

THE COTTAGES ON OSOYOOS LAKE

INFORMATION STATEMENT

Developer:	Osoyoos Cottages Limited Partnership
Mailing Address:	Suite 202 45793 Luckakuck Way Chilliwack, British Columbia V2R 5S3
Address for Service:	Gowling Lafleur Henderson LLP 2300 – 550 Burrard Street Vancouver, British Columbia V6C 2B5

JANUARY 23, 2012

Revised Aug 30, 2012 (address change)

Revised Jan 2013 (misc. changes)

Revised April 10, 2013 (GST and Title Insurance)

GENERAL DISCLAIMER

This Information Statement is prepared by Osoyoos Cottages Limited Partnership (the “**Developer**”), and contains an overview of the development and construction of a mixed residential and recreational development (the “**Development**”) on lands located within the Osoyoos Indian Reserve No. 1.

The Development Lands, as defined herein, and construction of the improvements thereon are not subject to the British Columbia *Real Estate Development Marketing Act*. This is not a “Disclosure Statement” as the term is defined in the British Columbia *Real Estate Development Marketing Act* and this Information Statement will not be filed with the British Columbia Superintendent of Real Estate or any other office of the Province of British Columbia or Canada.

The interest in the residential units (each a “**Residential Unit**” and collectively the “**Residential Units**”) being offered pursuant to this Information Statement are leasehold interests, they are not fee simple title interests or interests in a strata lot. As the Residential Units are located on the Osoyoos Indian Reserve No. 1, various provincial statutes, including the British Columbia *Land Title Act* and the *Strata Property Act*, are not applicable to the Residential Units or the Development. The Development has been structured, however, so that it will function in a manner similar to a strata development, as described in Section 2.1.

BUILDING PERMIT AND CONSTRUCTION FINANCING

The Developer has obtained from Aboriginal Affairs and Northern Development Canada (“**AANDC**”) approval of the Development plans. The Developer has arranged for construction financing from CIBC.

BUYER’S RIGHT OF CANCELLATION

The buyer, being the sublessee (the “**Sublessee**”) of a leasehold interest in a Residential Unit, will have a time limited right to cancel the buyer’s purchase agreement with the Developer. After the buyer’s receipt from the Developer of an accepted purchase agreement for a leasehold interest in a Residential Unit, the buyer will have seven (7) days to deliver a notice of cancellation of the purchase agreement to the Developer. If the buyer cancels the accepted purchase agreement within the seven (7) day cancellation period, the buyer will have no liability whatsoever under the purchase agreement and any deposit paid by the buyer will be returned to the buyer without any deductions whatsoever.

RESIDENTIAL UNITS TO BE CONSTRUCTED

This Information Statement relates to the Residential Units that have not been constructed as of the date hereof.

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1. The Developer

1.1 The Developer

Osoyoos Cottages Limited Partnership (formerly named Stelkia Limited Partnership), is a limited partnership that was formed on November 24, 2010 pursuant to the British Columbia *Partnership Act* under registration number 0543654-10.

Stelkia Homes Ltd. is the managing general partner (the “**Managing Partner**”) of the Developer. The Managing Partner is a British Columbia company that was incorporated on October 7, 2010 pursuant to the British Columbia *Business Corporations Act* under incorporation number BC0892292.

Stelkia Holdings Ltd. (“**Stelkia Holdings**”) is a general partner of the Developer. Stelkia Holdings is a British Columbia company that was incorporated on October 7, 2010 pursuant to the British Columbia *Business Corporations Act* under incorporation number BC0892294.

Yacheen Holdings Inc. (“**Yacheen**”) is a general partner of the Developer. Yacheen is a British Columbia company that was incorporated on October 7, 2010 pursuant to the British Columbia *Business Corporations Act* under incorporation number BC0892352.

(The Managing Partner, Stelkia Holdings and Yacheen are, collectively, the “**General Partners**”).

1.2 Purpose and Assets

The Developer was formed for the purposes of developing the Development described herein and has no other assets other than those related to the Development Lands.

1.3 Records Office Address

The Developer’s records office address is:

Suite 2300
550 Burrard Street
Vancouver, British Columbia V6C 2B5

1.4 Directors

The directors of the Managing Partner are:

Name: Eric Van Maren
Address: Suite 202
45793 Luckakuck Way
Chilliwack, British Columbia V2R 5S3
Phone: (604) 847-0702
Email: ericv@vanmarengroup.com

Name: Bernie Van Maren
Address: Suite 202
45793 Luckakuck Way
Chilliwack, British Columbia V2R 5S3

The directors of Stelkia Holdings are:

Name: Eric Van Maren
Address: Suite 202
45793 Luckakuck Way
Chilliwack, British Columbia V2R 5S3

Name: Bernie Van Maren
Address: Suite 202
45793 Luckakuck Way
Chilliwack, British Columbia V2R 5S3

The sole director of Yacheen is:

Name: Rodney Samuel Cook ("**Rod Cook**")
Address: 304 – 1708 Dolphin Avenue
Kelowna, British Columbia V1Y 9S4

1.5 Developer's History

- (1) The Developer is a limited partnership, the Managing Partner and the general partner Stelkia Holdings of which are controlled by Bernie Van Maren and Eric Van Maren (together the "**Van Marens**"), long-time residents of Chilliwack, and Rod Cook, a long-time resident of Kelowna, controls the general partner, Yacheen.

The Van Marens are the principals of the Van Maren Group of Companies, which has developed multi-family residential projects throughout British Columbia since 1973. Recent projects include Halcyon Meadows (224 homes located on the Tzeachten Indian Reserve), Aria Apartments (175 homes located on the Westbank Indian Reserve), Clover Creek (61-homes on the Skowkale Reserve in Chilliwack), a 110-acre industrial park in Maple Ridge, British Columbia and are also involved in a number of large residential subdivisions in Alberta and Ontario (see www.vanmarengroup.com).

Rod Cook is the Principal of Kent-Macpherson, one of the province's largest real estate appraisal and consulting firms, based in Kelowna. Rod Cook has 30 years' experience in the real estate appraisal, consulting and development business, specializing in developments on First Nations Lands.

- (2) To the best of the Developer's knowledge, none of the Developer, the General Partners, the Van Marens or Rod Cook have ever 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.

- (3) To the best of the Developer's knowledge, none of the Developer, the General Partners, the Van Marens or Rod Cook have ever been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such persons.
- (4) To the best of the Developer's knowledge, none of the Developer, the General Partners, the Van Marens or Rod Cook, have ever been a director, officer or principal holder of any other developer that, while the person was acting in that capacity, that other developer:
- (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; 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.

2. General Description

2.1 General Description of the Development

(a) The Development

The conceptual plan for the Development is for the construction of approximately 284 single-family Residential Units on the Development Lands located adjacent to Osoyoos Lake, British Columbia. This Information Statement relates to the marketing of all of the proposed Residential Units provided that the proposed Unit Entitlement, Interim Budget and Maintenance Fee schedules relate to the first phase only. As further phases are marketed, these schedules will be revised. The Development may include all, or any part of, the following uses:

- (i) Residential Units and Common Areas and Common Facilities (as defined in the Subleases) for residential, recreational and ancillary commercial purposes;
- (ii) private and commercial recreational vehicle, campground and manufactured home sites;
- (iii) buildings or structures for tourist accommodation, restaurant, licensed establishment, tourist retail store, mini-storage units for use by owners and occupiers of the Residential Units and storage of recreational vehicles including campers, boats and all-terrain vehicles;

- (iv) boat slips and related facilities (subject to obtaining final approvals by governmental authorities); and
- (v) other ancillary buildings, improvements, facilities, structures and services associated with a mixed residential and recreational development, and all ancillary purposes ordinarily associated with such a mixed use development,

(each a “Use” and collectively, the “Uses”).

The Developer does not represent or warrant that all of the potential Uses will form part of the Development. Presently, the intention is to construct only Residential Units and the first phase of the boat slip facility, but other Uses may occur. Buyers may contact the Developer for details of the current scope of the planned Uses for the Development.

The Development will take place in phases as more particularly described in Section 2.4. The Developer may alter the conceptual plans, and numbers and types of Residential Units and the Uses described above, based on market conditions.

The Residential Units will be wood framed construction, with the average size of the Residential Units anticipated to be 2,000 square feet. While it is anticipated that some Residential Units will be used on a seasonal or recreational basis, full-time residency is a permitted Use.

The Common Areas and Common Facilities of the Development, as more particularly described in Section 3.12, will include all portions of the Development other than the Residential Units and those units subleased for commercial purposes (the “**Commercial Units**” and together with the Residential Units, the “**Development Units**”). The Commercial Units, if constructed, will be used for purposes ancillary to the residential and recreational Uses of the Development.

The Development Lands, as more particularly described in Section 4.1, presently comprises two lots briefly described as Lot 39-1-1 and Lot 39-2 situate on Federal Crown land reserved for the Band.

(b) Location of the Development

The Development is located on the Osoyoos Indian Reserve Number 1, adjacent to Osoyoos Lake in British Columbia. The civic address of the Development is 2450 Radio Tower Road, Oliver, British Columbia V0H 1T0. Access to the Development will be by way of a private road (the “**Access Road**”) which connects to Inkaneep Road. The Access Road will be governed by a permit for the term of the Head Leases in favour of the Homeowners Corporation, see details in Section 3.16(f).

(c) Preliminary Site Plan

The proposed layout of the Development and location of the Residential Units, the Common Areas and Common Facilities and the proposed improvements relating to the Commercial Units are set out in the preliminary site plan (the “**Preliminary Site Plan**”) attached hereto as Exhibit “A”. The Preliminary Site Plan is based on current architectural and design drawings and the final layout and location of the constructed Residential Units and Common Areas and Common Facilities, the Commercial Units and other aspects of the Development may vary from the layout, location and design shown in the Preliminary Site Plan. The Developer reserves the right to make variations and modifications to the Preliminary Site Plan, provided such variations and modifications do not materially change the size or location of Residential Units being marketed under this Information Statement. Each buyer will select a floor plan from those available for the lot in question. Sample floor plans may be viewed on the Development’s website at <http://osoyooscottages.com/project/floorplans-2/>. The Developer reserves the right to make modifications to available floor plans. The Unit entitlement for each Residential Unit is set out on Exhibit “B”. Lakeside Homes have a Unit Entitlement of 1.5, all other homes have a Unit Entitlement of 1.

(d) Legal Form of the Development

The Developer, acting through its Managing Partner, has leased the Development Lands from Her Majesty the Queen in Right of Canada, as represented by the Minister of AANDC (the “**Federal Crown**”) on behalf of Jane Stelkia (“**Stelkia**”) in respect of Lot 39-1-1 and Modesta Betterton (“**Betterton**”) in respect of Lot 39-2, for a term of 99 years pursuant to a separate prepaid head lease for the two lots, as more particularly described in Section 3.1(a).

The head leases for Lot 39-1-1 (the “**Lot 39-1-1 Head Lease**”) and Lot 39-2 (the “**Lot 39-2 Head Lease**”, and together with the Lot 39-1-1 Head Lease, the “**Head Leases**”) each commenced on December 1, 2010 and expire on November 30, 2109.

The Head Leases are registered in the Indian Lands Registry (the “**Registry**”) in Ottawa, Ontario under registration numbers 6053868 for the Lot 39-1-1 Head Lease and 6053869 for the Lot 39-2 Head Lease. Certain modifications to the Head Leases have been or will be registered in the Registry, as more particularly described in Section 3.1(b).

A buyer of a Residential Unit in the Development will receive a sublease from the Developer which gives the buyer, as sublessee, the right to occupy the Residential Unit and the lot associated with the Sublease. The use by a buyer of a Residential Unit and the Common Areas and Common Facilities will be subject to the terms and conditions of the Subleases.

A copy of the Sublease is available from the Developer, and is contained in the Document Binder given to all Buyers at time of purchase. The Developer reserves the right to make changes to the form of the Sublease as may be reasonably required.

When a buyer acquires a Residential Unit, the buyer will become a member (shareholder) in the homeowners' corporation for the Development. The Stelkia Homeowners Corporation (the "**Homeowners Corporation**") is a company incorporated pursuant to the British Columbia *Business Corporations Act* and will be responsible for management and maintenance of the Common Areas and Common Facilities, the administration and enforcement of certain terms of the Subleases and the rules (the "**Rules**") established by the directors of the Homeowners Corporation, as more particularly described in Section 3.1(d) and set out in Exhibit "C" attached hereto.

The only members of the Homeowners Corporation will be owners of Residential Units, the Developer and any mortgagee of the Developer. Ownership of a Residential Unit will entitle the owners of that Residential Unit to one (1) vote at meetings of the Homeowners Corporation. Before the last Residential Unit in the Development is transferred to buyers the Developer will issue a Sublease of Common Areas and Common Facilities to the Homeowners Corporation for nominal consideration (the Sublease for the Clubhouse may be issued to the Homeowners Corporation before the Sublease of other Common Areas and Common Facilities). Pursuant to this Sublease the Homeowners Corporation will control and manage the Common Areas and Common Facilities.

(e) Amenities

The Development will include a clubhouse (the "**Clubhouse**") of approximately 7,500 square feet within which the Developer intends to designate 900 square feet of area for the use as a caretaker suite. The Developer reserves the right to use the caretaker suite for its sales and marketing staff for as long as it has Development Units available for sale in the Development. The Developer also has the right to use the Clubhouse lobby, tuck-shop, club room, kitchen and storage room as well as four adjacent parking spaces for as long as it has Development Units available in the Development. The Developer will not pay for the use of this space. The Clubhouse will be built in two phases: Phase 1 consists of approximately 3,200 square feet, and Phase 2, the balance of the area. The Developer reserves the right to build additional amenities on the Common Area of the Development. The Developer commenced construction of the Clubhouse on or about January, 2013 and will complete the first phase of the Clubhouse prior to the registration of the 30th Residential Unit Sublease. A swimming pool and hot tub will be completed prior to the registration of the 40th Residential Unit Sublease. The final phase of the Clubhouse will be completed prior to the registration of the 75th Residential Unit Sublease.

