

Disclosure Statement dated July 19, 2006.
Consolidated Disclosure Statement dated September 22, 2006.

CONSOLIDATED DISCLOSURE STATEMENT
OF
SHEERWATER LIMITED PARTNERSHIP
(Developer)
FOR
“SHEERWATER”

Mailing Address:
620 – 1632 Dickson Road
Kelowna, British Columbia V1Y 7T2

Address for Service:
LANDO & COMPANY LLP
Barristers & Solicitors
Post Office Box 11140
2010 - 1055 W. Georgia Street
Vancouver, British Columbia V6E 3P3

The Developer will be using its own employees to market the Development some of whom are not licensed under the Real Estate Services Act and are not acting on behalf of the purchaser in marketing the strata lots for sale in this development.

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 seven (7) days after the later of the date the contract was entered into or the date the purchaser or lessee received a copy of this Disclosure Statement.

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

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

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

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LIST OF SCHEDULES

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- SCHEDULE "B" - Form V Schedule of Unit Entitlement
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- SCHEDULE "E" - Sales Contract
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- SCHEDULE "H" - Design Guidelines

1. THE DEVELOPER

VALENDAS ENTERPRISES LTD. as Trustee for SHEERWATER LIMITED PARTNERSHIP

1.1 Incorporation

Valendas Enterprises Ltd. was incorporated on June 15, 1970, under number BC0094159.

Sheerwater Limited Partnership was formed on March 15, 2004, under number 04-0367750.

1.2 Assets

Valendas Enterprises Ltd. was not incorporated specifically for the purpose of developing and marketing the property described herein, and has other assets apart from such property.

Sheerwater Limited Partnership was formed specifically for the purpose of developing and marketing the property described herein, and has no other assets apart from such property.

1.3 Registered and Records Office

Valendas Enterprises Ltd.:

2010 – 1055 West Georgia Street
Vancouver, British Columbia V6E 3P3

Sheerwater Limited Partnership:

2010 – 1055 West Georgia Street
Vancouver, British Columbia V6E 3P3

1.4 Directors

The sole director of Valendas Enterprises Ltd. is Jonathan Friesen.

The general partner of the Sheerwater Limited Partnership is Sheerwater G.P. Ltd. The directors of Sheerwater G.P. Ltd. are:

Jonathan Friesen	President
Randall Shier	Secretary
George Summach	
Gerald Heinrichs	

(Valendas Enterprises Ltd. and the Sheerwater Limited Partnership are hereinafter collectively the “Developer”)

2. GENERAL DESCRIPTION

2.1 General Description of the Development

(1) Legal Description

The legal description of the lands on which the bare land strata development (the "Development") is located is as follows:

PID: 013-345-028

The Fractional North East 1/4, Section 6, Township 23, Osoyoos Division Yale District, Except Plan 25017

(the "Lands")

(2) Street Address/Location of the Development

180 Sheerwater Court, Kelowna, British Columbia

(3) General Description

The development is located on waterfront property adjacent to and overlooking the Okanagan Lake in Kelowna, British Columbia (the "Development"). The Development consists of a bare land strata subdivision containing a total of 24 Bare Land Strata Lots (collectively referred to as the "Strata Lots" and individually referred to as a "Strata Lot").

There will be a total of 24 Strata Lots which will comprise the Development, all of which will be individually owned and will be offered for sale by the Developer. Each of the 24 Strata Lots being offered for sale will be individually owned together with a proportionate share in the common property of the Development and the other assets of the Strata Corporation (the "Common Property").

The owners of the Strata Lots will own the Common Property as tenants in common in the proportion the Unit Entitlement of their respective Strata Lots bears to the total Unit Entitlement of the Development. The Unit Entitlement of each of the 24 Strata Lots is one (1).

This is a bare land Strata Development. The Development is currently zoned RR1 – Rural Residential 1, which reflects the intended uses of the Lands as a residential development. There are no occupancy restrictions in the Bylaws of the Development.

Attached hereto as **SCHEDULE "A"** is the draft **BARE LAND STRATA PLAN** proposed to be filed in the Land Title Office to create the subject Strata Lots. The Developer reserves the right to make modifications or changes to the Strata Plan prior to filing the Strata Plan in the Land Title Office.

2.2 Permitted Use

The Strata Lots are intended for residential use and occupation only. None of the Strata Lots will be designated for commercial use. The lands are zoned as RR1 – Rural Residential 1 to permit year round residential use and occupation of the Strata Lots.

The Development is subject to the City of Kelowna's zoning bylaws and regulations. There are currently no occupancy restrictions in the Bylaws of the Development.

2.3 Building Construction

The Developer will not be responsible for construction of any improvements on the Strata Lots. The Developer has arranged for the provision of various utilities to the Strata Lots as discussed in detail in Section 3.8 herein.

The Development will comply with the City of Kelowna's building bylaws and regulations. The City of Kelowna approved the Development Permit Application on November 15, 2005 under permit DP05-0206. As this is a bare land strata subdivision, a building permit was not required for the Development.

There will be a statutory building scheme filed on title to the Strata Lots which will require that all improvements and landscaping on the Lands be completed in accordance with The Mission Group's **DESIGN GUIDELINES**, attached hereto as **SCHEDULE "H"**. The Design Guidelines provide for payment of a refundable compliance deposit of \$43,000.00 and a non-refundable fee of \$7,000.00, as discussed in detail in the attached Schedule "H".

2.4 Phasing

This Development is not part of a phased Strata Plan under the *Strata Property Act*.

3. STRATA INFORMATION

3.1 Unit Entitlement

The unit entitlement of each Strata Lot is a figure indicating the share of an owner in the Common Property, common facilities, and other assets of the Development (the "Unit Entitlement"). It is also the figure used to determine the owner's contribution toward the common expenses incurred in respect of the Common Property.

The Unit Entitlement of each of the Strata Lots is one (1). The proposed **FORM V – SCHEDULE OF UNIT ENTITLEMENT** is attached as **SCHEDULE "B"** and lists the proposed Unit Entitlement for each Strata Lot.

3.2 Voting Rights

Pursuant to Section 53(1) of the *Strata Property Act*, each Strata Lot will have one (1) vote. Accordingly, there will be no Form W filed with the Land Title Office.

3.3 Common Property and Facilities

Each owner of the Strata Lots will share the cost of the maintenance and repair of the Common Property. The Common Property will be controlled and managed by the strata corporation formed by the owners of the Strata Lots. The following facilities form part of the Common Property:

- (a) exterior lighting; and

- (b) roadways and public trails/walkways; and
- (c) utility areas.

3.4 Limited Common Property

Limited common property is an area within the Common Property that may be used exclusively by one or more Strata Lot owners. Pursuant to the provisions of the Bylaws contained in the *Strata Property Act*, the owners who have limited common property designated for their exclusive use have the responsibility to maintain and repair the limited common property.

There is presently no limited common property designated in the Development. The Developer may cause the Strata Corporation to designate some areas of the common property as limited common property.

3.5 Bylaws

The **BYLAWS** for the Strata Corporation are attached as **SCHEDULE "G"**. These Bylaws set out certain restrictions regarding the use of the Strata Lots, and allow the Developer to use the common property as a sales center, to post for sale signs, to have access to the Development and prohibit other owners from posting for sale signs until such time as all Strata Lots within the Development have been sold.

3.6 Parking

Each of the Strata Lots will have its own driveway providing for access to the Strata Lot. Parking for the Development will be located on each of the Strata Lots, including the driveways thereto. There will not be a separate parking area designated for visitors. The Developer has constructed partial, rough driveways on some of the Strata Lots. Owners will be responsible for further construction of driveways and improvements related to parking on the Strata Lots.

3.7 Budget

(1) Strata Lot Expenses

The electricity, telephone, cablevision and utilities will be separately metered or assessed to each of the Strata Lot owners and are the responsibility of each Strata Lot owner.

The following are common expenses included in the Strata Budget, attached as Schedule "C" hereto:

- (a) roadway and walkway maintenance (including snow removal);
- (b) maintenance and landscaping of grounds and common property;
- (c) electricity for the lighting of the roadways and common areas;
- (d) water;
- (e) sewage system; and

- (f) the Developer intends to construct a tramway, gazebo and dock with individual boat slips, as amenities for the Development (collectively the "Marine Amenities"), if such Marine Amenities are approved by the City of Kelowna, Transport Canada, the Integrated Land Management Bureau and the Ministry of Environment of British Columbia, as discussed in Subsection 3.12 herein. The anticipated costs for maintenance and repair of the tramway, gazebo and dock are included in the estimated Budget for the Development, attached as Schedule "C". The individual boat slips are being offered for sale to owners of Strata Lots in the Development, pursuant to this Disclosure Statement, and will be constructed when the Developer is granted approval to construct the Marine Amenities, as anticipated. The costs for maintenance and repair of the boat slips and any boat lifts will be the sole responsibility of each individual owner of a boat slip in the Development.

(2) Property Taxes

Each Strata Lot owner shall be responsible for real property taxes for his or her Strata Lot and his or her proportionate interest in the Common Property. Property taxes are levied by and payable to the City of Kelowna.

(3) Operating Budget

The Developer will, at the time of the first conveyance of a Strata Lot to a Purchaser, contribute to the contingency reserve fund an amount equal to five percent (5%) of the estimated operating expenses, as set out in the interim budget attached as Schedule "C", in the event that the first conveyance of a Strata Lot occurs within one year of the deposit of the Strata Plan, and in the event that the first conveyance of a Strata Lot occurs after one year following the deposit of the Strata Plan, an amount equal to the lesser of five percent (5%) of the estimated annual operating expenses set out in the interim budget, multiplied by the number of years since the deposit of the Strata Plan, and twenty-five percent (25%) of the annual operating expenses set out in the interim budget.

An **ESTIMATED BUDGET** for the Development for the typical full year of operating expenses of the Strata Corporation and an allocation of the Budget amongst the individual bare land Strata Lot owners, based on current costs, is attached as **SCHEDULE "C"**.

The estimated budget includes an amount to be deposited to the contingency reserve fund for the Strata Corporation. The Developer will be contributing to the contingency reserve fund as required by the *Strata Property Act*.

(4) Expenses of Strata Corporation

Pursuant to Section 14 of the *Strata Property Act*, if the Strata Corporation's expenses exceed the estimated expenses in the Budget attached hereto as **Schedule "C"**, then the Developer must pay the excess to the Strata Corporation. In addition, there are provisions for fines to be paid to the Strata Corporation.

The Developer must pay the Strata Corporation's expenses up to the end of the month in which there is the first conveyance of a Strata Lot to a purchaser, as required by Section 7 of the *Strata Property Act*.

(5) Maintenance Fees

Attached as **SCHEDULE "D"** is an **ESTIMATION OF THE MONTHLY MAINTENANCE FEES** for each Strata Lot, based on the Unit Entitlement. As the Unit Entitlement of each bare land Strata Lot in the Development is one (1), each Strata Lot will pay Monthly Maintenance Fees as set out in attached Schedule "D".

3.8 Utilities and Services

The Development will be serviced by water, electricity, sewer, fire and police protection as described more particularly below:

(a) Water

The Developer will construct an engineered on-site water service including fire hydrants to serve the Strata Lots in accordance with the City of Kelowna servicing bylaws. The cost of supplying water service to the Development is included in the Strata Budget.

(b) Electricity

The Development is serviced with electricity by Fortis BC and the electrical system has been provided at the cost of the Developer. Electricity will be supplied to each Strata Lot in the Development upon application for, and payment of, the applicable application and hook-up charges by the Strata Lot owner to Fortis BC. Each Strata Lot will be individually metered and it will be the responsibility of the Strata Lot owner to pay for metered electricity charges as assessed by Fortis BC.

(c) Sewage

The Developer will construct and provide an engineered on-site sanitary sewer connection, connecting to the sanitary sewer service on Clifton Road, to serve the Development in accordance with the requirements of the City of Kelowna bylaws, building and fire codes. The cost of operating and maintaining sewage service to the Development is included in the Strata Budget.

(d) Natural Gas

The Development will be serviced with natural gas.

(e) Street Lighting

On-site general roadway lighting will be installed by the Developer.

(f) Garbage Collection

Garbage will be collected and removed from the site by the City of Kelowna.

(g) Fire and Police Protection

The Developer will provide fire hydrants and required appurtenances for fire protection in the Development, to the City of Kelowna's approval such that all Strata Lots, Common Property and

building structures are in compliance with the emergency access and fire protection requirements of the B.C. Building Code. Fire protection for the Development will be provided by the City of Kelowna Fire Department.

Police protection will be provided by the Royal Canadian Mounted Police, who maintain a detachment within the City of Kelowna.

(h) Telephone

Telephone service by Telus Communications Ltd. will be made available to the Development.

(i) Access

Access to the Development is by way of one (1) main controlled access point from Clifton Road onto Sheerwater Court, which is the main roadway and cul-de-sac in the Development. The Development also provides for an emergency access point, via private access roads for use as emergency access to the Strata Lots.

3.9 Strata Management Contracts

The Developer has not entered into any management contracts for the Strata Corporation for the maintenance of the buildings and grounds and neither will enter into any such contracts prior to the election of a Strata Council by the owners.

When appropriate to do so, the Developer intends to cause the Strata Corporation to enter into a strata management agreement.

3.10 Insurance

Fire and Liability

The Developer will place, on behalf of the Strata Corporation, fire insurance coverage and insurance coverage in respect of the Development, in the form of a Commercial General Liability Policy covering loss or damage by fire and other standard risks, and a liability policy covering liability of standard risks to \$2,000,000.00. The insurance will include coverage for "major perils", such as fire, lightning, smoke, windstorm, hail, explosion, water escape, strikes, riots or civil commotion, impact by aircraft and vehicles, vandalism and malicious acts, all as defined in Regulation 9.1(2) of the *Strata Property Act*.

Each purchaser will be responsible for insuring all improvements on his or her Strata Lot, including appliances, against damage or loss by fire, theft, and other perils and for liability for injury to persons inside his Strata Lot when the transfer from the Developer is completed.

3.11 Rental Disclosure Statement

Under Section 139 of the *Strata Property Act*, a developer must disclose to any purchaser the intention to lease Strata Lots in order to ensure that such Strata Lots may be leased in the future.

A **FORM J - RENTAL DISCLOSURE STATEMENT** will be filed with the Superintendent of Real Estate, a copy of which is attached hereto as **SCHEDULE "F"**. The Developer intends to sell all of the Strata Lots, but reserves the right to lease any of them.

3.12 Boat Slips

The Developer has made all necessary applications and taken all required steps to obtain approvals from the City of Kelowna, Transport Canada, the Integrated Land Management Bureau and the Ministry of Environment of British Columbia to construct Marine Amenities for the Development, which would comprise of a tramway, gazebo and dock, with individual boat slips. The Developer anticipates receiving approval to construct the Marine Amenities, following which the Developer will construct the Marine Amenities for the use and enjoyment of owners.

