

DISCLOSURE STATEMENT

December 28, 2004

Amended November 8, 2005

Developer:

NICOLA LAKESHORE ESTATES INC.

Address for Service in BC:

300 – 180 Seymour Street

Kamloops, BC V2C 2E3

Attn: Scott Huyghebaert

Business Address:

106 – 1121 McFarlane Way

Merritt, BC V1K 1B9

**Developer's Real Estate Agent who
acts for the Developer only and
who is not the agent for any Purchaser:**

non appointed at this time

DISCLAIMER

Dated December 28, 2004

Amended November 8, 2005

THIS DISCLOSURE STATEMENT HAS BEEN FILED WITH THE SUPERINTENDENT OF REAL ESTATE, BUT NEITHER THE SUPERINTENDENT, NOR ANY OTHER AUTHORITY OF THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA, HAS DETERMINED THE MERITS OF ANY STATEMENT CONTAINED IN THE DISCLOSURE STATEMENT, OR WHETHER THE DISCLOSURE STATEMENT CONTAINS A MISREPRESENTATION OR OTHERWISE FAILS TO COMPLY WITH THE REQUIREMENTS OF THE *REAL ESTATE DEVELOPMENT MARKETING ACT*. IT IS THE RESPONSIBILITY OF THE DEVELOPER TO DISCLOSE PLAINLY ALL MATERIAL FACTS, WITHOUT MISREPRESENTATION.

RIGHT OF RESCISSION

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

The rescission notice may be served by delivering or sending by registered mail, a signed copy of the notice to:

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

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

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DISCLOSURE STATEMENT

1. THE DEVELOPER

1.1 The Developer

The Developer is a company incorporated under the laws of the Province of British Columbia on April 15, 1994 (Incorporation Number 470906).

1.2 Purpose of the Developer

The Developer was specifically incorporated to hold and develop the subdivision lands and holds no other assets than those of the lands.

1.3 Registered and Records Office

300 – 180 Seymour Street
Kamloops, BC V2C 2E3
Attn: Scott Huyghebaert

1.4 Directors

Chanchal S. Bal
Angus MacDonald
David Ross MacDonald
James Thomas Rabbitt
Frank Rizzardo
Sukhdev Singh Sandur
Robert Hack

2. GENERAL DESCRIPTON

2.1 General Description of the Development

- (a) The Development – Nicola Lakeshore Estates (the “Development”) is a composite development consisting of fee simple lots:

66 - single family LR1 lots
10 - multi family LR2 lots
03 - commercial C4 lots

The lots are all fee simple lots, however, there are potential opportunities for purchasers to develop lots as strata developments. The lots are intended for residential recreational use or resort use in accordance with the respective zoning referenced above. The approximate location of the Development is shown on a Site Plan attached hereto as **Schedule 1**. The approximate location of each Lot is set out in **Schedule 2**.

- (b) Location – The development is situated about mid-lake on the northwest shore of Nicola Lake about 12 km from Highway 5 at Nicola Ranch. The Development is immediately to the northeast of Monck Park Provincial Campsite.
- (c) Phased Development – This Development is not a phased development. Should any land be a remainder due to timing of the construction/marketing, then the Developer reserves the right to develop that property in accordance with available zoning bylaws. Purchasers will be required, as a condition of the purchase of a Lot, not to oppose the further development by the Developer of the lands adjoining the Development, but will be required by paragraph 11 of the Contract attached hereto as **Schedule 6** to support the further development. Prospective Purchasers should review paragraph 11 of **Schedule 6** to understand this obligation.

2.2 Permitted Use

A copy of the Thompson Nicola Regional District (“TNRD”) Zoning Bylaw is attached as **Schedule 5**. The use of the Lots will comply with the Restrictive Covenants described in paragraphs 4.4(b) hereof and the Statutory Building Scheme described in paragraph 4.4(c) hereof.

2.3 Building Construction

- (a) Types of Building – The Developer may construct one or more homes either as show, custom or spec homes. Each Purchaser will be responsible for construction of his/her own home on the lot he/she purchases and for complying with all applicable building restrictions. There will be a Statutory Building Scheme registered against the title to each of the Lots covered by a covenant. A draft of the Statutory Building Scheme is attached as **Schedule 4**.
- (b) Type of Construction – All buildings shall be in accordance with the Statutory Building Scheme and TNRD Bylaws.

3. SERVICING INFORMATION

3.1 Utilities and Services

Because the Development is located outside of the boundaries of a municipality, certain services are being provided by the Regional District, while other utilities will be provided by the Nicola Lakeshore Water Utility Co. Ltd. (in this paragraph 3.1 called the “Utility”) or others. Utility charges begin with the transfer of title to a Purchaser.