(f) Boat Slips

The Development will include approximately 155 boat slips on Osoyoos Lake immediately adjacent to the Development Lands. These boat slips will be constructed in Phases with the first Phase expected to be completed by July 2013. Boat slips will be available to buyers on a first-come, first-served basis.

2.2 Permitted Use

The Residential Units are intended for residential use only. No Residential Unit in the Development may be used for commercial or other purposes that are not ancillary to residential purposes. Ancillary uses to the Residential Units include home office use. Residential Units may be rented, for periods of at least five consecutive days. Use of the Residential Units is subject to the terms of the applicable Head Lease, the Sublease, the bylaws and resolutions of the Band and the Rules. Certain rentals of a Residential Unit may result in an obligation of the Sublessee to pay Goods and Services Tax (“GST”) as described in Section 3.1(c).

2.3 Building Construction

The Developer is responsible for the construction of the Residential Units and the Common Areas and Common Facilities. The Developer will retain an AANDC approved inspector, to inspect the Residential Units. Common Areas and Common Facilities will be designed and inspected by engineers or an architect licensed in British Columbia. Such Common Facilities will include the Clubhouse, site services, sewage and water treatment facilities. All buildings will be designed and built in accordance with the latest edition of the British Columbia Building Code.

2.4 Phasing

The Developer intends to develop the Development in phases. As each phase is sold the associated roads and landscaping will be completed (subject to seasonal limitations). The completion of the entire Development is dependent on market conditions.

3. Lease Agreement

3.1 The Head Leases and Sublease

(a) Head Leases

The following is a description of the material terms in the Head Leases. The Lessor under the Head Leases is the Federal Crown and the Lessee is the Developer. The Homeowners Corporation is a party to the Lot 39-1-1 Head Leases, Stelkia is a party to the Lot 39-1-1 Head Lease and Betterton is a party to the Lot 39-2 Head Lease. Both Stelkia and Betterton are the holders of Certificates of Possession for Lot 39-1-1 and Lot 39-2, and have authorized the granting of the Head Leases. The material terms of the Head Leases include the following:

- (i) the term of the Head Leases is 99 years, having commenced on December 1, 2010 and expiring on November 30, 2109;
- (ii) the Prepaid Basic Rent under the Lot 39-1-1 Head Lease has been fully prepaid by the Developer to the Federal Crown;
- (iii) the Prepaid Basic Rent under the Lot 39-2 Head Lease has been fully prepaid by the Developer to the Federal Crown;
- (iv) the lessee under the Head Leases, which is currently the Developer, has certain ongoing obligations under the Head Leases, including the obligation to pay all ongoing third party expenses such as taxes and utilities, the obligation to maintain, repair, replace, reconstruct and restore the premises, the obligation to insure and the obligation to ensure compliance by all subtenants with the terms of the Head Leases. Such obligations will be the Homeowners Corporation, in a similar manner as a strata corporation would have such obligations;
- (v) the Head Leases are registered in the Indian Lands Registry in Ottawa as described above in Section 2.1(d). The Head Leases will not be registered under the British Columbia Land Title system; and
- (vi) in consultation with the Federal Crown and the Canada Mortgage and Housing Corporation (“CMHC”), the Head Leases include two mechanisms to ensure that any buyer of a Residential Unit, who is not in default under its Sublease, will continue to have possession of its Residential Unit if the Lessee (the Developer) or a Sublessee causes a default under a Head Lease. First, each Head Lease includes a mechanism whereby it can be severed and assigned to the Homeowners Corporation in connection with Subleases already issued, if there is a default by the Lessee. Second, by the terms of the Third Modification, as defined in Section 3.1(b), each Head Lease includes a provision that restricts the Lessor from terminating either Head Lease if the Lessee or its assignee enters into a trust arrangement with the Lessor under which the Lessee or its assignee (as trustee) agrees to enforce defaulting Subleases, and use proceed from such Subleases to cure defaults.

(b) Head Lease Modifications

A modification of the Head Leases was registered on October 24, 2011 under No. 6059688 to record the change of the Developer's name. A second modification of the Head Leases was registered on February 15, 2012 under Nos. 6062832 (as to the Lot 39-1-1 Head Lease) and 6053869 (as to the Lot 39-2 Head Lease) to delete Section 6.6 of the Head Leases, which restricted the Developer's ability to improve the Development Lands until it satisfied certain conditions in favour of Stelkia and Betterton, all of which have been satisfied. Prior to the first sublease of a Residential Unit, the Developer intends to register a

third modification of the Head Leases (the “**Third Modification**”) to incorporate the protections for a buyer and its lender described in Sections 3.1(a)(vi) and 3.3(a), which will allow CMHC to insure mortgage loans obtained by buyers of the Residential Units.

(c) Sublease

The Developer will create individual Subleases for each Residential Unit in the Development. The material terms of the Sublease include the following:

- (i) the term of the Subleases will end one day prior to the termination of the applicable Head Lease subject to prior termination in the event of default;
- (ii) each occupant is obligated to maintain, repair and replace his or her Residential Unit and pay his or her proportionate share of certain ongoing expenses relating to the Common Areas and Common Facilities, during the term of the Sublease (in the same fashion as an owner of a strata lot would pay), including costs of insurance and costs of repairs, maintenance and upkeep;
- (iii) the assignment (sale) or mortgaging of a Sublease is subject to the prior written consent of the Federal Crown, which is a statutory requirement granted in most instances as a matter of course upon presentation of standard documentation for registration in the Registry, and there must be no default under the Sublease at the time of an assignment;
- (iv) the Sublease will be registered in the Indian Lands Registry in Ottawa. The Sublease will not be registered under the British Columbia Land Title system;
- (v) the Sublease will provide that the Sublessee prepay the full amount of the rent for each year of the Term on the Closing Date. Subject to the qualification at the end of this Section 3.1(c), the Developer has been advised that GST is not payable on rent under the Sublease. If it is determined that any rent is subject to GST, the Sublessee will pay to the Developer the GST attributable to that rent under the Sublease;
- (vi) the Sublease will provide that the sublessor may install on the side of some homes an irrigation control box, which will be powered by electricity supplied and paid for by the sublessee of a Residential Unit. The Subleases will further provide that the Developer and the Homeowners Corporation or any employee, agent or contractor of the Developer or the Homeowners Corporation may enter upon a Sublessee's lot, at all reasonable times, for the purposes of installing, inspecting, maintaining, repairing and replacing the irrigation control box, irrigation pipes and systems located on or under a buyer's lot and the appurtenant facilities connected thereto;

- (vii) certain Subleases for the Downhill Lots require the Sublessee to grant to the Sublessee of an adjacent lot an easement over a portion of the Sublessee's sideyard for the purposes of permitting the adjacent Sublessee to manoeuvre and park vehicles within the easement area. The Sublessee is entitled to use the easement area for maintenance, repair or replacement of its Residential Unit; and
- (viii) certain lots may be subject to easements or rights of way for shared services and utilities servicing the other lots and Common Areas and Common Facilities within the Development.

Disclosure Regarding GST and Rentals

The Developer has been advised as follows:

Generally, long-term rentals of homes and vacations residences are exempt from GST. However, there are circumstances where GST may become payable if the Sublessee uses its Residential Unit for rental purposes for a period of time. For example, where in one year a Sublessee has four or more consecutive weeks of short-term rental with no break between the different renters, then the pre-paid or monthly Rent under the Sublease paid or attributable for the year will become subject to GST. Under the terms of the Sublease, each Sublessee must pay to the Developer the applicable GST on the Rent under the Sublease paid or attributable to that year. Attached hereto as Exhibit "G" is a copy of the memorandum provided by the Developer's tax advisors concerning the circumstances where GST may become payable if a Sublessee uses its Residential Unit for rental purposes. Sublessees should consult a tax professional to determine whether their use of their Residential Unit triggers a GST obligation and to address any other issues that a Sublessee may have in respect of GST.

(d) Homeowners Corporation

The Development Lands are Federal Crown lands which are not registered in the British Columbia Land Title System and the *Strata Property Act* of British Columbia does not apply to the Development Lands. As a result, the following steps have been taken to structure the Development in a manner similar to a bare land strata:

- (i) the Homeowners Corporation is a company incorporated under the *Business Corporations Act* (British Columbia). Such legislation, or any successor legislation, and the Articles of the Homeowners Corporation will govern the operation of the Homeowners Corporation and the rights and obligations of its shareholders, officers and directors. The Articles of the Homeowners Corporation require that certain significant decisions be approved by not less than seventy-five (75%) percent of the votes cast at a meeting. The Homeowners Corporation will acquire a sublease or subleases of the Common Areas and Common Facilities;

- (ii) the Homeowners Corporation will perform similar functions to those performed by a strata corporation under the *Strata Property Act* of British Columbia. In particular, the Homeowners Corporation (which will function through its board of directors) will be responsible for maintaining the Common Areas and Common Facilities, placing insurance on the Common Areas and Common Facilities, establishing budgets, collecting maintenance and operating fees and enforcing certain provision of the Subleases and Rules relating to the Project;
- (iii) each holder of a Sublease will be a shareholder of the Homeowners Corporation. The only shareholders of the Homeowners Corporation will be the Developer, the holders of the Subleases and any mortgagee of the Developer;
- (iv) upon the assignment of a Sublease the assigning party ceases to be a shareholder of the Homeowners Corporation, and the party acquiring the Sublease will become a shareholder; and
- (v) the Homeowners Corporation may enter into a management contract for management services.

The Developer will transfer control of the Homeowners Corporation on the Developer's disposition of the last unit of the Development.

3.2 Occupancy Restrictions

The Residential Units may only be occupied for residential purposes, which includes home office uses and the right to rent the Residential Units for periods not less than five (5) consecutive days.

The environmental report for the Development recommended prohibitions on free roaming cats and dogs in the Development, as a means of minimizing interference with birds and other wildlife. The Subleases will contain such prohibitions.

3.3 Termination Provisions

(a) The Lot 39-1-1 Head Lease

The termination provisions under the Lot 39-1-1 Head Lease are set out in Article 20, as amended by the Third Modification.

Article 20

The termination provisions in Article 20 of the Lot 39-1-1 Head Lease relate to defaults of the Developer, as Lessee under the Lot 39-1-1 Head Lease and are subject to the protective provisions described below. If the Lessee is in default under the Lot 39-1-1 Head Lease, the Federal Crown, as Lessor, will give to the Lessee, any mortgagee of the Lessee and the Homeowners Corporation written

notice of the default and the notice will specify the particulars of the default. Upon receipt of a default notice, the Lessee, any mortgagee of the Lessee or the Homeowners Corporation will have thirty (30) days (which, subject to the Lessor formalizing its agreement in principle with the Lessee under the Third Modification, will increase to fifty (50) days) after the notice is delivered to cure the default or if such default is not reasonably capable of being cured in thirty (30) or fifty (50) days, as the case may be, such longer time as is reasonably required to cure the default. If the curing party fails to proceed to cure the default with all due diligence the Lessor may by notice, subject to the rights of the Homeowners Corporation and buyers described next, declare the term of the Lot 39-1-1 Head Lease ended.

There are two mechanisms under the Head Leases to protect the interests of buyers if the Lessor, one of which restricts the ability of the Lessor to terminate the 39-1-1 Head Lease.

First, Section 20.10 of the Lot 39-1-1 Head Lease provides that if the Lessor is entitled to terminate the Lot 39-1-1 Head Lease, and it has not waived such default under Article 20A, if one or more Subleases of the Development Lands (including by way of a mortgage granted by the Lessee to a mortgagee) are registered in the Registry, then the Lessor will not declare the term of the Lot 39-1-1 Head Lease and the interest of the Lessee in the Development Lands charged by such Subleases terminated and the interest of the Lessee under the Lot 39-1-1 Head Lease will be assigned to the Homeowners Corporation pursuant to the mechanism set out in Section 20.10 of the Lot 39-1-1 Head Lease.

Second, by the terms of the Third Modification, as defined in Section 3.1(b), the Lot 39-1-1 Head Lease includes a provision that restricts the Lessor from terminating the Lot 39-1-1 Head Lease if the Lessee or its assignee enters into a trust arrangement with the Lessor under which the Lessee or its assignee (as trustee) agrees to enforce defaulting Subleases, and use proceed from such Subleases to cure defaults.

(b) The Lot 39-2 Head Lease

The termination provisions are identical to those in the Lot 39-1-1 Head Lease.

(c) The Subleases

The termination provisions are set out in Article 21 of the Subleases. If the Sublessee of a Residential Unit is in default under the Sublease the Sublessee will be given written notice of the default and the notice will specify the particulars of the default. Upon receipt of a default notice, the Sublessee will have:

- (i) 25 days from receipt of written notice from the sublessor to cure a default which constitutes a default under the terms and conditions of the applicable Head Lease; or

- (ii) if the default is with respect to a default which does not constitute a default under the applicable Head Lease, the Sublessee will have 90 days from receipt of written notice from the sublessor to cure such default,

following which the sublessor shall have the right, subject to the rights of the Sublessee's mortgagee to cure such default under Section 21.5 of the Subleases, to re-enter and re-take possession of the Residential Unit and terminate the Sublease.

3.4 Rent/Additional Rent

The purchase price agreed to by the Developer and Sublessee in the Purchase Agreement will be equal to the Rent owing under the Sublease. The Sublease also requires payment of Additional Rent. This Additional Rent is similar to a monthly strata fee and will be collected by the Homeowners Corporation to cover its costs maintaining, repairing and replacing the Common Areas and Common Facilities, together with a contingency reserve. Additional Rent also includes any GST that is to be paid by a Sublessee to the Developer, including any interest or penalties arising from non-payment of such amounts by the Sublessee. For owners of Boat Slips, Additional Rent will also include the cost of managing, operating and maintaining the boat slips.