The Developer is offering the individual boat slips for sale to owners of Strata Lots in the Development, pursuant to this Disclosure Statement. When the Developer is granted approval to construct the Marine Amenities, as anticipated, the individual boat slips adjoining the dock will be for the sole use of each purchaser of a boat slip in the Development.

For the purpose of constructing the Marine Amenities, the Developer intends to lease the Lands (the "Lease") to Sheerwater G.P. Ltd., which Lease shall terminate on the earlier of five (5) years, or the completion of construction of the Marine Amenities by Sheerwater G.P. Ltd. Sheerwater G.P. Ltd. will, on completion of construction of the Marine Amenities, enter into a sub-licence with each owner of a Strata Lot who elects to purchase a boat slip, and will, after granting the sub-licences, assign to the Strata Corporation the licence relating to the Marine Amenities, which assignment will be subject to these sub-licences. Pursuant to the terms of the sub-licences, purchasers of a boat slip will be required, upon the sale of their Strata Lot, to assign their sub-licence of a boat slip either to the new purchaser of the Strata Lot being offered for sale, or to another owner of a Strata Lot in the Development.

4. TITLE AND LEGAL MATTERS

4.1 Legal Description

The legal description of the Lands on which the Development is located is as follows:

PID: 013-345-028
The Fractional North East 1/4, Section 6, Township 23, Osoyoos Division Yale District,
Except Plan 25017

4.2 Ownership

Valendas Enterprises Ltd. is the registered owner of the Lands. The beneficial owner of the Lands is Sheerwater Limited Partnership.

4.3 Existing Encumbrances and Legal Notations

The following encumbrances are registered against title to the Lands:

(1) Financial

Mortgage and Assignment of Rents in favour of Canadian Western Bank under numbers KX170181 and KX170182

At the closing of the sale of the Strata Lots to each purchaser, the Developer will make arrangements with the Strata Lot owner to have such financial charges discharged from title to the Lands upon completion of the Contract of Purchase and Sale attached as Schedule "E".

(2) Legal Notations

Re Paragraphs (E) and (F) Sec 23(1) LTA, see DF. E33362, 09/11/1970

This Title may be affected by a Permit under Part 26 of the *Local Government Act*, see KX176624

(3) Non Financial

Easement D5920 appurtenant to the SE.1/4 of Section 7, Except Plan 10415 and SW. 1/4, Sec. 8, TWP 23, ODYD and Lots 1 to 6 Incl. Plan 18805

Statutory Right of Way J26780 in favour of the City of Kelowna

Statutory Right of Way LA35156 in favour of Telus Communications Inc.

4.4 Proposed Encumbrances

The Developer will file all such rights of way, easements, restrictive covenants, dedications and other rights or restrictions required by the Ministry of Transportation and Highways or the Local Trust Committee, British Columbia Hydro and Power Authority, Telus, the City of Kelowna or any other applicable governmental authority or public utility deemed necessary or advisable by the Developer in connection with the Development.

The Developer also intends to file on title to the Lands concurrently with the deposit of the Strata Plan in the Kamloops Land Title Office, the following additional agreements and covenants:

- (a) a statutory building scheme on title to the Lands which will require that all improvements and landscaping on the Lands be completed in accordance with **The Mission Group's Design Guidelines**, attached hereto as **Schedule "H"**. The Design Guidelines provide for payment of a refundable compliance deposit of \$43,000.00 and a non-refundable fee of \$7,000.00, as discussed in detail in Schedule "H";
- (b) a section 219 covenant in favour of the City of Kelowna, requiring as follows:
 - (i) that the City of Kelowna approve the location of each building and improvement to be constructed on a Strata Lot and that the City be provided with a geotechnical report regarding such construction, prior to the issuance of a building permit for Strata Lots in the Development;
 - (ii) that owners construct improvements on their Strata Lots within the specified environmental setbacks for Strata Lots 1 through 12 and Strata Lots 16 through 24, as set out in the survey drawing attached to such covenant; and

- (iii) that the Developer prior to commencing construction of any improvements on the Lands, shall have erected all safety mechanisms and netting to ensure proper rock fall protection is secured throughout periods of construction;
- (c) a section 219 covenant in favour of the City of Kelowna for the protection and preservation of the natural environment and ecological habitat of the waterfront and foreshore adjacent to the Development;
- (d) a restrictive covenant which provides that until such time as the owners of Strata Lots in the Development have been provided with notice that the Developer has either been refused approval to construct a tramway, boat lifts and a large dock, as described in Section 3.7(1)(f) herein, or has elected not to proceed with the construction of such amenities, the owners of Strata Lots 1 through 12 in the Development shall not be permitted to construct a tramway, boat lifts and/or dock on the waterfront adjacent to such Strata Lots and shall be prohibited from applying to the applicable governmental authority for approval to construct a tramway, boat lift and/or dock on the waterfront adjacent to such Strata Lots;
- (e) mutual access easements in favour of all of the Strata Lots and the Strata Corporation over private driveways over Strata Lots 6 through 15, and over Strata Lots 21, 22 and 23, for the purpose of permitting access by owners of Strata Lots in the Development, the maintenance and repair costs for which driveways will be the responsibility of the Strata Corporation;
- (f) a statutory right of way in favour of the City of Kelowna providing for public access over a walkway on the Lands located adjacent to the waterfront and which runs along the foreshore across Strata Lots 1 through 12 of the Development, as set out in the survey drawing attached to such right of way; and
- (g) a lease over the Lands in favour of Sheerwater G.P. Ltd. for the limited purpose of allowing Sheerwater G.P. Ltd. to enter onto the Lands to construct, install and maintain the Marine Amenities, comprising of a tramway, gazebo and dock, with individual boat slips, when the Developer is granted approval by the applicable government authorities, as set out in Subsection 3.12 herein, as anticipated, which lease shall terminate on the earlier of five (5) years, or the completion of construction of the Marine Amenities.

4.5 Outstanding or Contingent Litigation or Liabilities

The Developer is unaware of any outstanding or contingent litigation or liabilities affecting the Development.

4.6 Environmental Matters

The Development is located on a ridge adjacent to the shore of the Okanagan Lake in Kelowna, British Columbia. Due to the location of the Development and the natural slope of the Lands on which the Strata Lots and Common Property will be constructed, it will be the responsibility of each of the owners of the Strata Lots and the Strata Corporation formed by the owners, to ensure that the slope conditions are monitored on an ongoing basis and that proper insurance coverage insuring against loss in the event of a slide is maintained.

The Developer is not aware of any dangers or requirements imposed by the City of Kelowna or other governmental authorities connected with the Development with respect to flooding or drainage hazards, or with respect to the soil or sub-soil of the Development.

5. CONSTRUCTION AND WARRANTIES

5.1 Construction Dates

The Developer is in the process of completing the construction of on-site services to the Development, and estimates that such services will be completed by August 31, 2006. The Developer will complete the off-site services to the Development in accordance with the requirements of the City of Kelowna.

5.2 Warranties

(1) Homeowner Protection Act

The Developer is offering for sale serviced bare land Strata Lots and as such will not be providing coverage pursuant to the provisions of the *Homeowner Protection Act*.

The Developer neither gives nor implies any other form of warranties.

Except as set forth in this Disclosure Statement, there are no warranties of any kind regarding the Development.

6. APPROVALS AND FINANCES

6.1 Development Approval

The Development has received approval in principle from the City of Kelowna pursuant to Development Permit Application DP05-0206.

The Development will comply with the City of Kelowna's bylaws, building restrictions, zoning regulations and other rules and restrictions governing the use of the Development, and any Strata Lot therein.

6.2 Construction Financing

Under section 12 of the *Real Estate Development Marketing Act* a developer must not market a bare land strata lot unless the developer has made adequate arrangements to ensure payment of the cost of utilities and other services associated with the bare land strata lots. The Developer will satisfy the requirements of the Superintendent of Real Estate in relation to this requirement as they relate to the Development.

Once the developer has obtained a satisfactory financing commitment, the developer is deemed to have made adequate arrangements for the purpose of installing utilities and services associated with the bare land Strata Lots. In this case, no further terms and conditions are applicable to the marketing of the Strata Lots.

6.3 Purchase Financing

The Developer has made no arrangement on behalf of any purchaser or prospective purchaser to finance the purchase of any Strata Lot.

7. MISCELLANEOUS

7.1 Deposits

All deposits and other monies received shall be held in the trust account of the Developer's solicitors, in the manner required by the *Real Estate Development Marketing Act*.

In the event the Developer complies with Section 19 of the *Real Estate Development Marketing Act* as it relates to securing the deposit, all purchasers of a Strata Lot will authorize the holder of the deposit to release the deposit to the Developer for use in completion of the Development, pursuant to the Contract of Purchase and Sale attached hereto as Schedule "E".

7.2 Purchase Agreement

The Developer intends to offer each of the Strata Lots for sale. A copy of the **CONTRACT OF PURCHASE AND SALE** which the Developer proposes to use is attached hereto as **SCHEDULE "E"**.

7.3 Developer's Commitments

(1) Obligation to Hold First Annual Meeting

Under Section 16 of the *Strata Property Act*, the developer must hold the first annual general meeting of the Strata Corporation within six weeks of the earlier of the date on which fifty (50%) percent plus one of the Strata Lots have been conveyed to purchasers, and the date that is nine months after the first conveyance of a Strata Lot to a purchaser. If the developer fails to hold the first annual general meeting within this time frame, the developer, pursuant to Section 3.1(2) of the Regulations of the *Strata Property Act*, is required to pay the Strata Corporation \$1,000 for a delay of up to thirty days, and a further \$1,000 for each additional delay of seven days.

(2) Documents to be Delivered to the Strata Corporation

The Developer will deliver to the Strata Corporation at the first annual general meeting of the Strata Corporation, all of the documents required to be delivered to the Strata Corporation pursuant to Sections 20(2) and 35 of the *Strata Property Act*, which documents shall include;

- (a) any documents in the Developer's possession that indicate the location of pipes, wires, cables, chutes, ducts or other service facilities that are not shown on a plan;
- (b) all contracts entered into by the Strata Corporation;
- (c) any Disclosure Statement filed under the *Real Estate Development Marketing Act*, and any Rental Disclosure Statement;
- (d) the registered Strata Plan from the Land Title Office;

- (e) the names and addresses of contractors, subcontractors and persons primarily responsible for supplying labour or materials to the project;
- (f) the names and addresses of any technical consultants, including building envelope specialists, if any;
- (g) the name and address of any project manager; and
- (h) all warranties, manuals, schematic drawings, operating instructions, service guides, manufacturers' documentation and other similar information relating to common property or common assets.

7.4 Other Material Facts

(1) Manager's Residence

There will not be a manager's or caretaker's residence in the Development.

(2) Real Estate Agent

The Developer will be using its own employees to market the Development, some of whom may not be licensed under the *Real Estate Services Act* and will not be acting on behalf of the purchaser in marketing the Strata Lots for sale in this Development.

(3) Signage and Display Suites

The Developer shall be entitled to place and keep on the Common Property for so long as the Developer continues to market any Strata Lots in the Development, such signage as the Developer requires in its absolute discretion and to maintain display lots as required by the Developer in its absolute discretion. The Developer shall be entitled to use any common areas and roadways for the purpose of marketing the Strata Lots in the Development, until such time as all of the Strata Lots have been sold by the Developer.

(4) Measurements

The Developer reserves the right to make modifications and changes to each Strata Lot. The Surveyor will be required to measure and calculate square metres on completion of construction. The final strata plans prepared by a B.C. Land Surveyor pursuant to the requirements of the *Strata Property Act* of the Province of British Columbia may vary from these measurements and square metres contained herein.

(5) Interest Upon Destruction

A Strata Corporation may be voluntarily wound up for such reasons as the destruction of the strata lots or the voluntary cancellation of the Strata Plan. A liquidator may be appointed to wind up the Strata Corporation pursuant to Section 277 of the *Strata Property Act* if a resolution to cancel the Strata Plan and appoint a liquidator is passed by unanimous vote at an Annual or Special General Meeting of the Strata Corporation. In such event each Strata Lot owner's share of the proceeds of distribution of the Development shall be determined in accordance with the following formula:

most recent assessed value of an owner's strata lot

most recent assessed value of all the strata lots in
the Strata Plan excluding any strata lots held by or
on behalf of the Strata Corporation

If there is no assessed value for a Strata Lot owner's strata lot or for any strata lot in the Strata Plan, an appraised value:

- (i) that has been determined by independent appraiser; and
- (ii) is approved by resolution passed by a 3/4 vote at an Annual or Special General Meeting of the Strata Corporation

may be used in place of the assessed value for the purposes of the formula stated above.

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 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, and proposed to be sold, as required by the *Real Estate Development Marketing Act* of British Columbia as of September 22, 2006.

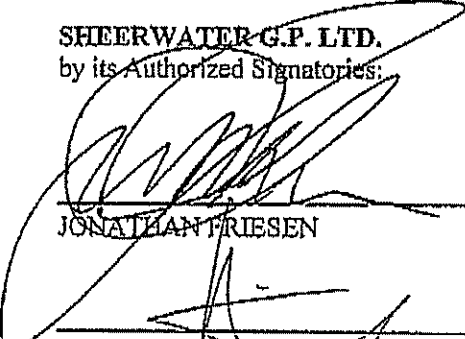
SHEERWATER LIMITED PARTNERSHIP

by its General Partner:

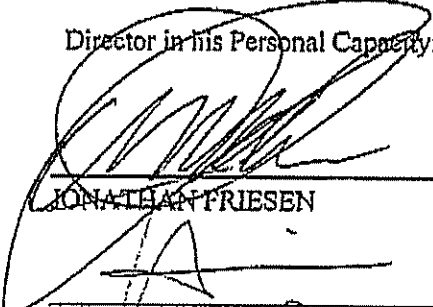
SHEERWATER G.P. LTD.

by its Authorized Signatories:

Director in his Personal Capacity:



JONATHAN FRIESEN




JONATHAN FRIESEN



RANDALL SHIER



RANDALL SHIER




GEORGE SUMMACH



GEORGE SUMMACH



GERALD HEINRICHS



GERALD HEINRICHS

The Developer's address for service is P.O. Box 11140, 2010 - 1055 West Georgia Street, Vancouver, British Columbia V6E 3P3.

SOLICITOR'S CERTIFICATE

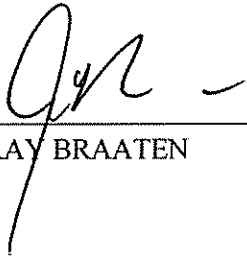
IN THE MATTER OF THE *REAL ESTATE DEVELOPMENT MARKETING ACT* AND THE DISCLOSURE STATEMENT OF VALENDAS ENTERPRISES LTD. as Trustee for SHEERWATER LIMITED PARTNERSHIP, FOR PROPERTY DESCRIBED AS:

PID: 013-345-028

THE FRACTIONAL NORTH EAST 1/4, SECTION 6, TOWNSHIP 23, OSOYOOS DIVISION YALE DISTRICT, EXCEPT PLAN 25017

I, MURRAY A. BRAATEN, Solicitor, a member of the Law Society of British Columbia, having read over the above-described Disclosure Statement dated September 22, 2006 made any required investigations in public offices and reviewed same with the Developer therein named, hereby certify that the facts contained in Sections 4.1, 4.2 and 4.3 of the Disclosure Statement are correct.

