

**VALLEY'S EDGE PARK**  
EDGEWATER, BRITISH COLUMBIA

**DISCLOSURE STATEMENT**  
April 7, 2006

Prepared by:  
POPE BRUNTON HALL, Lawyers  
203 – 1005 Broad Street  
Victoria, British Columbia  
V8W 2A1

DEVELOPER: VALLEY'S EDGE PARK LTD.

Address for service in BC:  
1018B 7<sup>th</sup> Avenue  
PO Box 2400  
Invermere, BC V0X 1K0

Business address:  
339 Parkview Crescent S.E.  
Calgary, Alberta  
T2J 4N8

The Developer intends to market the bare land strata interests offered for sale under this Disclosure Statement. The employees of the Developer are not licensed under the *Real Estate Services Act* and are not acting on behalf of the purchaser.

**This Disclosure Statement has been filed with the Superintendent of Real Estate, but neither the Superintendent, nor any other authority of the government of the Province of British Columbia, has determined the merits of any statement contained in the Disclosure Statement, or whether the Disclosure Statement contains a misrepresentation or otherwise fails to comply with the requirements of the *Real Estate Development Marketing Act*. It is the responsibility of the developer to disclose plainly all material facts, without misrepresentation.**

### **RIGHT OF RESCISSION**

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

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

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

**The developer must promptly place 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.**

**RIGHT OF RESCISSION**

**PHASE 1**

**POLICY STATEMENT 6 - WHEN CONSTRUCTION FINANCING IS CONDITIONAL**

- (a) The estimated date for obtaining a satisfactory financing commitment, as disclosed in this Disclosure Statement, is 9 months or less from the date the Developer files this Disclosure Statement with the Superintendent;
- (b) The Developer will market the proposed development units under this Disclosure Statement for a period of no more than 9 months from the date the Disclosure Statement was filed with the Superintendent, unless an amendment to the Disclosure Statement that sets out particulars of a satisfactory financing commitment is filed with the Superintendent during that period;
- (c) Any purchase agreement used by the Developer, with respect to any development unit offered for sale or lease before the purchaser's receipt of an amendment to the Disclosure Statement that sets out particulars of a satisfactory financing commitment, contains the following provisions:
  - (i) If an amendment to the Disclosure Statement that sets out particulars of a satisfactory financing commitment is not received by the purchaser within 12 months after the initial Disclosure Statement was filed, the purchaser may at his or her option cancel the purchase agreement at any time after the end of that 12 month period until the required amendment is received by the purchaser,
  - (ii) The amount of the deposit to be paid by a purchaser who has not yet received an amendment to the disclosure statement that sets out particulars of a satisfactory financing commitment is no more than 10% of the purchase price; and
  - (iii) All deposits paid by a purchaser, including interest earned if applicable, will be returned promptly to the purchaser upon notice of cancellation from the purchaser.

TABLE OF CONTENTS

<b>1</b>	<b>The Developer</b>	<b>6</b>
1.1	Jurisdiction, Date of Incorporation .....	6
1.2	Incorporation Details .....	6
1.3	Registered Address .....	6
1.4	Directors of Corporation .....	6
<b>2</b>	<b>General Description</b>	<b>6</b>
2.1	General Description of the Development .....	6
2.2	Permitted Use.....	7
2.3	Building Construction.....	8
2.4	Phasing.....	8
<b>3</b>	<b>Strata Information</b>	<b>9</b>
3.1	Unit Entitlement.....	9
3.2	Voting Rights .....	9
3.3	Common Property and Facilities .....	9
3.4	Limited Common Property .....	9
3.5	Bylaws.....	10
3.6	Parking.....	10
3.7	Budget.....	10
3.8	Utilities and Services .....	11
3.8.1	Water.....	11
3.8.2	Electricity.....	11
3.8.3	Sewerage.....	11
3.8.4	Natural Gas .....	11
3.8.5	Fire Protection.....	12
3.8.6	Telephone.....	12
3.8.7	Access .....	12
3.8.8	Garbage Collection .....	12
3.8.9	Internal Roads .....	12
3.9	Strata Management Contracts .....	12
3.10	Insurance .....	12
3.11	Rental Disclosure Statement.....	13

