

# GOLDEN MOUNTAIN HOMES LTD.

## DISCLOSURE STATEMENT FOR PHASE II

September 10 2008

This Disclosure Statement is present by Golden Mountain Homes Ltd., the Developer.

Address for service: c/o Ewan & McKenzie, Lawyers  
Box 429  
515 9<sup>th</sup> Avenue North  
Golden, British Columbia  
V0A 1H0

Business Address: 1313 Campbell Road  
Golden, British Columbia  
V0A 1H7

There is no real estate brokerage acting, at this time, on behalf of the Developer. The Developer intends to use its own employees to market the bare land strata lots. Those employees 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."**

This Disclosure Statement relates to a development property that is not yet completed. Please refer to section 7.2 for information on the purchase agreement. That information has been drawn to the attention of the purchaser:

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*insert purchaser's name*

who has confirmed that fact by initialing in the provided here:



**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 on 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.



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1. The Developer

1.1 The Developer was incorporated under the laws of the Province of British Columbia on April 21 2004 under the name 0693044 B.C. Ltd. with incorporation No. BC0693044. On October 12 2004 the Developer changed its name to Golden Mountain Homes Ltd.

1.2 The Developer was incorporated specifically for the purpose of developing real estate in the Province of British Columbia. The Developer does not have any assets other than the development property described in this Disclosure Statement and some equipment used in the Development.

1.3 The Developer's registered and records office is:

Box 429  
515 9<sup>th</sup> Avenue North  
Golden, British Columbia  
V0A 1H0.

1.4 The directors of the Developer are:  
M. Tanguay / F. Guilhon / T. Gavura

1.5 (1) All the Directors have been personally involved in Phase I of this development and have experience in real estate management. The Developer has developed only Phase I of this development.

(2) Neither the Developer, nor any principal holder of the Developer, nor any Director or Officer of the Developer or principal holder have ever been subject to any penalties or sanctions imposed by a court or regulatory authority, relating to the sale, lease, promotion or management of real estate or securities, or to lending money secured by a mortgage of land, or to arranging, administering or dealing in mortgages of land, or to theft or fraud.

- (3) Neither the Developer, nor any principal holder of the Developer, nor any Director or Officer of the Developer or any principal holder have ever been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or have been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.
- (4) None of the Directors, officers, or principal holders of the Developer, and none of the directors or officers of the principal holder, have ever been a director, officer of principal holder of any other developer that, while that person was acting in that capacity, that other developer
- (a) was subject to any penalties or sanctions imposed by a court or regulatory authority, relating to the sale, lease, promotion or management of real estate or securities, or to lending money secured by a mortgage of land, or to arranging, administering or dealing in mortgages of land, or to theft or fraud, or
- (b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

1.6 Conflicts of Interest The Developer and its Directors, from time to time act as contractor in the development. The Developer is the current manager of the Strata Corporation.

## 2. General Description

2.1 The General Description of the Development. This is a rural, bare land strata development proposed to be developed in four phases with approximately 40 strata lots in total. Phase 1 consisted of 14 bare land strata lots. Phase II to which this Disclosure Statement applies consists of 13 bare land strata lots. A copy of the proposed plan showing the layout of the development and the approximate dimensions or areas of the Phase II bare land strata lots, limited property and common property is attached as Exhibit No. 1 to this Disclosure Statement.

The development property is located at 1313 Campbell Road, Golden, British Columbia. The development property is approximately 13 kilometers south of the Town of Golden, British Columbia on Campbell Road which has access to Highway 95.

## 2.2 Permitted Use.

There is no local government or regional district zoning applicable to the development property. The strata lots may be used only for single family residential property. The strata lots may not be used for commercial purposes, other than a Bed and Breakfast, nor for other purposes not ancillary to residential purposes. Restrictions on the use of the strata lots are set out in a Building Scheme to be filed against the titles to the strata lots. A copy of the Building Scheme is attached as Exhibit No. 2 to this Disclosure Statement.

2.3 Building Construction. Individual strata lot owners are responsible for construction of any improvements on the bare land strata lots within the parameters of the Building Scheme attached as Exhibit No. 2 to this Disclosure Statement. A local government or regional district building permit is not required. The Developer reserves the right to approve the general contractor for construction on any strata lot.

- 2.4 Phasing. This development will be completed in four phases. This Disclosure Statement relates to the second phase of 13 strata lots. The total development will contain about 40 strata lots.

