. GUESTS & VISITORS

1. There must not be more than (8) eight persons using any Owner Site for overnight accommodation at any time. No Owner may use any other's Owner Site nor unoccupied Site without the express written consent of Management or the Owner in question.

F. SANITATION & GARBAGE

1. All garbage and regular household waste must be placed in the garbage bins in the proscribed area. The Owner shall remove all garbage and refuse from the Owner's Site within a reasonable time, and any event no later than departure by the Owner.

G. PETS

1. Co-Owners, their guests, visitors and others may bring usual, well behaved, household pets such as dogs, cats and birds. Dogs and cats are permitted to run at large unless they create a nuisance. If dogs create a nuisance they must be leashed.

2. Resort Management may restrict the size and number of pets brought into the resort at its sole discretion.

H. OWNER SITE USE AND IMPROVEMENTS

1. No construction, alterations to, or improvements to any Owners Site, including, but not limited to landscaping, decks, storage sheds or additions to existing structures may be carried out without Owners' Corporation approval. A design sketch including size and location must accompany the application
2. No more than one (1) recreational vehicles are allowed on any Owner Site,
3. Resort management may, at its sole discretion, require a Co-Owner to repair any deterioration of improvements on their sites.
4. Due to potential danger to others, propane tanks are limited to a maximum capacity of 80 US gallons (PIG) on any one Owner Site. Propane tanks may not be enclosed.
5. Outside storage material must be placed in a shed or concealed under your trailer or deck.

I. FEES, TAXES AND OPERATIONAL CONCERNS

Management Fee:

1. The initial amount of the Owners' Pro Rata Share of Management Costs not including GST thereon if any shall be ____ per Owner for the first year (the "First Year"). Thereafter the Owners' Pro Rata Share of Management Costs shall be set by the Owners' Corporation in accordance with Part 9.
2. Property Taxes assessed on the resort property are NOT included in the Management Fee. All improvement tax assessments (decks, sheds, etc.) and land tax assessments are done by way of a separate assessment.
3. Telephone/satellite are not included in the Management Fee.
4. Rentals are permitted on an annual basis only. No short-term rental agreements are allowed.
5. No toxic, explosive or corrosive materials are to be stored on any Site or in any common area.
6. Campfires are to be totally extinguished when not attended. Fires are prohibited when bans are in effect. No fireworks shall be permitted within the resort.

J. Sani Dump and Water Access

1. There is a water source. This water is not potable.
2. There is a sani dump. Please keep this area clean and tidy.

SCHEDULE D

SITE PLAN

(see attached)

EXHIBIT "F"
Option to Owners' Corporation

(see attached)

Land Title Act

Form C

(Section 233)

Province of British Columbia

GENERAL INSTRUMENT - PART 1

(This area for Land Title Office use)

Page 1 of 6

| | | | |
|----|---|---|---|
| 1. | Application: (Name, address, phone number and signature of applicant, applicant's solicitor or agent) DAVIDSON LAWYERS LLP Client No. 10517 4 th Floor, 3205-32nd Street Vernon, BC V1T 2M4 (250)545-5344 (File #) | | |
| 2. | Parcel Identifier and Legal Description of Land: * (PID) (Legal Description) See Schedule | | |
| 3. | Nature of Interest: Description Option to Purchase | Document Reference (page and paragraph) Entire Document | Person Entitled to Interest Transferee |
| 4. | Terms: Part 2 of this instrument consists of (select one only) (a) Filed Standard Charge Terms D.F. No. (b) Express Charge Terms X Annexed as Part 2 (c) Release There is no Part 2 of this instrument A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument. If (c) is selected the charge described in Item 3 is released or discharged as a charge on the land described in Item 2. | | |
| 5. | Transferor(s): * See Schedule | | |
| 6. | Transferee(s): (including occupation(s), postal address(es) and postal code(s)) * See Schedule | | |
| 7. | Additional or Modified Terms: Nil | | |
| 8. | Execution(s): ** This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this Instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any. | | |

Officer Signature(s)

Execution Date

Party(ies) Signature(s)

| | | |
|---|---|---|
| Y | M | D |
| | | |
| | | |

(as to both signatures)

Officer Certification:

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

* If space insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.