- (a) Water Service – Water services have been constructed in the Development by the Developer to the lot line of each Lot in the Development. The well from which the water is provided and all of the infrastructure for delivery of water to the Lots has been transferred to the Utility by the Developer. The water system will deliver a maximum of 500 gallons per day to each dwelling for domestic use at an approximate basic rate of \$31.00 per month/dwelling. Water use will be metered by a meter required to be installed by each purchaser. Water use in excess of 500 gallons per day will be separately billed by the Utility at the rates established from time to time. The Purchasers will not be permitted to construct wells on any Lots.

A separate water system for treated irrigation water has been installed by the Developer. This water service will be provided without charge. The water provided by this system will not be suitable for domestic purposes, will not have a guaranteed flow, and only 2,000 sq. ft or irrigated area is allowed per lot.

The Comptroller of Water has assigned CPCN #1215 to this development.

- (b) Sanitary Sewer Service – Sewer services have been constructed by the Developer for the Development to the lot line of each Lot. The infrastructure for the sewer service will be transferred to the Utility. The Utility will charge

approximately \$35.00 per month/dwelling for commercial properties for the sewer services, subject to adjustment from time to time.

All sewage will be treated, pumped into the treated irrigation reservoir or into two infiltration fields. The treated liquid waste from this treatment plant will be treated and provided as water available to the Development for irrigation purposes. The Developer has received approval for the system from the Ministry of Environment.

A lot purchaser must provide plans for approval and no plans will be approved unless such plans include provision for the installation of a grinder pump, which pump will be provided by the Developer, at the purchaser's cost, prior to closing.

- (c) Electrical Service – Electrical service infrastructure has been provided to the Development. Each Lot will be connected to the electrical service by BC Hydro. Connection and hook up charges, as well as monthly usage charges, will be billed by BC Hydro to the purchaser of a Lot.
- (d) Telephone Service – Telephone service infrastructure will be provided by the Development at the Developer's cost. Connection and hook up charges, as well as monthly usage charges, will be billed by Telus to the purchaser of a Lot.
- (e) Access – Access to the Development is by way of a paved road known as Monck Park Road. The Developer has constructed an extension of this road to service the Development. Monck Park Road is a public road maintained by the Province of British Columbia. The roads built by the developer have been built to provincial Ministry of Transportation standards and have been dedicated to and maintained by the crown (Ministry of Transportation). The finished road has an 8 meter finished top (7 meters paved).
- (f) Schools – There are no schools in the immediate Monck Park area, the nearest schools are in Merritt, BC, approximately 15 km from the Development. Purchasers are advised that they are responsible for transportation of students to schools.
- (g) Garbage – There is no garbage pickup at the Development. Garbage drop off facilities have been constructed by the Developer on the site at the operations building and will be hauled to the Lower Nicola Refuse Site, operated by the TNRD, on Highway 8 west of Merritt, approximately 31 km from the Development. A monthly user charge will be billed by the Utility to the property owner which will vary to volume dropped off.
- (h) Gas – There is currently no gas service to the Development. The Developer is in discussion with Superior Propane, but no agreement has been reached at the

time of this amendment. Should a propane grid system be installed then a flat fee per lot for meters and a monthly useage charge will apply.

- (i) Upper Access Road – The Developer has constructed an Upper Access Road for the benefit of Lots 1 - 35. This road has been easemented in favour of these lots and a minor annual maintenance charge will apply to the benefiting lots, invoiced by the Utility.

4. TITLE OF THE DEVELOPMENT

4.1 Legal Description of the Development

The legal description of the Development is:

Kamloops Assessment Area
Parcel Identifier: 005-182-140
District Lot 530, Kamloops Division Yale District, except Plans 17131,
KAP73062, KAP73063 and KAP78483 (“DL 530”)

(the “Property”)

4.2 Ownership

Registered Owner: Nicola Lakeshore Estates Inc.

4.3 Existing Encumbrances and Legal Notations

Encumbrances: The following encumbrances are registered against the title to the Development.

- (a) There are two mortgages (KV32692 and KW116951) registered against the title to the property. These charges will be partially discharged from the title to each Lot as the sale of that Lot is completed. Partial discharges of mortgage will be filed upon the sale of each Lot so as to provide unencumbered title to the Lot.

4.4 Proposed Encumbrances

The following encumbrances will be registered against the title to the Development prior to the completion of the sale of the lots.

