

# The Cottages - Frequently Asked Questions for Sales Staff:

Updated May 4, 2015

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**Question:**

- 1.** Is this Native Land?  
The land is part of the Osoyoos Indian Band (OIB). The two parcels that form part of this development were assigned to Jane Stelkia and Modesta Betterton, both OIB members, via a Certificate of Possession. When the developer took over the property, Jane and Modesta surrendered their rights to the Federal Government of Canada (the Crown). The Crown entered into a 99 year lease with the developer. The developer has paid all of the money due under the lease (except property taxes). The Crown, in turn, paid Jane and Modesta. The lease is between the Developer and the Federal Government of Canada – Jane, Modesta and the OIB are not a party to the lease.
- 2.** What can you tell me about the Osoyoos Indian Band (OIB)?  
The OIB is one of the most progressive Bands in BC. The OIB is involved in a number of residential developments on their reserve, for example Desert Canyon and Spirit Ridge. They also own the award-winning NKMip Winery in Osoyoos, as well as other businesses such as Oliver Ready Mix.

Recently the OIB entered into a long-term partnership with the Federal and Provincial Governments to build a \$190-million correction facility on band land, approximately 24 km north of our site. The fact that these two levels of government are committing \$190-million on land owned by the OIB speaks to the level of trust between the OIB and government.
- 3.** Who are Jane Stelkia and Modesta Betterton?  
Jane and Modesta are OIB members, and they had a Certificate of Possession on the land, which they gave up to the Crown when the developer entered into the head lease. As noted above, the head lease is between the developer and the Federal Government of Canada.
- 4.** Can the Natives or OIB cancel the lease or can they raise the rent?  
The OIB is not a party to the lease. The lease is with the Federal Government of Canada. The lease is 100% prepaid and there is no provision in the lease to modify its terms except with consent of the developer.
- 5.** What about road access to the property?  
The Cottages is accessed via Radio Tower Road, which is the southerly leg of Black Sage Road. The last 1.5 km of Radio Tower Road is on OIB land and the OIB is responsible for maintaining this road. The developer has obtained, paid for, and registered a permit to use Radio Tower Road for 99-years. This permit allows all owners and their guests to use the road. The permit is registered in the Indian Land Registry in Ottawa.  
The portion of the road from Black Sage road to the OIB boundary is maintained by the Ministry of Highways.

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**Question:**

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**6.** Should I be concerned about the Indians blockading the road?  
Think about it, virtually all blockades are on non-native land where the natives are asserting their rights. The OIB controls this road and reserve – they don't need to blockade it in order to assert their rights. Also, the OIB knows that a blockade would have a potentially disastrous effect on their own residential developments such as Spirit Ridge and Desert Canyon. The OIB is one of the most progressive, business friendly bands in Canada.

**7.** What about the Musquem Band situation?  
That was a non-prepaid lease, with a rent review after 40 years. The Cottages has a fully prepaid lease for 99 years with no rent review.

**8.** Do I have the right to cancel the Purchase Agreement?  
Yes, you have the right to rescind the purchase agreement for 7 days after it is accepted by the developer. This will give you time to consult with a lawyer if you choose to.

**9.** When I decide to purchase how much of a deposit will be required?  
The Initial Deposit of 5% of the Price is due upon signing of the Purchase Agreement. The Second Deposit of 10% of the Price is due on the later of the 60<sup>th</sup> day following the date of the acceptance of the Purchase Agreement by the developer and 48 hours following waiver or satisfaction of all Buyer's conditions. The final deposit of \$1,000 is due 30 days prior to closing. All deposits are payable to Waterstone Law Group LLP and are held in their trust account until closing. Additional deposits for plan changes and upgrades may also apply; these deposits are paid directly to the developer, Osoyoos Cottages Limited Partnership.

The developer will reduce the Initial Deposit for some conditional Purchase Agreements. For contracts with an extended closing date, the developer may postpone the second deposit. Check with sales staff for details.

**10.** Can I enter into a conditional Purchase Agreement?  
Yes. Our Purchase Agreement provides for a 7-day rescission period, during which you can review all of our documents and consult with a lawyer. If you are not 100% satisfied with the Agreement and related documents you may cancel the Agreement and you'll receive a full refund of your deposit.