** If space insufficient, continue executions on additional page(s) in Form D

Land Title Act
Form D
EXECUTIONS CONTINUED

| Officer Signature(s) | Execution Date | | | Transferor/Borrower/Party Signature(s) |
|----------------------|----------------|---|---|---|
| | Y | M | D | |
| <hr/> | | | | by its authorized signatory: <hr/> |

Officer Certification:

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

**LAND TITLE ACT
FORM E
SCHEDULE**

Enter the required information in the same order as the information must appear on the Freehold Transfer form, Mortgage form, or General Instrument form.

5. Transferor(s):*

[Insert name of Buyer]

6. Transferee(s): (Including occupation(s), postal address(es) and postal codes(s))*

[Insert Name of Owners' Corporation]

TERMS OF INSTRUMENT – PART 2

OPTION TO PURCHASE

BACKGROUND

- A. The Transferor (the "Owner") is the registered owner of a one eightieth (1/80) undivided interest (herein called the "Undivided Interest") in and to those certain lands and premises the legal description of which is as follows:
- Parcel Identifier: 010-875-735
- Lot 1 Block 2 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 3312 (the "Vacation Site Lands")
- and
- Parcel Identifier: 008-324-441
- Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439 (the "Waterfront Lands")
- B. It was a condition of the sale of the Undivided Interest to the Owner and is a condition of a Co-Ownership Agreement (the "Co-Ownership Agreement") made between the Owner and Transferee (hereafter called the "Owners' Corporation") that the Owner shall grant an option to purchase the Undivided Interest on the terms and conditions set out in this Agreement;
- C. The purpose of this Option is to preserve and protect the peaceful use and enjoyment of the development by all of the owners of Shared Interests by providing the Owners' Corporation with the means to enforce the Co-Ownership Agreement and a remedy to recover money owed to the Owners' Corporation by a defaulting owner of a Shared Interest.

Terms of Agreement

In consideration of the sale of the Undivided Interest to the Owner, the mutual covenants herein contained and the sum of ONE (\$1.00) DOLLAR (the "Option Fee") now paid by the Owners' Corporation to the Owner (the receipt and sufficiency of which consideration is hereby acknowledged by each of the parties hereto) the parties hereto covenant and agree with each other as follows:

1. For the consideration aforesaid and pursuant to the Owner's obligations under the Co-Ownership Agreement, the Owner does hereby grant to the Owners' Corporation the option (the "Option"), irrevocable within the time limited by this Agreement, for exercise by the Owners' Corporation, to purchase the Undivided Interest on the terms herein set forth.
2. The Purchase Price for the Undivided Interest shall be an amount equivalent to seventy-five (75%) percent of the fair market value of the Undivided Interest as determined by a qualified real estate appraiser chosen by the Owners' Corporation, whose determination of the fair market value of the Undivided Interest shall be final and binding upon the parties hereto.

3. The Owners' Corporation may exercise this Option by giving written notice to the Owner of such exercise of the Option, at any time prior to the expiration of eighty (80) years from the date on which the Owner signs this Agreement.
4. The Owners' Corporation agrees to exercise the Option only in accordance with the provisions of the Co-Ownership Agreement and the Owner agrees that exercise of the Option by the Owners' Corporation shall entitle the Owners' Corporation to transfer to the person(s) acquiring the Undivided Interest the one (1) share held by the Owner in the issued capital of the Owners' Corporation.
5. If the Owners' Corporation exercises the Option in accordance with the provisions of this Agreement the sale and purchase of the Undivided Interest shall be completed on the following terms:
 - (a) the Owners' Corporation shall use its best reasonable efforts to sell the Undivided Interest and related Owners' Corporation Share, without any vendor financing, for the best price that the Owners' Corporation may reasonably obtain given then the current market conditions, and the Owners' Corporation may, but shall not be obligated to list the Undivided Interest and related Owners' Corporation Share for sale with a licenced real estate agent;
 - (b) the Owners' Corporation shall be entitled to use the Power of Attorney granted by the Owner to the Owners' Corporation pursuant to the Co-Ownership Agreement, to transfer the Undivided Interest and related Owners' Corporation Share either to the Owners' Corporation or directly to a third party purchaser as the Owners' Corporation sees fit;
 - (c) upon completion of a sale of the Undivided Interest and Owners' Corporation Share, the net sale proceeds realised from such sale shall be paid and applied as follows:
 - (i) first - to payment as necessary to release and discharge all financial charges encumbering the title to the Undivided Interest ;
 - (ii) second - to payment of all money owing by the Owner to the Owners' Corporation including, without limitation, Management Fees and Property Taxes in arrears and interest thereon, and money payable to the Owners' Corporation pursuant to the indemnity given by the Owner to the Owners' Corporation under the provisions of the Co-Ownership Agreement;
 - (iii) third - to payment of all appraisal costs incurred to determine the fair market value of the Undivided Interest;
 - (iv) fourth - all costs and expenses whatsoever incurred by the Owners' Corporation to transfer and sell the Undivided Interest including, without limitation, real estate commission (if any) and vendor's legal costs;
 - (v) fifth - to payment of the Price payable to the Owner, as aforesaid, to the extent that the balance of the net sale proceeds are sufficient to do so; and
 - (vi) the balance of the net sale proceeds remaining, if any, shall be paid to the Owner;
 - (d) if the balance of the net sale proceeds available to pay the Price payable to the Owner are not sufficient to pay the Price in full the Owners' Corporation shall not be liable to pay the balance of the Price to the Owner; and

