

other things attached to the exterior of a building except for the exterior kitchen components (including equipment and appliances);

- (e) doors, windows or skylights on the exterior of a building or that front on the Common Property; and
- (f) fences, railings and similar structures that enclose patios, balconies and decks.

Common expenses of the Strata Corporation that relate to repairing and maintaining Limited Common Property will be allocated only to those Strata Lots entitled to use that Limited Common Property, and will be shared among such Strata Lots on the basis of their relative Unit Entitlement (as defined in section 3.1). Any special levy, however, which relates to Limited Common Property will be paid for by the owners of all Strata Lots in the Development in proportion to the relative Unit Entitlement of the Strata Lots. Strata Lot owners will also be responsible for the maintenance, repair and replacement of any barbeques or other outdoor kitchen appliances located on the balconies or patios appurtenant to their individual Strata Lots.

The Developer will designate the areas shown as balconies, patios and driveways on the Preliminary Plan as Limited Common Property for the appurtenant Strata Lot and other areas shown on the Preliminary Plan and/or as contemplated in this Disclosure Statement as the Developer considers appropriate upon depositing the Strata Plans for registration in the Land Title Office. The Developer reserves the right to alter such designations prior to the deposit of the Strata Plans. A designation of Limited Common Property on the Strata Plans may only be removed by unanimous resolution of the members of the Strata Corporation.

3.5 Bylaws

The bylaws of the Strata Corporation (the “**Bylaws**”) will be the Schedule of Standard Bylaws attached to the *Strata Property Act* amended as set out in Exhibit C to this Disclosure Statement. The bylaw amendments will be filed for registration in the Land Title Office concurrently with the Phase 1 Strata Plan.

The Schedule of Standard Bylaws attached to the *Strata Property Act* imposes certain restrictions regarding pets, rentals and the use and resale of the Offered Lots. Bylaw 3(1) provides that an owner, tenant, occupant or visitor must not use a Strata Lot, the Common Property or common assets in a way that causes a nuisance or hazard to another person, causes unreasonable noise, unreasonably interferes with the rights of other persons to use and enjoy the Common Property, common assets or another strata lot, is illegal or is contrary to a purpose for which the strata lot or Common Property is intended as shown expressly or by necessary implication on or by the Strata Plans. Bylaw 3(3) provides that an owner, tenant, occupant or visitor must ensure that all animals are leashed or otherwise secured when on the Common Property or on land that is a common asset. Bylaw 3(4) provides that an owner, tenant or occupant must not keep any pets on a strata lot other than one or more of the following:

- (a) a reasonable number of fish or other small aquarium animals;
- (b) a reasonable number of small caged mammals;

- (c) up to 2 caged birds; or
- (d) dogs or cats, provided that the total number of dogs and cats does not exceed two.

Bylaw 31(2) provides that if a pet is deemed to be a nuisance by the strata council, it shall be removed from the Development within thirty (30) days of the strata council providing the owner with written notice that the pet is deemed to be a nuisance. Bylaws 32(3) provides that no vicious dogs (as defined in Exhibit C to this Disclosure Statement) are permitted, temporarily or otherwise in any Strata Lot, or on any portion of the Common Property or Limited Common Property. Bylaw 32(4) provides that an owner, tenant or occupant who occupies a strata lot pursuant to the terms of a rental pool management agreement must remove all pets and pet related equipment when not occupying a Strata Lot.

In addition, the Bylaws attached as Exhibit C to this Disclosure Statement impose certain further restrictions regarding pets, rentals and the use and resale of the Offered Lots as more particularly set out therein.

Bylaw 33(1) provides that the Rental Pool Manager (as defined in the Bylaws attached as Exhibit C to this Disclosure Statement) and its employees, agents, contractors and permittees and all guests under the rental pool management agreements (as defined in the Bylaws attached as Exhibit C to this Disclosure Statement) shall at all times have access to and use of all portions of the Common Property and the common facilities as are reasonably required by the rental pool manager for the operation and enjoyment of the rental system from time to time, as determined by the Rental Pool Manager, acting reasonably. The Rental Pool Manager shall also be permitted to set up and maintain within the Common Property any works and facilities as are reasonably required by the Rental Pool Manager in connection with the operation of the rental system, including, without limitation, signage, if desired by the Rental Pool Manager. The Strata Lot owners agree in Bylaw 33(1) that they will not do any act or thing and shall cause the Strata Corporation to refrain from doing any act or thing which may impair, interfere with or limit the ability of any rental pool manager to operate the rental system. The quorum required to validly pass a resolution to amend, rescind or replace Bylaw 33(1) is eligible voters holding 75% of the Strata Corporation's vote in person or by proxy.