3.5 Repayment Provisions

No portion of the Rent under the Sublease will be repaid to the Sublessee under any circumstances.

3.6 Registration

Each Sublease, once signed by the Developer and the buyer and consented to by the Federal Crown, will be submitted and registered in the Indian Lands Registry when the purchase of the Residential Unit closes. The Sublease cannot be registered in the British Columbia Land Title Office.

3.7 Assignment and Subleasing

(a) Assignment (Transfer to a Purchaser)

A Sublessee of a Residential Unit may assign (sell) his or her interest under the Sublease by assignment to a third party (the "**Purchaser**") subject to the consent of the Federal Crown, which in the ordinary course is regularly granted, and the Sublessor.

Consent of the Federal Crown is subject to various conditions which include, but are not limited to, the Sublessee having paid all amounts due to the sublessor under the Sublease and the Purchaser signing the Sublessor's standard form assumption agreement in favour of the sublessor with respect to its obligations under the Sublease. The assignment of a Sublease interest is, as at the date of this Information Statement not subject to the provincial Property Transfer Tax. An

administration fee equal to one (1%) percent of the greater of the selling price for the assignment of Sublease or the most recent assessed value of the Residential Unit is payable to the Sublessor as a condition of the Assignment.

(b) Subleasing (Renting of the Residential Unit)

A Sublessee of a Residential Unit may sub-sublease their Residential Unit to a residential tenant subject to the prior consent of the sublessor and the Federal Crown, which will not be unreasonably withheld.

3.8 Occupancy Charges

Attached as Exhibit “D” is the estimated operating budget for the common operating and maintenance costs of the Development and attached as Exhibit “E” is the estimated monthly maintenance fees for each Residential Unit. The Developer has provided three budgets; the first budget is for the first 30 Residential Units sold; the second budget is for the period during when the 31st and 74th Residential Units are sold; and the third budget is based on the entire Development being completed. The proportionate share (the “**Proportionate Share**”) of each Residential Unit is a figure indicating its share in the Common Areas and Common Facilities and the assets of the Homeowners Corporation and by which a Sublessee’s contribution to the expenses of the Homeowners Corporation is determined. Pursuant to the Sublease, the owner(s) of each Residential Unit will be required to contribute their Proportionate Share of the common expenses based upon their Proportionate Share. This amount is payable as Additional Rent under the Sublease.

The estimated operating budget and estimated maintenance fees are based on current projections for the first phase and the final operating budget and maintenance fees may vary due to unanticipated increases in the costs of services and/or utilities.

Owners of boat slips will be required to contribute their Proportionate Share of the cost of managing, operating and maintaining the boat slips.

3.9 Taxes

Each Sublessee of a Residential Unit is responsible for paying property taxes to the Osoyoos Indian Band (Band) and making an application, if applicable, for a home owner’s grant. The Band has enacted taxation and assessment laws as authorized by the *Indian Act*, which has been approved by the Minister of Indian Affairs and Northern Development. Property taxes will be collected by the Band. The Sublease requires each Sublessee to abide by the Band’s laws. At present, the tax rate charged by the Band is equal to the rate charged by the Town of Oliver. Property assessments are currently provided by B.C. Assessment.

No provincial property transfer tax is payable with respect to the purchase of a Residential Unit and the registration of the Sublease in the Registry or upon the subsequent sale of a Residential Unit and assignment of a Sublease by a Sublessee to a buyer.

3.10 Management

The Homeowners Corporation will be responsible for the management of the Development, including the enforcement of certain terms of the Subleases and the Rules. Each Sublessee of a Residential Unit will be entitled to be a shareholder of the Homeowners Corporation. A Sublessee of a Residential Unit will be entitled to one (1) vote at meetings of the Homeowners Corporation, including the annual general meeting where directors are appointed and the annual budget is approved. If there is more than one (1) owner of the Residential Unit, only one (1) of the owners will be entitled to vote at meetings of the Homeowners Corporation.

3.11 Residential Tenancy Act

The *Residential Tenancy Act* (British Columbia) does not apply to the Sublease of Residential Units within the Development. Individual buyers who lease their Residential Unit may be bound by certain provisions of the *Residential Tenancy Act*, and should consult a lawyer if they have any questions.

3.12 Common Areas and Common Facilities

The Common Areas and Common Facilities of the Development are defined in the Subleases and generally consist of roads, parking areas, garden areas, boulevards, utilities outside of Residential Units, common areas of buildings, garbage enclosures, the Clubhouse, pools, hot tubs, beach, water reservoir, utility storage areas and sewer and water treatment facilities. All Common Areas and Common Facilities within the Development are available for the use and enjoyment of all owners and occupants of the Residential Units and their invitees provided that the Developer may designate limited common areas and common facilities for the exclusive use of a Sublessee or group of Sublessees.

3.13 Furnishings and Equipment

Each Residential Unit will include a 30" fridge, 30" electric range, 30" over the range microwave, 24" dishwasher, front loading stackable washer and dryer and white window blinds.

3.14 Developer's Rights

The Developer may rent any Residential Units in the Development that the Developer does not sublease to buyers.

The Developer may retain one or more Residential Units for use as display suites as part of the Developer's marketing activities in the Development, together with those areas described in Section 2.1(e) above. While Marketing and sales activities are under way, the Developer shall have unrestricted access to the Development.

3.15 Parking

Parking for the Residential Units will be provided for in areas of the Development designated by the Developer. The Developer anticipates the following parking arrangements for the following classes of Residential Units:

- (a) Meadow Homes without a Garage: one surface parking space located in a designated common parking area near such homes;
- (b) Meadow Homes with a Garage: one or more parking spaces located in the garage of such homes;
- (c) Lakeside Homes: two parking spaces located in the garage of such homes; and
- (d) Hillside Homes: one or two parking spaces in the garage attached to such homes. There may be additional exterior parking spaces available in front of the garage. Please refer to Section 3.1(c)(vii).

In addition, there will be approximately 75 visitor parking spaces distributed throughout the Development and approximately 35 visitor parking spaces located near the entrance to the Development. Some of the visitor parking spaces near the entrance to the Development may be needed as an infiltration basin in the future, which would then reduce the number of visitor parking spaces. The Developer, in its sole discretion, will determine the location, size and allocation of parking stalls.

Sublessees may only park vehicles on their designated space, and must abide by all Rules regarding parking of vehicles and trailers.

A designated parking area for boats, trailers and Recreational Vehicles is not part of the Development. The Developer will designate an area on the site for this purpose for as long as room is available.

3.16 Utilities and Services

The Development will be provided with the following services:

- (a) Water: The Developer intends to construct a private water supply and distribution system that will draw potable water from two wells on the Development Lands. The system will be designed and built to meet all Provincial Requirements. The system will include a water reservoir (the “**Water Reservoir**”) that will be located outside of the Development Lands. A permit under subsection 28(2) of the *Indian Act* (Canada) has been issued to the Homeowners Corporation granting it the right to locate, maintain and access the Water Reservoir on that portion of the Band’s land identified as Permit Area C on the plan attached to the Permit. The cost of operating, maintaining and replacing this facility will be paid by the Homeowners Corporation. The Developer and Homeowners Corporation have agreed to provide potable water to the neighbouring property located at 2490 Radio Tower Road, Oliver, British Columbia at no cost to them;

- (b) Electricity: FortisBC will provide electricity to the Development;
- (c) Sewerage: The Development will construct a private sewage treatment facility to meet all Provincial Requirements. The cost of operating and maintaining this facility will be paid by the Homeowners Corporation. The Developer and Homeowners Corporation have agreed to provide sewage treatment to the neighbouring property located at 2490 Radio Tower Road, Oliver, British Columbia at no cost to them;
- (d) Natural gas: The Developer does not anticipate that the Development will be serviced by natural gas;
- (e) Telephone: The Developer has arranged with Telus to provide telephone, internet and cable services to the Development. Only one provider will be available to the Development;
- (f) Access: Access to the Development and homes thereon will be by way of a paved road (the “**Access Road**”), which will connect to Inkaneep Road. The Access Road does not form part of the Development Lands. A Permit under section 28(2) of the *Indian Act* (Canada) (the “**Access Permit**”) has been issued to the Homeowners Corporation granting to the lessees, sublessees and lawful occupants of the Development Lands and their invitees the right to use the Access Road for the purposes of access to and from the Development Lands; and
- (g) Fire Protection: Fire protection will be provided by the Town of Osoyoos.

The Developer reserves the right to increase the size and capacity of the water supply and distribution system and the sewage treatment facility to service a neighbouring development. The capital costs and all recoveries attributable to any such expansion will be for the account of the Developer. To the extent that the water supply and sewer system facilities service a neighbouring development, the owner(s) of the neighbouring development will contribute to the operating, maintenance and replacement costs of such facilities on a proportionate use basis.

3.17 Insurance

- (a) The Developer will obtain course of construction insurance at least equal to the costs of improvements and general liability insurance on the Development Lands in the amount of \$5,000,000.
- (b) The Developer will cause the Homeowners Corporation to arrange insurance coverage to replace the insurance coverage set out above with an all risk, all property insurance for full replacement value of Common Areas and Common Facilities, including general liability of at least \$2,000,000.

- (c) The Sublessee will be responsible for insuring his or her Residential Unit, with:
- (i) an “All Risks” policy covering the buildings including costs of excavations and foundations and improvements on the Residential Unit as would be insured against by a prudent owner, including coverage for earthquake and such other perils as the Federal Government may reasonably require to be insured against, in an amount not less than the Replacement Cost, as defined in the Subleases, of such buildings and replacements; and
 - (ii) a comprehensive personal general liability policy or Commercial General Liability Policy against claims for personal injury, sickness, illness, disease or disability, death or property damage or loss (including liability coverage for pollution, to the extent such coverage is available) arising out of the ownership, occupation, maintenance and use of the Residential Unit by the Sublessee, in an amount not less than One Million Dollars (\$1,000,000) in respect of any one accident or occurrence, or such higher amount as the Federal Crown may require from time to time.
- (d) Each Sublessee will be required to obtain the insurance from a broker selected by the Homeowners Corporation. Initially, the broker is HUB International Canada West dba Hub International Barton Insurance Brokers. All insurance policies will have common expiration date. The Homeowners Corporation, with the approval of not less than seventy-five (75%) percent of the shareholders entitled to vote at a meeting, may change the broker from time to time. The process of using one broker simplifies the administration of insurance and compliance with the insurance requirements of subleases and the Head Leases.

4. Title and Legal Matters

4.1 Legal Description

The lands upon which the Development is located are situate within Osoyoos Indian Reserve IR#1 and are presently comprised of two parcels of land more particularly known and described as:

Lot 39-1-1, in Osoyoos Indian Reserve IR #1, Province of British Columbia, as shown on Plan of Survey RSBC 2012 deposited in the Canada Lands Survey Records at Ottawa, Ontario (“**Lot 39-1-1**”);

Lot 39-2, in Osoyoos Indian Reserve IR #1, Province of British Columbia, as shown on Plan of Survey RSBC 1935 (“**Lot 39-2**”),

(Lot 39-1-1 and Lot 39-2 are together the “**Development Lands**”).

Lot 39-1-1 is approximately 28.5 hectares (70.4 Acres), and Lot 39-2 is approximately 0.556 hectares (1.4 Acres). Total area is approximately 29.05 hectares (71.8 Acres).

As described in Section 2.1 above, the Developer, as Lessee, holds a ninety-nine (99) year prepaid lease for each of Lot 39-1-1 and Lot 39-2, that both commenced on December 1, 2010 and expire on November 30, 2109. The Lessor under the Head Leases is the Federal Crown. As described in Section 7.4(b), the Developer, at its cost, has made arrangements for the issuance of a title insurance policy for the benefit of each buyer of a Residential Unit and, as applicable, their mortgagee.

4.2 Ownership

The Development Lands are held by the Federal Crown for the use and benefit of the Band. Stelkia, at the time of the execution of the Lot 39-1-1 Head Lease, was in lawful possession of Lot 39-1-1 as evidenced by a certificate of possession issued pursuant to subsection 20(2) of the *Indian Act* (Canada). Betterton at the time of the Lot 39-2 Head Lease was in lawful possession of Lot 39-2 as evidenced by a certificate of possession issued pursuant to subsection 20(2) of the *Indian Act* (Canada). The Developer, pursuant to the terms of the Head Leases, is the current Lessee of the Lands. Pursuant to the terms of the Head Leases, the Developer may develop and market the Development Lands for the Uses and, with the consent of the Federal Crown, sublease the Residential Units.

4.3 Existing Encumbrances and Legal Notations

- (a) A permit between Her Majesty and British Columbia Telephone Company, granted under subsection 28(2) of the *Indian Act* (Canada), is registered against title to the Development Lands. The purpose of this permit is to permit the delivery of telecommunication services to the Lands.
- (b) The Head Leases reserve to the Federal Crown the right to extract minerals from the Development Lands.

4.4 Proposed Encumbrances

The following additional encumbrances may be registered against the title to the Development Lands:

- (a) easements, restrictive covenants, dedications and rights-of-way and other rights or restrictions in favour of FortisBC, TELUS and other utilities and communications suppliers with respect to access to the Development Lands and the right to install, repair and maintain utility and communication infrastructure for the benefit of the Development;
- (b) easements, permits, restrictive covenants, dedications and rights-of-way and other rights or restrictions in favour the Band, the Managing Partner, the Homeowners Corporation, public authorities, municipalities or any other applicable government authority in connection with the approval of the Development or the construction, use or occupation of the Development Lands or as is reasonably required for the Development; and

- (c) mortgage and assignment of rents (collectively, the “**Construction Mortgage**”) in favour of one or more than one third party lenders, securing the construction financing required by the Developer to complete the Development (see Section 6.2 Construction Financing).

