

CO-OWNERS AND CHARGEHOLDERS AGREEMENT

THIS AGREEMENT is dated for reference the 31st day of January, 2012.

BETWEEN:

THE OWNERS FROM TIME TO TIME OF ALL, no more than, 500 UNDIVIDED INTERESTS IN THE LANDS (as hereinafter described) as represented by their duly appointed attorneys, the Developer(s) and Gateway Falls Estates Owners Association

(the “Owners”)

OF THE FIRST PART

AND:

GATEWAY LAKEVIEW ESTATES INC.

[Incorporation Number 67325]

1681 West 7th Avenue

Vancouver, BC, V6J 1S4

(“Gateway”)

And

SPRINGBAC DEVELOPMENTS LTD.

[Incorporation Number 668063]

300-180 Seymour Street

Kamloops, BC, V2C 2E3

(“Springbac”)

(jointly, referred to as the “Developer(s)”)

OF THE SECOND PART

AND:

GATEWAY FALLS ESTATES OWNERS ASSOCIATION

2633 Squilax-Anglemont Highway

Lee Creek, BC

(the “Owners Association”)

OF THE THIRD PART

AND:

GATEWAY FALLS ESTATES OWNERS ASSOCIATION

[Incorporation Number 67325]

1681 West 7th Avenue

Vancouver, BC, V6J 1S4

(the “Co-Owner/Chargeholder”)

OF THE FOURTH PART

WHEREAS:

- A. Gateway is the registered and owner, from time to time, of all, or a portion, of those lands and premises situated at 2533 and 2633 Squilax-Anglemont Highway, Lee Creek, British Columbia (the "Lands"), and more particularly described herein.
- B. The Developer(s) intend to jointly develop a Recreational Resort Community at on the Lands.
- C. The Developer(s) has received approval from the appropriate authorities to create, no more than, 500 undivided fee simple interests in the Lands and referred to as shared interests as defined in the Real Estate Act of British Columbia.
- D. The Co-Owner is a registered and beneficial holder of an undivided fee simple interest in and to several Sites (as hereafter defined) of the Lands, a list of such Sites is attached as Schedule "D" hereto, and the Chargeholder agrees to execute and be bound by all provisions and obligations of this agreement.
- E. Pursuant to the definition of shared interests in the Real Estate Act, the owner of a Shared Interest in addition to being one of the owners of the Lands, is entitled to the exclusive use of a portion of the Lands which in this case means a Site.
- F. The right to the exclusive use of a Site and the rights and obligations between the Co-Owners, and Chargeholders, as the case may be, as between one another, and between the Co-Owners, Chargeholders, the Developer(s), and the Owners Association are contained in this agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and the covenants, agreements, representations, and warranties hereinafter contained and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree with each other as follows:

1. DEFINITIONS

- 1.1 "Assessments" mean any fees, dues, or other assessments (including assessments for property taxes) properly owing by a Co-Owner or Chargeholder, as the case may be, pursuant to this agreement and being assessed against the Co-owner or the Chargeholder by the Developer(s) and/or the Owners Association;
- 1.2 "Chargeholder" means a person, persons, firms, associations, partnerships, corporations, or any other legal entity who has an interest in and to the Lands by way of a registerable Agreement for Sale;
- 1.3 "Co-Owner" means a person or persons, or any other legal entity, who are the registered owners of an undivided fee simple interest in the Resort;