The phasing has been approved by the Approving Officer for the Ministry of Transportation for the Province of British Columbia. A copy of the approved Form P, Phased Strata Plan Declaration, is attached as Exhibit No. 3 to this Disclosure Statement.

Future phases of the Development will contain common facilities such as the extension of the existing roadway and electrical power lines and poles.

3. Strata Information.

- 3.1 Unit Entitlement. The unit entitlement of each strata lot is a figure indicating its share in the common property and assets of the development and by which its contribution to the expenses of the common property is determined.

Unit Entitlement is based on the area of the strata lot. A copy of the Form V, Schedule of Unit Entitlement, that the Developer proposes to file under the *Strata Property Act* is attached as Exhibit No. 4 to this Disclosure Statement.

- 3.2 There is one strata corporation for all strata lots. Each strata lot in all of the Phases shall have one vote in the strata corporation. The Developer proposes to file a Form W, Schedule of Voting Rights under the *Strata Property Act*, a copy of which is attached as Exhibit No. 5 to this Disclosure Statement.

3.3. Common Property and Facilities. The common property, common facilities and common assets of the strata corporation are the roadway shown on the plan which is attached as Exhibit No. 1 to this Disclosure Statement. There are no restrictions on the use of common property except that vehicles and other chattels cannot be parked or stored on common property.

3.4 Limited common property. There is no limited common property in this development.

3.5 By-laws. The by-laws of the strata corporation are the Schedule of Standard By-laws contained in the *Strata Property Act* as amended by the By-law Amendments attached as Exhibit No. 6 to this Disclosure Statement.

3.6 Parking. Common property is not to be used for parking, but strata lot owners may park on their strata lots.

3.7 Budget. A copy of the estimated operating budget of the strata corporation is attached as Exhibit No. 7 to this Disclosure Statement. The estimated operating budget includes a schedule showing how the budget cost will be allocated amongst individual strata lot owners.

The costs of utilities, such as electricity, telephone, internet service, television and the cost of taxes for individual strata lots are the responsibility of the individual strata lot owners.

3.8 Utilities and Services.

(1) Water. Individual water wells will be proven for each strata lot. The cost of usage and maintenance of those wells and the cost of a water system are those of the individual strata lot owners.

- (2) Electricity. Electricity will be brought in above ground to the property line of each strata lot.
- (3) Sewage. Each strata lot, with the approval of the Interior Health Authority and the Regional District of Columbia Shuswap, will have its own sewage disposal system created, installed and maintained at the expense of the individual strata lot owner.
- (4) Natural Gas. Natural Gas is not available to Development. There are a number of propane suppliers in and around Golden.
- (5) Fire Protection. Fire Protection is provided by the Nicholson Fire Department, which is a volunteer brigade.
- (6) Telephone. Telephone, like electricity, will be brought in above ground to the property line of each strata lot.
- (7) Access. Access to each of the strata lots will be by way of the common property roadway from Campbell Road.

3.9 Strata Management Contracts. The Developer has entered into a strata management contract that will bind the strata corporation in the form of the Strata Management Contract attached as Exhibit No. 8 to this Disclosure Statement.

3.10 Insurance.

The Developer currently has \$2,000,000.00 public liability insurance on the Development property and the Strata Corporation has \$2,000,000 public liability insurance for the common property of the Strata Corporation.

3.11 Rental Disclosure Statement. The Developer does not intend to restrict the rental of the strata lots. A copy of the Form J to be filed in this development is attached as Exhibit 9.

4. Title and Legal Matters.

4.1 Legal Description. The legal description of the development property is:

PID 027-069-974 Lot A Section 9 Township 26 Range 21 West of  
the 5<sup>th</sup> Meridian Kootenay District Plan  
NEP83786 except Strata Plan NES 3253 (Phase  
I)

4.2 Ownership. The Developer is the registered owner of the development property.

4.3 Existing Encumbrances and Legal Notations. The only existing encumbrances on the title of the development property are:

- (1) a BC Hydro Right of Way B2062: this is the main power line to Golden and does not affect any Phase II strata lot;
- (2) Statutory Rights of Way in favour of BC Hydro and Telus Communications Inc. LB64916 and LB64917: this is the right of way for power and telecommunications to Phase II;
- (3) a section 219 Land Title Act covenant LB84032 requiring permission of the Ministry of Transportation for any further subdivision of the development property, which will be released in part against Phase II as part of the final approval of Phase II by the Ministry of Transportation and Infrastructure;
- (4) a mortgage and assignment of rents in favour of the Columbia Valley Credit Union which will be released from each strata lot as that strata lot is sold;

- (5) an easement over the common property of the Strata Corporation for access to the remainder of the Developer's land, filed as LB75296; and
- (6) the Phased Strata Plan which is the Form P shown as Exhibit Number 3 to this Disclosure Statement.