The Construction Mortgage will provide that the mortgagee’s interest claimed under the Construction Mortgage in a Residential Unit will be discharged by the mortgagee after the Residential Unit is transferred to a Sublessee. The construction loan secured by the Construction Mortgage will be paid out post-closing from the sale proceeds the Developer receives from the sale of the leasehold interest in the Development Units.

4.5 Outstanding or Contingent Litigation or Liabilities

There is no outstanding or, to the best of the Developer’s knowledge, anticipated litigation or liability in respect of the Development or against the Developer or against the General Partners that may affect the Development.

4.6 Environmental Matters

- (a) Flooding Dangers

Except as disclosed below, to the best of the Developer’s knowledge, the Development Lands do not lie within an area that may be subject to flooding. Part of the Development Lands were below the flood construction level. The Developer has filled this area so that it is above the flood construction level as established Provincial Authorities and all Residential Units will be above the flood construction level.

- (b) Condition of Soil and Subsoil

Based on geotechnical investigations, the Developer is not aware of any dangers connected with the Development Lands in respect of the condition of the soil or subsoil.

5. Construction and Warranties

5.1 Construction Dates

Construction of four (4) show homes commenced December 15, 2011. Other Residential Units will be constructed at times determined by the Developer.

5.2 Warranties

Sublessees of Residential Units will be provided with a “2/5/10” home warranty insurance coverage by WBI Home Warranty Ltd. or other approved insurer. The home warranty insurance will be for a period of two (2) years on defects in labour and materials, five (5) years on defects in the building envelope and ten (10) years for

structural defects. Details of the home warranty insurance coverage may be obtained from the Developer or by visiting: <http://www.hpo.bc.ca/homeowners>.

5.3 Previously Occupied Building

Not applicable.

6. Approvals and Finances

6.1 Development Approval

The Development construction is subject to two sets of approvals. The Head Lease requires the Development to be constructed in accordance with the standards set out therein (Provincial and Federal) and for such construction to be reviewed by the Federal Government's representatives. In addition, the Developer intends to have the construction inspected by an inspector approved by AANDC and retained by the Developer or if an AANDC approved inspector is not available, then a licensed home inspector retained by the Developer. The Common Areas and Common Facilities will be inspected by registered professionals such as architects and engineers.

The Development will comply with all requirements of the Head Lease. Inspection certificates for substantially completed homes will be obtained from professionals or inspectors designated by the Developer.

6.2 Construction Financing

The Developer currently intends to use its own resources to finance most of the construction costs of the Development. The Developer has obtained third party financing to finance the balance of the Development construction costs. The construction lender(s) has registered a mortgage and assignment of rents of the Developer's interest under the Head Leases to secure the construction financing. The Developer will arrange for the discharge of the lender's security from each Residential Unit after the leasehold interest in the Residential Unit is subleased by the Developer to the Sublessee.

7. Miscellaneous

7.1 Deposits

All deposits and other monies received from buyers of Residential Units will be held in trust by the Developer's lawyer, as stakeholder pursuant to the terms of the *Real Estate Services Act* (British Columbia).

7.2 Purchase Agreement

(a) Copy of the Purchase Agreement

Attached as Exhibit "F" is the form of Purchase Agreement the Developer intends to use in connection with the sale of the leasehold interests in the Residential

Units unless otherwise agreed between the Developer and any buyer. The Developer reserves the right, in its sole discretion, to revise the Purchase Agreement from time to time.

(b) Buyer Cancellation Right and Buyer Termination Right

The buyer of a Residential Unit will have the right to cancel the Purchase Agreement within seven (7) days of the Developer delivering notice to the buyer of acceptance of the Purchase Agreement (see the Acknowledgement of Receipt of Documents Addendum). Under paragraph 7 of the Purchase Agreement, the buyer may cancel the Purchase Agreement if major loss or damage occurs to the Residential Unit and such damage is not repaired before the Closing Date. Under paragraph 11(c), the buyer may cancel the Purchase Agreement if the as built Residential Unit is more than ten (10%) percent smaller than indicated in the plan type attached to the Purchase Agreement. The buyer's cancellation rights and termination rights must be exercised by providing written notice to the Developer in accordance with the Purchase Agreement.

(c) Extension of Time to Complete

Except for delays beyond the control of the Developer (a force majeure event) and a one-time right of the Developer to extend the Outside Date by one hundred eighty (180) days, there are no rights under the Purchase Agreement that allow for additional time to complete the sale of the Residential Units. Delays beyond the Developer's control and the Developer's right to extend the Outside Date are set out in paragraph 12 of the Purchase Agreement.

(d) Restrictions on Assignment

There are restrictions on a buyer selling, assigning or disposing of their interest under the Purchase Agreement or interest to the Residential Unit. The restrictions are set out in paragraph 10 of the Purchase Agreement. The buyer is not permitted to sell, assign or dispose of the buyer's interest until:

- (i) the buyer has paid all of the deposits due under the Purchase Agreement; and
- (ii) twelve (12) months have passed from the date of the Purchase Agreement.

In addition, an assignment fee equal to one (1%) percent of the Purchase Price is payable to the Developer at the time of sale, assignment or disposition. Prior to the issuance of a sublease interest under a Purchase Agreement, the assignment fee will be reduced to three hundred dollars (\$300) if a buyer wishes to exercise a one-time right to assign the buyer's interest under the Purchase Agreement to the buyer's spouse, parent, child, grandparent or grandchild.

(e) Buyer Default

If the buyer fails to complete the purchase of the Residential Unit in accordance with the terms of the Purchase Agreement, the deposit will be paid to the Developer without prejudice to the Developer's other rights and remedies under the Purchase Agreement or at law generally.

7.3 Developer's Commitments

Subject to any delay beyond the Developer's control, the Developer will complete the first phase of the Clubhouse prior to the registration of the 30th Residential Unit Sublease. A swimming pool and hot tub will be completed prior to the registration of the 40th Residential Unit Sublease. The final phase of the Clubhouse will be completed prior to the registration of the 75th Residential Unit Sublease. The Developer is not required to post any security with the Band or other governmental authority to guarantee the construction and completion of the Clubhouse.

7.4 Other Material Facts

(a) Construction Activities

During construction of the Development, normal construction activities will take place on the Development, and will result in certain levels of noise, dust and disturbance. The Developer will follow prudent construction practices in carrying out its work, but shall have no liability for any claims relating to noise, dust, disturbance, inconvenience or other disruptions during construction. The Developer's construction guidelines will restrict the Developer's construction working hours to 7:00 a.m. to 5:30 p.m. weekdays, 8:00 a.m. to 4:00 p.m. Saturdays and no work on Sundays or statutory holidays except in exceptional circumstances.

(b) Title Insurance

The Developer, at its cost, has entered into a Title Insurance Master Agreement with FCT Insurance company Ltd. ("FCT") under which FCT has agreed to issue a title insurance policy for the benefit of the buyer of a Residential Unit and, as applicable, the buyer's mortgagee. Each buyer is responsible for obtaining from FCT the buyer's and, as applicable, the buyer's mortgagee's FCT insurance policy, as more particularly described in the Developer's information package given to the buyer's lawyer or notary public.

DECLARATION

To the best of the Developer's knowledge, the foregoing statements disclose, without misrepresentation, all material facts relating to the Development referred to above, as of April ____, 2013.

**OSOYOOS COTTAGES LIMITED
PARTNERSHIP** by its Managing General
Partner, **STELKIA HOMES LTD.**

Per: _____
Eric Van Maren

Per: _____
Bernie Van Maren

EXHIBITS

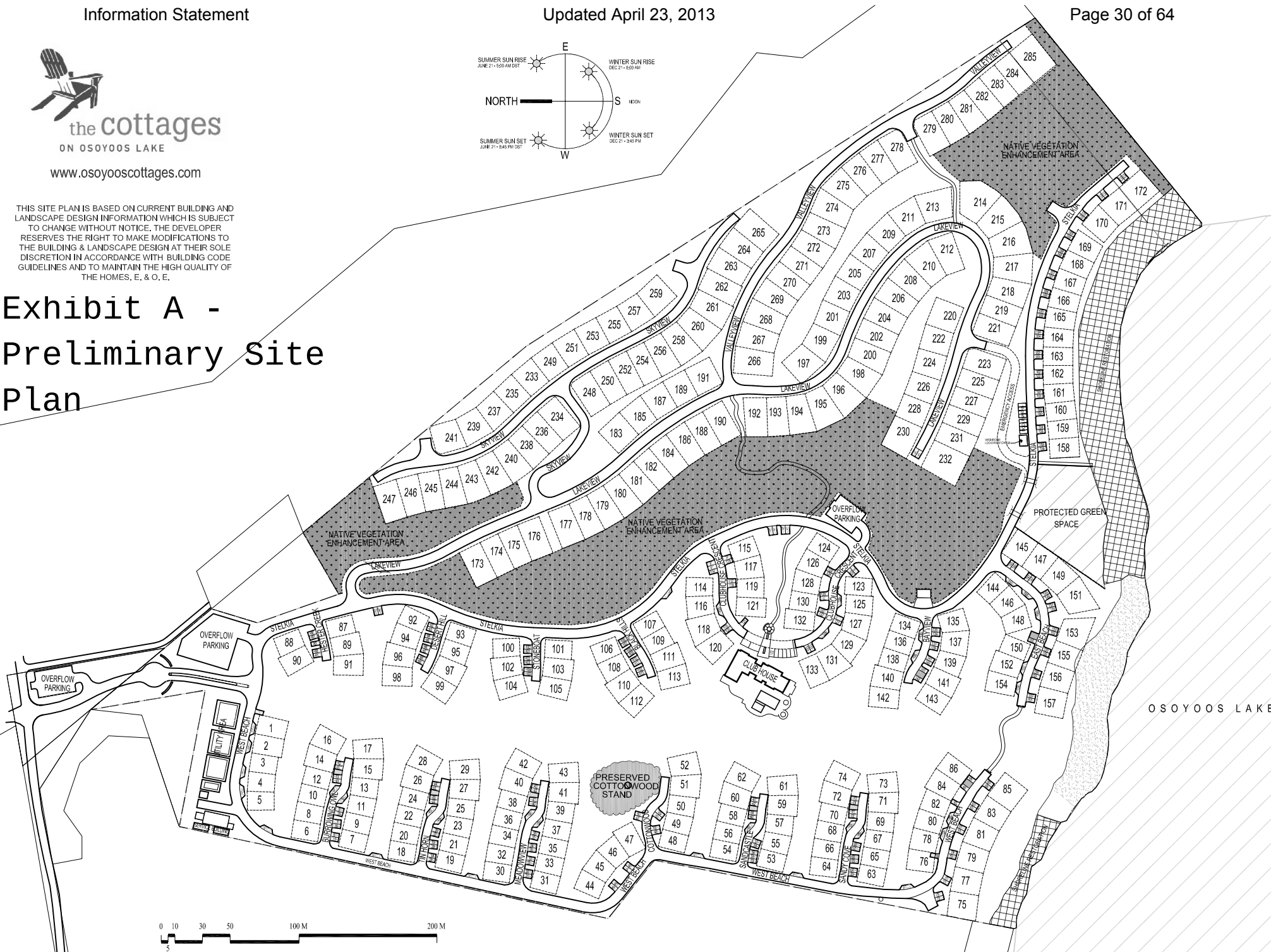
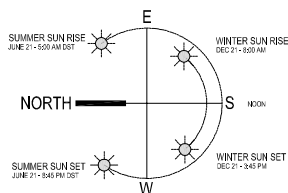
LIST OF EXHIBITS TO INFORMATION MATERIALS

EXHIBITS

- A Preliminary Site Plan (Note: Building Plans are posted at <http://osoyooscottages.com/project/floorplans-2/>)
- B Proposed Schedule of Unit Entitlement
- C Building Rules
- D Proposed Interim Budget
- E Proposed Maintenance Fee Schedule
- F Purchase Agreement
- G Memorandum from Developer's Tax Advisor (Thorsteinssons) on GST matters



Exhibit A - Preliminary Site Plan



Lot Type	Phase	Lot #	Entitlement
Meadow Garage	1	100	1.0
Meadow Garage	1	101	1.0
Meadow Garage	1	102	1.0
Meadow Garage	1	103	1.0
Meadow Garage	1	104	1.0
Meadow Garage	1	105	1.0
Meadow	1	106	1.0
Meadow	1	107	1.0
Meadow	1	108	1.0
Meadow	1	109	1.0
Meadow	1	110	1.0
Meadow	1	111	1.0
Meadow	1	112	1.0
Meadow	1	113	1.0
Meadow	1	114	1.0
Meadow	1	115	1.0
Meadow	1	116	1.0
Meadow	1	117	1.0
Meadow Garage	1	118	1.0
Meadow	1	119	1.0
Meadow Garage	1	120	1.0
Meadow	1	121	1.0
Meadow	1	123	1.0
Meadow	1	124	1.0
Meadow	1	125	1.0
Meadow	1	126	1.0
Meadow	1	127	1.0
Meadow	1	128	1.0
Meadow	1	129	1.0
Meadow	1	130	1.0
Meadow	1	131	1.0
Meadow	1	132	1.0
Meadow	1	133	1.0
Meadow	1	134	1.0
Meadow Garage	1	135	1.0
Meadow	1	136	1.0
Meadow Garage	1	137	1.0
Meadow	1	138	1.0
Meadow Garage	1	139	1.0
Meadow	1	140	1.0
Meadow Garage	1	141	1.0
Meadow	1	142	1.0
Meadow Garage	1	143	1.0
Meadow Garage	1	144	1.0
Large Lakeside	1	145	1.5
Meadow Garage	1	146	1.0
Large Lakeside	1	147	1.5
Meadow Garage	1	148	1.0
Large Lakeside	1	149	1.5
Meadow Garage	1	150	1.0
Large Lakeside	1	151	1.5
Meadow Garage	1	152	1.0
Large Lakeside	1	153	1.5
Meadow Garage	1	154	1.0
Large Lakeside	1	155	1.5
Large Lakeside	1	156	1.5
Large Lakeside	1	157	1.5
Small Lakeside	1	158	1.5
Small Lakeside	1	159	1.5
Small Lakeside	1	160	1.5
Small Lakeside	1	161	1.5
Downhill	1	195	1.0
Downhill	1	196	1.0
Uphill	1	197	1.0
Downhill	1	198	1.0
Uphill	1	199	1.0
Downhill	1	200	1.0
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Uphill	1	203	1.0
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Uphill	1	226	1.0
Downhill	1	227	1.0
Uphill	1	228	1.0
Downhill	1	229	1.0
Uphill	1	230	1.0
Downhill	1	231	1.0
Downhill	1	232	1.0