If you would like to sell your home, or arrange for financing, before entering into a binding Purchase Agreement you can enter into a Purchase Agreement that is subject to these items being completed to your satisfaction.

The developer will reduce the initial deposit for some conditional Purchase Agreements. Check with sales staff for details.

**11.** How long is the lease?  
99 years, with an expiry date of November 2109. By way of illustration, if you are in your late 50's with children and grand-children it's possible that up to 8 generations of your family could enjoy your beautiful home at the Cottages.

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**Question:**

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**12.** What happens at the end of the 99-year lease?  
The land and improvements revert back to the Crown and to Jane Stelkia and Modesta Betterton's ancestors at the end of the lease in November 2109. Prior to November 2109, however, the homeowners may be able to negotiate an extension to the lease in return for an additional head lease payment.

**13.** Do I have to make on-going lease payments?  
No, both the head lease and subleases are fully prepaid. You will have to pay property taxes to OIB and strata fees to the Stelkia Homeowners Corporation.

**14.** What if I'm still worried about the lease?  
As a further level of security, the developer has arranged for title insurance coverage for buyers and their lenders. This policy protects you against a number of title related issues. Details of this policy can be provided by the sales staff.

The fact that Canada Mortgage and Housing (CMHC) has approved The Cottages for mortgage insurance purposes should also provide some reassurance to buyers.

**15.** Why is there no GST charged on closing?  
Long-term leases like this are exempt from these taxes provided you intend to live here year-round or use it as a vacation home with only occasional short-term rentals. Please refer to the legal opinion from Thorsteinssons for detailed advice, or consult with your own tax advisor.

**16.** When will I have to pay GST?  
Refer to the Thorsteinssons Tax memo. Only if you rent your home, will the payment of tax be triggered, but then only for the year in which you have rental income. As a simple example, if you own a \$400,000 home which you rented out, the GST would be \$200 for that year. If you use your home as a year-round residence, or for your own vacations, no GST is payable.

**17.** What is AANDC referred to in the Information Statement?  
Aboriginal Affairs and Northern Development Canada (formerly Indian and Northern Affairs), an arm of the federal government that administers the Indian Act. AANDC will administer and enforce the head lease.

**18.** Why does the head-lease have termination provisions, and how are we (sublessees) protected if the headlease is terminated?  
Although the developer has pre-paid the 99 year lease, there are some on-going obligations under the head lease, primarily the payment of property taxes, insurance, and compliance with environmental matters. These obligations are passed on to the purchasers as they close on their home. Once all the homes are occupied the developer's obligations are virtually all passed on, so there is very little chance of a developer-caused default under headlease. In the unlikely event the developer does default, there are protections built into the lease to protect the homeowners.

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**Question:**

- 19.** Where are the leases registered?  
In the Indian Land Registry, located in Ottawa, which operates similar to a provincial land registry system.
- 20.** Can I sell or mortgage my sublease?  
Absolutely.
- 21.** Has this project received pre-approval from various financial institutions?  
Yes, there are a number of lenders who are pleased to provide financing for your new home at The Cottages. The best way to ensure that you get the best rate on your financing is to use a broker who is fully familiar with The Cottages. Steve Brouwer, of Dominion Lending Centres has arranged financing for many of our buyers. Steve can be reached at 604 795-5347 or via email [steve@entrustmortgage.ca](mailto:steve@entrustmortgage.ca).
- Should you wish deal with your own financial institution, make sure you tell them that we have title insurance from First Canadian Title and that CMHC has pre-approved this project. Your lender can speak to Caroline Sanfacon, Regional Manager Underwriting at CMHC, at 604 737-4104.
- 22.** What is a Certificate of Possession?  
It gives individual Band Members like Jane Stelkia and Modesta Betterton the right to possess a parcel of land on reserve. This certificate of possession was surrendered to the crown when the developer entered into the headlease. The developer (Osoyoos Cottages Limited Partnership) has a 99-year lease with the Federal Government of Canada.
- 23.** What happens to my deposits?  
Your deposit is paid to the developer's lawyer, Waterstone Law LLP. If you spend more than \$10,000 on changes or upgrades to your home, additional deposits will have to be paid. Deposits for changes and upgrades are paid to the Developer, Osoyoos Cottages Limited Partnership.
- 24.** When will I be able to take possession of my home?  
You will be able to negotiate a possession date with the developer when you purchase a home. We can complete your home in approximately 10 months from the time you finalize all your plan and finishing details (remember, you can completely customize your home). At any given time, there may be unsold homes at various stages of construction which will be available for a quick possession date. On certain lots, we are also prepared to postpone the possession date up to 24 months from the date of your purchase contact.
- 25.** Why does the developer have the right to extend the closing date by up to 180 days?  
The developer has this right in case of delays beyond the developer's control or other circumstances which may make it difficult to complete your home on time. This is a common provision in all presale contracts.
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**Question:**