- 4.4 Proposed Encumbrance. The Developer proposes to place on the title to the property a building scheme described in Paragraph 2.2 of this Disclosure Statement and attached as Exhibit No. 2 and a Covenant with respect to Geotechnical Assessment set out in Exhibit No. 12 to this Disclosure Statement.
- 4.5 Outstanding or Contingent Liabilities. There are no outstanding or contingent litigation or liabilities with respect to the Development property or against the Developer that may affect the strata corporation, the bare land strata lot owners, this phase of the Development or any future phases of the development.
- 4.6 Environmental Matters. The Developer is not aware of any dangers in connection with the development or individual strata lots in respect of the condition of the soil or subsoil. The Developer is not aware of any flooding or drainage danger to the development or individual strata lots.
5. Construction and Warranties.
- 5.1 Construction Dates. The construction of Phase II servicing and utilities began in the spring of 2008 and will be completed in the fall of 2008.
- 5.2 Warranties. The Developer will provide the roadway and utilities in compliance with the Preliminary Layout Approval for the development and the requirements of the Minister of Transportation.

6. Approvals and Finances.

6.1 Development Approval. A copy of the Preliminary Layout Approval for the development is attached as Exhibit No. 10.

6.2 Construction Financing. The Developer has financed the construction of Phase II of the development from its own funds.

7. Miscellaneous.

7.1 Deposits. All money received from a purchaser will be held in trust at the law firm of Ewan & McKenzie, Box 429, 515 9<sup>th</sup> Avenue North, Golden, British Columbia, V0A 1H0, in the manner required by the *Real Estate Development Marketing Act*.

7.2 Purchase Agreement.

(1) The Developer intends to use the form of Contract of Purchase and Sale attached as Exhibit No. 11 to this Disclosure Statement.

(2) The Purchaser may terminate the Contract of Purchase and Sale if the Purchaser does not satisfy the subject to's set out in paragraph 3 of the Contract of Purchase and Sale or if the Developer does not meet its contractual obligations under the Contract of Purchase and Sale. The Developer may terminate the Contract of Purchase and Sale if the Purchaser does not meet its obligations under the Contract of Purchase and Sale.

(3) There are no provisions in the Contract of Purchase and Sale for an extension of time for completing the Contract of Purchase and Sale. The Developer may refuse to extend the time for completing the Contract of Purchase and Sale. The Purchaser cannot require the Developer to extend the time for completing the Contract of Purchase and Sale.

(4) There are no provisions in the Contract of Purchase and Sale for assigning that Contract of Purchase and Sale to a new purchaser. The Developer may refuse to allow an assignment.

(5) The Purchaser will not receive interest on the deposit monies under the Contract of Purchase and Sale.

7.3 Developers Commitments. The Developer has not made any commitments that will have to be met after completion of the sale of strata lots.

7.4 Other Material Facts. There are no other material facts that affect, or could reasonably be expected to affect the market price, value or use of a bare land strata lot or the development property.

## DEEMED RELIANCE

Section 22 of the *Real Estate Development Marketing Act* provides that every purchaser who is entitled to receive this Disclosure Statement is deemed to have relied on any false or misleading statement of a material fact contained in this Disclosure Statement, if any, and any omission to state a material fact. The Developer, its directors and any person who has signed or authorized the filing of this Disclosure Statement are liable to compensate the purchaser for any misrepresentation, subject to any defenses 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 September 10 2008.

GOLDEN MOUNTAIN HOMES LTD.  
by its authorized signatories

Trevor Gavura , director of Golden Mountain Homes Ltd.

Franz Guilhon , director of Golden Mountain Homes Ltd.

Marc Tanguay , director of Golden Mountain Homes Ltd.



**SOLICITORS CERTIFICATE**

In the matter of the Disclosure Statement of Golden Mountain Homes Ltd. dated September 10 2008, for the development of Lot A Section 9 Township 26 Range 21 West of the 5<sup>th</sup> Meridian Kootenay District Plan NEP 83786 except Strata Plan NES3253, I, Glen Ewan Q.C., of the law firm of Ewan & McKenzie, Box 429, Golden, British Columbia, V0A 1H0, hereby certify that the contents of Items 4.1, 4.2 and 4.3 of that Disclosure Statement are correct.

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**GLEN EWAN, Q.C.**