Exhibit B - Proposed Schedule of Unit Entitlement

EXHIBIT C – BUILDING RULES**THE COTTAGES ON OSOYOOS LAKE (THE COTTAGES)****BYLAWS****DUTIES OF OWNERS****1. An Owner shall:**

- (a) permit the Homeowners' Corporation and its agents, at all reasonable times on notice, except in cases of emergency, when no notice is required, to enter his Unit for the purpose of inspecting the same and repairing or renewing pipes, wires, cables and ducts for the time being existing in the Unit and capable of being used in connection with the enjoyment of any other Unit or common property, or for the purpose of repairing or renewing common areas, common facilities or other assets of the Homeowners' Corporation, or for the purpose of ensuring the Bylaws are being observed;
- (b) promptly carry out all work that may be ordered by any competent public or local authority in respect of his Unit and pay all rates, taxes, charges, outgoings, lease payments and assessments that may be payable in respect of his Unit;
- (c) repair and maintain his Unit, both interior and exterior, and the yard adjacent to his Unit, and keep them in a state of good repair, reasonable wear and tear and damage by fire, storm, tempest or Act of God excepted;
- (d) use and enjoy the common areas, common facilities or other assets of the Homeowners' Corporation in a manner that will not unreasonably interfere with their use and enjoyment by other Owners, their families or visitors, occupants, agents, servants, licences or invitees;
- (e) not use his Unit, or permit the same to be used, in a manner or for a purpose that will cause a nuisance or hazard to any occupier of a Unit, whether an Owner or not, or his family or that is in contravention of any law applicable to the Unit or that will result in any unusual or objectionable noise or odour to emanate from the Unit or that is inconsistent with the intent of these Bylaws;
- (f) notify the Homeowners' Corporation promptly on any change of ownership or of any mortgage or other dealing in connection with his Unit and obtain written confirmation from the Homeowners' Corporation, prior to the change of ownership of his Unit, confirming that no amounts are owing by him to the Homeowners' Corporation or to the Developer in respect of his Unit;
- (g) comply strictly with these Bylaws, and all other Bylaws of the Homeowners' Corporation, and with rules and regulations adopted from time to time;

- (h) not, without the written permission of the Homeowners' Corporation, alter in any way the exterior appearance or structure of the Unit, including but not limited to the painting of the exterior, or the attachment of sunscreens, sheds, greenhouses or other attachments;
- (i) not erect a garden shed, greenhouse or other structure on their lot without the written permission of the Homeowners' Corporation.
- (j) permit all landscaping and maintenance of landscaped areas surrounding the Unit to be carried out by contractors employed by the Homeowners' Corporation, and the Owner will not himself or anyone on his behalf trim, cut or in any way alter or interfere with Project landscaping; and
- (k) maintain insurance on the Owner's Unit as required under the Sublease.

DUTIES OF HOMEOWNERS' CORPORATION

2. The Homeowners' Corporation shall:

- (a) control, manage and administer the common areas, common facilities or other assets of the Homeowners' Corporation for the benefit of all Owners;
- (b) keep in a state of good and serviceable repair and properly maintain the common areas, common facilities and other assets of the Homeowners' Corporation;
- (c) maintain all common areas including beach, boat slips, lawns, gardens, parking areas, and the clubhouse, washroom and storage lockers and utility buildings;
- (d) maintain and repair, including renewal where reasonably necessary, pipes, wires, conduits and cables existing in the common areas or common facilities;
- (e) on the written request of an Owner or mortgagee of a Unit, produce to him or a person authorized in writing by him the insurance policies effected by the Homeowners' Corporation and the receipts for the last premiums and provide confirmation of the amount, if any, owing by the Owner to the Homeowners' Corporation;
- (f) maintain and repair the clubhouse, washroom and storage lockers and utility buildings, both interior and exterior;
- (g) operate, maintain, repair, and renew as required the landscape irrigation, water and wastewater treatment systems;
- (h) collect and receive all Maintenance Payments paid by the Owners and deposit the same with a financial institution;

- (i) pay all sums of money properly required to be paid on account of all services, supplies and assessments pertaining to, or for the benefit of, the Homeowners' Corporation;
- (j) observe and perform the terms and conditions of the Sublease granted to the Homeowners' Corporation in respect of the common areas and common facilities described in such Sublease; and
- (k) control, manage and administer the clubhouse, washroom and storage lockers, and utility buildings, visitor parking spaces, including management of the leasing, use and occupation of such facilities, setting rates therefore, collecting fees and paying expenses in connection with such facilities, and establishing and supervising rules and regulations in respect thereof.

POWERS OF HOMEOWNERS' CORPORATION

3. The Homeowners' Corporation may:

- (a) purchase, hire or otherwise acquire personal property for use by Owners in connection with their enjoyment of common areas, common facilities or other assets of the Homeowners' Corporation;
- (b) borrow money required by it in the performance of its duties or the exercise of its powers;
- (c) secure the repayment of money borrowed by it, and the payment of interest, by negotiable instrument or mortgage of unpaid contributions, whether levied or not, or mortgage of any property vested in it, or by combination of those means;
- (d) invest as it may determine, in separate accounts, money in the fund for administrative expenses, or in the contingency reserve fund;
- (e) make an agreement with an Owner or occupier of a Unit for the provision of amenities or services by it to the Unit or the Owner or occupier;
- (f) make rules and regulations it considers necessary or desirable from time to time in relation to the enjoyment, safety and cleanliness of the common areas, common facilities or other assets of the Homeowners' Corporation;
- (g) do all things necessary for the enforcement of the Subleases and the Bylaws of the Homeowners' Corporation, and for the control, management and administration of the common areas, common facilities or other assets of the Homeowners' Corporation, generally, including removing privileges in the use of certain facilities, or fixing and collecting fines for contravention of the Bylaws or any rules or regulations established under the Bylaws;

- (h) determine the levy for the contingency reserve fund which shall not be less than 5% of the total annual budget, until the reserve reaches an amount that the Homeowners' Corporation considers sufficient having regard to the common areas and common facilities, and thereafter raise further amounts for replacements of funds from time to time and over a period of time as the Homeowners' Corporation thinks fit; and
- (i) join any organization serving the interests of Homeowners' Corporations and assess the membership fee in the organization as part of the common expenses.

DIRECTORS

- 4. (a) The powers and duties of the Homeowners' Corporation shall, subject to any restriction imposed or direction given at a general meeting, be exercised and performed by the directors of the Homeowners' Corporation.
- (b) The Developer shall exercise the powers and duties of the directors until the directors are elected by the Owners. Directors shall be elected by the Owners after completion of the Project.

FINES/INFRACTIONS

- 5. (a) An infraction or violation of these Bylaws or any rules and regulations established under them on the part of an Owner, his employees, agents, invitees or tenants may be corrected, remedied or cured by the Homeowners' Corporation. Any costs or expense so incurred by the Homeowners' Corporation shall be charged to that Owner and shall be added to and become a part of the assessment of that Owner for the month next following the date on which the costs or expenses are incurred, but not necessarily paid by the Homeowners' Corporation, and shall become due and payable on the date of payment of the monthly assessment.
- (b) The Homeowners' Corporation may recover from an Owner by an action for debt in a court of competent jurisdiction money which the Homeowners' Corporation is required to expend as a result of an act or omission by the Owner, his employees, agents, invitees or tenants, or an infraction or violation of these Bylaws or any rules or regulations established under them.
- (c) Following a letter of warning, and unless otherwise stated in the Bylaws, the fine for a violation of the Bylaws or any rules and regulations established by the Directors or committee of the Homeowners' Corporation is \$100.00 per violation.
- (d) Unless otherwise stated in the Bylaws, outstanding fines for violations are payable for each month the fine is outstanding and will increase in proportion of the following schedule:

<u>Month</u>	<u>Fine</u>	<u>Total Due</u>
1 st	\$100.00	\$100.00

<u>Month</u>	<u>Fine</u>	<u>Total Due</u>
2 nd	\$200.00	\$300.00
3 rd	\$300.00	\$600.00

- (e) Unless otherwise stated in the Bylaws, fines for the 2nd and subsequent violations of the same by-law or rule by the same person are cumulative and as follows (to maximum of \$2,000.00/month):

2nd violation \$ 250.00
 3rd violation \$ 500.00
 4th violation \$1,000.00
 5th violation \$2,000.00

- (f) Any fines levied by the Homeowners' Corporation for an infraction or violation of the by-law or any Bylaws established under them on the part of an Owner, the Owner's employees, agents invitees or tenants:

A. must be charged to the Owner, and

B. must be added to and become a part of the assessment of that Owner for the month next following the date on which the infraction occurred and become due and payable on the date of payment of the monthly assessment.

- (g) The Homeowners' Corporation may recover from an Owner by an action for debt in any court of competent jurisdiction any sum of money which the Homeowners' Corporation is required to expend as a result of any act or omission by the Owner, their employees, agents invitees, or tenants, which violates these Bylaws, and these shall be added to any amount found due, all costs of such action including costs as between solicitor and client.

PROHIBITIONS

6. An Owner shall not:

- (a) use his Unit for any purpose which may be illegal or injurious to the reputation of the Project;
- (b) make undue noise in or about any Unit or common areas or common facilities; or
- (c) keep any animals, livestock, fowl, or pets in his Unit or the common property other than two dogs or two cats or one cat and one dog, all of which must be on a leash when outside, or confined to an Owner's private lot. The Owners of pets shall be fully responsible for their behaviour within his Unit or the common property. Pets shall not be permitted to freely roam on any part of the Project. If a pet is deemed to be a nuisance by the Homeowners' Corporation, it shall be removed within thirty (30) days of the Homeowners' Corporation's demand. Visitors shall be informed of

the rules concerning pets and residents will be responsible for clean-up or damage repair should their guests bring pets into the common property. Pets shall not be allowed on any neighbour's property, and barking dogs shall not be kept outside at night.

PROMOTION

7. The Developer reserves the right to use the caretaker suite for its sales and marketing staff for as long as it has Units available for sale in the Project. The Developer also has the right to use the clubhouse building lobby, tuck shop, club room, kitchen and storage room as well as four (4) adjacent parking spaces for as long as it has Units available in the Project.

USE OF UNIT

8. Any Owner of a Unit who leases his Unit without advising the Homeowners' Corporation in writing and obtaining, and providing the Homeowners' Corporation with, a written agreement by the tenant to observe the Sublease and these Bylaws shall be liable to a fine of \$50.00 for every month or part thereof that a tenant is in occupancy of the Unit without compliance with the Bylaw.
9. Short term rentals are permitted, provided such rentals are for a period of not less than 5 consecutive days, and provided the Owner has complied with section 8 above.

MAINTENANCE PAYMENTS

10.
 - (a) Monthly Maintenance Payments are due and payable on or before the first day of each month. Maintenance fees not received by the 10th of the month in question may be subject to a fine of \$50.00 for each month or portion thereof.
 - (b) When arrears aggregate three monthly Maintenance Payments a lien and charge may be placed on the Unit involved, at the Owner's expense, for the total monies due, including all legal and other expenses.

DISTURBANCE OF OTHERS

11.
 - (a) No noise shall be made in or about the Unit or on the common areas or common facilities which, in the opinion of the Homeowners' Corporation, interferes with the enjoyment by others of other Units or the common areas or common facilities.
 - (b) Mops or dusters of any kind shall not be shaken, and nothing shall be thrown out of any window, door, passage, or other parts of the Unit or the common areas or common facilities.
 - (c) No Owner shall operate his barbecue in a manner which, in the opinion of the Homeowners' Corporation, interferes with another Owner's enjoyment of his Unit.

- (d) Carpentry or similar alterations to a Unit shall be limited to the hours between 8:00 a.m. and 8:00 p.m., Monday through Saturday inclusive. The developer's construction working hours are restricted to 7:00 a.m. to 5:30 p.m. weekdays, 8:00 a.m. to 4:00 p.m. Saturdays and no work on Sundays or statutory holidays except in exceptional circumstances.

HAZARDS

- 12. (a) Fire hazards must be minimized. No item shall be brought onto or stored in a Unit or the common areas or common facilities which will in any way increase or tend to increase the risk of fire or the rate of fire insurance or any other insurance policy held by the Homeowners' Corporation or any Owner, or which will invalidate any insurance policy.
- (b) No material substance, especially burning material such as cigarettes or matches, shall be permitted to be discharged from any window, door, deck, patio or other part of a Unit or the common areas or common facilities.

CLEANLINESS

- 13. (a) All household refuse and recycling material shall be secured in suitable plastic bags or recycling containers and taken to common garbage or recycling containers.
- (b) Any waste material other than ordinary household refuse and normally collected recycling materials shall be removed by the individual Owner or resident of the Unit.
- (c) There shall be no smoking within the clubhouse, washroom and storage lockers, utility buildings and any common facilities, except as designated by the Homeowners' Corporation.
- (d) No garbage, residue from barbecues, or other material shall be permitted to accumulate on the exterior portion of a Unit or on common areas.