DATED at Vancouver, British Columbia, this 22nd day of September, 2006.

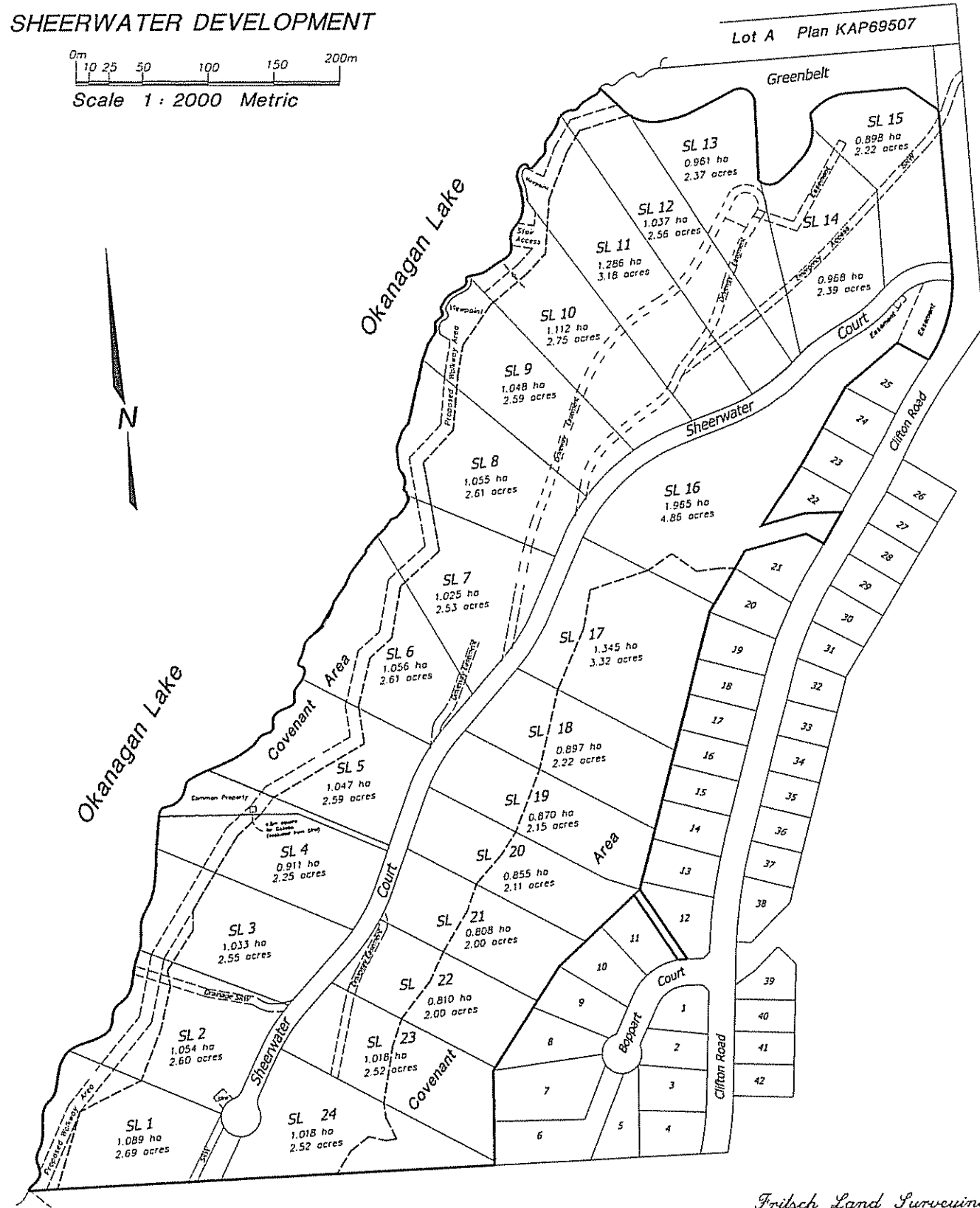
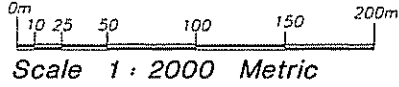


MURRAY BRAATEN

SCHEDULE "A"

SKETCH PLAN TO ACCOMPANY THE DISCLOSURE STATEMENT
 FOR A PROPOSED TWENTY FOUR (24) LOT BARELAND STRATA
 LOCATED ON LOT 1, SECTION 6, TP. 23, ODYD
 PLAN KAP _____

SHEERWATER DEVELOPMENT



Fritsch Land Surveying Inc.
 British Columbia & Canada Land Surveyors
 #202 - 586 Leon Avenue
 Kelowna B.C. V1Y 6T6
 (250) 762-0122 July 20, 05-024-FormP

SCHEDULE "B"

Strata Property Act

FORM V

SCHEDULE OF UNIT ENTITLEMENT

STRATA PLAN CONSISTING OF BOTH RESIDENTIAL AND NON-RESIDENTIAL STRATA LOTS

The unit entitlement for each residential strata lot is one of the following [check appropriate box], as set out on the following table:

- (a) the habitable area of the strata lot, in square metres, rounded to the nearest whole number as determined by a British Columbia land surveyor as set out in section 246(3)(a)(i) of the *Strata Property Act*.

Certificate of British Columbia Land Surveyor

I, _____, a British Columbia land surveyor, certify that the following table reflects the total area of each residential strata lot.

Date: _____ [month, day, year]

Signature

OR

- (b) a whole number that is the same for all of the residential strata lots as set out in section 246(3)(a)(ii) of the *Strata Property Act*.

OR

- (c) a number that is approved by the Superintendent of Real Estate in accordance with section 246(3)(a)(iii) of the *Strata Property Act*.

Signature of Superintendent of Real Estate

Residential Strata Lot No.	Sheet No.	Habitable Area in m ²	Unit Entitlement	%* of Total Unit Entitlement of Residential Strata Lots **	%* of Total Unit Entitlement of All Strata Lots**
1			1		
2			1		
3			1		
4			1		
5			1		
6			1		

Residential Strata Lot No.	Sheet No.	Habitable Area in m ²	Unit Entitlement	%* of Total Unit Entitlement of Residential Strata Lots **	%* of Total Unit Entitlement of All Strata Lots**
7			1		
8			1		
9			1		
10			1		
11			1		
12			1		
13			1		
14			1		
15			1		
16			1		
17			1		
18			1		
19			1		
20			1		
21			1		
22			1		
23			1		
24			1		
Total number of residential strata lots: 24			Total unit entitlement of strata lots: 24		

* expression of percentage is for informational purposes only and has no legal effect

** not required for a phase of a phased strata plan

Schedule of Unit Entitlement approved by the Superintendent of Real Estate in accordance with section 246(5) of the *Strata Property Act*.

Signature of Superintendent of Real Estate

Date: _____ [month, day, year]

Signature of Owner Developer

SCHEDULE "C"

SHEERWATER PROPOSED INTERIM BUDGET

CODE	DESCRIPTION	PROPOSED INTERIM OPERATING BUDGET
REVENUE		
4130	Strata Fees (Operating expenses only)	68,098
4135	Contingency Reserve Fund	6,810
TOTAL REVENUE		<u>74,908</u>
EXPENSES		
INSURANCE COSTS		
5000	Insurance / Liability, D&O & Common Assets	6,500
TOTAL INSURANCE		<u>6,500</u>
SITE MAINTENANCE		
5100	Road/Parking/Walkways	1,000
5110	Snow Removal	6,500
5120	Lawn Maintenance / Landscaping	3,500
5125	Irrigation	1,000
5145	Access Gate	750
5150	Grounds Lighting & Electrical	250
5155	Misc. Site (Repairs & Maintenance)	250
5165	Tramway	3,000
5170	Docks and Boat Lifts	2,500
5170	Foreshore Lease Reserve Fund	1,000
5175	Storm Water Systems	4,000
5180	Water Meter Chamber	750
5185	Sewage System Lift Station Operation	11,500
TOTAL SITE MAINTENANCE		<u>36,000</u>
SAFETY & SECURITY		
5420	Telephone Line Charges, Enterphone & Alarm	600
5435	Fire Hydrant Testing & Repairs	150
TOTAL SAFETY & SECURITY		<u>750</u>
UTILITIES		
5710	Hydro	9,600
5720	Water	10,000
TOTAL UTILITIES		<u>19,600</u>
ADMINISTRATION		
5800	Property Management Fees	4,608
5815	Bank Charges	240
5820	Postage / Courier	50
5825	Copies	100
5835	AGM / SGM Expenses	200
5840	Misc Administration	50
TOTAL GENERAL EXPENSES:		<u>5,248</u>
TOTAL EXPENSES		68,098
RESERVE ACCOUNTS		
5999	Transfer to Contingency Reserve	6,810
TOTAL RESERVE ACCOUNTS		<u>6,810</u>
TOTAL CRF & EXPENSES		74,908
NET SURPLUS / (DEFICIT)		0

SCHEDULE "D"

Sheerwater Proposed Strata Fees

Budget \$ 74,908

St Lt No.	Home	Unit Entitlement	% of Total Unit Entitlement	Annual Fees	Monthly Fees
1		1	0.000	\$ 3,121.17	\$ 260.10
2		1	0.000	\$ 3,121.17	\$ 260.10
3		1	0.000	\$ 3,121.17	\$ 260.10
4		1	0.000	\$ 3,121.17	\$ 260.10
5		1	0.000	\$ 3,121.17	\$ 260.10
6		1	0.000	\$ 3,121.17	\$ 260.10
7		1	0.000	\$ 3,121.17	\$ 260.10
8		1	0.000	\$ 3,121.17	\$ 260.10
9		1	0.000	\$ 3,121.17	\$ 260.10
10		1	0.000	\$ 3,121.17	\$ 260.10
11		1	0.000	\$ 3,121.17	\$ 260.10
12		1	0.000	\$ 3,121.17	\$ 260.10
13		1	0.000	\$ 3,121.17	\$ 260.10
14		1	0.000	\$ 3,121.17	\$ 260.10
15		1	0.000	\$ 3,121.17	\$ 260.10
16		1	0.000	\$ 3,121.17	\$ 260.10
17		1	0.000	\$ 3,121.17	\$ 260.10
18		1	0.000	\$ 3,121.17	\$ 260.10
19		1	0.000	\$ 3,121.17	\$ 260.10
20		1	0.000	\$ 3,121.17	\$ 260.10
21		1	0.000	\$ 3,121.17	\$ 260.10
22		1	0.000	\$ 3,121.17	\$ 260.10
23		1	0.000	\$ 3,121.17	\$ 260.10
24		1	0.000	\$ 3,121.17	\$ 260.10
Total Number of Units: 24		Unit Entitlement 24			

SCHEDULE "E"

CONTRACT OF PURCHASE AND SALE

SHEERWATER STRATA LOTS

1. PARTIES AND PROPERTY

_____ (the "Purchaser") hereby offers to purchase from the Vendor the proposed Strata Lot No. _____ (the "Strata Lot") as shown in the Disclosure Statement for the development (as hereinafter defined) to be known as Sheerwater (the "Development") having a civic address of 180 Sheerwater Court, Kelowna, British Columbia, and being created by the filing of a bare land strata plan on a portion of the lands legally described as: PID 013-345-028, The Fractional North East 1/4, Section 6, Township 23, Osoyoos Division Yale District, Except Plan 25017 (the "Lands").

Purchaser's Address: _____
(Street Address)

(City, Province, Postal Code)

Phone (home): _____ (office): _____ Social Insurance Number: _____

Cell: _____ Fax: _____ Email: _____

2. THE PURCHASE PRICE

The Purchase Price for the Strata Lot(s) in Cdn. \$ _____ .00 (_____ Canadian Dollars). The Purchase Price does not include Goods and Services Tax ("GST"), Property Transfer Tax and Purchaser's legal fees. The Purchase Price does not take into account normal closing adjustments between a Vendor and a Purchaser which shall be adjusted between the parties as part of the closing documentation.

3. DEPOSIT AND PAYMENT OF PURCHASE PRICE

The Purchase Price, subject to adjustments as contemplated herein, is payable by the Purchaser as follows:

- (a) The Vendor acknowledges having received from the Purchaser a deposit in the amount of \$ _____ .00 (_____ Canadian Dollars) (the "Deposit"), pursuant to a reservation agreement for the Strata Lot entered into with the Vendor (the "Reservation Agreement"). The Vendor shall apply the Deposit to the Purchase Price in accordance with the terms of the Reservation Agreement and this Contract.
- (b) The balance of the Purchase Price shall be paid on the Completion Date in accordance with Schedule "A" of this Contract.

Pursuant to the Reservation Agreement, the Deposit shall be held by the Vendor's solicitor (the "Vendor's Solicitor"), Porter Ramsay, in Trust, or such other solicitors or real estate agent as the Vendor may designate, on behalf of the Vendor, with any interest accruing thereon to and including the Completion Date for the account of the Purchaser, less the applicable accounting fees of the deposit holder (not exceeding \$75.00) unless forfeited to the Vendor pursuant to Section 10 of Schedule "A" to this Contract. All monies paid shall be in Canadian funds.

Provided that in the event the Vendor complies with Section 19 of the *Real Estate Development Marketing Act*, as it relates to securing the Deposit, the Purchaser hereby authorizes the holder of the Deposit to release the Deposit to the Developer for use in completion of the Development.

4. **BINDING AGREEMENT**

Upon acceptance of this offer by the Vendor, this document shall become a binding agreement for the purchase and sale of the Strata Lot(s) in accordance with the terms hereof. The Vendor and/or Purchaser may make this offer or accept it by executing in counterpart a facsimile copy of this offer and delivering it by facsimile or by any other means to the other party, or such party's solicitor, or the agent for such party.

5. **DISCLOSURE**

The Vendor has delivered to the Purchaser a copy of the disclosure statement for the Development including any amendments thereto filed up to date hereof (collectively called the "Disclosure Statement"). The Purchaser hereby acknowledges receipt of the Disclosure Statement and confirms that he/she has been given a reasonable opportunity to read the document prior to signing this Contract.

6. **SCHEDULE "A"**

The parties agree that the terms set out in Schedule "A" attached hereto shall form an integral part of this Contract.

7. **RESIDENCY**

For purposes of the *Income Tax Act*, the Purchaser warrants he/she is () / is not () a resident of Canada.

This offer is open for acceptance until 5:00 o'clock p.m. on the ____ day of _____, 200__.

Dated this ____ day of _____, 200__.

Witness

Purchaser's Signature

Witness

Purchaser's Signature

The Vendor hereby accepts the above Offer and agrees to sell the Strata Lot(s) to the Purchaser in accordance with the terms hereof.

The Vendor hereby acknowledges receipt of the Deposit and confirms it will arrange the refund of the Deposit without deduction and without interest if this offer is not accepted.

Dated this ____ day of _____, 200__.