- (e) if the net sale proceeds are not sufficient to pay to the Owners' Corporation monies owing by the Owner to the Owners' Corporation as aforesaid, the Owners' Corporation shall be entitled to pursue such legal remedies as may be available to it to recover the deficit from the Owner.
- 6. The Undivided Interest and related Owners' Corporation Share shall be transferred to the purchaser thereof free and clear of all liens, charges and financial encumbrances.
- 7. The Owner covenants and agrees with the Owners' Corporation that the Owner will observe and perform all of his obligations under the provisions of the Co-Ownership Agreement, and, without limitation will not grant any lease, licence or similar rights with respect to the Undivided Interest or other recreational vehicle site relating thereto unless the term of such lease, licence or other contract will expire at the end of each calendar year without any right of renewal.
- 8. Time is of the essence of this Agreement.
- 9. Wherever the singular or the masculine is used in this Agreement, the same shall be construed as meaning the plural or feminine or the body politic or corporate were the context or the parties so require, and where a party is more than one person, all covenants shall be deemed to be joint and several.
- 10. This Agreement shall enure to the benefit of and be binding upon the parties, and their respective heirs, executors, administrators, successors, personal representatives and assigns.
- 11. Any notice required or permitted to be given by the Owners' Corporation to the Owner hereunder shall be given in writing and sufficiently given if served personally upon the Owner or mailed to the Owner by ordinary mail to the address first herein given for the Owner or such other address as may be shown for the Owner on the records of the Owners' Corporation. Where the Owner consists of more than one (1) person, the notice will be sufficiently given if served or mailed to any one (1) of them. All notices given by mail shall be deemed to be received by the Owner on the third (3rd) day following the posting of the notice if it is posted in Canada, unless the Canadian Postal Service is interrupted by strike or lockout at the time of posting or within three (3) days thereafter in which case such notice must either be delivered or must be mailed again when the Canadian Postal Service is restored.

END OF DOCUMENT

EXHIBIT "G"

Power of Attorney to Owners' Corporation

(see attached)

POWER OF ATTORNEY

THIS GENERAL POWER OF ATTORNEY is given this ____ day of _____, 20__

by: _____
[print name(s), address(es) (with postal codes) of person(s) granting the Power of Attorney]

I/WE APPOINT the following person:

[Insert name of Owners Corporation]

to be my/our attorney in accordance with the **Power of Attorney Act** and to do on my/our behalf anything that I/we can lawfully do by an attorney with respect to my/our interest(s) in:

1. the land legally described as

Parcel Identifier: 010-875-735

Lot 1 Block 2 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 3312

Parcel Identifier: 008-324-441

Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439
and

2. the Class "A" Voting Share in the issued capital of [insert name of Management Company]

In accordance with the **Power of Attorney Act** I/we declare that this power of attorney may be exercised during any subsequent mental infirmity on my/our part.

I/we declare that the effect of Section 56 of the *Land Title Act*, R.S.B.C. 1996, c. 250, as amended, is expressly excluded with respect to this Power of Attorney.