Bylaw 35(1) provides that the Strata Corporation will consult with the rental pool manager in connection with the establishment of the annual budget for the Strata Corporation.

The Bylaws will provide that the Strata Corporation may, without notice, enter any Strata Lot in an emergency to ensure safety or prevent significant loss or damage and, at a reasonable time and on 48 hours' written notice, enter any Strata Lot to inspect, repair or maintain Common Property, common assets of the Strata Corporation and any portions of a Strata Lot that the Strata Corporation is required to repair, maintain or insure under the Bylaws or the *Strata Property Act*.

3.6 Parking

Each Strata Lot will have a parking area for one, or in some cases two, cars (depending on the area of the Strata Lot) within the garage attached to each Strata Lot, as determined by the Developer. In addition, some, but not all, Strata Lots will have additional parking available on the driveway of the Strata Lot. Two parking stalls, which will be constructed in Phase 1, will be

allocated for visitor parking use within the Development as Common Property. Four parking stalls, which will be constructed in Phase 2 and will comprise part of the Common Property upon the deposit of the Phase 2 Strata Plan.

3.7 Furnishings and Equipment

There are no furnishings included in the purchase price of an Offered Lot, unless otherwise specifically agreed to by the Developer and the purchaser in writing. The following equipment or appliances will be included in the purchase price of each Offered Lot:

- (a) refrigerator;
- (b) gas range;
- (c) microwave;
- (d) dishwasher;
- (e) horizontal window blinds on some windows;
- (f) hot water tank;
- (g) garage remote control;
- (h) outdoor barbeque and refrigerator; and
- (i) washer and dryer.

Any manufacturer's warranty for appliance and equipment whether located in the Offered Lots or in the Common Property will be passed on to the purchaser or the Strata Corporation, as the case may be, to the extent permitted by such warranty. The Developer provides no warranty with respect to the aforesaid items.

3.8 Strata Corporation Budget

- (a) Strata Lot Expenses
 - (i) Each Strata Lot owner will be responsible for real property taxes for his or her Strata Lot, together with a proportionate share of the property taxes levied in respect of the Common Property, calculated based on the Unit Entitlement for the Strata Lot. Property taxes are levied by and payable to the City.
 - (ii) Each Strata Lot will have natural gas, forced air conditioning and heating throughout, a Geothermal System (as defined and described more particularly in section 3.9) and a domestic hot water tank located within the Strata Lot, the cost of which will be separately metered or assessed to each Strata Lot and will be the responsibility of the Strata Lot owner.

- (iii) Electricity, water, sewer, and cable will be supplied to the Strata Lot, the cost of which will be separately metered or assessed to each Strata Lot and will be the responsibility of the Strata Lot owner.
- (iv) Utilities relating to the Geothermal System (as defined and described more particularly in section 3.9), including, without limitation, natural gas required to service the boilers forming part of the Geothermal System.
- (v) Garbage collection and recycling services will be provided to the Strata Lot owners by the City or a private company not affiliated with the Developer. The cost of such services will be paid for by the Strata Corporation.
- (vi) The Strata Corporation will pay for the electricity, gas, water and sewer charges levied by the appropriate authority or the City in respect of the Common Property.
- (vii) With the exception of those utilities listed in paragraphs 3.8(a)(v) and (vi) above, all utilities will be separately metered or assessed to each Strata Lot and will be the responsibility of each Strata Lot owner.

The cost of those utilities and services listed in paragraphs 3.8(a)(v) and (vi), which will be paid for by the Strata Corporation, will be prorated to all of the owners of the Strata Lots in accordance with their Unit Entitlement and included in each Strata Lot's monthly assessments.

In the future, the billing structure for those utilities and services listed in paragraphs 3.8(a)(v) and (vi) above may change such that each Strata Lot owner will be billed separately for these charges. Likewise, the billing structure for those utilities that are currently separately metered or assessed to each Strata Lot as contemplated in paragraph 3.8(a)(ii) through (iv) may change such that the Strata Corporation will be billed for these charges and the cost thereof will be prorated to all of the owners of the Strata Lots in accordance with their Unit Entitlement and included in each Strata Lot's monthly assessments.

The Developer has made its best effort to estimate the rates charged by the various utilities or the City in preparing the interim budget attached as Exhibit D-1 to this Disclosure Statement. However, these rates are subject to adjustments by the billing authority.

(b) Interim Budget

The interim budgets of estimated operating expenses for the Strata Corporation for the 12-month period commencing on the first day of the month following the date of the first conveyance of a Phase 1 Strata Lot to a purchaser are attached as Exhibit D-1 to this Disclosure Statement.