THE VENDOR:

SHEERWATER LIMITED PARTNERSHIP

per: Sheerwater G.P. Ltd.

Authorized Signatory

Schedule "A"

SHEERWATER

1. **VENDOR** – The Vendor is Sheerwater Limited Partnership who is the beneficial owner of the Lands described in the Disclosure Statement. The general partner of Sheerwater Limited Partnership is Sheerwater G.P. Ltd, the mailing address of which company is 620 – 1632 Dickson Road, Kelowna, British Columbia, V1Y 7T2. Valendas Enterprises Ltd. is the registered owner and Trustee of the Lands described in the Disclosure Statement.
2. **ADJUSTMENT DATE AND POSSESSION DATE** – All adjustments relating to the purchase of the Strata Lot with respect to taxes, utilities and other items normally adjusted between a Vendor and a Purchaser will be made on the Completion Date. The Possession Date will be the day following the Completion Date, provided the Vendor has received the balance of the Purchase Price.
3. **COMPLETION DATE** – The Purchaser will cause the Purchaser's Solicitor to deliver the balance of the purchase price, at the Purchaser's expense by way of a solicitor's CERTIFIED CHEQUE or BANK DRAFT, to the Vendor's Solicitor, Porter Ramsay, on the Completion Date (the "Completion Date"). The Completion Date will be that date set out in a written notice to the Purchaser from the Vendor and will be no less than 14 days after the Vendor or the Vendor's Solicitor notifies the Purchaser or the Purchaser's solicitors/notary (the "Purchaser's Solicitor") to complete, which date the Vendor confirms will not occur earlier than October 23, 2006. If the Completion Date is a Saturday, Sunday, holiday or a day upon which the Kamloops Land Title Office is not open for business, the Completion Date shall be the immediate following business day. If the Completion Date has not occurred by May 31, 2007 (the "Outside Date"), then this Contract will be terminated, the Deposit and interest thereon will be returned to the Purchaser and the parties will be released from all of their obligations hereunder, in accordance with Section 10 herein.
4. **PROPERTY TAXES** – The municipal property taxes will be adjusted between the Vendor and the Purchaser based on the estimated amount of the municipal property taxes that will be levied against the Strata Lot(s) or on the actual amount, depending on whether the Completion Date occurs before or after the municipal property tax notice has been received by the Vendor.
5. **PURCHASE TAXES** – The Purchase Price does not include GST and Property Transfer Tax ("PTT"). The Purchaser will be required to pay to the Vendor on the Completion Date GST at the rate of 6% of the Purchase Price. The Vendor will remit the GST in accordance with the provisions of the *Excise Tax Act*. Provided that if the Purchaser is intending on using the subject Property exclusively as a residence and certifies this on the Completion Date, the Vendors agree to collect only the net GST calculated in the amount of six (6%) percent of the Purchaser Price less the calculated GST rebate amount. The Purchaser represents and warrants that he/she is entitled to the GST rebate and agrees to assign the rebate to the Vendor on the Completion Date. The Purchaser will also be required to pay PTT at the rate of 1% on the first \$200,000.00 of the Purchase Price, plus 2% on remaining value of the Purchase Price, subject to any applicable exemptions.
6. **RISK** – The Strata Lot(s) will be at the Vendor's risk and shall be insured by it until 12:01 a.m. on the Completion Date. The Strata Lot(s) shall be at the Purchaser's risk thereafter.
7. **VENDOR'S REPRESENTATIONS** – The Vendor hereby represents and warrants as follows:
 - (a) it is not a non-resident of Canada within the meaning of the *Income Tax Act* of Canada; and
 - (b) on the Completion Date, the Vendor will cause good and marketable title to the Strata Lot to be transferred to the Purchaser, subject only to those encumbrances disclosed in the Disclosure Statement.
8. **VENDOR'S FINANCING** – The transfer of the Strata Lot may be subject to encumbrances relating to the financing of the Development. The Vendor will pay out and discharge existing financial encumbrances from the title to the Strata lot after receipt of the Purchase Price, but in this event, the Purchaser shall pay the Purchase Price to the Vendor's Solicitor on the undertakings to pay out and make arrangements to discharge the financial charges, and remit the balance, if any, to the Vendor within a reasonable period of time.
9. **CLOSING PROCEDURE**
 - (a) The Purchaser will cause the Purchaser's Solicitor to prepare and deliver to the Vendor's Solicitor, Porter Ramsay, at least 3 business days prior to the Completion Date, a statement of adjustments and a Form A – Freehold Transfer (the "Transfer") for the Strata Lot. The Vendor will execute and deliver the Transfer and statement of adjustments to the Purchaser's Solicitor on or before the Completion Date, subject to paragraph 7(b) below, not to register the Transfer on the Completion Date unless and until they hold in their trust account the balance of their Purchase Price pursuant to the statement of adjustments.

- (b) If the Purchaser is relying on a new mortgage against the Strata Lot to finance the Purchase Price, the Purchaser, while still required to pay the Purchase Price on the Completion Date, may wait to pay the Purchase Price to the Vendor until after submitting the Form A – Freehold Transfer and new mortgage for registration at the Land Title Office, but only if before making such filing the Purchaser has (i) made available for tender to the Vendor the adjusted Purchase Price less the amount of net mortgage proceeds secured by the new mortgage; (ii) fulfilled all the new mortgagee's conditions for funding except submitting the new mortgage for registration; and (iii) made available to the Vendor, the Purchaser's Solicitor's (or notary public's) undertaking to pay the adjusted Purchase Price on submitting the Form A – Freehold Transfer and new mortgage for registration and the advance by the new mortgagee of the new mortgage proceeds and his/her undertaking to withdraw or cause the withdrawal of the Form A – Freehold Transfer and new mortgage if for any reason he/she fails to pay the adjusted Purchase Price on the Completion Date.
- (c) The Purchase Price, plus or minus adjustments as herein provided, will be paid to the Vendor by the Purchaser's Solicitor's (or notary public's) certified trust cheque made payable to the Vendor's solicitors, in trust, on the Completion Date after receipt by the Purchaser's Solicitors of a satisfactory post-index search at the Land Title Office (showing title in the name of the Vendor, no liens, charges or encumbrances, except the encumbrances described in the Disclosure Statement, the existing financial charges to be discharged by the Vendor, and the pending registration of the freehold transfer and any new mortgage) and otherwise in accordance herewith, on the undertaking of the Vendor's solicitors to clear title of all encumbrances related to the Vendor's financing within a reasonable period of time.

10. DEPOSIT – The Deposit shall be dealt with by the Vendor's Solicitor, Porter Ramsay, as follows:

- (a) The Deposit, or any portion thereof, received under the terms of this Agreement will be held by Porter Ramsay, in a trust account in accordance with the provisions of the *Real Estate Services Act*;
- (b) If the Purchaser completes the purchase of the Strata Lot on the terms and conditions contained herein, then the Deposit shall be applied to the Purchase Price and be paid to the Vendor, and interest thereon shall be paid to the Purchaser;
- (c) If the Purchaser fails to complete the purchase of the Strata Lot, then the Deposit and all accrued interest thereon will be absolutely forfeited to the Vendor on account of damages; or
- (d) If the Vendor fails to complete the sale of the Strata Lot or for any reason fails to construct the development, then the Deposit (or that portion of the Deposit paid or due to be paid by the Purchaser under the terms of this Agreement) together with all interest thereon shall be paid to the Purchaser and the Purchaser shall have no further claims against the Vendor. The Purchaser understands that under Section 19 of the *Real Estate Development Marketing Act* (British Columbia), developers may enter into a deposit protection contract with an approved insurer pursuant to which the deposits paid by purchasers of land which is proposed to be subdivided or strata titled may be released to the Vendor and used by the Vendor. As a result, the Vendor, at its sole option, may enter into a deposit protection contract as required by such legislation with respect to the Deposit and in the event a deposit protection contract is entered into the Purchaser irrevocably authorizes and directs the Vendor's Solicitor to pay the deposit to the Vendor. The Deposit (or such portion thereof) shall be released to the Vendor in accordance with such insurance contract or security agreement and the provisions of sections 3 and 9 shall be deemed to have been amended accordingly. Notwithstanding the aforementioned provisions, if the Vendor enters into a deposit protection contract as contemplated in this section, the Purchaser acknowledges that no interest will accrue or be earned on the Deposit as of the date such deposit protection contract is entered into.

11. ENCUMBRANCES – The Purchaser agrees to assume, take title subject to and be bound by the terms of the encumbrances registered and proposed to be registered as described in the Disclosure Statement, including the lease in favour of Sheerwater G.P. Ltd., which lease will be of the Lands for the limited purpose of allowing Sheerwater G.P. Ltd. to enter on the Lands to construct, install and maintain a tramway, gazebo, and dock with individual boat slips, as described in the First Amendment to the Disclosure Statement received by the Purchaser, (excluding those encumbrances to be discharged by the Vendor) and agrees to indemnify and save harmless the Vendor with respect to obligations and liabilities of the Vendor pursuant to such encumbrances arising from and including the Completion Date, and the Vendor agrees to indemnify and save harmless the Purchaser with respect to obligations and liabilities under such encumbrances arising prior to the Completion Date.

12. NOTICES – Any Notice may be mailed or faxed to the Vendor or the Purchaser at the addresses or facsimile numbers shown on the first part of this Contract or such other address or facsimile number as the parties may advise. Notice shall be deemed to have been given and received on the date of sending by facsimile transmission, or the date of delivery to such address if delivered, or 4 days following the date of mailing, if mailed.

13. GOVERNING LAW – This Agreement shall be governed by the laws of the Province of British Columbia. The Vendor and Purchaser agree to attorn to the jurisdiction of the British Columbia Courts which shall have the exclusive jurisdiction to determine any legal dispute arising out of this Contract.

14. **TIME OF THE ESSENCE** – Time shall be of the essence hereof and unless all payments on account of the Purchase Price, together with adjustments thereto as provided herein, and all other amounts payable hereunder are paid when due, then the Vendor may at its option:

- (a) cancel this Contract by written notice to the Purchaser, and in such event the amount paid by the Purchaser, together with all interest earned thereon, shall be absolutely forfeited to the Vendor on account of damages, which amount the Vendor shall be entitled to be paid upon written demand thereof by the Vendor, without prejudice to the Vendor's other remedies; or
- (b) elect to extend the time for completion and complete the transactions contemplated by this Agreement in which event the Purchaser will pay to the Vendor, in addition to the Purchase Price, interest on the unpaid portion of the Purchase Price at the Prime Rate plus 2% per annum, calculated daily from the date upon which such portion was due until it is paid. "Prime Rate" means the rate of interest used by the main branch in Vancouver, B.C. of the Royal Bank of Canada (the "Bank") as a reference rate for establishing rates of interest for Canadian dollar commercial loans payable on demand, in effect from time to time and designated by the Bank as its "prime rate".

If the Purchaser's default continues beyond the extended date for completion established pursuant to Subsection 14(b), the Vendor may thereafter elect to cancel this Contract, or to permit a further extension pursuant to Subsection 14(a) or 14(b), as the case may be, at the Vendor's sole discretion.

In the event that the Purchaser or the Purchaser's Solicitor indicate or express to the Vendor or its Solicitor, on or before the Completion Date, that the Purchaser is unable or unwilling to complete the sale, the Vendor is relieved of any obligation to make any formal tender upon the Purchaser or the Purchaser's Solicitor.

15. **ENTIRE AGREEMENT** – This Contract constitutes the entire agreement made between the Vendor and Purchaser and there are no representations, warranties, covenants, or agreements, express or implied, collateral or otherwise, made by the Vendors, or any of its sales representatives in connection with the Development, the Strata Lot or this sale, except those expressly set forth in this Contract or otherwise given in writing, all of which will survive the completion of this sale.

16. **NO INTEREST IN LAND** – This Agreement creates contractual rights only and shall not create any interest in land and shall not be registered in the Land Title Office.

17. **BINDING EFFECT** – This Agreement shall be binding upon the Vendor and the Purchaser and their respective heirs, executors, administrators, successors and assigns.

18. **ASSIGNMENT** – In the event that the Purchaser wishes to assign its rights under this Agreement to his spouse, to a member of his immediate family, or to a corporation which is wholly owned by the Purchaser, the Purchaser may assign its rights under this Agreement, provided such assignment shall have received the prior written approval of the Vendors, such approval not to be unreasonably withheld. Any such assignment of Agreement to the Purchaser's spouse, member of his immediate family, or corporation which is wholly owned by the Purchaser, as approved by the Vendor, shall not be subject to any assignment fee charged by the Vendor. Where any such assignment is approved by the Vendor, the Purchaser shall remain liable for the obligations of the Purchaser under this Agreement. As a condition of the Vendors electing to waive any assignment fee, the Vendors may elect, at their sole discretion, that the Purchaser first provide the Vendors' solicitors with a statutory declaration sworn by the Purchaser setting out the particulars of the relationship between the Purchaser and the assignee in sufficient detail as to be reasonably satisfactory to the Vendors' solicitors. The Purchaser shall be required to pay all of the Vendors' costs in connection with any assignment, including legal fees and disbursements. The Assignee shall provide to the Vendors satisfactory evidence of financial means to complete the transaction as contracted.

The Purchaser hereby acknowledges that the Purchaser will not be permitted to assign its rights under this Agreement to any outside third party, who does not qualify as a spouse, immediate family member of the Purchaser, or a corporation wholly owned by the Purchaser, sufficient proof of which relationship the Vendor may request as a condition to granting any such assignment of Agreement. The Purchaser acknowledges that the Purchaser will at no time be entitled to advertise the Strata Lot for sale in any print media or use any of the Vendors marketing material or images to advertise the offering of an assignment of this Agreement or the sale of the Strata Lot, prior to the Completion Date.

19. **BYLAWS** – The Purchaser covenants to observe and abide by all the Bylaws of the Strata Corporation, as amended from time to time.

20. **GENERAL**

- (a) The Purchaser acknowledges and agrees that the bare land strata plans for the Development may be varied to a minor extent in the reasonable discretion of the Vendor, the area of the Strata Lot shown on the preliminary strata plan attached to the Disclosure Statement is approximate and the dimensions and location of the Strata Lot may vary from

what is shown on the preliminary strata plan. The Purchaser acknowledges there may be amendments made to the Disclosure Statement that was delivered to the Purchaser prior to the making of this offer to purchase.

- (b) The Vendor and Purchaser will each deliver to the other such further documents and assurances and do all such further acts as may be reasonably required to give full effect to the intent and meaning of this Agreement.
- (c) The Purchaser will bear all costs of the conveyance, including, without limitation, property transfer tax, and his/her own lawyer's fees and disbursements, and, if applicable, any costs related to arranging a mortgage, and the Vendor will bear all costs of clearing title.
- (d) Grammatical variations of any terms herein defined have similar meanings. Words importing the singular number include the plural and *vice versa* and the masculine gender includes the feminine and neuter genders and *vice versa*, as the context requires.
- (e) If the Purchaser is more than one person, all obligations of the Purchaser will be joint and several.
- (f) The Purchaser acknowledges and agrees that the strata lot number assigned to the Strata Lot is subject to change at the discretion of the Vendor.