- 1.4 “Co-owners and Chargeholders Agreement” or “Agreement refers to this agreement;
- 1.5 “Common Area” includes all of the Lands and improvements thereon which are not included within the boundary of the Recreational Sites;
- 1.6 “Common Expenses” means all expenses incurred in the on-going operation of the Resort and which will be apportioned equally between the Co-owners and as the case may be. Notwithstanding the generality of the foregoing, the Common Expenses shall include all costs for administration insurance; maintenance of the Common Area and Common Facilities, and electricity for the Common Area and Common Facilities. Any amount or obligation which is not expressly declared herein, whether or not contemplated at the date of execution of this agreement, will be the responsibility of the Co-Owner or Chargeholder, as the case may be;
- 1.7 “Common Facilities” includes the water system, sewage disposal system, internal roads, fencing and all other facilities relating to the provision of services to the Resort;
- 1.8 “Defaulting Party” means a Co-Owner or Chargeholder who has breached one or more of the terms and conditions contained in the Co-owners and Chargeholders Agreement and has failed to remedy the said breach within the time provided for herein;
- 1.9 “Lands” means those lands described as:
 - Parcel Identifier 026-052-539
 - Lot A
 - Sections 25 and 26
 - Township 22
 - Range 12
 - West of the 6th Meridian
 - Kamloops Division
 - Yale District
 - Plan KAS 76386
- 1.10 “Right of First Refusal” refers to a right of first refusal to purchase as referred to in section 17.4.
- 1.11 “Shared Interest” means an undivided 1/500 fee simple interest in and to the Lands as defined in Section 65 of the Real Estate Act of British Columbia, RSBC 1996, c. 397;
- 1.12 “Site” or “Sites” or “Recreational Site” or “Recreational Sites” means a portion of the Lands to which the Co-Owner or Chargeholder, as the case may be, is granted by this agreement the use as more specifically set out in section 4 hereto for the purposes of utilizing the area for recreational purposes;

- 1.13 “The Owners Association” refers to that society known as Gateway Falls Estates Owners Association which is or is to be incorporated pursuant to the terms of the Society Act of British Columbia, RSBC 1996. C. 433 and which has been incorporated for the sole purpose of managing the Resort as set out in this agreement;

- 1.14 “The Resort” means the Lands and all Common Facilities located on the Lands;

- 1.15 “Turnover Date” means the date on which the Developer turns over management of the Resort to the Owners Association and as set out in section 2.1 hereof;

2. SERVICE AND PROPANE INFRASTRUCTURE FOR RESORT

- 2.1 The parties hereto acknowledge that Terasen Multi Utility Services Inc. (“Terasen”) is, or will be the sole and absolute owner and operator of a water treatment plant, waste water treatment system, a collection system, a waste water treatment plane, and an effluent disposal system, constructed, or to be constructed on the Lands (collectively, the “Service Infrastructure”), all for the purpose of servicing the Resort and that all rights, title and interest in and to the ownership of the Service Infrastructure will remain the property of Terasen.

- 2.2 The parties further acknowledge that Terasen, or its related corporation, is, or will be the sole and absolute owner and operator of a propane plant, vaporizer, propane distribution grid and related facilities, constructed, or to be constructed on the Lands (collectively, the “Propane Infrastructure”), to service the Resort, and that all rights, title and interest in and to the ownership of the Propane Infrastructure will remain the property of Terasen.

- 2.3 The Co-Owner, Chargeholder, and Owners Association hereby jointly and severally covenant and agree that the right to operate and maintain the Service Infrastructure and Propane Infrastructure on the Lands will be exclusively the right of Terasen, or its related corporation, and the Co-Owner, Chargeholder, and Owners Association further covenant and agree to not use, allow, or consent to any other person, firm, corporation, or legal entity to supply, distribute, or maintain services to the resort of the same that are supplied and maintained by Terasen, or its related corporation, if applicable, or which would result in a breach of any covenant or covenants by which the Developer(s) or Gateway is bound to any other party.

- 2.4 The Co-Owner or Chargeholder, as the case may be, covenants and agrees to be solely responsible for the payment for any and all connection fee charges, annual, monthly, or installment operating charges, costs, expenses, or interest, payable to Terasen, or its related corporation, for the Co-Owner’s or Chargeholder’s Site connection to, or use of, the Service Infrastructure and Propane Infrastructure.

- 2.5 The Co-Owner or Chargeholder, as the case may be, will execute and deliver a service application form to Terasen, if so required.