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- 26.** What are the restrictions on assignment? Why are these necessary?  
This is common in presale contracts to prevent “flipping”. You may assign your contract in accordance with the terms of the Purchase Agreement.
- 27.** Will I be able to obtain legal advice on the Purchase Agreement?  
Yes, during the 7-day rescission period. Barry Porrelli, a lawyer with experience in Indian Land transactions, has reviewed all the Cottages documentations and he is available to discuss any concerns you might have. Barry can be reached at 250 768-0717 or via email: [barry@plaw.ca](mailto:barry@plaw.ca) .
- 28.** Who is the developer?  
Osoyoos Cottages Limited Partnership is the developer. This entity is controlled and managed by Bernie and Eric Van Maren, who own the Van Maren Group of Companies. Van Maren has been in the construction and land development business for over 40 years, and have built over 20,000 homes all over BC, Washington State and California. Refer to [www.vanmarengroup.com](http://www.vanmarengroup.com)
- 29.** Has this developer done any other projects in the Okanagan?  
Yes, several. The most-recent was Aria, 175 condominiums on the Westbank Indian reserve, completed in 2008.
- 30.** Does the developer have the staying power to do a long-term project like this? What if he walks away?  
The developer has been in business for almost 40 years; always in construction and land development. At this time, 100% of the costs are funded by the developer’s own money. The developer has never failed to complete a project. As further protection, your purchase agreement deposit remains in a lawyer’s trust account until closing.
- 31.** How about other leased-land projects?  
The developer has completed 3 other residential projects on Indian Land (leases with Federal Government) Halcyon Meadows – 224 homes on the Tzeachten Reserve, completed in 2007; Aria Apartments – 175 homes on the Westbank Reserve, completed in 2008; and Clover Creek, 61 homes completed in 2011. These projects were all built and sold without difficulty and they are recognized as desirable places to live.
- 32.** How large is this parcel of land?  
71.8 acres. This means we are building less than 4 units per acre. Most single family subdivisions are 6 units per acre; townhouse projects are typically 12 – 16 units per acre. This is a very low-density development with lots of open space.
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**Question:**

**33.** Is the developer required to meet any environmental conditions?

Absolutely – as matter of fact, more so than on private land. This land falls under federal jurisdiction so the developer had to meet all federal environmental regulations, which in many cases are more restrictive than provincial requirements. A large portion of the land and beach are set aside for environmental enhancements.

The federal environmental regulations make it extremely difficult to obtain approvals for any new development in the Okanagan, which should enhance future values in this project.

The Developer has taken the following steps to minimize the impact of this project on the environment:

1. The South Okanagan semi-desert environment will be protected and enhanced on 10.1 acres of the site. This represents 14% of the total site area.
2. 2.6 acres of the Lakefront Riparian Area will be protected and enhanced. This represents 57.8% of the lakefront riparian area. The remaining 1.1 acres (500' wide x 100' deep) is a clean sandy beach with a gentle south-facing slope to the lake.
3. Approximately 26 acres will be open space.
4. Two wildlife corridors are maintained through the site, complete with open-bottom culverts under the roads, enabling indigenous species to access the lake.
5. Total green space amounts to 39.8 acres, which equates to approximately 54% of the total site.
6. A state-of-the art wastewater treatment system will be installed, resulting in Class-A effluent meeting the highest standards of all the regulators.
7. During the spring, summer and fall, wastewater will be re-used for subterranean landscape irrigation, significantly reducing the amount of water that is withdrawn from the ground.
8. All homes will be heated and cooled with a closed loop geo-thermal heat-pump, resulting in a significant reduction in overall energy consumption and reduced green-house gas emissions.
9. Homes will be insulated well above building code requirements – R-40 (12" thick batts) in the ceilings, and R-20 (6" thick batts) in the exterior walls. This will significantly reduce energy consumption. **NOTE: All of the homes will be tested to determine their EnerGuide Rating. To date, all homes have achieved a rating of between 83 and 85 which is considered excellent for new homes.**
10. Smart thermostats will be installed, enabling weekend and night set-back, and remote monitoring and adjustment via the internet.
11. The developer will be installing LED streetlights, which use much less energy than conventional streetlights.

**34.** What is the purpose of the Stelkia Homeowners Corporation? Why don't we have a strata Corporation?

The Strata Act is a provincial act, which is not applicable to Federal Land like ours. We've set up the Stelkia Homeowners Corporation to fulfill all of the duties of a strata corporation. For all intents and purposes, this project will operate just like a strata development. Refer to the Information Statement for more details.

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**Question:**

- 35.** Do we have to pay extra for the clubhouse and other amenities?  
No, the cost of constructing these amenities is included in your purchase price.
- 36.** What happens to the caretaker suite in the clubhouse when the project is sold-out?  
It will be turned over to the Homeowners' Corporation at no cost.
- 37.** What's the construction schedule for the clubhouse and swimming pools?  
The 7,000 sq. ft. clubhouse and pools were completed by August 2014, which means that ALL amenities are now done, with the exception of a small children's playground.
- 38.** Will the pools be open year-round?  
To cut down on operating expenses, only one of the hot tubs will be open year round. The other pools will be open on a seasonal basis only – likely June 15 to October 15.
- 39.** Who looks after the sewer and water treatment plant?  
Initially the developer will look after this. Once sufficient homes are occupied, this responsibility will be turned over to the Homeowners Corporation, who will likely retain a professional management firm or trained operator for this purpose.
- 40.** What about the cost of operating the sewer and water treatment plant?  
The estimated cost of these plants is about \$700 per home per year, including replacement reserves. This amount is included in your common area costs. In many jurisdictions these services are billed separately by the local government where you live; in our project it is included in your common costs.
- 41.** Who maintains the landscaping and irrigation system?  
These are maintained by the Homeowner's Corporation, even on your private lot. The cost for this is included in the common costs. No lawns to mow or shrubs to trim!
- 42.** Does everyone pay the same proportion of the common area (strata) expenses?  
No, because the lakefront homes are more expensive, they pay 1.5x the amount of the other homes.
- 43.** Is there overflow parking available?  
Yes, there are approximately 75 parking spaces set aside for visitors.
- 44.** Who provides water to the development?  
Water is provided from two wells on the property. Each well was tested to confirm that it is capable of supplying 100% of the project's requirements. The water is treated to ensure it meets all health guidelines. The water treatment plant is paid for the developer and the cost of operating it is included in the common costs. A certified operator is on site to ensure a trouble-free safe operation.
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**Question:**