21. **AMENDMENT** – This Agreement may not be altered or amended except by an amendment in writing signed by both parties.

22. **PERSONAL INFORMATION** – The Vendor and the Purchaser hereby consent to the collection, use and disclosure by the Vendor and any agent, salesperson employee or representative of the Vendor, to the real estate boards of which those agents or salespersons are members and, if the Property is listed on the Multiple Listing Service, to the real estate board that operates that Multiple Listing Service, of personal information about the Vendor and the Purchaser:

- (a) for all purposes consistent with the transaction contemplated herein;
- (b) if the Property is listed on a Multiple Listing Service, for the purpose of compilation, retention and publication by the real estate board that operates the Multiple Listing Service and other real estate boards of any statistics including historical Multiple Listing Service data for use by persons authorized to use the Multiple Listing Service of that real estate board and other real estate boards; and
- (c) for enforcing codes of professional conduct and ethics for members of real estate boards; and
- (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*.

23. **PROPERTY TRANSFER TAX** – The Vendor confirms and the Purchaser agrees that Property Transfer Tax on the Property is payable by the Purchaser on the Completion Date at the rate of one (1%) percent on the first \$200,000.00 of the Purchase Price, plus two (2%) percent on the amount thereafter, subject to any applicable exemptions.

24. **AGENCY DISCLOSURE** – The Vendor will be using its own employees in relation to the marketing of Strata Lots for sale in the Development. The Purchaser acknowledges having been provided with a copy of the limited dual agency disclosure.

25. **ADDENDUM** – The Addendum(s) attached hereto and signed by the Vendor and Purchaser forms part of this Contract.

CONTRACT OF PURCHASE AND SALE ADDENDUM

Further to the Contract of Purchase and Sale dated the _____ day of _____, 200____ and made:

Between: the Vendor

and: _____
 as Purchaser

Re: Proposed Strata Lot _____, 180 Sheerwater Court, Kelowna, British Columbia

In reference to the above mentioned Contract, the undersigned hereby agree as follows:

Dated this _____ day of _____, 200____.

Witness

(Purchaser)

Witness

(Purchaser)

THE VENDOR:

SHEERWATER LIMITED PARTNERSHIP
per: Sheerwater G.P. Ltd.

Authorized Signatory

CONTRACT OF PURCHASE AND SALE ADDENDUM

Further to the Contract of Purchase and Sale dated the _____ day of _____, 200____ and made:

Between: the Vendor

and: _____
 as Purchaser

Re: Proposed Strata Lot _____, 180 Sheerwater Court, Kelowna, British Columbia

In reference to the above mentioned Contract, the undersigned hereby agree as follows:

PURCHASER'S FINANCING CONDITION

The obligation of the Purchaser to complete this purchase is subject to the fulfillment or waiver of the condition (the "Subject Condition") that the Purchaser will have arranged first mortgage financing in a principal amount of approximately \$ _____ at current residential interest rates by _____, 200____. The Subject Condition is for the sole benefit of the Purchaser. Unless the Subject Condition is declared fulfilled or waived by written notice given to the Vendor or its agent by 4:00p.m. on _____, 200____, this Contract will terminate and the Deposit will be promptly returned to the Purchaser without interest and without deduction. On the declaration, if any, of fulfillment or waiver of the Subject Condition, the Purchaser will pay \$ _____ as an addition to the Deposit.

Dated this _____ day of _____, 200____.

Witness

(Purchaser)

Witness

(Purchaser)

THE VENDOR:

SHEERWATER LIMITED PARTNERSHIP
per: Sheerwater G.P. Ltd.

Authorized Signatory

SCHEDULE "F"

Strata Property Act

FORM J

RENTAL DISCLOSURE STATEMENT

(Section 139)

Re: Strata Plan

013-345-028 The Fractional North East 1/4, Section 6, Township 23, Osoyoos Division Yale District, Except Plan 25017

1. The development described above includes 24 bare land Strata Lots.
2. The Strata Lots described below are rented out by the owner developer as of the date of this statement and the owner developer intends to rent out each Strata Lot until the date set out opposite its description.

Description of Strata Lot	Date Rental Period Expires
<i>nil</i>	<i>n/a</i>

3. In addition to the number of bare land Strata Lots rented out by the owner developer as of the date of this statement, the owner developer reserves the right to rent out a further 24 bare land Strata Lots, as described below, until the date set out opposite each Strata Lot's description.

Description of Strata Lot	Date Rental Period Expires
<i>Strata Lots 1 through 24</i>	<i>January 1, 2106</i>

4. There is no bylaw of the strata corporation that restricts the rental of Strata Lots.

Date: June 19, 2006



Signature of Owner / Developer

SCHEDULE "G"

Strata Property Act

FORM Y

OWNER DEVELOPERS' NOTICE OF DIFFERENT BYLAWS

(Section 245(d); Regulations section 14.6(2))

Re: Strata Plan _____, being a strata plan of

[parcel identifier] *[legal description of strata lot]*

PID: 013-345-028 The Fractional North East 1/4, Section 6, Township 23, Osoyoos
Division Yale District, Except Plan 25017

The following or attached bylaws differ from the Standard Bylaws to the *Strata Property Act*, permitted by section 120 of the Act:

Division 7 – Marketing Activities by Owner Developer

Display Lot

30. (3) Without limiting the generality of the foregoing, the Owner Developer shall have the right, so long as it owns any unsold strata lots, to maintain and use its unsold strata lots and the common areas for display and sales offices and to carry out such sales functions as the Owner Developer deems necessary or desirable to enable the sale and marketing of all strata lots in the development, including:

- (i) erecting and placing directional, location and advertising signage on the strata lots owned by the Owner Developer and on the common property;
- (ii) encouraging and allowing prospective purchasers to view the strata lots owned by the Owner Developer and all common property; and
- (iii) erecting and maintaining a sales trailer, placards, flags and other like items for marketing, sales and advertising on the common property of the development which shall be removed at the Owner Developer's expense once all strata lots have been sold by the Owner Developer.

(4) In order to allow the Owner Developer of the strata lots and Strata Corporation to market and sell any strata lots owned by the Owner Developer, the Owner Developer may, until the last strata lot has been sold by the Owner Developer:

- (i) allow the project to remain open during regular sales hours including weekends so as to allow prospective purchasers reasonable and unimpeded access to any

strata lot owned by the Owner Developer and access to the common property and facilities of the development; and

- (ii) have unimpeded access for the Owner Developer, its sales staff, agents and prospective purchasers to the common property and common facilities of the development.

Advertising

- 31. No owners other than the Owner-Developer may place signs advertising their strata lot for sale until such time as all of the strata lots within the development have been sold by the Owner-Developer.

Division 8 – Parking

Parking of Vehicles

- 32. At no time will the following be permitted to be stored or parked on any of the driveways, roadways or other areas in the development which are visible from the access streets leading to the development, for greater than a two (2) week period:

- (a) recreational vehicles;
- (b) commercial vehicles weighing over one (1) ton; and
- (c) recreational equipment.

- 33. No parking or storing of the following types of vehicles and items (collectively referred to as “Screened Items”) shall be permitted on a strata lot, or elsewhere in the development, unless they are at all times kept parked or stored on an owner’s strata lot in a garage, ancillary building or shed or are located in the rear yard of an owner’s strata lot completely screened from view by landscaping or fencing, such that the below Screened Items are at no time visible to neighbours within the development or from the access streets leading to the development:

- (a) recreational vehicles;
- (b) trucks and commercial vehicles of greater than 1 (one) ton capacity;
- (c) utility trailers, campers and travel trailers;
- (d) boats, jet skis and watercrafts;
- (e) buses;
- (f) partially wrecked or discarded vehicles;
- (g) fuel tanks;
- (h) service yards;
- (i) firewood; and
- (j) any vehicles or objects deemed unsightly by the strata corporation.

Date: _____.

Signature of Owner Developer

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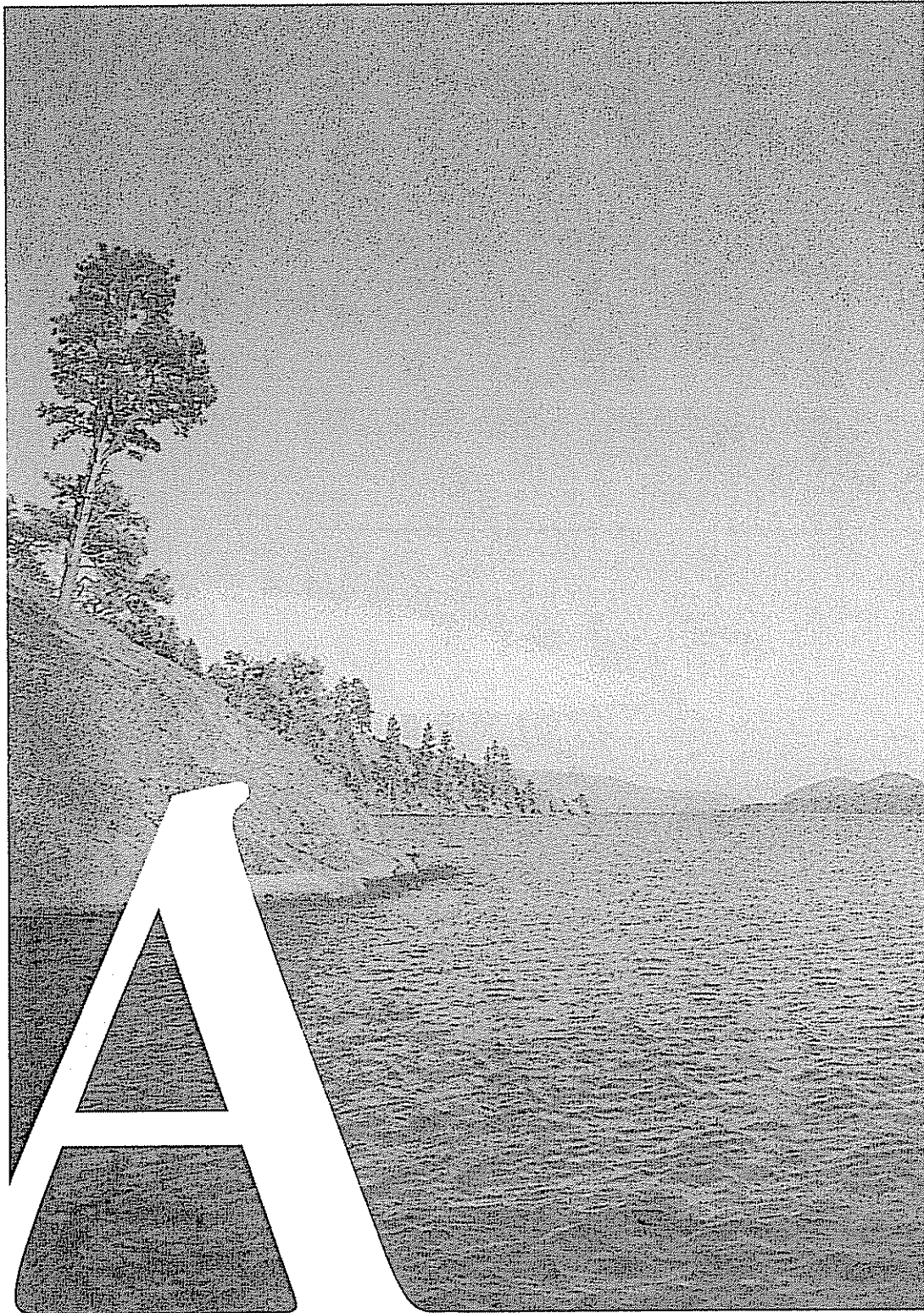
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Design Guidelines

A.1 DEVELOPMENT VISION

SHEERWATER HAS SINGULARLY redefined Kelowna's waterfront as the only ultra-exclusive, private waterfront community. Her 70 acres are a testament to the highest level of site treatment on what was previously the largest waterfront parcel in the City of Kelowna. Veteran ponderosa pines, rugged rock faces and topographic benches provide each home site with nature's embrace in a way that compels each homeowner to exercise the utmost care and creativity in the planning of this signature community.

It is our hope that each owner will set out to create their individual 'magnum opus' over the ensuing planning and construction period. This opportunity should be approached with a certain grace and sophistication that we believe every owner is eminently capable of achieving. To tread lightly on the land, to ask your terrain what she can harmonize with and to provide your family with a home that does far more than house – these are the driving principles, which form the Design Guidelines contained in these pages.

It is our intention to carefully apply this Guideline for the benefit of all who will call Sheerwater home. When finally built on, Sheerwater will be a statement of elegance that will pass through time, as simply irreplaceable and completely unique.

These design guidelines were written to help guide you through the building process as pleasantly as possible. Please read through these guidelines before you begin planning your home and provide copies to both your architect and builder. If any clarification is required please contact The Mission Group or their appointed representative.

The following design guidelines describe the general considerations that The Mission Group or their appointed representative (herein referred to as "TMG ") will apply in reviewing your new home plans. The Mission Group is the general partner of Sheerwater Limited Partnership and is responsible for all aspects of this project.

There are a few general points to keep in mind when reading these guidelines. First, it is the responsibility of TMG to accommodate creativity and individuality of home design while maintaining standards of quality and neighbourhood compatibility. TMG will have final say on what they deem to be compatible with the intent of this document. As such, these guidelines are generally goals and objectives combined with some minor prohibitions and requirements.

Secondly, these guidelines are not intended to take the place of any Federal, Provincial or Municipal laws or regulations. In addition, there is a Building Scheme registered against the title to

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each of the lots. The Building Scheme incorporates these guidelines. If there is an inconsistency or contradiction between the guidelines as set out in this booklet and the Building Scheme, then the Building Scheme shall govern and take precedence. Finally, these guidelines are subject to revision from time to time as determined by TMG.

INDIVIDUAL HOME DESIGN EXPRESSION

No specific architectural style is required or desired at Sheerwater. Rather, the goal of architectural compatibility with the natural setting is to be achieved through the use of a controlled range of complimentary forms, materials, and colours.

*It is our hope that each owner
will set out to create their
individual 'magnum opus'*

It is not the intent of these guidelines to limit individual creativity. Recognizing the diversity of lots available, TMG will consider each home design on its individual merit. Owners are encouraged to clarify any specific guideline concerns as early as possible in the review process. Several meeting opportunities have been incorporated into the design review process to allow owners the opportunity to review various aspects of these guidelines in specific context to individual lot and home designs.

A.2 HOME SITING CONSIDERATIONS

THE MISSION GROUP has taken care to retain the essence of the property's natural setting by planning each individual lot in a way that retains, where possible, the lot's natural characteristics. The guidelines focus on retaining the site's natural character, while providing neighbour and neighbourhood specific objectives.

TREE RETENTION AND REPLACEMENT

The existing trees and native growth on the lot must be preserved whenever possible.

Best efforts should be made to preserve existing trees which do not interfere with the architectural "footprint" and that enhance the overall individual site and community characteristics. Certain architectural accommodations for existing trees may provide exquisite opportunities for your home even when the trees are within the expected footprint of your home. Again, we encourage creativity in this regard.