<b>4</b>	<b>Title and Legal Matters</b>	<b>13</b>
4.1	Legal Description.....	13
4.2	Ownership.....	13
4.3	Existing Encumbrances and Legal Notations.....	13
4.4	Proposed Encumbrances.....	14
4.5	Outstanding or Contingent Litigation or Liabilities.....	15
4.6	Environmental Matters.....	15
<b>5</b>	<b>Construction and Warranties</b>	<b>16</b>
5.1	Construction Dates.....	16
5.2	Warranties.....	16
<b>6</b>	<b>Approvals and Finances</b>	<b>16</b>
6.1	Development Approval.....	16
6.2	Construction Financing.....	16
<b>7</b>	<b>Miscellaneous</b>	<b>17</b>
7.1	Deposits.....	17
7.2	Purchase Agreement.....	17
7.3	Developer's Commitments.....	18
7.4	Other Material Facts.....	18
	Signature Pages.....	19
	List of Exhibits.....	20

## **1 THE DEVELOPER**

### **1.1 Jurisdiction, Date of Incorporation**

Valley's Edge Park Ltd. (the "Developer") was incorporated on September 23, 2002 in Alberta. The Developer was extra-provincially registered in British Columbia on September 11, 2003 under registration number A0060133.

### **1.2 Incorporation Details**

The Developer was incorporated specifically to acquire and develop the Lands located at the Valley Edge Park in Edgewater, British Columbia. At any time the Developer may own unsold strata lots or interests in the Lands that are the subject to this Disclosure Statement.

In addition, at any time the Developer may have shareholders equity and retained earnings, land held for future development and may own a show home, office structure, computers and equipment for business operation.

### **1.3 Registered Address**

The address for the Developer's attorney in British Columbia is:

William J. Mac Donald  
1018 B 7<sup>TH</sup> Avenue  
PO Box 2400  
Invermere, BC V0X 1K0

### **1.4 Directors of Corporation**

The sole Director of the Developer is Glen Ortt.

## **2 GENERAL DESCRIPTION**

### **2.1 General Description of the Development**

The strata lots (the "Strata Lots") offered for sale pursuant to this Disclosure Statement are to be created by way of a phased bare land strata plan (the "Development") to be registered in respect of those lands, legally described as:

East Kootenay Assessment Area  
PID: 024-783-153  
Lot 1, District Lots 348, 353 & 7569  
Kootenay District  
Plan NEP66755

(the "Lands").

The Development is located in the Regional District of East Kootenay, eleven (11) kilometres north of the Village of Radium and one (1) kilometre south of the unincorporated community of Edgewater, BC on Columbia Road.

The Development consists of approximately forty acres. Valley's Edge Park is a multi-stage Development that will consist of two hundred and two (202) Strata Lots constructed in four (4) phases. Under this Disclosure Statement, the Developer is offering the Strata Lots in phase 1 for sale.

The Strata Lots will be owned individually, together with a proportionate share as tenants in common in the common property including the common facilities ("Common Property") and other assets of the Strata Corporation. A copy of the proposed strata plan showing the layout and approximate dimension of the Strata Lots in phase one of the Development is attached hereto as **Exhibit "A"**. The Strata Lots will not have civic addresses but will be assigned lot numbers within Valley's Edge Park after the construction of the Development.

The Developer will register the strata plan for the Development and complete the servicing for the utilities and construct common property roadways.

## **2.2 Permitted Use**

The Lands subject to the Development are zoned RES-1 by the Regional District of East Kootenay ("RDEK"). A .05 hectare portion of the Project is zoned C1 (commercial). This portion of the Project will be created as a commercial strata lot within Phase 4 of the development. The RES-1 zone permits the following uses:

Campground, recreational vehicles park, cottage, walk-in campground. Accessory uses include home based business and concession stands accessory to a permitted use.

Recreational vehicle use allows for the temporary placement of recreational vehicles and tents to accommodate the travelling public and may include cottages. Cottages are single story buildings having a gross floor area of less than 65 square meters, located in a campground or recreational vehicle park, and which is not intended to be occupied on a year round basis. Fifty percent of the Strata Lots may have cottages. Strata Lots will be designated as either recreational vehicle lots or as cottage lots at or before the time of purchase from the Developer.