In accordance with Section 27 of the *Property Law Act*, R.S.B.C. 1996, c. 377, as amended, I authorize my attorney to sell or transfer to or in favour of my attorney or others my/our interest(s) in the land herein described.

| Officer Signature(s) | Execution Date | | | Donor's Signature |
|----------------------|----------------|---|---|-------------------|
| | Y | M | D | |
| _____ | | | | _____ |
| | | | | _____ |
| | | | | _____ |

(as to all signatures)

OFFICER CERTIFICATION

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

CANADA

PROVINCE OF BRITISH COLUMBIA,

TO WIT:

I, _____, of _____, in the City of _____, in the Province of British Columbia, do solemnly declare that:

1. I am a director of the Attorney appointed by the foregoing Power of Attorney.
2. At the time of such appointment, namely, the day of _____, I was of the full age of nineteen years.

AND I make this solemn Declaration, conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath.

DECLARED BEFORE ME at the City of _____)
Vernon in the Province of British Columbia, this day of _____)

A Commissioner for Taking Affidavits in)
the Province of British Columbia)
)

EXHIBIT "H"

Owners' Corporation Estimated Budget

(see attached)

INTERIM BUDGET FOR OWNERS' CORPORATION

| INCOME | Annual | Monthly |
|--------------------------------|--------------------|-------------------|
| Owners' Fees | | |
| Total Income: | \$92,510.00 | \$7,709.17 |
| EXPENSES | | |
| Operating Expenses: | | |
| | Annual | Monthly |
| Hydro | \$15,000.00 | \$1,250.00 |
| Propane | \$6,000.00 | \$500.00 |
| Accounting /Legal | \$6,000.00 | \$500.00 |
| Insurance | \$7,000.00 | \$583.33 |
| Garbage | \$2,600.00 | \$216.67 |
| Wash House cleaner | \$6,500.00 | \$541.67 |
| Grounds and road maintenance | \$10,000.00 | \$833.33 |
| Dock | \$2,000.00 | \$166.67 |
| Miscellaneous | \$5,000.00 | \$416.67 |
| Management | \$24,000.00 | \$2,000.00 |
| Sub-Total | \$84,100.00 | \$7,008.33 |
| Contingency Reserve Fund (10%) | \$8,410.00 | \$700.83 |
| TOTAL EXPENSES | \$92,510.00 | \$7,709.17 |
| Cost per Site for 81 Sites | \$1,142.10 | \$95.17 |

EXHIBIT "I"

Existing Encumbrances and Legal Notations

LEGAL NOTATIONS:

Lot 1 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan EPP41547 (the Vacation Site Lands):

Personal Property Security Act Notice CA2165457

Easement M24289 Over Part Of Lot C, Plan 14439

Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439 (the Waterfront Lands):

Personal Property Security Act Notice CA2165457

CHARGES, LIENS AND INTERESTS:

NATURE OF CHARGE

Lot 1 Block 2 Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 3312 (the Vacation Site Lands):

Covenant LB323777 in favour of the Columbia-Shuswap Regional District – prohibits constructing, reconstructing, moving, extending or locating a building, mobile home or unit, modular home, recreational vehicle, improvement or structure within 30 metres of the natural boundary of Ross Creek.

Covenant LB323779 in favour of the Columbia-Shuswap Regional District - in the event that a regional district owned and operated sewage disposal system is constructed and installed to the boundary of Lot 1, Lot 1 shall not be occupied unless it is connected to such systems within three months of written notice from the regional district. Also, in the event that a regional district owned and operated water system is constructed and installed to the boundary of Lot 1, Lot 1 shall not be occupied unless Lot 1 connected to such systems within three months of written notice from the regional district.

Mortgage CA3440152 and Assignment of Rents CA3440153 in favour of Clarion Property Corporation, Barry Charles Holdings Ltd., G.I.H. Properties Ltd., Rekley Holdings Ltd., Mandate National Mortgage Corporation and Darroch Investments Ltd. (will be discharged from title at time of conveyance to purchaser)

Lease CA3750606 in favour of Darroch Investments Ltd. (attached hereto as Exhibit "B")

Easement CA3750608 Part on plan EPP41548 Appurtenant to Lease CA3750606 (attached hereto as Exhibit "B")

Lot B Section 18 Township 23 Range 9 West of the 6th Meridian Kamloops Division Yale District Plan 14439 (the Waterfront Lands):