No trees existing on a lot at the time of possession over 25 feet in height (in the case of a coniferous tree) and over 6 inches in caliper (in the case of a deciduous tree), and no trees, regardless of size, may be damaged (either during construction or at any other time), removed or excessively trimmed without the express written approval of TMG and/or the strata corporation. Such actions, without

Design Guidelines

approval, whether or not carried out by the lot owner or his/her agent, will result in an immediate forfeiture of the entire \$43,000 compliance deposit of the owner of the lot on which the trees were located. Replacement of the affected tree(s) by the lot owner with as large a tree as practically possible, as well as other legal actions may be taken by TMG and/or the strata corporation.

ZONING / DEVELOPMENT CONTROLS

All lots at Sheerwater are zoned RR-1. To protect the natural environment, a riparian management covenant will be placed on the property. The covenant is referenced in the Disclosure Statement and will be registered on title to the lands. Lot owners and their builders are solely responsible for ensuring conformity with the City of Kelowna Zoning Bylaw (latest edition), and any other relevant municipal requirements.

VIEWS

Sheerwater is set in a beautiful environment with varied lake and hillside vistas from all parts of the site. When planning your home, care should be taken to ensure that view corridors are protected for the enjoyment of each homeowner.

Because of the varied on site conditions (home sites viewed from below, home sites viewed from above, etc.), the lot purchaser and their consultants are encouraged to assess the view opportunities and siting options for your particular home.

DRIVEWAY LOCATION

Access drives in many cases will have a significant impact on the site as viewed from other parts of the community. Consequently, great care should be given to the planning and design of the access to your home. From your home, driveways should extend toward the roadway following the natural contours of the site and meandering around and between existing trees and rock outcrops.

Driveway access locations have been pre-established for several building lots, taking into consideration the minimization of unsuitable cut and fill situations, retaining walls, and visual impact.

Deviations from prescribed locations will be at the sole discretion of TMG.

LOT GRADING

The goal of the Sheerwater layout plan has been to work with the topography of the site to produce the best possible fit between home sites and access requirements. Improvements have been carried out to create individual home sites that should not require excessive grading to achieve sensitive siting or improvements.

Lot grading must conform to these principals and where possible follow the natural slope of the landform.

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Lot recontouring will be permitted to control site-specific drainage and will be restricted to within the defined construction envelope developed during the TMG review process. This may include the use of drainage swales and/or retaining walls.

Drainage flow patterns should be identified on the proposed site plan to show positive drainage patterns away from structures and adjoining lots.

Lot slopes should be integrated within the building massing as much as possible (i.e. stepped foundations and multiple floor levels) to minimize the need for severe engineered slopes.

Significantly visible rock outcroppings shall be preserved and incorporated into the site plan to the greatest extent possible. Specifically, there will be no encroachment or disturbance of talus slope areas or riparian management areas, which fall into the registered environmental setbacks. A description of this covenant can be found in your Disclosure Statement.

The proposed grading shall create a naturally sloped or terraced effect resulting in varied footprints that conform to the topography and reduce the need for large visible retaining or skirt walls.

Any minor grading that is required should be done so as to maintain the natural existing softness of the terrain as in gentle, rounded and varied contours.

RETAINING WALLS

Where retaining walls are needed, every effort to minimize visual impact of the wall through such means as limiting heights and creating opportunities for “softening” through landscape treatments shall be utilized.

The goal of the Sheerwater layout plan has been to work with the topography of the site

Retaining wall height must conform to the City of Kelowna Zoning Bylaw, latest edition.

Wall materials should complement the character of the house. Natural dry stacked stone placed walls are desirable. Irregular dumped rock walls will not be permitted. All retaining wall locations, height and materials selection will be reviewed and approved by TMG.

Any lot owner wanting to alter the existing grade is solely responsible for any and all retaining walls required. All retaining wall construction must be contained within the lot lines.

Design Guidelines

A.3 ARCHITECTURAL DESIGN

THE FOLLOWING ARCHITECTURAL standards have been developed in response to The Mission Group's desire to ensure that Sheerwater establishes the highest benchmark for architectural standards in Canada. The purpose of these standards is not to create look-a-like residences, or to suggest that they should all use identical finishes, but rather to encourage premier custom designed residential architecture compatible with the planned neighbourhood.

ARCHITECTURAL STYLE

No specific architectural style is required or desired at Sheerwater. Rather, the goal of architectural distinction is to be achieved through the use of a controlled range of complementary forms, materials, and colours. The large lot sizes and diverse settings will allow homeowners greater flexibility of building styles, materials and colours without compromising the quality of the project. Utilizing these guidelines, a very wide range of architectural designs can be a comfortable part of and enhance the overall quality of the development. Ultimately, the appropriateness of any housing type in relationship to the cohesiveness of Sheerwater will be considered on individual merit and final approval will be at the discretion of TMG.

COMPLETE ARCHITECTURAL EXPRESSION

All building faces should be treated with equal importance and architectural treatment. Continuation of the architectural style of the home's primary or "front" elevation around to and including all elevations is essential, including the treatment of rooflines, walls, projections, and window placement.

SIZE

There is no predetermined appropriate square footage of residences in context to lot size in the development. However, homes that are excessively large or small for their sites and their contexts can distract from the setting. Homes with a total floor area of less than 5,000 square feet or greater than 15,000 square feet will be discouraged. In all cases minimum and maximum allowable homes sizes will be at the sole discretion of TMG.

HEIGHT OF STRUCTURES

The height of any structure is to conform to the height limits allowed under the City of Kelowna Bylaws. Basement levels will be allowed to be a maximum of 1.0m exposed between adjacent grade and top of foundation, on the street front home elevation. However, TMG will consider suitability of building height to the site and its surroundings in order to minimize the impact of structures on neighbouring lots.

Design Guidelines

BUILDING MASSING

To encourage homes that are compatible with their hillside setting, massing will be regulated.

The majority of the building massing should mirror the slope of the land. Individual taller elements are allowed if compatible with the overall house design and not blocking adjacent view corridors.

ROOFS

Roofs are an important part of the visual environment and shall be carefully designed to harmonize their visual impact on the hillside community. Pitched roofs, flat roofs and hip roofs, or a combination of these forms is encouraged.

All roofs will be considered by TMG on a case-by-case basis.

GARAGES AND DRIVEWAYS

Garages, where possible, should not be the prominent element of the building and should be oriented such that the garage door is not the dominant element of the building façade. Consideration should be given to siting the garage in a manner that the doors do not directly face the street. Detached garages that complement the house are encouraged.

Provisions are to be made for a minimum of two additional cars to be parked on the lot. Select

locations to minimize view from adjacent home sites.

DRIVEWAY MATERIALS

Driveway materials may vary as they relate to individual architecture but should be hard surfaced. Gravel is acceptable if edged with a continuous concrete, stone or brick curb. Water permeable paving materials are encouraged. All driveways (including gravel) must have feature paving (gravel is not acceptable) at the driveway entrance from the street that is appropriate to the home and gateway feature. The purpose of the feature paving area is to create an estate-like impression at the fronting street.

GATEWAY FEATURE

All homes at Sheerwater are encouraged to create individual architectural expressions at the street through the use of appropriate gateway features.

Entry elements such as gate posts, entry gates, landscape walls, etc. should be designed as an architectural extension of the primary home. Each gateway should incorporate restrained lighting.

EXTERIOR MATERIALS AND FINISHES

All exterior materials should generally be the highest quality natural materials that blend with and are compatible with the natural landscape. The term "honesty" could be used to describe the intent of this section. In other words, if a material

Design Guidelines

purports to be something, then it must be exactly that. To elaborate, if a material looks like stone, it should be stone. If a material looks like wood, it too should be exactly that. Man-made surfaces such as architectural concrete and aluminum are permitted depending upon the architectural character of the buildings. Again, they must be what they purport to be.

The following materials are provided as a guideline, and are not intended to limit architectural creativity and merit.

The aesthetic merits of any combination of exterior materials are subject to review and approval by TMG in order to maintain the architectural integrity and consistency of Sheerwater.

Walls | Acrylic stucco, slopdash stucco, cedar siding, architectural concrete, cedar shingles, cedar board and batten, natural stone and brick are permitted. Imitation materials such as manufactured stone, imitation brick, vinyl siding or cement embossed imitation wood siding are not permitted.

Colour | All exterior colours are subject to prior approval by TMG. The colour of all exterior materials should be subdued to blend with the natural landscape. Earth tones are encouraged although muted accent colours that are used judiciously and with restraint may be permitted.

Consideration of natural colours found in the terrain is encouraged. In no case will colours approaching the primary range (red, blue, and yellow) be permitted. It is the intent at Sheerwater to preclude the use of colours that would appear out of place with its natural location and therefore offensive to the development.

Roofs | Roofing materials having the highest standards of fire resistance are encouraged, such as; concrete tile, clay tile, slate, copper, lead, zinc, etc. Asphalt shingles and wood shingles will not be allowed.

TERRACES AND DECKS

Outdoor living will certainly be one of the great pleasures of owning a home at Sheerwater. The nature of the landforms will influence the choice of appropriate exterior living spaces such as yards, terraces, and raised decks. Yards and terraces should be designed so as to be an extension of the architecture, while also responding to the land's natural contours. The landscape should provide a key element in a comprehensive design that integrates the man-made features with the natural terrain and vegetation. Natural materials such as stone walls should be used as transition to more contained man-made landscapes from naturalized areas.

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Decks should be very carefully designed to preserve the beauty of the home as seen from the lake and neighbouring properties. Great care must be taken to aesthetically consider the undersides and finish of decks and terraces, where visible, especially on upper hillside sites.

Consideration must also be taken to support the deck with elements of sufficient visual substance so they appear architecturally integrated with the residence itself. Simple posts or similar support systems for such decks will not be acceptable.

SWIMMING POOLS AND SPAS

The size, shape, and siting of swimming pools and spas, must be carefully considered to achieve a feeling of compatibility with the surrounding natural and man-made elements. Pool and equipment enclosures must be architecturally related to the house and other structures through the use of walls or courtyards so that they appear to be a visual extension of the home. Covers such as inflatable bubbles will not be acceptable.

ACCESSORY BUILDINGS / GARAGES

Any building or structure other than the principal home shall be designed of a style and material consistent with the principal dwelling and suitable for residential purposes only (i.e. garden storage/garages, pool equipment, etc.).

ANTENNAS

No exterior radio antenna, C.B. antenna, television antenna or other antenna of any type shall be permitted on any buildings or on any of the lots. No satellite dish above 0.76 metres (2.5 feet) in diameter shall be allowed. Satellite dishes should not be visible from the fronting street.

KENNELS

Dog kennels, when authorized and approved in writing by TMG, must be screened and constructed with the long dimension contiguous to the adjacent dwelling and not visible from the street.

TEMPORARY BUILDINGS / STRUCTURES

Temporary buildings/structures such as mobile homes/"construction" trailers, etc. will not be allowed on any lot at any time.

RECREATION EQUIPMENT & COMMERCIAL VEHICLES & OTHER OBJECTS

No recreation vehicles (i.e. boats, motor homes, trailers), or commercial vehicles greater than one ton or any recreational equipment may be stored (for greater than a two-week period) in the front yard or be visible from the front street (including the flanking street for corner lots).

The following types of vehicles and other items shall not be parked or kept on any lot unless enclosed in a garage or ancillary building, or located in the backyard completely screened from

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view from any street or from any neighbours by landscaping or fencing: recreational vehicles, trucks or commercial vehicles of more than one ton capacity, utility trailers, campers, travel trailers, buses, boats, partially wrecked or discarded vehicles, fuel tanks, service yards, firewood, trash and other unsightly vehicles and objects.

SCREENING

Screening by means of appropriate landscape elements is desirable. If built screens are permitted and approved by TMG, the design of such screens shall be consistent with the design of the house.

FENCING

The greatest preservation of the natural environment at Sheerwater would be achieved if no fences were to be built. We understand, however, that there is a functional need to enclose areas for privacy and for protection of children and containment of pets. Fencing, where required, should be designed to appear as an extension of the architecture and architectural materials and used only where necessary. Natural plantings should be used to further mask the fence and its location on the site selected so as to be as unnoticeable as possible from the road and surrounding properties. Fences utilized as sightcreens must be conceived as an integral part of the overall design of the building and not simply a tacked-on element dictated solely by function.

In no case will walls or fences be permitted to arbitrarily delineate lot lines, although it is understood that such walls or fences may define yards, courtyards, or terraces in close proximity to the residence for the purpose of privacy. Privacy or screen walls must not exceed six feet in height, measured from existing natural grade, and they may not encroach into any required setback. Vinyl and chainlink fencing is discouraged and may not be used without specific approval of TMG.

A.4 LANDSCAPING GUIDELINES

THE LANDSCAPE PRINCIPLES at Sheerwater have been developed to reflect the best of the site's natural environment and enhanced by the careful addition of desired landscape structures and landscape materials.

All existing trees, rock outcroppings, and other significant natural features should be preserved as much as possible. Enhancement through judicious limbing, trimming, and cleaning of these existing landscape features will be allowed under TMG's approval.

Landscape material selection should emphasize the use of trees and plants that are compatible with the natural Okanagan hillside environment.

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Additionally, special care and attention must be given to the placement and mature size of all plant materials to both enhance the neighbourhood and respect neighbouring properties' views towards the lake.

We strongly encourage all homeowners to engage the services of a qualified landscape architect to ensure that all landscape treatments are given the same high level of attention as the home architecture.

All sides of the yard are to be treated with equal attention as an important part of the overall attractiveness of the community.

As a result, it is important that all homeowners maintain a minimum standard of quality. The following guidelines are not intended to control personal expression or limit design in the development of yards. Designs will be reviewed for integrity, plant maturity, and stylistic influences.

LEVEL OF LANDSCAPE TREATMENT

The landscape plan should incorporate very generous plantings of trees and shrubs, both coniferous and deciduous, in attractive groupings. Plantings designed in less conventional ways incorporating large rocks, small brick or rock walls, water features and exterior lighting are encouraged. Large expanses of lawn, uninterrupted by plantings, will not be acceptable. Shrub and tree species selected should generally be of a drought-tolerant variety.

Trees, as well as any trellises, arbours, or gazebos, must be carefully located on each lot so as not to significantly restrict views from neighbouring homes.

Variances to these minimum-planting requirements may be permitted by TMG if plans incorporating very interesting and attractive design elements are proposed. All shrubs should be tightly spaced resulting in a dense appearance according to their growing characteristics. Artificial features such as statuary and pre-cast ornaments are not permitted in the front yards.

All disturbed areas on the lot must be fully planted and maintained with drought-tolerant species of grass and shrubs to eliminate soil erosion and run-off onto neighbouring lots and over the crest of steep slopes.

IRRIGATION

No property shall be without a fully automated underground irrigation system comprised of recessed, and drip type heads as appropriate. Low flow, low volume irrigation systems shall be used wherever possible. Rainfall sensors are required for each home to reduce water demand.