Strata Lots designated as Cottage Lots may have either cottages or recreational vehicles placed on them. Strata Lots designated as recreational vehicle lots may only have recreational vehicles placed upon them, and not cottages.

Use of the Strata Lots and permitted construction will be controlled by the zoning bylaws of the RDEK, the Strata Corporation bylaws in place from time to time, the statutory building scheme to be registered against title to the Strata Lots and the bylaws of the Strata Corporation.

The Developer proposes that within Phase 4 of the Development one strata lot will be created to include a presently existing 2,400 square foot building. This strata lot will be zoned C1, permitting a variety of commercial uses.

### **2.3 Building Construction**

The Developer will construct utility services and roadways in the Development. The purchase price will include the price of such services. The Development will include Strata Lots designated as “Cottage Lots” and Strata Lots designated as “Recreational Vehicle Lots”. Owners will be permitted to construct cottages on Cottage Lots, subject to zoning, the statutory building scheme and the Strata Corporation Bylaws.

Owners of Recreational Vehicle Lots will not be permitted to construct habitable buildings, but may place recreational vehicles, as defined in the RDEK bylaws, upon their Strata Lots.

Non-habitable structures designed for use by occupants of the Strata Lots including storage sheds, picnic shelters and barbeque pits, may be constructed subject to zoning, the bylaws of the Strata Corporation, a the statutory building scheme and any restrictive covenant registered against title to the Strata Lot.

The Development will be governed by a Statutory Building Scheme, which will be registered against title to the Strata Lots. The Developer will appoint an Administrator (which may also be the Developer), who must approve all building plans and recreational vehicle placements prior to building permit issuance or placement of recreational vehicles, as the case may be.

### **2.4 Phasing**

The Development is part of a Phased Strata Plan. A Phased Strata Plan is a development that is constructed or completed in parts, but all of the parts become one strata corporation. An approved Form P is required for each such development.

The Development will be created in four (4) phases. The first phase will consist of forty-nine (49) bare land strata lots. The second phase will consist of twenty (20) bare land strata lots. The third phase will consist of sixty-five (65) bare land strata lots. The fourth and final phase will consist of sixty-eight (68) bare land strata lots. The Developer is currently marketing for sale the first phase of forty-nine (49) strata lots.

The Developer is entitled to elect not to proceed with future phases of the Development, pursuant to section 235 of the Strata Property Act, prior to the expiry of the “election to proceed” date for that phase as set out in the Form P.

The Approving Officer for the Ministry of Transportation has approved the construction of the Development in four (4) phases. Attached as **Exhibit “B”** is the Form P, Phased Strata Plan Declaration.

Phase 4 of the Development, if completed, will include one strata lot incorporating an existing 2400 square foot log structure. This strata lot will be zoned C1 (commercial), which permits a variety of commercial uses. The Developer intends to convey ownership of this commercial strata lot to the Strata Corporation. Section 7.3.2 below describes the terms upon which this conveyance will be made.



### **3 STRATA INFORMATION**

#### **3.1 Unit Entitlement**

The Unit Entitlement of each strata lot is a figure that determines the share of the strata lot in the common property and assets of the Development and its contribution to the expenses of maintaining and repairing the Common Property of the Strata Corporation. In accordance with the *Strata Property Act*, the unit entitlement of each strata lot is expressed as a whole number, which is equal for all Strata Lots in the Development. The unit entitlement of each Strata Lot in the Development will be one.

#### **3.2 Voting Rights**

Each Strata Lot shall have one (1) vote in the Strata Corporation.

#### **3.3 Common Property and Facilities**

The following common facilities are included in the Development:

- a) Roadways;
- b) Services for water, sewer, and hydro; and
- c) Fire hydrants.

The Developer proposes to provide a 480 square foot office and storage building on Common Property within phase four (4) of the Development, as described herein, which will be owned by the Strata Corporation. While the sole member of the Strata Corporation, prior to the closing of any sales in phase 1, the Developer will cause the Strata Corporation to enter into a lease whereby the Developer will lease the office building for a period of up to three (3) years from the date of registration of the phase 4 strata plan for the sum of \$1.00 per year plus the cost of utilities.