- (a) Mortgage – Canadian Western Bank has registered a construction mortgage (which will be amended for this contemplated part of the development) against the title to the Development to fund the construction of the services required to be constructed pursuant to the PLA, which mortgage will be partially discharged from the title to each Lot as the sale of that Lot is completed.
- (b) Restrictive Covenant (Environment and Department of Fisheries/Oceans)– There is a restrictive covenant registered by the Developer in accordance with the Ministry of Environment and Department of Fisheries/Oceans Regulations. Notwithstanding the provisions of paragraphs 1 and 2 in the restrictive covenant, vegetation may be removed within 30 metres of the natural boundary of Nicola Lake in order to create a shoreline access trail, a maximum of one such trail per residential lot, not to exceed 1.5 metres in width and a max of two trails per commercial lot, not to exceed 3 metres each. The Transferor covenants that in constructing any such trail, no trees greater than 20 cm. in diameter at breast height be removed or lost. Such trail is to be constructed manually, without the use of heavy equipment. Such trail need not be straight, but shall be designed to minimize overall impact. No boat ramps shall be built on the Lands, Commercial and Residential lots shall use the common ramp provided at the foot of the road right of way known as Waterside Trail. The Restrictive Covenant will be substantially in the form attached hereto as **Schedule 8**.
- (c) Restrictive Covenant (Building Scheme) – There will be a restrictive covenant in the nature of a building scheme registered by the Developer in order to control the type and size of buildings in the Development. Construction of improvements will not be allowed unless they comply with the design guidelines in the building scheme. The building scheme will be substantially in the form attached hereto as **Schedules 4 and 16**.
- (d) Easements and Statutory Rights of Way (Services) – There will be easements and statutory rights of way as may be required to provide telephone, electrical, water, sewer and other services to the Development, as well as road access. The Easements and Statutory Rights of Way will be substantially in the form attached hereto as **Schedules 11, 12, 13, 14 and 15**.
- (e) Rent Charge (Utilities) – A Rent Charge will be registered in favour of Nicola Lakeshore Water Utility Co. Ltd. to secure payment of the utility charges referred to in paragraphs 3.1(a), 3.1(b), 3.1(g), 3.1(h) and 3.1(i). The Rent Charge will be substantially in the form attached hereto as **Schedule 10**.

- (f) Restrictive Covenant – Ministry of Forests Fire Hazard Assessment has indicated that mitigation efforts are required to reduce rating from high to low/medium. Therefore a wild fire interface covenant has been registered with terms to be consistent with Statutory Building Scheme item #23. The Restrictive Covenant will be substantially in the form attached hereto as **Schedule 9**.

4.5 Outstanding or Contingent Litigation or Liabilities

There is no litigation against the Developer or anything affecting the Developer's ability to develop the Property at this date.

4.6 Environmental Matters

- (a) Changes from Natural State - There will be no changes from the natural state of any of the Lots in the Development, other than normal clearing, paving, servicing and landscaping in accordance with the Ministry of Environment and Department of Fisheries/Oceans Regulations and Restrictive Covenants.
- (b) Condition of Soil and Subsoil - The Developer, as well as the Purchasers, shall comply with all governmental requirements and regulations with respect to the condition of the soil and subsoil in connection with the construction and servicing of the Development.

5. CONSTRUCTION AND WARRANTIES

5.1 Construction Dates

- (a) Construction Commencement – Construction has been completed.
- (b) The subdivision plan has been registered under number KAP79399 at the Kamloops Land Title Office. In the event the amendment to the Disclosure Statement filed by the Developer contains amendments which materially affect the offering, the Purchaser will have a period of seven (7) days from receipt of the Amended Disclosure Statement to rescind their Purchase Contract and have their deposit monies, if any, returned to them.

5.2 Warranties

Not applicable.

6. APPROVALS AND FINANCES

6.1 Development Approval

- (a) Subdivision – N/A – The approving officer has signed the plan which was registered in the Kamloops Land Title Office.
- (b) Zoning – The property is properly zoned for the Development as recreational/residential/commercial. Attached as **Schedule 5** is a copy of the current TNRD Zoning Bylaw LR-1, LR-2, C-4 and RL-1 applicable to the Development.
- (c) Occupancy Restriction – There are no occupancy restrictions other than those covered in the bylaws of the TNRD, attached as **Schedule 5**.

6.2 Construction Financing

- (a) Project Financing – The Canadian Western Bank and Trust has financed the construction and servicing of the Development. Purchasers shall be required to provide a deposit not to exceed ten (10%) percent of the purchase price of the Lot they propose to purchase. The financing in favour of the Canadian Western Bank is secured by a mortgage over the Development (as described in paragraph 4.4(a)).