- 45.** Who provides sewer to the development?  
All sewage is pumped to a private sewage treatment plant located in the NW corner of the development. Sewage is treated to meet all health and safety guidelines. The plant is paid for by the developer and the cost of operating it is included in the common costs.
- During the summer months most of the treated effluent will be re-used to water trees and plants on the site, using an underground drip system.
- 46.** Who provides electricity to the development?  
FortisBC.
- 47.** Why is there no natural gas provided to the development?  
There is no natural gas available in this area. To keep energy costs to a minimum, the developer will be installing a geothermal heating and cooling system for each home.
- 48.** Who will provide telephone, cable and internet to the site?  
TELUS has installed a fiber optic cable right to the homes. This is the first community in the south Okanagan to have this level of service. One year of service is included in the price of your home.
- 49.** Why did the developer chose a geothermal heating and cooling system?  
Because gas is not available at the site, and because heating and cooling with electricity is expensive, geothermal was chosen to keep energy consumption costs to a minimum.
- 50.** Who provides fire protection to the development?  
Fire protection is provided by the Town of Osoyoos. The project is also equipped with fire hydrants and a water storage reservoir to provide fire-fighting capability. The homes are built approximately 10 - 15' apart and clad with a fire-resistant hardi-plank to minimize fire danger.
- 51.** Is there any danger of flooding from the lake?  
The average high water level for Osoyoos Lake is 278.2m. The provincial flood construction level is 281.56, which is 3.36m (11') above the average high water level. All homes will be constructed at or above the mandated flood construction level.
- 52.** How can we be sure that the developer will build the amenities?  
The amenities are all done, with the exception of a small children's play area.
- 53.** What are my on-going expenses?  
Property Taxes to the Osoyoos Indian Band (approximately the same rate as charged by Town of Oliver); Homeowners fees (Strata) to the Stelkia Homeowners Corporation for common areas expenses; and Home Insurance, plus utility payments for electricity, telephone, internet, security, etc. Water and sewer charges and landscape maintenance are included in the Homeowners' fees.
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**Question:**

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- 54.** What are the estimated property taxes?  
Property Taxes are paid to the Osoyoos Indian Band at a rate approximately the same as that charged by Town of Oliver. In 2014, the property taxes on a \$400,000 home are approximately \$2,550. If this is your permanent residence, you can apply for the Provincial Homeowners' Grant. For information on the Homeowner's Grant please visit:  
[http://www.sbr.gov.bc.ca/individuals/Property\\_Taxes/Home\\_Owner\\_Grant/about.htm](http://www.sbr.gov.bc.ca/individuals/Property_Taxes/Home_Owner_Grant/about.htm)

If you are a citizen of Canada and over 65 you could reduce the property taxes by as much as \$845. The Property Tax Deferment Program is not available at The Cottages.

- 55.** Who made up the Building Rules? Who can change them?  
The developer made up these rules to ensure a well-run project. Most rules can be changed by the Homeowners Corporation after a vote from the homeowners.

- 56.** Explain the geothermal heating system?  
This system uses the energy stored in the earth to heat and cool your home. For more detailed information, search the web for geothermal heating and cooling.

- 57.** Is it permissible to rent out my home? Why must I rent it for at least 5 consecutive days?  
Yes, you may rent your home. We decided on the 5-day minimum rental period to discourage weekend parties. Note: renting your home may trigger a requirement to pay GST. See tax memo prepared by Thorsteinssons.

- 58.** Will the homes be built to comply with the BC Building Code?  
All homes in this development will be designed and built to comply with the 2006 Edition of the BC Building Code, which was the code in effect at the time the project was originally approved by the Osoyoos Indian Band.

- 59.** Who monitors the quality of construction?  
The developer has been building for more than 40 years and has appointed an experienced project manager, Blair Neels, and two construction superintendents to manage the construction of the project. Blair has managed the construction of 4 similar projects for the developer.

All common buildings and infrastructure are monitored by engineers and architects. The homes are inspected by a fully qualified independent inspector. A final inspection certificate will be made available to each purchaser at time of closing.

- 60.** Who do I pay my Property Taxes to?  
To the Osoyoos Indian Band (OIB).

- 61.** Can the OIB arbitrarily raise my property taxes?  
No, any large adjustment would have to be approved by AANDC. Currently the OIB uses the same tax rates as the Town of Oliver.