The Regional District of East Kootenay requires that 5% of the area of the Development be designated as open space for playground, park, sports, games or other similar recreational uses. These areas, together with landscaping and fixtures, will be common facilities in the Development.

#### **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 and any additional maintenance expense created thereby will be paid by such owners. The Developer will designate a three-meter wide strip adjacent to the northern boundary of Strata Lots 1-18 inclusive as limited common property. A restrictive covenant in favour of the Regional District of East Kootenay will be registered over Strata Lots 1 – 18 prohibiting the construction of any buildings or structures on this three-meter wide strip.

### **3.5 Bylaws**

The Developer intends to amend the standard bylaws contained in the *Strata Property Act*. The proposed amended bylaws of the Strata Corporation that the Developer proposes to submit for registration in the Land Title Office concurrently with the strata plan are attached as **Exhibit "C"**. The bylaws are tailored to address matters specifically relating to the use of the Development as a recreational vehicle-style park. Section 4 of the bylaws contains a comprehensive body of rules. For example the bylaws set out restrictions concerning: parking, noise, quiet hours, maximum occupancy, the parking of other recreational vehicles on the Strata Lots, standards of maintenance, seasonal occupancy, pets, the erection of structures on the Strata Lots, garbage disposal, signage, fires, all-terrain vehicles, use of common amenities, clotheslines, construction and set back requirements, storage, and alterations to the Strata Lots. Purchasers are urged to review the bylaws and be familiar with the terms and restrictions. Because the Development is recreational in nature and oriented to the outdoors, it is of key importance that a detailed set of bylaws be established governing the use of the strata lots and common property by the owners.

### **3.6 Parking**

There will be fifteen (15) designated vehicle parking spaces and three (3) RV parking spaces for the use of owners or guests on a first come, first served basis, located on Common Property adjacent to the entrance to the Valley's Edge Park.

All vehicles not parked in the designated spaces must be parked on a Strata Lot. Vehicles are not permitted to park on the common property roadway. The bylaws and rules of the Strata Corporation will restrict parking on each Strata Lot.

### **3.7 Budget**

An estimated budget for operating expenses for a typical full year of phase 1 of the Strata Corporation of the Development is attached as **Exhibit "D"**. **Exhibit "D"** also sets out the estimated monthly assessments for each of the Strata Lots in Phase 1 of the Development during the initial operating year.

Pursuant to the *Strata Property Act*, if the actual expenses of the Strata Corporation for the period commencing on the first day of the month following the month in which the first conveyance of a Strata Lot to a purchaser occurs until the date the first annual budget takes effect exceed the operating expense for that period estimated in the interim budget attached as **Exhibit "D"**, then the Developer must pay the difference to the Strata Corporation within eight (8) weeks after the first Annual General Meeting. If the actual expenses exceed the estimated expenses by more than 10% and less than 20%, then in addition to paying the difference to the Strata Corporation the Developer must also pay to the Strata Corporation an amount equal to the difference multiplied by two (2). If the actual expenses exceed the estimated expenses by more than 20%, then in addition to paying the difference to the Strata Corporation, the owner/developer must also pay to the Strata Corporation an amount equal to the difference multiplied by three (3).

The Developer is also responsible for paying the actual expenses of the Strata Corporation that accrue in the period up to the last date of the month in which the first conveyance of a Strata Lot to a purchaser occurs.

It is not anticipated that Strata Corporation expenses will be allocated on any basis other than unit entitlement as a result of sections, types of bare land strata lots or the designation of limited common property.

### **3.8 Utilities and Services**

#### **3.8.1 Water**

The Developer has entered into a memorandum of understanding dated October 28, 2004 with the Edgewater Improvement District, as amended on December 1, 2005. The Edgewater Improvement District maintained a domestic water distribution system and infrastructure in the vicinity. The memorandum of understanding provides that applications will be made to incorporate the Development into the Edgewater Improvement District infrastructure and thereby be connected to the water supply maintained by the District. By Order in Council dated March 17, 2005, the Letters Patent of the Edgewater Improvement District were rendered to incorporate the Development. On March 1, 2006, the Edgewater Improvement District transferred all of its assets and responsibilities to the Regional District of East Kootenay (RDEK).