Exhibit D-2 includes an estimated cumulative budget for Phase 1 and Phase 2 which sets out the estimated operating expenses for the Strata Lots in Phase 1 and Phase 2 following the deposit of the Phase 2 Strata Plan at the Land Title Office.

The estimated cumulative budget is based on the estimated interim budget figures. The estimated cumulative budgets are included for illustrative purposes only and should not be relied upon by purchasers. Upon offering the Phase 2 Strata Lots for sale, the Developer will revisit and, if it deems it to be appropriate, revise the estimated cumulative budget and include it in the amendment to this Disclosure Statement.

All interim budgets have been prepared in good faith based upon experience with similar projects and current cost estimates, but actual costs that are outside the Developer's control may vary from those set out in Exhibit D-1 and Exhibit D-2.

Exhibit E-1 to this Disclosure Statement sets out the estimated monthly assessments for the Phase 1 Strata Lots during the interim budget period based on the interim budget and the estimated Unit Entitlement figures set out in Exhibit B-1 to this Disclosure Statement. The actual monthly assessments for the Phase 1 Strata Lots will be calculated upon the finalization of the Unit Entitlement, and monthly assessments will be further adjusted upon the establishment by the Strata Corporation of the actual annual budget of operating expenses following the first annual general meeting of the Strata Corporation.

Exhibit E-2 includes estimated cumulative assessments for the Phase 1 Strata Lots and Phase 2 Strata Lots following the deposit of the Phase 2 Strata Plan at the Land Title Office, based on the estimated cumulative interim budget set out in Exhibit D-2 for Phase 1 and Phase 2 and the estimated Unit Entitlement figures set out in Exhibit B-1 and Exhibit B-2. The estimated cumulative assessments are included for illustrative purposes only and should not be relied upon by purchasers. Upon offering the Phase 2 Strata Lots for sale, the Developer will revisit and, if it deems it to be appropriate, revise the estimated cumulative assessments and include it in the amendment to this Disclosure Statement.

At the first annual general meeting of the Strata Corporation and each annual general meeting thereafter, including the annual general meeting required by the *Strata Property Act* following the deposit of the Phase 2 Strata Plan, the Strata Corporation will approve a new annual budget for the Strata Corporation for the following 12-month period. The monthly assessments for each such 12-month period will be calculated based on the approved budget and the Unit Entitlement for each Strata Lot.

(c) Interim Budget Shortfalls

In respect of each phase of the Development, the Developer must pay for all expenses of the Strata Corporation in relation to such phase up to the end of the month in which the first conveyance of a Strata Lot in such phase to a purchaser

occurs. After that month and before the annual general meeting of the Strata Corporation for each phase in the Development is held (at which time a new budget is approved), if the Strata Corporation's actual expenses exceed the estimated expenses set out in the interim budget for each such phase, the *Strata Property Act* requires the Developer to pay the shortfall to the Strata Corporation within eight weeks after the first annual general meeting. In addition to paying the amount of the shortfall, the *Strata Property Act* requires the Developer to pay the Strata Corporation a penalty in the amount of twice the shortfall if the actual expenses are more than 10% but less than 20% greater than the estimated expenses set out in the interim budget, and three times the shortfall if the actual expenses are more than 20% greater than the estimated expenses set out in the interim budget.

These provisions of the *Strata Property Act* only apply to the interim budget attached as Exhibit D-1 to this Disclosure Statement and, in the case of Phase 2, the amended cumulative interim budget attached as Exhibit D-2 at the time the Phase 2 Strata Lots are offered for sale, and not to any subsequent annual budget for the Strata Corporation approved at the first annual general meeting of the Strata Corporation or any subsequent annual general meeting.

(d) Contingency Reserve Fund

Pursuant to the requirements of the *Strata Property Act*, the Developer will, prior to the first conveyance of a Strata Lot to a purchaser, establish a contingency reserve fund for the Strata Corporation by making a contribution to that fund equal to 5% of the estimated operating expenses set out in the interim budget in respect of Phase 1, attached as Exhibit D-1 to this Disclosure Statement. Likewise, prior to the first conveyance of a Strata Lot to a purchaser in Phase 2, the Developer will make an additional contribution to the contingency reserve fund equal to 5% of the estimated operating expenses set out in the interim budget in respect of Phase 2, attached as Exhibit D-1 to this Disclosure Statement.