Mortgage CA3440152 and Assignment of Rents CA3440153 in favour of Clarion Property Corporation, Barry Charles Holdings Ltd., G.I.H. Properties Ltd., Rekley Holdings Ltd., Mandate National Mortgage Corporation and Darroch Investments Ltd. (will be discharged from title at time of conveyance to purchaser)

Mortgage CA3440341 and Assignment of Rents CA3440342 in favour of Trevor Edwin Grimshaw as to the Undivided 400000/2800000 Interest of Darroch Investments Ltd. of CA3440152 (will be discharged from title at time of conveyance to purchaser)

Lease CA3750606 in favour of Darroch Investments Ltd. (attached hereto as Exhibit "B")

Easement CA3750608 Part on plan EPP41548 Appurtenant to Lease CA3750606 (attached hereto as Exhibit "B")

EXHIBIT "J"

Proposed Encumbrances

The Developer anticipates that the following charges and encumbrances will be registered against Lands to which a purchaser's title to a Shared Interest will be subject:

- (a) Such rights-of-way or easements as may be required by utilities, such as Terasen Gas, BC Hydro, Telus and by the District as a condition of the provision of utilities such as water, electric power, and telephone. The easements granted to the utilities and/or the Regional District will permit the construction and maintenance of cables, conduits, pipe, transformers, and all things related to the transmission or provision of the utility.
- (b) The Lands may be charged by other financial encumbrances granted by the Developer from time to time, which will provide for partial discharges in consideration of repayment from the sale proceeds of Shared Interest sales.
- (c) Restrictive Covenants as may be required by the District or other statutory or governmental authority regarding special building, soil, flooding or slope conditions that become evident from Geotechnical reports prepared from time to time.
- (d) Such other covenants, easements, rights of way, restrictive covenants, servicing agreements, development agreements, priority agreements and other non-financial encumbrances required by any municipal, statutory or governmental authority, the District or utility companies for the supply of utilities, or by the Developer or the District as a condition of creating the Shared Interests or subdividing the Lands.
- (e) The Option to be granted to the Owners' Corporation in the form attached hereto as Exhibit "F".
- ~~(f) The Management Company Lease and Easement to be granted to the Management Company in the form attached hereto as Exhibit "B".~~

Exhibit "K"

Letter of Franklin Engineering Ltd. dated August 8, 2014

(see attached)

August 8, 2014

Magna Bay Resort
0884263 B.C. Ltd.
Box 1544
Vernon, BC
V1T 8C2

RE: Confirmation of Infrastructure at Magana Bay Resort

To Whom It May Concern,

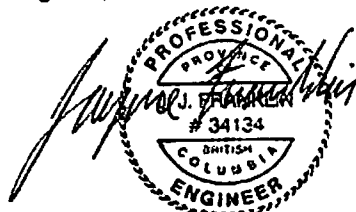
Please be advised that Magna Bay Resort has a complete onsite sanitary system and potable water system approved by their respective authorities.

The Sanitary system consists of a 22,700 Litre per day onsite wastewater treatment system filed and accepted by the Interior Health Authority. The Interior Health Authority is the governing body with jurisdiction regarding this system. The top third of the resort gravity flows directly to the extra-large trash tank. The bottom two thirds of the resort gravity flow to a sewage lift station which has the capacity to time dose the treatment system as it pumps up to the extra-large trash tank. From the trash tank the sewage flows to a Canwest Ecopod Treatment Plant which aerobically digests the organic matter to a Type 2 effluent quality. The effluent then flows to an extra-large dosing chamber which time dose pumps to a sub-surface drip disposal field beside the tanks. The disposal field consists of an engineered sand bed atop excellent native soil quality.

The potable water system source is an onsite well in the top corner of the property. System pressure is maintained by a variable speed well pump and pressure tank. Comprehensive testing of water samples indicates excellent water quality with all parameters well within the Canadian Drinking Water Guidelines. Thus, no further treatment is required other than a redundant Ultra Violet Disinfection System preceded by a 20, 5, and 1 micro absolute filtration system. The water system was constructed under the approval of the Interior Health Authority via a Construction Permit.

Both the water and sanitary system are fully operational with all approvals in place. Systems are of high quality and of standard configurations successfully used throughout the province.

Regards,



Jayme Franklin, P.Eng.
Franklin Engineering Ltd.