The following process will be followed to the letter to provide the purchaser a right of rescission:

Any agreement of purchase and sale entered into by the purchaser of Lots referred to in this disclosure prior to acceptance and delivery to the purchaser of the amendment shall:

- (i) be terminable at the option of the purchaser for a period of seven days after receipt of the amended disclosure if the amendments materially affect the offering, or if the amended disclosure is not received within twelve months after acceptance of the initial disclosure;
- (ii) require that no greater than 10% of the purchase price be paid by way of deposit or otherwise;
- (iii) require that all such funds, including where applicable interest earned, be returned to the purchaser forthwith upon notice of termination by the purchaser without deduction;

(iv) all such funds will be held in a trust account of a licensee under the *Real Estate Development Marketing Act*, a solicitor or a notary public until completion of the transaction or earlier termination.

(b) Purchase Financing – The Developer has made no arrangements for financing the purchase of the Lots.

7. MISCELLANEOUS

7.1 Deposits

Where Required under the *Real Estate Development Marketing Act*, all deposits and other monies received from purchasers shall be held in trust at the law firm of Morelli Chertkow, #300 – 180 Seymour Street, Kamloops, BC V2C 2E3, in the manner required by the *Real Estate Development Marketing Act* until such time as:

- (a) Registration of the Subdivision Plan is completed in the Land Title Office.
- (b) Title is raised for the Lot.
- (c) An instrument evidencing the interest of the purchaser in the Lot has been filed for registration in the Land Title Office.

7.2 Purchase Agreement

The Developer intends to offer each individual Lot in the Development for sale.

Attached, as **Schedule 6**, is the form of Offer to Purchase, which the Developer intends to use in connection with the sale of the Lots, unless otherwise agreed between the Developer and the Purchaser or as determined by the Developer.

7.3 Developer's Commitments

The Developer has entered into contracts with respect to the Development. The Developer will enter into a contract with the Nicola Lakeshore Utility Co. Ltd. to provide water, sewer and garbage management services to the Development. The Developer will also enter into a contract with the Nicola Lakeshore Utility Co. Ltd. for the financing of reserve funds required for the operation of the Utility. The Developer has entered into a contract with Ecofluid for sewer treatment plant components. The Developer will also enter into contract relative to servicing of this Development should the need arise.

7.4 Other Material Facts

- (a) Lot Taxes – Each Lot owner will be responsible for real property taxes for his Lot. Property taxes are levied by and payable to the Provincial Taxing Authority.
- (b) Lot Expenses – All utilities will be separately metered or assessed to each Lot and will be the responsibility of each Lot owner. Estimated costs for such utilities are set out in paragraphs 3.1 (a) and 3.1(b) below.

DEEMED RELIANCE

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

DECLARATION

The foregoing statements disclose, without misrepresentation, all material facts relating to the Development referred to above, as required by the *Real Estate Development Marketing Act* of British Columbia, as of the 8th day of November, 2005.

DEVELOPER:
Nicola Lakeshore Estates Inc.
Per:

Frank Rizzardo, Secretary

Signed by the Directors:

Frank Rizzardo

James Thomas Rabbitt

Chanchal S. Bal

Angus MacDonald

David Ross MacDonald

Sukhdev Singh Sandur

Robert Hack

SOLICITOR'S CERTIFICATE

IN THE MATTER OF THE *REAL*)
ESTATE DEVELOPMENT)
MARKETING ACT and the Disclosure)
Statement for the property legally)
described as:)
)
)
Kamloops Assessment Area)
Parcel Identifier: 005-182-140)
District Lot 530, KDYD, except Plans 17131)
KAP73062, KAP73063 and Plan KAP78483)

I, _____, a member of the Law Society of British Columbia, HEREBY CERTIFY that I have read over the above described Disclosure Statement dated the 28th day of December, 2004 and have reviewed the same with the Developer therein named, and that the facts contained in items 4.1, 4.2 and 4.3 of the Disclosure Statement are correct.

DATED at _____, in the Province of British Columbia this ____ day of November, 2005.

Signature

SCHEDULES TO THIS DISCLOSURE STATEMENT

1. Site Plan
2. Subdivision Plan
3. Preliminary Layout Approval
4. Draft Statutory Building Scheme
5. TNRD Zoning Bylaw LR-1, LR-2, C-4 & RL-1
6. Offer to Purchase
7. Nicola Lakeshore Water Utility Co. Ltd.
Incorporation Certificate
8. Section 219 Covenant - Fishery
9. Restrictive Covenant – Wildland
10. Rent Charge
11. Easement
12. Statutory Right of Way (utilities)
13. Statutory Right of Way (utilities)
14. Statutory Right of Way (seepage pit)
15. Statutory Right of Way (roadway)
16. Draft Statutory Building Scheme