EXTERIOR LIGHTING

Indirect lighting (defined as having the light source itself shielded and not directly visible from adjoining properties or the street) is permitted

Design Guidelines

provided the intensity and number of sources is not excessive. To ensure a well-lit front yard/street environment, each homeowner is encouraged to have a minimum of two exterior lights within the front yard and one at the street. The light fixtures should be of a minimum intensity of 60-watt incandescent (or equivalent), hardwired to a photocell with manual switching capability.

TEMPORARY LANDSCAPE TREATMENT

If a lot owner does not commence construction of a house within six months of closing the lot purchase, he/she will be required to hydroseed all disturbed portions of the lot. Additionally, each owner will be required to keep the lot free of unsightly objects and weeds.

It is important that all homeowners maintain a minimum standard of quality

A.5 ENVIRONMENTAL INTEGRITY

THE MISSION GROUP'S vision of Sheerwater is intended to provide direction in the planning, design, and construction of the project in a manner compatible with the environment. Consistent with this vision, it is our hope that individual homeowners will adopt sustainable development strategies as an important part of their new home planning.

The following guidelines are intended to reduce energy consumption, conserve water and otherwise minimize impacts on the local ecosystem.

LANDSCAPE DESIGN

Preserve Natural Features | Identify significant landscape elements on your homesite such as key natural features, signature trees, and naturalized areas for preservation.

Landscape Plant Choice | Include native and low water plantings in your landscape design. By using native plants you help support local populations of butterflies and songbirds. Native/low-water plants require little or no irrigation after establishment which will reduce water consumption.

Percolate Rainwater | Incorporate rain gardens (areas designed to accumulate and percolate rainwater) and other stormwater management features into gardens in a manner that complements your landscape design.

Permeable paving | Use gravel or pavers with paved wheel strips for driveways or other design methods to permit water to percolate into the soil.

Outdoor lighting | Specify outdoor lighting that minimizes light that escapes beyond your property line or into the night sky in order to reduce "light pollution."

Design Guidelines

Reduced Heat Island Effect | Use light coloured paving throughout foot-traffic areas (target reflectivity is > 0.30) to reduce the absorption of the sun's heat in the summer.

BUILDING ENERGY USE

Natural Light | Orient buildings and locate main living areas so as to maximize natural light access to living spaces and thereby reduce the need for lighting in the day.

Natural Breeze Directions | Orient buildings and locate windows to take advantage of prevailing winds for summer cooling and to protect from winter winds to reduce heating and air conditioning needs.

Shade and Protection | Plan the landscape design to provide shade and protection from direct summer sun and winter winds to reduce summer cooling and winter heating costs.

Solar Roof Opportunities | Consider having some of your roof facing south so that it could accommodate a solar hot water preheating panel.

Preparing for Future Renewable Energy | Ask your designer / contractor / electrician / plumber to design and plumb and wire to pipes and wires to facilitate future use of renewable energy such as solar hot water pre-heating and solar electricity (photovoltaic). The costs are negligible if done

during construction (a few hundred dollars) as opposed to retrofits which can cost thousands of dollars. The installation of the water or PV panels can be done at any time in the future.

Energy Efficiency | Build to meet the federal R2000 or Energuide 80 standard of energy efficiency to save money on heating and lighting.
Energy Efficient Envelope

Design for a highly energy efficient building envelope (insulation and windows, lighting, and appliances).

High Efficiency Heating | Select high efficiency space and water heating systems and investigate incentives from the Utilities for these:

- Any gas fireplaces are EPA Title 40 CFR Part 60 AAA or CSA B415 compliant
- Electrically-heated homes use a heat pump for heating
- Any air conditioners have a minimum COP of 3.0
- Consider wastewater heat recovery units in shower drains
- Specify energy efficient hot tubs.

Ozone Friendly | Where cooling system or heat pump are used, ensure refrigerants are HCFC free.

Piping | Minimize heat loss from piping through design for short pipe runs and the use of insulation.

Design Guidelines

Geo-Exchange Systems | Geo-exchange (also known as ground source heat pump or geothermal) systems are the most energy efficient heating and cooling systems currently available. All homes are encouraged to consider utilizing geo-exchange systems as the primary heating and cooling system.

WATER CONSERVATION

Water Efficiency | Minimize indoor water use through the specification of:

- EnergyStar rated dishwashers and clothes washers;
- Ultra low-flow fixtures; and
- Dual-flush toilets.

Depending on selected models, there may be little or no cost increase for more efficient appliances.

Greywater Reuse Capability | Consider designing plumbing for future greywater reuse (sinks, showers, clotheswashers) by separating toilet drains from all other drains until the point of exit. The ability to reuse greywater is legally limited at this time and the additional plumbing will increase costs, but this approach can be an innovative and valuable initiative where water is a concern.

Rain Harvesting | Harvest and reuse rainwater for landscape irrigation through various means

including built-in cisterns to portable rain barrels.

MATERIALS, RESOURCES, AND WASTE MANAGEMENT

Cut and Fill | Minimize cut and fill through efficient driveway design that minimizes both length and width of driveways. Similarly place all structures on site to minimize site impacts, and environmental impact.

Site Materials | Wherever possible, try to re-use materials from your home site such as rock, excavated fill, topsoil, and wood. This reduces the cost of hauling it away and creates a sense of place by tying in new design into the landscape with local materials.

Recycling | Design convenient recycling and composting facilities into your kitchen and backyard to make it easy to recycle and compost and reduce the waste hauled to the landfill.

Fire Resistance | Use fire-resistant cladding and roofing to reduce the risk of property loss from wildfires.

Wood Treatment | For preservative treated wood in landscaping and other areas, try to avoid the use of arsenic-containing wood products as they introduce problematic poisons into your garden and the groundwater.

Design Guidelines

Materials Selection | When working with your designers, try to select the following types of materials:

- Natural materials;
- Locally sourced materials;
- Rapidly renewable materials (e.g. bamboo which grows fast);
- Materials containing recycled content;
- Reuseable and durable materials; and
- Materials that do not take a lot of energy to make or transport and therefore have fewer greenhouse gas emissions associated with them, such as fly-ash concrete (ecosmart concrete).

INDOOR AIR QUALITY AND HEALTH

Healthy Indoor Air Quality

Select materials having low emissions of volatile organics, such as:

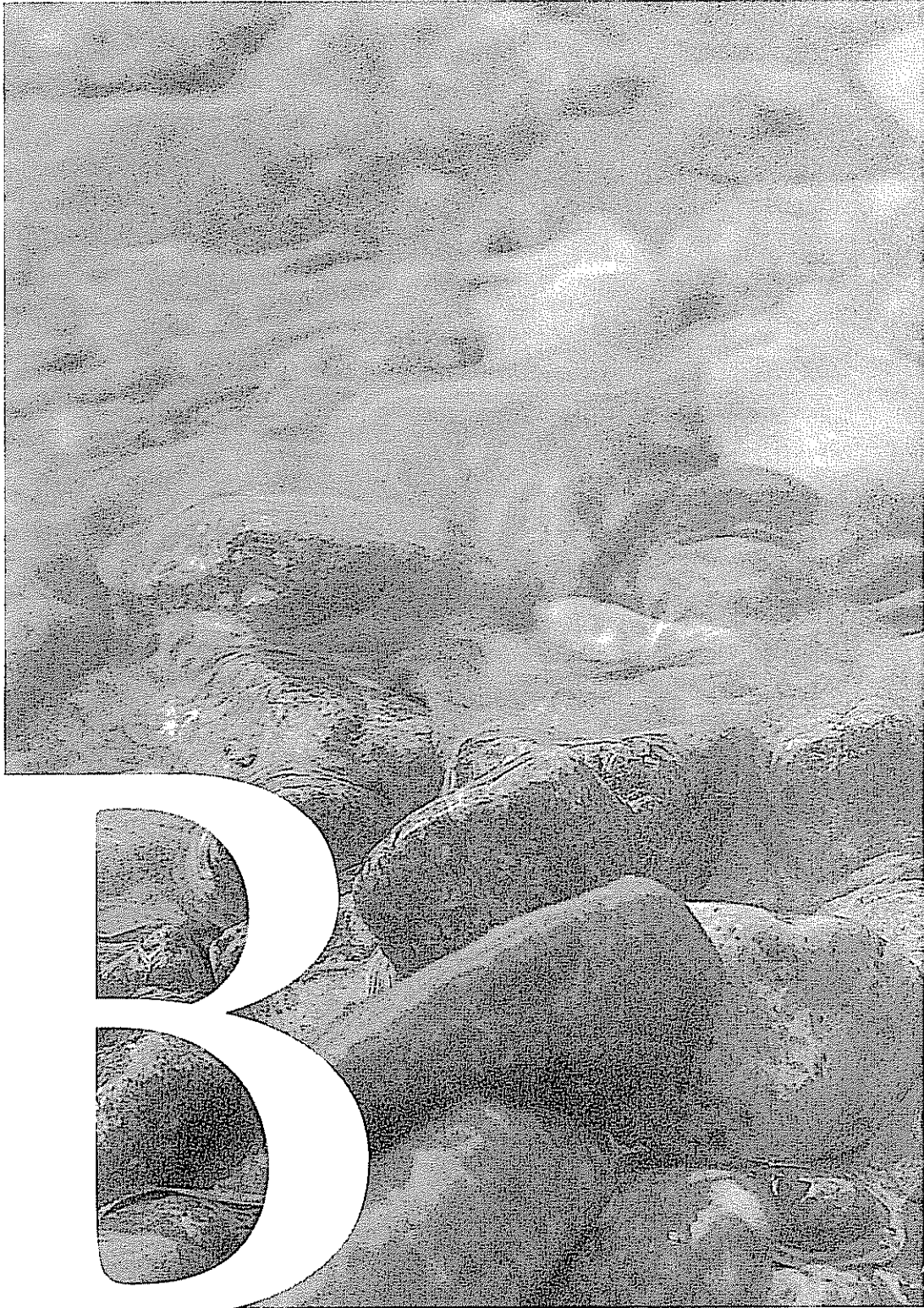
- Paints and adhesives that meet Ecologo, EPA or other accepted standards; and
- Carpets that meet CRI, Greenguard, or El standards.

Toxic vapour emissions may be significant contributors to poor long-term health and come from many non-natural building materials, paints and adhesives.

Flooring | Minimize the floor area covered by wall-to-wall carpet in order to have clean air by reducing the offgassing from its materials, underlay and adhesives, as well as to reduce the amount of dust in your home's air.

Filters | Use premium (MERV > 4) filters for any supply ventilation and air handling units

It is our hope that individual homeowners will adopt sustainable development strategies



Design Review Process

THE DESIGN REVIEW process has been structured to assist home owners and their builders with successfully interpreting the requirements of the guidelines and forwarding approval of plans as quickly as possible. All home plans for this subdivision must be submitted to TMG or their appointed representative for review and approval.

B.1 REVIEW FEE AND COMPLIANCE DEPOSIT

A REFUNDABLE COMPLIANCE deposit of \$43,000 and a non-refundable fee of \$7,000 is due prior to the commencement of the review process. Both fees are payable to Sheerwater Limited Partnership. The non-refundable fee will be used for design review services and the establishment of a fund for the purposes of any legal challenges pursuant to these design guidelines that may be required on behalf of TMG. Owners or their agents are required to notify TMG in writing, of any existing damage to surface improvements and utilities immediately upon execution of the Offer to Purchase and Agreement for Sale. TMG will retain the compliance deposit, or portion of it, for any of the following infractions:

- a) Violation of all design guidelines and approvals, including landscape and tree retention guidelines;
- b) Changes to the approved design plans made without approval of TMG;
- c) Damages to surface improvements and utilities;
- d) Failure to clean up site;
- e) Unauthorized dumping; and
- f) Failure to remove excavation material spilled on roads, sidewalks, or neighbouring lots.

Application in writing to TMG for return of the compliance deposit may only be requested upon completion of all home construction as approved through this Design Review Process. A completed home will include:

- a) Exterior elevations, driveways, final exterior paint and walks;
- b) Site cleanup;
- c) Site landscape; and
- d) Approved final inspection as described in these guidelines.

There will be no interest paid on this compliance deposit.

Design Review Process

B.2 PRE-DESIGN MEETING

A PRE-DESIGN MEETING between TMG and the owner or his agent is strongly recommended and should precede the commencement and submission of design plans. This requirement may be waived at the discretion of TMG. The pre-design meeting is intended to cover the scope of the guidelines as applicable to the lot in question. Additionally, relevant architectural character and general development opportunities and constraints will be discussed.

B.3 PRELIMINARY REVIEW SUBMISSION

UPON THE COMPLETION of the pre-design meeting the owner or his agent shall submit the following plans, drawings, and other information as required to TMG for approval:

- 1) One copy of a site plan (at 1/16" = 1'-0") with the following information indicated:
 - i) Existing topography and the location of the exterior wall at each floor;
 - ii) Proposed floor levels;
 - iii) The driveway location with slope calculations; and
 - iv) A typical cross-section indicating the setting of the house on the lot and its relation to the facing street.

- 2) A street fronting and side elevation or perspective sketch(es) indicating the architectural character of the house.

- 3) Such other information and material as TMG may deem required to address the specific conditions of the lot in question.

Upon receipt of a preliminary approval application, a meeting with TMG will be arranged to review the proposal and identify deficiencies to be addressed at formal submission.

B.4 FORMAL SUBMISSION

Once TMG has granted preliminary approval, the owner or his agent shall prepare a full design submission for TMG's review and approval prior to making an application for a building permit. The submission will include the following:

- 1) Two sets of 11 x 17 drawings containing the following:
 - i) Position of the house on the lot;
 - ii) A typical cross section indicating the final setting of the house on the lot and its relationship to the facing street;
 - iii) Position of statutory rights of way, easements and covenants (such as no disturb areas), etc;
 - iv) Position of accessory buildings, fences, pools, retaining walls, etc.;

Design Review Process

- v) Driveways and walkways;
 - vi) Grades and slopes;
 - vii) Floor plans showing all levels;
 - viii) Elevations illustrating all sides of the house;
 - iv) Garage floor and first floor finished elevation to the site datum;
 - x) Elevations of roof peaks;
 - xi) Exterior materials; and
 - xii) Confirmation of guideline specified roof material.
- 2) A set of photos of the site and adjacent lots/homes may be requested at the discretion of TMG.

B.5 COLOUR SAMPLES

A COLOUR SAMPLE sheet of all exterior wall materials, trim and roof material must be submitted for approval to TMG. The colour sample panel may be submitted at time of full design submission or up to 30 days after receiving approval. Approvals granted without the colour sample panel will be contingent on the subsequent approval of the colour panel.

B.6 LANDSCAPE PLAN

A DETAILED LANDSCAPE plan (at 1/16"= 1'-0"scale) showing the position of all buildings on the lot and detailing the location and materials of all fences and retaining walls, a planting plan with a list showing quantities and sizes of proposed plant materials is required. The plan must also show the location and materials of all landscape elements including driveway, patios, paths, swimming pools, accessory structures, etc. The landscape plan may be submitted at time of full design submission or prior to commencement of landscape construction. Approvals granted without the detailed landscape plan will be contingent on the subsequent approval of the detailed landscape plan.