The Developer will pay the fee applicable to include each Strata Lot in the Edgewater Improvement District. The Strata Corporation will be responsible for the payment of water toll rates and annual parcel tax, which will in turn be an expense recovered from the owners as part of the Strata Corporation budget and the monthly assessments. This payment arrangement will remain in effect until such time as the RDEK agrees to bill owners directly for the water service. Tolls and parcel taxes will be subject to review and change in accordance with RDEK Bylaws. The Developer and Strata Corporation will be required to comply with all bylaws and regulations of the RDEK.

#### **3.8.2 Electricity**

The Development will be serviced with electricity supplied by BC Hydro. Strata Lots will be separately metered.

#### **3.8.3 Sewerage**

Sanitary sewers will be installed by the Developer in accordance with the requirements of the Regional District of East Kootenay. The Developer will connect each Strata Lot to the sewer mains at the strata lot line. The Regional District of East Kootenay will charge a sewer service fee estimated to be \$45.00 per quarter. The Regional District of East Kootenay will bill the Strata Corporation for these sewer charges until such time the District agrees to bill each Strata Lot owner directly. Accordingly, the cost of the sewer service for each Strata Lot is included in the proposed Strata Corporation budget and owners will pay for this service as part of their monthly strata assessment.

#### **3.8.4 Natural Gas**

The Development will not be serviced with natural gas.

Owners of Strata Lots will be permitted to utilize propane fuelled appliances through owner supplied propane tanks. The size of a propane tank will be restricted by the bylaws of the Strata Corporation.

### **3.8.5 Fire Protection**

Fire protection of the Development is provided by the Village of Edgewater Volunteer Fire Department.

### **3.8.6 Telephone**

Telephone service will not be provided to individual Strata Lots.

### **3.8.7 Access**

Access to the Development will be from a driveway that intersects with Columbia Road, approximately one (1) kilometre from highway 95.

### **3.8.8 Garbage Collection**

Garbage collection will not be provided within the Development. Owners will be responsible for disposal of garbage at the Edgewater Refuse Disposal Site, located two (2) kilometres south of the Development. Recycling facilities are located at Invermere, approximately twenty-seven (27) kilometres south of the Development.

### **3.8.9 Internal Roads**

The Development will be serviced with internal roads that are Common Property. The internal roads will be predominantly gravel surfaced and may be paved by the Developer in phase four (4). The cost of the maintenance, repair, snow and ice removal of internal roadways will be included in the strata maintenance fee for each Strata Lot.

## **3.9 Strata Management Contracts**

The Developer does not intend to enter into any strata management contracts that will bind the Strata Corporation. The Developer will manage the Strata Corporation until the first Annual General Meeting and will charge the Strata Corporation a management fee for these services. The Owner/Developer anticipates that the Strata Corporation may enter into a management contract with a strata management company. The decision on whether or not to hire a strata manager will be for the Strata Corporation to make in due course.

## **3.10 Insurance**

As required by the *Strata Property Act*, on registration of the strata plan for the Development the Owner/Developer will arrange for the Strata Corporation to have in place full replacement value property insurance of the common property and common assets of the Strata Corporation. The Common Property must be insured against major perils such as fire, lightning, smoke, windstorm, hail, explosion, water escape, strikes, riots or civil commotion, impact by aircraft or vehicles, vandalism or malicious acts.

The Developer shall arrange for the Strata Corporation to have liability insurance in respect of property damage and bodily injury in amount of not less than two million dollars (\$2,000,000.00).

Purchasers of Strata Lots should obtain their own all risk property insurance coverage with respect to their property on their strata lot and contents as well as liability insurance for their Strata Lot.

### **3.11 Rental Disclosure Statement**

The Developer intends to rent unsold Strata Lots. Attached as **Exhibit “E”** is a copy of the Form J, Rental Disclosure Statement that will be filed under the *Strata Property Act* with the BC Superintendent of Real Estate.