EXTERIOR APPEARANCE

- 14. (a) No signs, fences, gates, billboards, placards, advertising or notices of any kind shall be erected or displayed on the common areas or common facilities or the Unit without prior written approval by the Homeowners' Corporation. Fencing on an owners private lot may be permitted provided it meets the design guidelines published by the Homeowners' Corporation from time to time, and receives prior written approval from the Homeowners' Corporation.
- (b) No awning, shade screen, smoke stack, radio or television antenna shall be hung from or attached to the exterior of the Unit. Satellite dishes are permitted provided

they are no greater than 18” in diameter and mounted in a location where they are least visible from adjacent units.

- (c) No laundry, clothing, bedding, or other articles shall be hung or displayed from windows, decks, patios, or other parts of the Unit so that they are visible from the outside.
- (d) No enclosures of common areas or common facilities or other structural alterations either to the interior of the Unit or the exterior of the Unit or on common areas or common facilities shall be made, nor any other services altered or supplemented within any walls or on the common areas or common facilities without previous written approval by the Homeowners' Corporation.
- (e) Owners, residents or their agents shall not erect permanent or temporary real estate signage. Advertising of suites for sale on common property will be restricted to a Real Estate Notice Board Directory, supplied by the Homeowners' Corporation. Notwithstanding the foregoing the Developer is entitled to exercise its rights under section 7 above.

PARKING

- 15. (a) A resident shall use only the parking spaces included as part of the Unit, save and except for private arrangements with other Owners for the use of their parking space. Parking spaces shall not be leased or rented to a non-resident of the Development.
- (b) No major repairs, servicing, or adjustments shall be made to motor vehicles on exterior areas of the Unit or common areas or common facilities.
- (c) Guests parking shall be permitted only in the spaces provided.
- (d) A maximum speed of 20 kph shall apply within the common areas and common facilities.
- (e) Owners will be responsible for the clean up of oil spills on their Unit and on common areas and common facilities.
- (f) No storage of any RV, boat, trailer or unlicensed vehicle shall be permitted in the designated parking areas or on the common areas and common facilities except in the visitor parking area near the entrance, and only after obtaining permission from the Homeowners' Corporation.
- (g) No parking is permitted except in a designated parking space, nor shall a vehicle park in a manner which will reduce the width of an access roadway.
- (h) Parking is restricted to licensed and insured vehicle(s) only.

- (i) There shall be no storage of any personal property in parking areas or on the common areas or common facilities.

DAMAGE TO PROPERTY

- 16. An Owner or resident shall not cause damage to trees, plants, bushes, flowers or lawns and shall not place chairs, tables or other objects on lawns or grounds so as to damage them or prevent growth.

SECURITY

- 17.
 - (a) Unit Owners or residents are responsible for anyone they admit onto or about their Unit and the common areas and common facilities, inclusive or agents, servants, licensees, or invitees.
 - (b) The Homeowners' Corporation shall form a security committee to provide guidelines for the security of individual Units, and to establish resident-based voluntary crime prevention programs such as Block Watch.
 - (c) An Owner or resident shall maintain security of the clubhouse building at all times, and shall not leave any door or entry gate in common areas or common facilities open while unattended.

MOVING AND RESALE

- 18.
 - (a) It will be the express responsibility of the Owner to ensure that all moves in or out by the Owner or resident conform to the regulations as established by the Homeowners' Corporation from time to time.
 - (b) No advertising for the resale or rental of a Unit shall be permitted within the boundaries of the Development without the prior consent of the Homeowners' Corporation.
 - (c) The Homeowners' Corporation shall provide for a central resale Directory board and shall ensure that individual resale signage is restricted to notification in such Directory.

DEFINITIONS

- 19. The following terms shall have the meanings set forth below:
 - (a) "clubhouse building" means the clubhouse constructed as part of the common facilities;

- (b) “washroom and storage lockers” means the building constructed near the access to the boat slips as part of the common facilities;
- (c) “utility buildings” means the buildings constructed as part of the common facilities;
- (d) “common areas” and “common facilities” have the meanings for Common Areas and Common Facilities, respectively, as set out in the Sublease;
- (e) “Developer” means Osoyoos Cottages Limited Partnership;
- (f) “Head Lease” means the leases for the project dated October 8, 2010 granted by Her Majesty the Queen in Right of Canada to the Developer as such leases may be amended from time to time;
- (g) “Homeowners’ Corporation” means “The Stelkia Homeowners Corporation”;
- (h) “Maintenance Payments” means an Owner’s contribution to the Homeowners’ Corporation on account of Common Costs pursuant to a Sublease;
- (i) “Project” means The Cottages on Osoyoos Lake, a residential development on the lands leased pursuant to the Head Lease;
- (j) “Owner” means the holder of a Sublease;
- (k) “Sublease” means a sublease of the Head Lease; and
- (l) “Unit” means the premises leased pursuant to a Sublease.

NO MODIFICATIONS

20. Nothing in these Bylaws modifies, waives or releases the obligations of an Owner pursuant to its Sublease.

Exhibit D - Proposed Interim Budget

First 30 Homes Sold

COTTAGES ON OSOYOOS LAKE PROPOSED INTERIM BUDGET		30 Homes Interim Budget	Notes
REVENUE			
4500 Strata Fees	\$	99,345	Assumes 30 homes sold
TOTAL INCOME	\$	99,345	
EXPENSES			
6000 Repairs & Maintenance	\$	2,500	
6013 Landscaping maintenance	\$	22,500	Developer will cover any additional cost
6039 Irrigation	\$	2,500	Developer will cover any additional cost
6044 Pool Hot Tub R&M*	\$	10,000	Pool only - no clubhouse expense
6055 Street Sweeping	\$	1,000	
UTILITY EXPENSES			
6101 Electricity *	\$	10,000	Streetlights, pool, water pumps
6113 Water & Sewer	\$	23,400	Developer will cover any additional cost
6116 Garbage & Recycle	\$	1,200	Based on Quote from Waste Mgmt
ADMINISTRATION			
6201 AGM	\$	250	
6205 Admin/Bank Charges	\$	300	
6206 Postage&Copies/Long Dis/fax	\$	400	
6210 Insurance	\$	7,500	Excluding Clubhouse
6215 Management Fee	\$	8,064	
**** Miscellaneous	\$	5,000	
TOTAL OPERATING EXPENSES	\$	94,614	
8180 CRF Contribution (Developer's Seed)	\$	4,731	
8180 CRF Contribution Owners	\$	4,731	
TOTAL CRF CONTRIBUTIONS	\$	9,461	
TOTAL EXPENSES	\$	104,075	Nov 2011 - Preliminary Estimate
NET INCOME		-	

Exhibit D - Proposed Interim Budget

31 - 74 Homes

COTTAGES ON OSOYOOS LAKE		Notes
PROPOSED INTERIM BUDGET		
	74 Homes (PH I) Interim Budget	
REVENUE		
4500 Strata Fees	\$ 229,604	Assumes 74 homes sold
TOTAL INCOME	\$ 229,604	
EXPENSES		
6000 Repairs & Maintenance	\$ 5,000	
6013 Landscaping maintenance	\$ 40,000	Developer will cover any additional cost
6039 Irrigation	\$ 5,000	Developer will cover any additional cost
6044 Pool Hot Tub R&M*	\$ 10,000	Pool only - no clubhouse expense (Seasonal Use)
6055 Street Sweeping	\$ 2,500	
UTILITY EXPENSES		
6101 Electricity *	\$ 40,000	
6113 Water & Sewer	\$ 57,720	Based on \$780 per year per home times 74
6116 Garbage & Recycle	\$ 2,400	Based on Quote from Waste Mgmt
ADMINISTRATION		
6201 AGM	\$ 350	
6205 Admin/Bank Charges	\$ 300	
6206 Postage&Copies/Long Dis/fax	\$ 500	
6210 Insurance	\$ 20,000	Including Clubhouse
6215 Management Fee	\$ 19,900	
**** Miscellaneous	\$ 15,000	
TOTAL OPERATING EXPENSES	\$ 218,670	
8180 CRF Contribution (Developer's Seed)	\$ 10,934	
8180 CRF Contribution Owners	\$ 10,934	
TOTAL CRF CONTRIBUTIONS	\$ 21,867	
TOTAL EXPENSES	\$ 240,537	Nov 2011 - Preliminary Estimate
NET INCOME	-	

Exhibit D - Proposed Interim Budget

Completed Project

COTTAGES ON OSOYOOS LAKE		Notes
PROPOSED INTERIM BUDGET		
	284 Homes Interim Budget	
REVENUE		
4500 Strata Fees	\$ 798,292	Assumes all 284 homes sold
TOTAL INCOME	\$ 798,292	
EXPENSES		
6000 Repairs & Maintenance	\$ 25,000	
6013 Landscaping maintenance	\$ 142,000	Budgeted at \$500 per year per home (284)
6039 Irrigation	\$ 10,000	
6043 Club House R&M	\$ 15,000	This would include the HVAC and fire suppression
6044 Pool Hot Tub R&M*	\$ 20,000	Seasonal Use of Pool
6045 Snow Removal	\$ 5,000	
6055 Street Sweeping	\$ 5,000	
6080 Hydrant Testing	\$ 2,300	
UTILITY EXPENSES		
6101 Electricity *	\$ 90,000	Seasonal Use of Pool
6113 Water & Sewer	\$ 221,520	\$780 per home per year
6116 Garbage & Recycle	\$ 25,000	Based on Quote from Waste Mgmt
ADMINISTRATION		
6201 AGM	\$ 500	
6205 Admin/Bank Charges	\$ 1,000	
6206 Postage&Copies/Long Dis/fax	\$ 2,000	
6210 Insurance	\$ 35,000	Including Clubhouse
6215 Management Fee	\$ 76,400	
**** Miscellaneous	\$ 50,000	
TOTAL OPERATING EXPENSES	\$ 725,720	
8180 CRF Contribution Owners	\$ 72,572	
TOTAL CRF CONTRIBUTIONS	\$ 72,572	
TOTAL EXPENSES	\$ 798,292	Nov 2011 - Preliminary Estimate
NET INCOME	-	

Exhibit E - Proposed Maintenance Fee Schedule

The Cottages on Osoyoos Lake

Lot Type	Phase	Lot #	Unit Entitlement	Estimated Monthly Fees		
				30 Homes	31 - 74 homes	284 homes
Meadow	1	106	1	255.26	239.17	227.43
Meadow	1	107	1	255.26	239.17	227.43
Meadow	1	108	1	255.26	239.17	227.43
Meadow	1	109	1	255.26	239.17	227.43
End Meadow	1	110	1	255.26	239.17	227.43
End Meadow	1	111	1	255.26	239.17	227.43
End Meadow	1	112	1	255.26	239.17	227.43
End Meadow	1	113	1	255.26	239.17	227.43
Meadow	1	114	1	255.26	239.17	227.43
Meadow	1	115	1	255.26	239.17	227.43
Meadow	1	116	1	255.26	239.17	227.43
Meadow	1	117	1	255.26	239.17	227.43
Meadow	1	118	1	255.26	239.17	227.43
Meadow	1	119	1	255.26	239.17	227.43
Meadow	1	120	1	255.26	239.17	227.43
Meadow	1	121	1	255.26	239.17	227.43
Meadow	1	123	1	255.26	239.17	227.43
Meadow	1	124	1	255.26	239.17	227.43
Meadow	1	125	1	255.26	239.17	227.43
Meadow	1	126	1	255.26	239.17	227.43
Meadow	1	127	1	255.26	239.17	227.43
Meadow	1	128	1	255.26	239.17	227.43
Meadow	1	129	1	255.26	239.17	227.43
Meadow	1	130	1	255.26	239.17	227.43
End Meadow	1	131	1	255.26	239.17	227.43
Meadow	1	132	1	255.26	239.17	227.43
End Meadow	1	133	1	255.26	239.17	227.43
Meadow	1	134	1	255.26	239.17	227.43
Meadow	1	135	1	255.26	239.17	227.43
Meadow	1	136	1	255.26	239.17	227.43
Meadow	1	137	1	255.26	239.17	227.43
Meadow	1	138	1	255.26	239.17	227.43
Meadow	1	139	1	255.26	239.17	227.43
End Meadow	1	140	1	255.26	239.17	227.43
End Meadow	1	141	1	255.26	239.17	227.43
End Meadow	1	142	1	255.26	239.17	227.43
End Meadow	1	143	1	255.26	239.17	227.43
Meadow	1	144	1	255.26	239.17	227.43
Large Lakeside	1	145	1.5	382.89	358.76	341.15

Exhibit E - Proposed Maintenance Fee Schedule**The Cottages on Osoyoos Lake**

Lot Type	Phase	Lot #	Unit Entitlement	Estimated Monthly Fees		
				30 Homes	31 - 74 homes	284 homes
Meadow	1	146	1	255.26	239.17	227.43
Large Lakeside	1	147	1.5	382.89	358.76	341.15
Meadow	1	148	1	255.26	239.17	227.43
Large Lakeside	1	149	1.5	382.89	358.76	341.15
Meadow	1	150	1	255.26	239.17	227.43
Large Lakeside	1	151	1.5	382.89	358.76	341.15
End Meadow	1	152	1	255.26	239.17	227.43
Large Lakeside	1	153	1.5	382.89	358.76	341.15
End Meadow	1	154	1	255.26	239.17	227.43
Large Lakeside	1	155	1.5	382.89	358.76	341.15
Large Lakeside	1	156	1.5	382.89	358.76	341.15
Large Lakeside	1	157	1.5	382.89	358.76	341.15
Small Lakeside	1	158	1.5	382.89	358.76	341.15
Small Lakeside	1	159	1.5	382.89	358.76	341.15
Small Lakeside	1	160	1.5	382.89	358.76	341.15
Small Lakeside	1	161	1.5	382.89	358.76	341.15
Downhill	1	214	1	255.26	239.17	227.43
Downhill	1	215	1	255.26	239.17	227.43
Downhill	1	216	1	255.26	239.17	227.43
Downhill	1	217	1	255.26	239.17	227.43
Downhill	1	218	1	255.26	239.17	227.43
Downhill	1	219	1	255.26	239.17	227.43
Uphill	1	220	1	255.26	239.17	227.43
Downhill	1	221	1	255.26	239.17	227.43
Uphill	1	222	1	255.26	239.17	227.43
Downhill	1	223	1	255.26	239.17	227.43
Uphill	1	224	1	255.26	239.17	227.43
Downhill	1	225	1	255.26	239.17	227.43
Uphill	1	226	1	255.26	239.17	227.43
Downhill	1	227	1	255.26	239.17	227.43
Uphill	1	228	1	255.26	239.17	227.43
Downhill	1	229	1	255.26	239.17	227.43
Uphill	1	230	1	255.26	239.17	227.43
Downhill	1	231	1	255.26	239.17	227.43
Downhill	1	232	1	255.26	239.17	227.43

THE COTTAGES ON OSOYOOS LAKE

PURCHASE AGREEMENT

This Purchase Agreement (the “**Agreement**”) relates to a mixed residential and recreational development (the “**Development**”) on lands located within the Osoyoos Indian Reserve No. 1, British Columbia, legally described as Lot 39-1-1, in Osoyoos Indian Reserve IR #1, Province of British Columbia, as shown on Plan of Survey RSBC 2012 deposited in the Canada Lands Survey Records at Ottawa, Ontario (the “**Lands**”), as described in the Seller’s Information Statement (the “**Information Statement**”) dated January 23, 2012, as may be amended.