B.7 RESUBMITTING FEES

TMG MAY CHARGE a resubmission fee to the owner if they are required to resubmit their application due to significant changes in the design.

B.8 APPROVAL

TMG MAY, WITHIN fifteen (15) working days of receipt of the full design submission, make a decision at its absolute discretion to approve or disapprove the plans submitted.

Design Review Process

TMG may, before making a final decision, communicate any changes desired by TMG to the owner or his agent, and if the owner or his agent does not consent thereto and submit new plans within fifteen (15) working days, TMG shall make a decision on the basis of the plans and drawing submitted. TMG shall, within five (5) working days of making a decision, give notice in writing to the owner or his agent of that decision. In the event the owner or his agent does not receive notice within fifteen (15) working days of the receipt by TMG of the plans or drawings, TMG shall be deemed not to have approved of such plans and drawings.

And it is hereby expressly declared that:

- i) TMG may arbitrarily withhold approval in the event that said plans and specifications are not drawn and stated in strict accordance with these mandatory Design Guidelines; and
- ii) TMG, acting reasonably, may withhold approval in the event that said plans and specifications are not drawn and stated in accordance with such other controls as The Mission Group may, from time to time, impose.

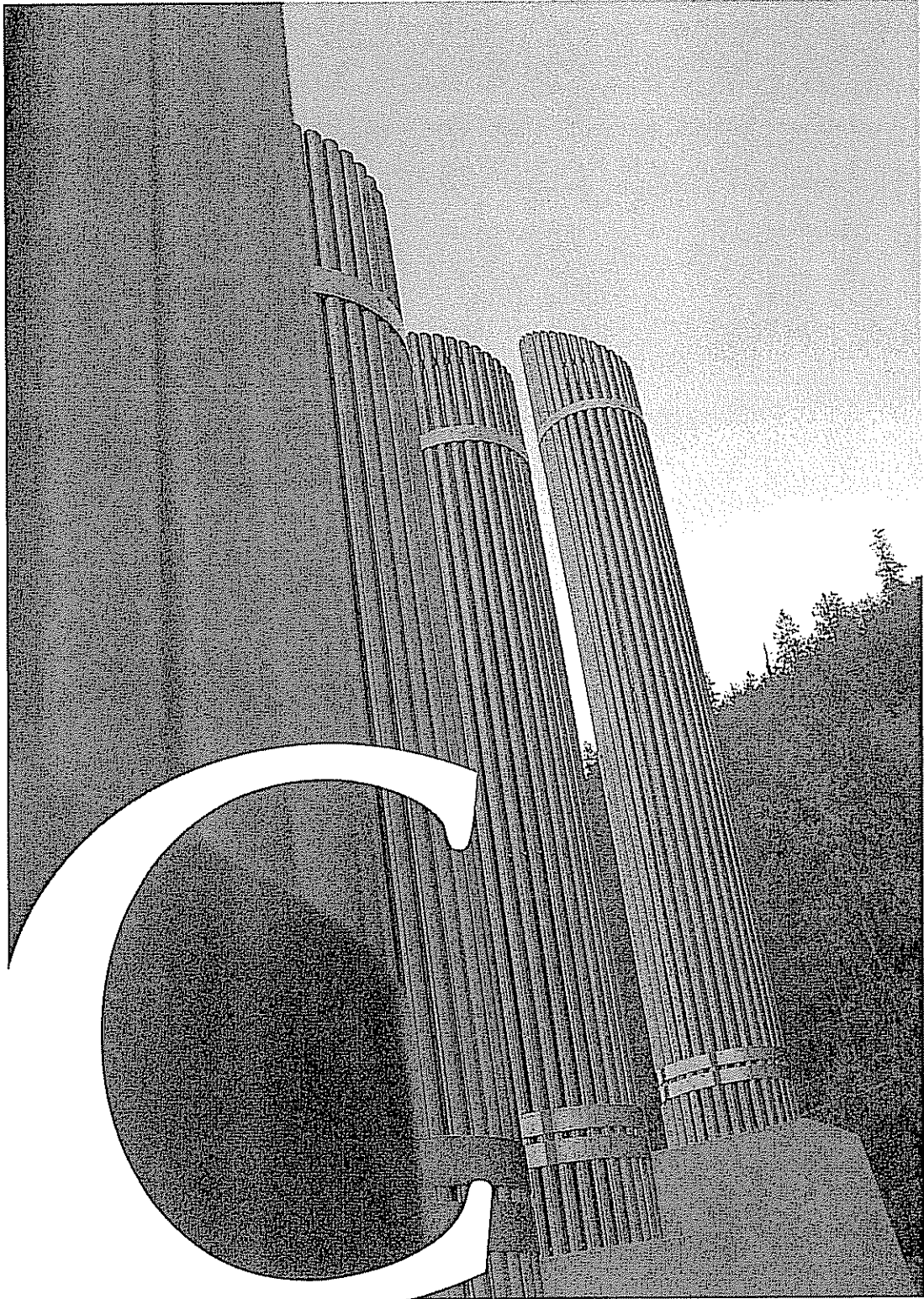
And the refusal or failure of TMG acting in accordance with the terms of this declaration shall not be actionable by any person under any circumstances, it being the sole discretion of The Mission Group to grant or withhold said approval subject only to the provisions herein stated.

B.9 INSPECTION AND RELEASE OF COMPLIANCE DEPOSIT

REQUESTS FOR INSPECTIONS are to be made, in writing to TMG immediately upon completion of home construction, and upon completion of landscaping. Failure to comply with the plans and other information as submitted and approved will result in the loss of the compliance deposit, without prejudice to any other remedies which may be available to The Mission Group. Upon inspection and approval by TMG the compliance deposit will be released.

Fifty percent (50%) of the compliance deposit will be released upon a successful inspection by TMG of completion of home construction. The remaining fifty percent (50%) of the compliance deposit will be released upon a successful inspection by TMG of completion of landscape construction.

No inspection performed by TMG is in any way a structural inspection nor is it in lieu of inspections required by the City of Kelowna. Furthermore, failure by TMG to identify infractions of these Guidelines does not, in any way, relieve the owner or his agent from its obligation to abide by the Guidelines and the restrictions herein contained.



Construction Regulations

TO PROVIDE A well-planned and attractive neighbourhood that minimizes disruptions and nuisances to existing home owners and the surrounding neighbours will require the cooperation of every owner, builder and subtrade.

C.1 LEGAL SURVEY

THE OWNER SHOULD first visit the site to note unusual siting or grading problems that vary with grading plans. The site inspection should also reference legal, grade, easement and other engineering plans to ensure that there are no conflicts between driveway/sidewalk locations, hydrants, water-valves, signs, street lighting, electrical, telephone pedestals, etc.

C.2 SITE GRADING PLAN

SITE GRADING MUST conform to approved site grading plan.

C.3 DAMAGE TO UTILITIES

THE COOPERATION OF all contractors and subtrades is requested to prevent damage to curb boxes, water valves, pedestals (power and phone), street light terminals, natural gas lines, hydrants, streets, sidewalks, manholes, curbs and other structures. Should damage occur to services adjacent to any specific lot, charges for repair may be deducted from the compliance deposit.

To protect utilities on and around the site, the owner or his agent is recommended to undertake the following precautions, thereby saving time and money:

- a) When excavating basements, the owner or his agent should have excavators place a minimum of 400mm of excavation material on curb and sidewalk to create a ramp for material deliveries;
- b) Brief subtrades, delivery men and all others on the importance of being careful around utility installations. If damage occurs, it should be understood that repair costs will be borne by the owner; and
- c) Master plumbers should be instructed to replace water valve markers when house connections are complete. The owner will be responsible for expenses to locate or to repair water valves.

C.4 GARBAGE PICK-UP

CONTRACTORS SHALL ENSURE that appropriate containers are provided on the building site to adequately contain waste material during construction. Containers will not be permitted on the street or adjoining property.

Construction Regulations

C.5 WASTE MATERIAL AND LITTER ON BUILDING SITES

CONTRACTORS ARE REQUESTED to maintain daily a clean work site and control waste materials and litter on each site to avoid dispersal by wind. If proper clean up does not occur, TMG will remove the debris and the associated cost will be deducted from the owner's compliance deposit.

C.6 FOUNDATIONS

IT IS THE responsibility of the owner or his agents to determine the bearing capacity of soil on which he intends to build and design the foundations. Foundation design should minimize excavation and take advantage of natural grades wherever possible. Owners are advised to secure professional soil investigations and foundation design recommendations as necessary for proposed buildings.

C.7 HOURS OF CONSTRUCTION

HOURS OF CONSTRUCTION for all exterior work will be as allowed under the City of Kelowna Bylaws.

C.8 TRUCK ROUTES

CONSTRUCTION VEHICLES ARE to respect the use and regulations of the City of Kelowna regarding truck routes and times.

C.9 MISCELLANEOUS AND GENERAL PRACTICES

ON SITE ACTIVITY SHALL be free of all obscenities or indecent behaviour. All owners will be responsible and liable for the conduct and behaviour of their agents, representatives, builders, contractors and subcontractors while on the premises of the development. Furthermore, the following practices are prohibited:

- b) Changing oil on any vehicle or equipment on site or at any other location within the development.
- c) Careless treatment or removal of any plant material not previously approved for removal by TMG.
- d) Allowing concrete suppliers, plasterers, painters, or any other subcontractors to clean their equipment other than at locations specifically designated for that purpose by TMG.
- e) Utilizing or removing any rocks, plant material, topsoil, or similar items from any property of others within the development including other construction sites.

Construction Regulations

- f) Pets, particularly dogs, are discouraged; if brought into the development by construction personnel, they shall be bound by leash at all times. In the event of any violation hereof, TMG shall have the right to contact City authorities to impound the pets, to refuse to permit the builder or subcontractor involved to continue to work on the project, or to take such action as may be permitted by law.
- g) Construction access during the time a residence or other improvement is under construction will be over an approved driveway for the lot unless TMG approves alternative access. In no event will more than one construction access be permitted onto any lot.
- h) Dust and noise control shall be the owner or his agent's responsibility, including loud music from the construction site.
- i) Construction signage (temporary) shall be limited to one sign of no greater than six square feet of surface area. Signs shall be located within the construction envelope.
- j) Utilize protective rock fall fencing during excavation in proximity to slopes.
- k) Utilize "blast mats" and minimum charge size for all blasting required.

Appendices

APPENDIX I: ZONING (March 25, 2004)

SECTION 12 – RURAL RESIDENTIAL ZONES

BL8774 replaced the title as follows:

12.1 RR1 | RURAL RESIDENTIAL 1 RR1s | RURAL RESIDENTIAL 1 WITH SECONDARY SUITE

12.1.1 Purpose

The purpose is to provide a zone for country residential development, and complementary uses, on larger lots in areas of high natural amenity and limited urban services.

12.1.2 Principal Uses

The principal uses in this zone are:

(a) greenhouses and plant nurseries

BL9120 amended paragraph (b) as follows:

(b) single dwelling housing

12.1.3 Secondary Uses

The secondary uses in this zone are:

(a) animal clinics, major

(b) animal clinics, minor

(c) bed and breakfast homes

(d) care centres, intermediate

BL8654 deleted paragraph (e) and renumbered the subsequent paragraphs:

(e) group homes, minor

(f) home based businesses, major

(g) home based businesses, minor

(h) home based businesses, rural

BL8881 added paragraph (i) second kitchen

BL9120 amended paragraph (i) as follows:

(i) second kitchen (RR1 only)

BL8774 added paragraph (i) as follows:

(j) secondary suite (RR1s only)

BL9120 added subsection 12.1.4 Building and Structures Permitted and renumbered the subsequent paragraphs as follows:

12.1.4 Building and Structures Permitted

(a) one single detached house (which may contain a secondary suite in the RR1s zone);

(b) permitted accessory buildings or structures (which may contain a secondary suite in the RR1s zone).

12.1.5 Subdivision Regulations

(a) The minimum lot width is 40.0 m.

(b) The minimum lot depth is 30.0 m.

BL8571 replaced Paragraph (c):

(c) The minimum lot area is 1.0 Ha unless a connection to the community sanitary sewer system, in accordance with the requirements of the City of Kelowna's Subdivision, Development & Servicing Bylaw, has been installed. If a connection to a community sanitary sewer system, in accordance with the requirements of the City of Kelowna's Subdivision, Development & Servicing Bylaw has been installed, the minimum lot area is 8000 m².

Appendices

12.1.6 Development Regulations

- (a) The maximum site coverage is 10%, except that it is 50% for greenhouses and plant nurseries.
- (b) The maximum height is the lesser of 9.5 m or 2½ storeys, except it is 6.0 m for accessory buildings and 13.0 m for accessory structures.
- (c) The minimum front yard is 6.0 m.
- (d) The minimum side yard is 3.0 m, except it is 4.5 m from a flanking street.
- (e) The minimum rear yard is 10.0 m, except it is 3.0 m for accessory buildings.
- (f) Accessory buildings housing more than 4 animals shall be located no closer than 15.0 m to any lot line.

12.1.7 Other Regulations

- (a) There shall be no more than one single detached house per lot.

BL8367 replaced paragraph (b):

- (b) When a home based business of any type involves the cutting and wrapping of wild game or any meat, the lot must have a minimum lot area greater than 0.33 ha.
- (c) Major animal clinics shall not be located on parcels less than 2.0 ha.

- (d) For sites within the Agricultural Land Reserve, the maximum gross floor area of agricultural and garden sales for produce produced off the site is the lesser of 50.0 m² or one-third of the total floor area of the agricultural and garden sales stand.

- (e) In addition to the regulations listed above, other regulations may apply. These include the general development regulations of Section 6 (accessory development, yards, projections into yards, lighting, agricultural setbacks, etc.), the landscaping and fencing provisions of Section 7, the parking and loading regulations of Section 8, and the specific use regulations of Section 9.

BL8774 added paragraphs (f) and (g) as follows:

- (f) An "s" notation shown on Schedule "A" as part of the identified zone classification indicates that a secondary use in the form of a secondary dwelling unit is permitted on the properties so designated, subject to meeting the conditions of use of the zone. An "s" zoning classification on a property shall be established by rezoning the subject property to the "s" version of the parent zone.

Appendices

(g) A secondary suite, in accordance with Section 9.5, may only be located within a single detached dwelling or an accessory building to a single detached dwelling which is no closer than 5.0 m to the principal building.

BL8881 added paragraph (h) as follows:

(h) A second kitchen may only be located in single detached housing. A second kitchen, when permitted, is to be used by the occupants of single detached housing only to accommodate one household. The section of the building

containing the second kitchen must be freely and fully accessible from the remainder of the dwelling without any intervening doors equipped with a locking device of any kind. In order to clarify the restrictions of use of the second kitchen to members of the household, the owner of the property will be required to sign an affidavit form clearly outlining all second kitchen regulations prior to the issuance of an occupancy permit for the second kitchen.