A contingency reserve fund is established to pay for common area expenses that usually occur less often than once a year or that do not usually occur. The interim budget for each phase also includes a contingency reserve fund component to which the Strata Lot owners in such phase will contribute by means of strata fees, equal to 5% of the estimated operating expenses as set out in the interim budget for such phase (which is in addition to the 5% initial one-time contribution by the Developer to establish the fund in respect of the interim budget for Phase 1 and the 5% contribution by the Developer upon the deposit of the Strata Plan for each subsequent phase in respect of the interim budget for such phase). The contingency reserve fund contribution by the Strata Lot owners will increase to at least 10% of the estimated operating expenses after the first annual general meeting of the Strata Corporation meeting in respect of each such phase. The contribution is required to be at least 10% each year thereafter until the contingency reserve fund is at least equal to 25% of the estimated operating expenses, at which time the Strata Corporation may approve a different amount.

(e) Maintenance

The Developer strongly recommends that the Strata Corporation complete maintenance on the building exteriors and the property within reasonable timelines and in accordance with the recommendations of professional consultants retained by the Strata Corporation. The Developer will communicate, at the written request of the Strata Corporation, the names of individuals or companies qualified to complete the aforementioned work; however, the Developer does not accept any responsibility for any of the aforementioned work performed by such individuals or companies.

3.9 Utilities and Services

The Development will be serviced by water, electricity, natural gas, telephone, cablevision, sanitary sewers, storm sewers, and police and fire protection. Each purchaser is responsible for hook-up charges relating to water, natural gas, electricity, telephone, cablevision and other communication services.

Each Strata Lot will also be serviced by an individual geothermal heating and cooling system (the "**Geothermal System**"). Each Strata Lot owner will be responsible for repairing and maintaining, at its sole cost, the Geothermal System for its Strata Lot.

The City or a private contractor will provide garbage and recycling collection service to the Development. The Strata Corporation will pay for the cost of this service and such cost will be prorated to the owners of the Strata Lots in accordance with the Unit Entitlement of the Strata Lots and included in the monthly assessments.

3.10 Strata Management Contracts

Prior to the completion of the sale of a Phase 1 Strata Lot, the Developer intends to cause the Strata Corporation to enter into a management agreement with respect to the control, management and administration of the Common Property. Under section 24 of the *Strata Property Act*, such management agreement will terminate automatically four weeks after the date of the second annual general meeting of the Strata Corporation unless the Strata Corporation, by majority vote at the second annual general meeting, resolves to continue the contract. The management agreement may also be terminated at any time on two months' written notice: (i) by the Strata Corporation if the cancellation is approved by a 3/4 vote at a meeting of the Strata Corporation, and (ii) by the property manager. The property manager will not be related to the Developer. The anticipated management fees payable under the management agreement referred to in this paragraph are included in the interim budget for the Strata Corporation attached as Exhibit D-1 to this Disclosure Statement.

3.11 Insurance

(a) Developer Coverage

The Developer will have placed, at the time of commencement of construction, the following insurance coverage with respect to the Development:

- (i) a wrap-up liability insurance policy with a completed operations extension; and
- (ii) a builder's risk broad form policy for course of construction for the period from commencement of construction up to completion of the development.

(b) Strata Corporation Coverage

Once construction of the Development is complete, the Developer will cause the Strata Corporation to obtain and maintain the following insurance coverage for the Development:

- (i) full replacement insurance on:
 - A. Common Property;
 - B. common assets;
 - C. building; and
 - D. fixtures which are built or installed on the Strata Lots by the Developer as part of the original construction. Fixtures are defined in section 9.1 of the *Strata Property Act Regulations* as "items attached to a building, including floor and wall coverings and electrical and plumbing fixtures, but does not include, if they can be removed without damage to the building, refrigerators, stoves, dishwashers, microwaves, washers, dryers, or other items";
- (ii) the property noted in section 3.11(b)(i) will be insured against "major perils" which are defined in the *Strata Property Act* as "fire, lightning, smoke, windstorm, hail, explosion, water escape, strikes, riots or civil commotion, impact by aircraft and vehicles, vandalism and malicious acts", and will be insured for damage due to earthquake; and
- (iii) liability insurance to insure the Strata Corporation against property damage and bodily injury, in an amount of not less than \$2,000,000.00.

The Developer will also cause the Strata Corporation to obtain errors and omissions insurance for the strata council members.

- (c) Each purchaser will be responsible for insuring personal property in his or her own Strata Lot and taking out public liability insurance in respect of his or her Strata Lot when the transfer of the Strata Lot from the Developer is completed. The Developer may recover a portion of the first year's insurance premium from the Strata Corporation or from Strata Lot purchasers by way of an adjustment at the time of closing.