The Seller: STELKIA HOMES LTD., as Managing General Partner of
(Sublessor) OSOYOOS COTTAGES LIMITED PARTNERSHIP
 Suite 202, 45793 Luckakuck Way
 Chilliwack, British Columbia V2R 5S3
 Fax: (604) 847 0770
 Email: ericv@vanmarengroup.com

The Buyer:
(Sublessee)
(Full Names)

Address:

 Street City Province

 Postal Code

Occupation:

Telephone:

Home: _____ Bus.: _____

Facsimile:

_____ S.I.N.: _____

Email:

Country of Residence:

The Buyer irrevocably offers to purchase from the Seller a sublease interest in Lot No. _____ (the “**Lot**”), the location of which Lot and the residential unit (the “**Unit**”) to be built thereon are described on page 2 of this Agreement, and agrees to pay \$_____ (the “**Price**”) pursuant to a sublease of the Lot (the “**Sublease**”), which the Buyer will pay as follows:

Lot #	Version April 10, 13 (GLH)	Initials	Buyer	Seller
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THE INITIAL DEPOSIT, being 5% of the Price, is due within 24 hours of the date of acceptance of this Agreement by the Seller:

\$ _____

THE SECOND DEPOSIT, being 10% of the Price, is due on the later of the 60th day following the date of acceptance of this Agreement by the Seller and 48 hours following waiver or satisfaction of all Buyer's conditions precedent:

\$ _____

THE THIRD DEPOSIT of \$1,000 is due thirty (30) days prior to the Closing Date:

\$ 1,000

BALANCE of the Price (the "**Balance**"), being the Price less the First Deposit, Second Deposit and Third Deposit, subject to adjustments, payable to the Seller on the Closing Date (hereinafter defined).

The closing date shall be _____, 201__ (the "**Closing Date**") subject to the Seller's right to extend the Closing Date by up to 180 days as provided in paragraph 12.

Any Addendums attached hereto form part of this Agreement.

The Buyer acknowledges that:

- (a) The location of the Lot is as shown on the plan attached to this Agreement as Schedule A;
- (b) the Unit will be Plan Type _____ as shown in Schedule A; and

The offer herein is open for acceptance by the Seller until 5:00 p.m. Vancouver time, on _____, 201__, and upon acceptance by the Seller, the said offer and acceptance will be a binding Agreement on the terms and conditions herein contained (including without limitation the attached paragraphs 1-20, the site plan and any addendums).

DATED at _____, _____, this ____ day of _____, 201__.

Witness

Buyer

Witness

Buyer

Lot #	Version April 10, 13 (GLH)	Initials	Buyer	Seller
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This Agreement is accepted by the Seller and receipt of cheque for the Initial Deposit is acknowledged on _____, 201__.

**OSOYOOS COTTAGES LIMITED
PARTNERSHIP**, by its Managing
General Partner **STELKIA HOMES
LTD.**

By: _____
Authorized Signatory

Lot #	Version April 10, 13 (GLH)	Initials	Buyer	Seller
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The following terms will apply to this Agreement:

1. All Deposits will be paid by the Buyer by cheque or bank draft and all Deposits will be held in a trust account (without interest) of the Seller's Lawyer, Bruce W. Davies, of Waterstone Law Group LLP (the "**Seller's Lawyer**"), pursuant to the *Real Estate Services Act* (British Columbia), and:
 - (a) except as provided in paragraphs 7, 8 and 11(c) hereof, and subject to the Buyer completing the Sublease on the Closing Date, will be credited to the Buyer on the Closing Date;
 - (b) the Deposits will be paid to the Seller on the Closing Date upon satisfactory completion of this transaction; and
 - (c) in the circumstances provided for in paragraphs 7, 8, 11(c) and 14, will be paid as therein provided.
2. On the Closing Date, the Seller will, subject to paragraph 6(d), issue the sublease for the Lot to the Buyer (free and clear of all financial charges except for those encumbrances described in the Information Statement as existing encumbrances and proposed encumbrances, and those encumbrances to be discharged by the Seller from the proceeds of sale of the Lot) and the Buyer will pay the Balance to the Seller's Lawyer. On or forthwith after the Closing Date, the Seller's Lawyer will apply to obtain the necessary consents from the Federal Government for the issuance of the sublease and will submit the sublease for registration in the Indian Lands Registry (Ottawa) (the "**Registry**"). Concurrently with the Seller's lawyer sending the sublease for registration in the Registry, the Seller's Lawyer will release the Price to the Seller. On receipt of written confirmation from the Federal Government that the sublease has been assigned a pending registration number, the Seller's Lawyer shall advise the Buyer's lawyer of the pending registration number. At closing the Buyer will, without cost to it, be registered as a shareholder of the Stelkia Homeowners Corporation, being the British Columbia company incorporated to manage the common property of the Development (the "**Homeowners' Corporation**"). The Price constitutes prepayment of the rent described in subsection 4.1(a) of the Sublease. The Buyer acknowledges that the Seller, at the Seller's cost, has made available a First Canadian Title insurance policy for the benefit of the Buyer and, as applicable, the Buyer's mortgagee, as described in paragraph 6(c), and it is not a condition of closing that the Buyer receive on the Closing Date a pending registration number with respect to the sublease and, as applicable, any mortgage of the Lot.
3.
 - (a) The Buyer will assume and pay all taxes, rates, local improvement assessments and other charges as and from the Closing Date; and any adjustments to be made will be made as of the Closing Date.
 - (b) The Seller has been advised by its legal counsel that the sublease of the Lot is not subject to Goods and Services Tax ("**GST**"). If it is determined that the disposition by the Seller to the Buyer of the sublease interest in the Lot is subject

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to GST, the Seller will pay the GST provided that the Buyer promptly executes and returns, at no cost to the Seller, any and all documents required by the Seller, to assign and transfer to the Seller any New Housing Rebate that might apply in respect of the sublease of the Lot. The Buyer hereby irrevocably assigns and transfers to the Seller any New Housing Rebate, or refund, or reduction of GST to which Buyer may be entitled, and authorizes the Seller and its agents to apply for and collect any such rebate, refund or reduction. The Seller irrevocably appoints the Buyer and the Buyer's authorized signatories as attorney of the Buyer to execute, on behalf of the Buyer, all such documents. If it is determined that the Buyer's use of the Lot for a purpose other than for its own vacation or residential use is subject to GST, the Buyer will pay the GST.

4. The Buyer will obtain possession of the Unit **on the day following the Closing Date** provided that the Buyer has complied with all of its obligations hereunder.
5. The Buyer acknowledges that the Seller may retain units in the Development for use as display suites, and may use certain common areas, for marketing the project. The Buyer will permit and, to the extent that the Buyer is able so to do, will cause the Homeowners' Corporation to permit the Seller, at no cost to the Seller, to:
 - (a) install signs on and about the common property of the Development to market the unsold lots;
 - (b) use the caretaker suite, clubhouse lobby, tuck-shop, club-room, kitchen and storage room, unsold units, common property and four parking stalls adjacent to the clubhouse, for marketing and sale purposes.

The Buyer will not revoke its consent for so long as the Seller is the owner of any lots in the Development.

6.
 - (a) The Seller is responsible to create the sublease for execution by the Buyer and Seller. The Buyer shall contribute \$150, plus GST, towards the cost of preparation of the sublease. It will be the Buyer's responsibility, at its cost, to prepare or cause to be prepared all other documents necessary to complete this transaction and to deliver the same to the Seller's Lawyer at least 5 business days prior to the Closing Date. The Seller will bear all costs of clearing title.
 - (b) The sublease for the Lot will be executed by the Seller and the Buyer, on or prior to the Closing Date, in registrable form.
 - (c) The Seller, at its cost, has entered into a Title Insurance Master Agreement with FCT Insurance company Ltd. ("FCT") under which FCT has agreed to issue a title insurance policy for the benefit of the Buyer and, as applicable, the Buyer's mortgagee.

The Buyer is responsible for obtaining from FCT the Buyer's and, as applicable, the Buyer's mortgagee's, FCT insurance policy which is to be

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applied for by completing and faxing to FCT the prescribed FCT order form supplied with the Seller's information package.

- (d) The Seller, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Price, but in this event, the Buyer will pay the Price to the Seller's Lawyer on undertakings to pay and discharge the financial charges, and remit the balance, if any, to the Seller. The Seller's financial charges on the head lease will not be discharged, however the holder(s) of such charges will provide the Seller with confirmation that the sublease will be recognized and not disturbed by the holder(s) of such charges, provided there is no default under the sublease.
7. The Lot and the Unit will be at the risk of the Seller until and including the day preceding the Closing Date and in the event of major loss or damage to the same occurring before such time by reason of tempest, lightning, earthquake, flood or other Act of God, fire or explosion which is not repaired prior to the Closing Date, the Buyer, at the Buyer's option, may cancel this Agreement and in such event will thereupon be entitled to the return of any moneys paid hereunder, and in such event neither the Seller nor the Buyer will have any further obligations or liability whatsoever hereunder. The Lot and the Unit will be at the risk of the Buyer from and including the Closing Date.
8. Time will be of the essence of this Agreement. Subject to paragraphs 11(c) and 14:
- (a) if the Deposits are not paid in accordance with this Agreement, the Seller may cancel this Agreement and in such event the Deposits previously paid will be absolutely forfeited to the Seller as pre-estimated liquidated damages, without prejudice to the Seller's other remedies and the Seller will not have any further obligations or liability whatsoever hereunder; and
 - (b) if the Balance of the Price is not paid in full in accordance with this Agreement, the Seller, at its option, may cancel the Agreement and in such event all Deposits will be absolutely forfeited to the Seller as pre-estimated liquidated damages without prejudice to the Seller's other remedies and the Seller will not have any further obligations or liability whatsoever hereunder.
9. (a) The Seller affirms the Development will be covered by a home warranty program as set out in the Information Statement which the Buyer acknowledges is the sole warranty provided in connection with the Unit.
- (b) The Buyer or its representative and the Seller or its representative will inspect the Unit at a reasonable time designated by the Seller prior to the Closing Date. At the conclusion of such inspection, a conclusive list of any defects or deficiencies will be prepared. The parties will sign the list and the Buyer will be deemed to have accepted the physical condition of the Unit subject only to the listed corrections. **The Buyer acknowledges and agrees that neither the Buyer nor its representatives, agents or assigns will be allowed access to the Unit except for the purpose of this inspection prior to the completion of construction,**

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except with the express written authorization of the Seller. If there is any dispute as to defects or deficiencies, the Seller's inspector will settle the matter in dispute and the aforesaid list. The Seller will remedy the defects or deficiencies noted on the list, or as settled by the inspector, within 30 days after the Closing Date, and there will be no deficiency holdback. Seasonal work, such as landscaping, exterior painting, etc. will be completed as weather conditions permit.