## **4 TITLE AND LEGAL MATTERS**

### **4.1 Legal Description**

The Development will be created from that parcel of land legal described as:

East Kootenay Assessment Area

PID: 024-783-153

Lot 1,

District Lots 348, 353 and 7569,

Kootenay District,

Plan NEP66755.

### **4.2 Ownership**

As of the date of this Disclosure Statement the registered owner of the Lands is Valley’s Edge Park Ltd.

### **4.3 Existing Encumbrances and Legal Notations**

As of the date of this Disclosure Statement the following encumbrances and legal notations are registered against title to the Lands. Following is a list of the registered legal notations and encumbrances. More detailed information is provided in **Exhibit F”**.

- a) Legal Notations:
  - i) The title may be affected by a permit under part 26 of the *Municipal Act* under number KN119264.
  
- b) Charges, Liens and Interests:
  - i) Reservation V18718 in favour of Columbia and Kootenay Railway and Navigation Company;
  - ii) Under Surface Rights N26307 in favour of Her Majesty the Queen in Right of the Province of British Columbia;

- iii) Statutory Right of Way KP42223 in favour of British Columbia Hydro and Power Authority;
- iv) Statutory Right of Way KP42224 in favour of Telus Communications (B.C.) Inc.
- v) Covenant KP56429 in favour of Regional District of East Kootenay;
- vi) Mortgage KX56344 in favour of Community Futures Development Corporation of the S.E. Region of B.C.;
- vii) Mortgage LA9816 in favour of Parkview Consulting Ltd.;
- viii) Mortgage LA30149 in favour of Carevest Capital Inc.;
- ix) Assignment of Rents LA30150 in favour of Carevest Capital Inc.

#### **4.4 Proposed Encumbrances**

The Developer does not anticipate any further encumbrances that will significantly restrict use or occupation of any bare land strata lot, except as provided below.

- a) The Developer will register a Statutory Building Scheme on title to each of the Strata Lots. The Statutory Building Scheme will provide guidelines and restrictions on structures to be built and recreational vehicles to be placed on the Strata Lots. The document restricts the construction of a habitable structure on a Strata Lot unless the Strata Lot has been designated as a “cottage lot” in the Statutory Building Scheme. A copy of the Statutory Building Scheme is attached as **Exhibit “G”** to this Disclosure Statement;
- b) The Developer will register a Restrictive Covenant against those Strata Lots that will be designated “Recreational Vehicle Lots”. This Covenant will not permit “Cottages” to be constructed on Recreational Vehicle Lots and will enforceable by the remainder parcel owned by the Developer until such time as Strata Lot 202 is created, being the Lodge Strata Lot (described further as section 7.3.2 below). Upon the creation of Strata Lot 202, the Developer intends to arrange for Strata Lot 202 to have the benefit of and the ability to enforce this Covenant;
- c) A Section 219 Covenant in favour of RDEK will be registered over Strata Lots 1 – 18 providing for a 3 metre “no-build” strip along the back of these Strata Lots;
- d) An Easement of 3 meters will be granted across the frontage of all Strata Lots in phase 1 in favour of the common property of the Strata Corporation. This easement will permit the construction of a utilities service corridor and permit snow that is cleared from the common property roadways to be stored in the easement area;
- e) A Section 219 Covenant will be registered in favour of RDEK requiring those parts of the common property which are not used as road to be used as open green space;

- f) An Easement will be registered over the common property of the Strata Corporation in favour of the remaining lands permitting general access over the common property to the remaining lands (this easement will also permit the transportation and storage of construction materials over and on the common property);
- g) A Restrictive Covenant will be registered in favour of the Ministry of Transportation over Strata Lots 25 – 28 restricting construction within 3.5 metres of the crest of the slope;
- h) A Section 219 Covenant will be registered over the remaining lands in favour of the Ministry of Transportation. After all four phases of the strata plan are registered this covenant will be released such that it charges only strata lot 201. The purpose of the covenant is to restrict occupancy of the strata lot until a retaining wall on the strata lot is re-constructed in accordance with engineering requirements;
- i) As provided in section 7.2, the Contract of Purchase and Sale will require the buyer to grant to the Developer an Option to Purchase, in respect of Cottage Strata Lots, and a Right of First Refusal, each to be registered concurrently with the conveyance of the Strata Lot to the buyer;
- j) After the phase 1 strata plan is registered, the Developer will grant in favour of the Strata Corporation an access easement over the remaining lands;
- k) After the phase 1 strata plan is registered, the Developer will grant in favour of the Strata Corporation an easement over the remaining lands for services, including sewer, water and electricity;
- l) Additional encumbrances shall include any statutory rights of way, covenants and easements that may be required by local government authorities, including the Ministry of Transportation, and utility service providers.