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**Question:**

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- 62.** Who provides Police and Ambulance services?  
These are provided by provincial or federal agencies just as in other areas of the province.
- 63.** What appliances are included in the price?  
Fridge, range, microwave, dishwasher, stackable washer and dryer are included in each home.
- 64.** Where can I park my vehicle?  
Meadow homes have one parking stall near their home. Most meadow lots can accommodate homes with double garages as well. Lakefront homes have 2 stalls in an enclosed garage. Hillside homes have a double enclosed garage and typically have room to park additional vehicles on their driveway. In addition, there are approximately 75 stalls set aside for visitors throughout the project. Golf cart parking is permitted in your designated parking spot(s).
- 65.** Why do we have to arrange our insurance through Hub International Insurance?  
The insurance requirements for The Cottages are set by the Federal Government and are quite complex. To ensure that all insurance requirements are met, one broker was chosen to administer all the insurance for the entire project. All of the insurance policies must have a common expiration date as well. If the majority of the homeowners vote to change to another broker in the future, they can do so, provided that one broker always acts for everyone.
- 66.** Will there be a security system installed?  
The developer will rough-in for a smart security system which will enable you to monitor your home and its systems from a remote location, provided you sign up for monthly monitoring.
- 67.** What type of warranty is the developer providing on the homes?  
The developer is providing an insured 2/5/10 warranty through WBI Home Warranty. Details are available on the project website.
- 68.** How soon can I take possession of my home?  
You will be able to negotiate a possession date with the developer when you purchase a home.
- 69.** What is the exterior cladding of our home?  
The home will be clad with a very durable Hardi-plank (or similar) exterior, which is pre-stained and which should require little or no maintenance for the first 15 years, and only repainting thereafter.
- 70.** What type of shingles is used for the roof?  
30-year laminated asphalt shingles.
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**Question:**

- 71.** Where can I get details on the construction of my home?  
These are posted on the website under “The Project” tab. If you have more detailed questions you may speak to the developer directly.
- 72.** Who is responsible for the maintenance of my home?  
The homeowner is responsible for the interior and exterior maintenance of their home. Landscape and irrigation maintenance is provided by the Homeowners Corporation, the cost of which is included in your common area costs.
- 73.** Will I be able to make changes to the layout of my home?  
Yes, provided they don’t change the exterior appearance. Specifics should be discussed with the developer.
- 74.** Will I be able to upgrade the finishes in my home?  
Yes, the developer is prepared to customize your home. Use your imagination; there are very few restrictions!
- 75.** Will I be able to choose exterior colours?  
Yes, each owner will be offered a choice of exterior colours. The colour schemes are posted on the website at: <http://osoyooscottages.com/project/exterior/> Note: no two adjacent homes may have the same exterior colours. Early buyers will have priority when it comes to choosing exterior colours.
- 76.** Will I be able to choose interior colours?  
Yes, you will be able to choose from 4 professionally designed interior colour schemes. The colour schemes can be viewed on the website at: <http://osoyooscottages.com/project/interior/> You may also choose custom colours.
- 77.** Is there a hospital nearby?  
Yes, in the Town of Oliver, approximately 15 minutes away. There is also a larger regional hospital in Penticton, approximately 45 minutes from the site.
- 78.** Can we lease a boat slip?  
Yes, these will be available on a first-come first-serve basis.
- 79.** Who owns and manages the boat slips?  
The boat slips will be leased to homeowners. When all the boat slips are spoken for, the management will be taken over by the Homeowners Corporation. Boat slip owners will pay an annual maintenance fee to cover expenses.
- 80.** How long will the lease be for the Boat Slips?  
The Province is expected to issue a 30-year lease to the developer. Typically, the Province renews these leases at the end of the lease term. The developer will issue similar subleases to homeowners who are interested in a boat slip.
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**Question:**

- 81.** What will be the cost of leasing of a boat slip?  
Currently, the rate for boat slips is about \$1,250 per foot of slip length.
- 82.** Where is the Area 27 Motorsport Club located?  
It is located near the Town of Oliver, approximately 12 km from The Cottages. Given the distance and topography between Area 27 and The Cottages, we do not expect to hear any noise from this Club.
- 83.** Where is the new Okanagan Correctional Facility located?  
This new facility is located on OIB land near Gallagher Lake north of Oliver, approximately 23 km from the Cottages.
- 84.** What if I have more questions?  
Please call the sales staff at 1.855.742.5555 or feel free to contact the developer, Eric Van Maren at 1.604.847.0702 or via email [ericv@vanmarengroup.com](mailto:ericv@vanmarengroup.com)
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