10. (a) Subject to paragraph 10(b) below, the Buyer may only assign the Buyer's interest in this Agreement or direct the transfer of the Lot to any other or additional party (an "**Assignment**") on or after that date which is one (1) year after the date of this Agreement, and in any event, only if:
- (i) all or the portion of the Deposits required to have been paid on or before the proposed date of assignment have been paid;
 - (ii) the Seller's form of assignment agreement is used; and
 - (iii) the Buyer has obtained the prior written consent of the Seller which consent will not be unreasonably withheld. If the Seller's consent is not obtained, the Seller will not be required to convey the Lot to anyone other than the Buyer named herein on the Closing Date. If the Buyer assigns the Buyer's interest in the Lot or this Agreement or directs the transfer of the Lot to any other or additional party, as consideration for the Seller agreeing to the Assignment and for any associated legal and administrative costs (the "**Administration Fee**") in connection with the Assignment, the Buyer will pay to the Seller an amount equal to 1% of the Price plus GST on such amount, provided that the Administration Fee will be reduced to \$300 if the assignee is the Buyer's spouse, parent, sibling, child, grandparent or grandchild. No assignment by the Buyer of the Buyer's interest in the Lot or this Agreement or direction of transfer to any other person will release the Buyer from any of the Buyer's obligations or liabilities hereunder.
- (b) The Buyer will not advertise or solicit offers from the public nor list the Lot on the Multiple Listing Service with respect to the resale of the Buyer's interest in the Lot prior to the Closing Date without the prior, express written consent of the Seller, which consent may be arbitrarily withheld by the Seller in the Seller's sole discretion.
11. The Buyer by the execution of this Agreement acknowledges and agrees:
- (a) that the Buyer prior to the execution of this Agreement, received a copy of and was given an opportunity to read the Information Statement and that the provisions of the Information Statement and the terms of this Agreement are the terms under which the Lot is sold and purchased;

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- (b) that this Agreement will remain in full force and effect notwithstanding that the building plans and specifications may be varied to a minor extent (including variations to the Plan Type which were shown to the Buyer prior to entering into this Agreement), as desirable and reasonable, in the sole opinion of the Seller and/or the Seller's project designer, or as may be required by any authorities having jurisdiction in respect thereof between the date of this Agreement and the Closing Date;
 - (c) The Buyer is aware that the square footage area of the Unit is approximate and agrees that the area of the Unit may be larger, or up to 3% smaller, than indicated in the Plan Type for the Unit, when measured by the Seller upon substantial completion of the Unit. If the Unit is more than 3% smaller, the Price will be reduced by a percentage equal to the percentage by which the Unit is more than 3% smaller. If the Unit is more than 10% smaller than indicated in the Plan Type as set out in Schedule A to this Agreement, the Buyer may, by written notice delivered to the Seller prior to the Closing Date, elect to have the Price adjusted as aforesaid or cancel the Agreement. If the Buyer elects to cancel this Agreement, the Deposit will be paid to the Buyer and the Agreement will terminate and there will be no further obligations of the Seller to the Buyer and the Buyer will have no claim against the Seller. If the Buyer elects to complete the purchase of the Lot, the Buyer will have no claim against the Seller other than for adjustment to the Price as aforesaid;
 - (d) that should certain materials not be available to the Seller for installation in time for the Seller's scheduled installation date, the Seller reserves the right to select substitute materials of equal or better grade, at the Seller's discretion;
 - (e) the Plan Type as set out in Schedule A will be superseded by a final "For Construction" plan that the Buyer will be asked to sign prior to construction commencement. The For Construction plan will show the final details, including building orientation, etc.; and
 - (f) that the Buyer is aware of an initial monthly Homeowners' Corporation assessment as set out in the Information Statement.
12. If the Seller is delayed from completing the construction of the Unit or satisfying any other conditions of closing as a result of earthquake, flood or other act of God, fire, explosion or accident, howsoever caused, act of any governmental authority, strike, lockout, inability to obtain or delay in obtaining labour, supplies, materials or equipment, delay or failure by carriers or contractors, breakage or other casualty, climatic condition, interference of the Buyer, or any other event of any nature whatsoever beyond the control of the Seller, then the Seller, in its sole discretion and upon giving to the Buyer written notice delivered not later than 15 days before the Closing Date, will have a one-time right to extend the Closing Date by up to 180 days.
13. This Agreement will constitute the entire agreement between the Seller and the Buyer and there are no representations, warranties, guarantees, promises, agreements or

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previous statements made by any person or agent other than those contained in this Agreement. No modification of this Agreement will be valid unless made in writing and signed by the parties hereto.

14. If the Buyer terminates this Agreement pursuant to the rights of termination contained herein or if the Seller fails to complete this transaction through no fault of the Buyer, all funds paid hereunder by the Buyer to the Seller will be returned by the Seller to the Buyer forthwith upon notice of termination, without deduction.
15. The Seller represents and warrants that each party comprising the Seller is a resident of Canada.
16. Any notice, document or communication required or permitted to be given hereunder will be in writing and will be considered to have been duly given if delivered by hand, mailed by prepaid registered mail or sent by facsimile or email to the party to which it is to be given at the address or to the facsimile number or the email address shown on the first page hereof. Any notice to the Buyer may be given to his lawyer or notary. Either party may at any time change the address, numbers or email address set out above by giving written notice to the other party in accordance with this paragraph 16.
17. All representations, covenants, agreements and consents contained herein will survive the completion of the transactions contemplated herein and will not be merged in any document delivered pursuant to this Agreement.
18. All words in this Agreement may be read and construed in the singular, plural, masculine, feminine or body corporate, as the context requires. Where there is more than one Buyer, the obligations of the Buyer will be joint and several obligations. The phrase “**business day**” will mean a day that the Indian Lands Registry office in Vancouver, British Columbia is open and accepting documents for registration.
19. This Agreement will be governed and construed in accordance with the applicable laws of British Columbia and Canada. This Agreement creates contractual rights only between the Seller and Buyer and does not create an interest in the land.
20. The Buyer hereby consents to the collection, use and disclosure by the Seller and any real estate agent involved in this transaction, the real estate boards of which those agents are members and, if the Lot is listed on a Multiple Listing Service (“**MLS**”), the real estate board that operates such MLS, of personal information about the Buyer:
 - (a) for all purposes relating to completing this transaction;
 - (b) if the Lot is listed on an MLS, for the purpose of the compilation, retention and publication by the real estate board that operates the MLS and other real estate boards of any statistics including historical MLS data for use by persons authorized to use the MLS of that real estate board and other real estate boards;
 - (c) for enforcing codes of professional conduct and ethics for members of real estate boards;

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- (d) for the purposes (and to the recipients) described in the brochure published by the British Columbia Real Estate Association entitled *Working With A Real Estate Agent*; and
- (e) for the purpose of the Seller or its affiliated companies or partnerships providing the Buyer with information about other homes any one of them may offer for sale in future.

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SCHEDULE A**THE COTTAGES ON OSOYOOS LAKE****(PLAN SHOWING LOT AND PLAN TYPE)**

(Note: The Plan Type will be superseded by a “For Construction” plan that the Buyer will be asked to sign prior to the commencement of construction.

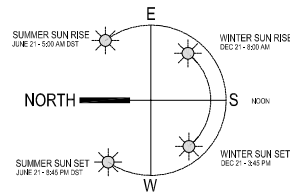
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www.osoyooscottages.com

THIS SITE PLAN IS BASED ON CURRENT BUILDING AND LANDSCAPE DESIGN INFORMATION WHICH IS SUBJECT TO CHANGE WITHOUT NOTICE. THE DEVELOPER RESERVES THE RIGHT TO MAKE MODIFICATIONS TO THE BUILDING & LANDSCAPE DESIGN AT THEIR SOLE DISCRETION IN ACCORDANCE WITH BUILDING CODE GUIDELINES AND TO MAINTAIN THE HIGH QUALITY OF THE HOMES, E. & O. E.

Schedule A to Purchase Agreement Plan of Lot Location



OSOYOOS LAKE

THE COTTAGES ON OSOYOOS LAKE

ACKNOWLEDGMENT OF RECEIPT OF DOCUMENTS

ADDENDUM (including schedules, if any) to the Agreement made between STELKIA HOMES LTD., as Managing General Partner of OSOYOOS COTTAGES LIMITED PARTNERSHIP (the “**Seller**”), and _____ (the “**Buyer**”) the ____ day of _____, 201__.

The Buyer hereby acknowledges having access to the following documents posted on the Seller’s website at <http://osoyooscottages.com/owners-section/documents/>:

- (a) the Head Lease;
- (b) the form of Sublease;
- (c) the Information Statement;
- (d) the Articles of the Homeowners’ Corporation; and

If the Buyer, in its sole discretion, is not satisfied with the foregoing documents, the Seller agrees that the Buyer may terminate this Agreement by written notice given to the Seller on or before the date that is 7 days after the date of this Addendum, whereupon the Deposits will be returned to the Buyer.

DATED this ____ day of _____, 201__.

Witness

Buyer

Witness

Buyer

**OSOYOOS COTTAGES LIMITED
PARTNERSHIP**, by its Managing
General Partner **STELKIA HOMES
LTD.**

By: _____
Authorized Signatory

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THE COTTAGES ON OSOYOOS LAKE

SALE OF EXISTING RESIDENCE – ADDENDUM

ADDENDUM (including schedules, if any) to the Agreement made between STELKIA HOMES LTD., as Managing General Partner of OSOYOOS COTTAGES LIMITED PARTNERSHIP (the “**Seller**”), and _____ (the “**Buyer**”) the ____ day of _____, 201__.

1. This Agreement is subject to the following condition(s) which is (are) for the sole benefit of the Buyer, and if not waived or declared fulfilled by written notice to the Seller on or before _____, 201__, this Agreement will thereupon terminate and the Deposits will be returned to the Buyer:

The Buyer entering into an Agreement for the sale of the Buyer’s existing residence at _____ by no later than _____.

The Seller may unilaterally terminate this Agreement upon giving the Buyer 72 hours notice that the Seller has received another offer on the Lot which is the subject of this Agreement. Prior to the expiration of the 72-hour notice period, the Buyer may waive this subject condition and make this into a firm and binding contract. If the Buyer does not waive this subject condition prior to the expiration of the 72-hour notice period, this Agreement will be terminated and the Deposits will be returned to the Buyer. For the purpose of this addendum only, notice may be effected by calling the Buyer’s home or office phone number listed on page one of this Agreement.

DATED this ____ day of _____, 201__.

Witness

Buyer

Witness

Buyer

**OSOYOOS COTTAGES LIMITED
PARTNERSHIP**, by its Managing
General Partner **STELKIA HOMES
LTD.**

By: _____
Authorized Signatory

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THE COTTAGES ON OSOYOOS LAKE**FINANCING – ADDENDUM**

ADDENDUM (including schedules, if any) to the Agreement made between STELKIA HOMES LTD., as Managing General Partner of OSOYOOS COTTAGES LIMITED PARTNERSHIP (the “**Seller**”), and _____ (the “**Buyer**”) the ____ day of _____, 201__.

1. This Agreement is subject to the following condition(s) which is (are) for the sole benefit of the Buyer, and if not waived or declared fulfilled by written notice to the Seller on or before _____, 201__, this Agreement will thereupon terminate and the Deposits will be returned to the Buyer:

The Buyer obtaining financing on commercially reasonable terms, for the purchase of the Lot by no later than _____.

DATED this ____ day of _____, 201__.

Witness

Buyer

Witness

Buyer

**OSOYOOS COTTAGES LIMITED
PARTNERSHIP**, by its Managing
General Partner **STELKIA HOMES
LTD.**

By: _____
Authorized Signatory

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THE COTTAGES ON OSOYOOS LAKE**ADDENDUM**

ADDENDUM (including schedules, if any) to the Agreement made between STELKIA HOMES LTD., as Managing General Partner of OSOYOOS COTTAGES LIMITED PARTNERSHIP (the “**Seller**”), and _____ (the “**Buyer**”) the ____ day of _____, 201__.

DATED this ____ day of _____, 201__.

Witness

Buyer

Witness

Buyer

**OSOYOOS COTTAGES LIMITED
PARTNERSHIP**, by its Managing
General Partner **STELKIA HOMES
LTD.**

By: _____
Authorized Signatory

Lot #	Contract #	Initials	Buyer	Seller
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**THORSTEINSSONS** LLP
TAX LAWYERS

Privileged and Confidential Communication

MEMORANDUM

TO: Osoyoos Cottages Limited Partnership
FROM: Terry G. Barnett
DATE: October 17, 2011
SUBJECT: The Cottages on Osoyoos Lake
Short-term Rentals by Owners – How does this affect the GST/HST Status of Rent Paid to Osoyoos Cottages Limited Partnership?

Some individuals acquiring vacation homes in “The Cottages on Osoyoos Lake” intend to earn revenue by renting out their cottages occasionally for short-term stays. A question that arises is whether and how rentals by the “owner”¹ affect the rent he or she pays to the Osoyoos Cottages Limited Partnership (the “Partnership”) under the sublease for the cottage. Specifically, if an owner rents the cottage to another person, does this change the way in which the GST/HST applies to the rent paid to the Partnership?

Generally, long-term rentals of homes and vacations residences are exempt from GST/HST. However, there are circumstances where GST/HST may become payable if the owner uses the property for rental purposes for a period of time.

Currently, the combined rate of GST/HST in British Columbia is 12%. Based on the recent provincial referendum it is expected that the rate will drop back to the 5% GST rate by 2013 when the HST will no longer apply in British Columbia.

The following provides an overview of some of the common situations likely to arise for owners and, based on information currently available, explains whether the rent paid by the owner to the Partnership will or will not become subject to GST/HST.

I want to use the cottage for vacations and/or year-round living and will not rent it out.

In this case, the rent you pay or prepay to the Partnership is not subject to GST/HST.

I will rent the cottage month-to-month and I may reside there part-time during the year.

As in the previous example, the rent you pay or prepay to the Partnership is not subject to GST/HST.

I will use the cottage as a vacation home but I will have short-term (one week) rentals and monthly rentals during the year.

As noted, a rental to another person for a period of at least one month does not change the GST/HST exempt status of the rent paid to the Partnership. Occasional week-long rentals likewise should not affect the rent paid to the Partnership.

¹ For convenience I have used the term “owners” to describe individuals acquiring vacation homes from the Partnership. Technically, the individuals should be described as “sublessees”.

However, where in one year you have four or more consecutive weeks of short-term rental with no break between the different renters, then the Partnership will charge you GST/HST on the rent you have paid for the year. You will need to advise the Partnership if you are renting the property for four or more weeks consecutively at any time in the year, and you must pay the applicable GST/HST on the rent attributable to that year.

For example, let's assume you paid \$400,000 for your cottage. Over a 99-year period, this equates to \$4,040 per year. The GST/HST that you would have to pay to the Partnership will be $\$4,040 \times 5\% = \202 .

If I have to pay GST/HST, can I get it back?

In very general terms, a person who rents out a vacation home out for less than a month may be required to register for GST/HST purposes and charge GST/HST on the rent, unless the rent is less than \$20 per day. A person who registers for GST/HST purposes and collects GST/HST on rents may in some circumstances recover in whole or in part GST/HST paid on the expenses of the rental operation.

However, persons whose annual business/rental revenue is below a certain dollar threshold can choose not to register in the GST/HST system. These persons do not charge GST/HST on the rentals and do not recover GST/HST paid on their expenses.

Owners should consult a tax professional to determine when they need to register and collect GST/HST on rentals, and whether they can recover GST/HST payable to the Partnership.