The Agreements of Purchase and Sale with respect to the purchase of the Strata Lots will be subject to the existing and proposed encumbrances described above.

In addition, the Bylaws of the Strata Corporation will provide detailed guidelines and restrictions on day-to-day use of the Strata Lots by owners, guests and renters. A copy of the Bylaws is attached as **Exhibit “C”** to this Disclosure Statement.

#### **4.5 Outstanding or Contingent Litigation or Liabilities**

The Developer is not aware of any outstanding or contingent litigation or liabilities effecting the Development.

#### **4.6 Environmental Matters**

The Developer is aware of the fact that due to local soil conditions, certain portions of the trenches excavated to install the services are subject to settlement. Such settlement is typically remediated by backfilling the area of subsidence. For this reason care in the placement of buildings and structures is required.

With the exception of the foregoing, the Developer is not aware of any environmental matters, flooding dangers or subsoil conditions affecting the development.

## **5 CONSTRUCTION AND WARRANTIES**

### **5.1 Construction Dates**

The construction of servicing and utilities within Phase 1 of the Development are partially completed as of the date of this Disclosure Statement. It is anticipated that construction and servicing of all Phase 1 facilities will be completed by October 1, 2006.

### **5.2 Warranties**

There are no construction or other warranties provided with respect to the Development.

## **6 APPROVALS AND FINANCES**

### **6.1 Development Approval**

The Development has received preliminary development approval from the Regional District of East Kootenay and the Ministry of Transportation.

### **6.2 Construction Financing**

The Developer will complete construction of services and utility services. The Developer has arranged conditional financing with CareVest Capital Corp. for the completion of services. The financing is subject to a pre-sales test of six Strata Lots and a minimum of 10% deposits. The Strata Lots in phase 1 are therefore offered for sale subject to policy statement 6 as provided on page 3 of the Disclosure Statement and in the Contract of Purchase and Sale. The Developer estimates it will have a satisfactory financing commitment within nine months of filing this Disclosure Statement. Strata Lots will be conveyed clear of any charges with respect to this construction financing.



## 7 MISCELLANEOUS

### 7.1 Deposits

All deposits and other monies received from a Purchaser shall be held in trust in a manner required by the *Real Estate Development Marketing Act* until the Strata Plan is deposited in the Land Title Office, the strata lot purchased is capable of being occupied and an instrument evidencing the interest of the purchaser in the strata lot has been registered in the Land Title Office or until otherwise paid out by obligation of law.

### 7.2 Purchase Agreement

The Developer will use the form of Contract and Purchase and Sale attached as **Exhibit "H"** to this Disclosure Statement, but the Developer may accept any other form of Contract of Purchase and Sale as agreed to between the parties.

The Contract of Purchase and Sale will include the following terms and conditions:

- a) the Strata Lot will be designated either a "Cottage Lot" or "Recreational Vehicle Lot", which will affect the structures that may be built on the Strata Lot in accordance with the bylaws and rules and regulations of the Strata Corporation; and,
- b) the buyer acknowledges and agrees to grant the Developer a right of first refusal on the re-sale of the Strata Lot;
- c) in respect of "Cottage Lots", the Contract of Purchase and Sale requires the buyer to complete the construction of the Cottage (in accordance with the Statutory Building Scheme and Bylaws of the Regional District) within two years of the date of the purchase by the buyer. The Contract also requires the buyer to grant the Developer an option to purchase the Strata Lot which option is exercisable by the Developer if the buyer does not construct the Cottage within this two-year time limit. The Developer has the right under the option to purchase to re-purchase the Strata Lot at the same price the buyer paid the Developer.

The right of first refusal and option to purchase shall be registered against title to the buyer's Strata Lot concurrently with the closing with the Developer. Attached to this Disclosure Statement as **Exhibits "I"** and **"J"** are copies of the right of first refusal and option to purchase substantially in the form the Developer will require.

### **7.3 Developer's Commitments**

#### **7.3.1 Office/Utility Building**

Provided the Developer constructs phase 4 of the Development, the Developer has committed to providing to the Strata Corporation in phase 4, as common property, a 480 square foot office/utility building. Further details are described above in section 3.3. This building is already constructed and in existence. The Developer will not post any security to ensure the delivery of this building to the Strata Corporation.

#### **7.3.2 Commercial Strata Lot**

At the time the Developer registers the strata plan for phase 1, the Developer intends to enter into a purchase agreement with the Strata Corporation for the sale of the Commercial Strata Lot (being the lodge structure located adjacent to the entry to the Development) (the "Lodge Strata Lot") to the Strata Corporation. The purchase contract will be on terms satisfactory to the Developer, provide for a sale price of \$10.00 payable by the Strata Corporation and require the Developer to complete the construction of the Lodge Strata Lot to a degree to be determined by the Developer. At present the Developer intends to construct a small outdoor pool and tennis court and to landscape the Lodge Strata Lot. The Lodge Strata Lot would be transferred to the Strata Corporation following the registration of the phase 4 strata plan. Prior to the conveyance of any strata lot in phase 1, the Developer will pass the necessary Strata Corporation resolutions giving effect to this purchase contract and enabling the Developer to sign the documents relating to the conveyance of the Lodge Strata Lot on behalf of the Strata Corporation.

As the owner of the Lodge Strata Lot, the Strata Corporation will be responsible for operating and maintaining the Lodge Strata Lot and outdoor recreation areas. The Strata Corporation will also pay the property taxes and a proportionate share of the Strata Corporation budget representing the unit entitlement of the Lodge Strata Lot.

Attached as **Exhibit "K"** to the Disclosure Statement is a portion of the draft strata plan showing the proposed boundary of the Lodge Strata Lot.

The Developer is not providing any security to the Strata Corporation as assurance the Developer will complete construction of the Lodge Strata Lot and convey title to the Lodge Strata Lot to the Strata Corporation. The Strata Corporation must rely on the terms of the purchase contract in this regard. If the Developer does not complete construction of the Lodge Strata Lot and convey title to the Lodge Strata Lot, the Strata Corporation will not have the benefit of this amenity, but also will not bear the future expense of operating and maintaining the Lodge Strata Lot.

### **7.4 Other Material Facts**

Not applicable.

8 SIGNATURES

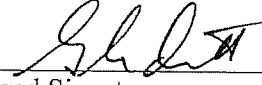
Section 22 of the *Real Estate Development Marketing Act* provides that every purchaser who is entitled to receive this Disclosure Statement is deemed to have relied on any false or misleading statement of a material fact contained in this Disclosure Statement, if any, and any omission to state a material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

The foregoing statements disclose, without misrepresentation, all material facts relating to the Development referred to above, as required by the Real Estate Development Marketing Act of British Columbia, as of April 7, 2006.


SIGNED THIS 7th DAY OF APRIL, 2006.

VALLEY'S EDGE RESORT LTD.

Per:

  
\_\_\_\_\_  
Authorized Signatory

)  
)  
)  
)  
)

  
\_\_\_\_\_  
Glen Ort  
Director

**VALLEY'S EDGE RESORT LTD.**

**EXHIBIT LIST**

EXHIBIT "A"	Proposed Strata Plan
EXHIBIT "B"	Form P – Phased Strata Plan Declaration
EXHIBIT "C"	Bylaws of the Strata Corporation
EXHIBIT "D"	Phase 1 Strata Corporation Proposed Budget and monthly assessments
EXHIBIT "E"	Form J – Rental Disclosure Statement
EXHIBIT "F"	Schedule of Encumbrances
EXHIBIT "G"	Statutory Building Scheme
EXHIBIT "H"	Contract of Purchase and Sale
EXHIBIT "I"	Option to Purchase
EXHIBIT "J"	Right of First Refusal
EXHIBIT "K"	Lodge Strata Lot – Outline of Proposed Boundary