3. GATEWAY FALLS ESTATES OWNERS ASSOCIATION

3.1

The Owners Association is a not-for-profit entity incorporated pursuant to the terms of the *Society Act* RSBC 1996, c. 433 for the sole purpose of managing the Resort on behalf of the Co-Owners and Chargeholders once the Turnover Date has been reached which will be the earlier of:

- a) the date when the last Shared Interest is sold by Gateway; or
- b) the date on which the Developer(s) determines that sufficient sales have been made and chooses to transfer management responsibility to the Owners Association; or
- c) March 1st, 2012

3.2

Until the Turnover Date, the Owners Association shall be owned and managed by the Developer(s) and the members of the Owners Association shall be the directors of the Developer(s) or such persons as are approved by the directors of the Developer(s).

3.3

Upon assuming the management responsibility, the Owners Association agrees:

- a) to manage the Resort as directed by the Co-Owners and to keep all proper books of account;
- b) to maintain all Common Area and Common Facilities of the Resort in a state of good repair and to provide water and sewer services to all Co-Owners and Chargeholders;
- c) to properly pay all fees for licenses, bills and assessments relating to the upkeep, maintenance and servicing of the Lands, including and without limitation, waste management permits, access permits and any other permits or licenses relating to the Lands, and, if applicable, Terasen Service Infrastructure and Propane Infrastructure operating charges;
- d) to maintain at all times on the Common Area and Common Facilities comprehensive general liability insurance (including bodily injury, death and property damage), which form of policy shall include Terasen, and any persons, firms, or corporations designated by Terasen, as additional names insureds;
- e) to forward to each Co-Owner and Chargeholder, on a periodic basis, but not less than once in each calendar year, Assessments for the Co-Owner's or Chargeholder's, as the case may be, share of common expenses and taxes, including administrative costs necessary to carry out the obligations of the Owners Association pursuant to this agreement.

3.4

The Developer(s) agrees to carry out all management responsibilities as set out in this section on behalf of the Co-Owners and Chargeholders until the Turnover Date.

4. USE

4.1 Subject to the Easement, Access, and Right-of-Ways provisions in section 8 herein, and the Rules and Regulations as may be determined at the sole discretion of the Developer(s) or Owners Association, Co-Owner is hereby granted the exclusive use of the Sites listed in Schedule "D" attached hereto and the Co-Owner shall be entitled to the personal use and occupancy of such Sites and the right to own chattels, improvements or other assets placed or maintained on the Sites whether affixed to the Lands or not.

4.2 Subject to the Easement, Access, and Right-of-Ways provisions in section 8 herein, and the Rules and Regulations as may be determined at the sole discretion of the Developer(s) or Owners Association, the Chargeholder is hereby granted the use of those Sites listed on the attached Schedule "D" hereto, and the Common Facilities.

4.3 The Co-Owner's, or Chargeholder's, as the case may be, use and occupancy of the Sites listed in Schedule "D" attached hereto is further subject to the rights of the Owners Association, Gateway, Terasen, and the Developer(s) as are contained in this agreement.

4.4 The Co-Owner's, or Chargeholder's, as the case may be, will not use or permit its Sites to be used in a manner or for a purpose, which will cause a nuisance or hazard to other Co-Owners, or Chargeholders, which would result in a breach of any covenant or covenants, or agreements, by which the Developer(s) or Gateway is bound to any other party.

4.5 The Co-Owner's, or Chargeholder's, as the case may be, hereby acknowledges that all other Co-Owners and Chargeholders have been granted exclusive use of their respective Sites on the Lands, and the Co-Owner's, or Chargeholder's, as the case may be, agrees to refrain from interfering with any of the rights granted to the other Co-Owner's, or Chargeholder's.

4.6 The Co-Owner in addition to the exclusive use of the Sites listed in Schedule "D" attached hereto is entitled to the use of all Common Facilities, concurrently with the other Co-owners and Chargeholders, and subject to such rules and regulations as may be reasonably determined by the Developer(s) or the Owners Association.

5. RULES AND REGULATIONS

5.1 Rules and regulations may be established by the Developer(s) and/or the Owners Association for any facility within the Resort in connection with, but not limited to, the following:

- a) length of season for use of facilities;
- b) charges for extra or incidental benefits or services, including food services, goods purchased, laundry and like matters;

- c) such other matters and restrictions on use as may be reasonably necessary to ensure the maximum availability of any such facility for use by the Co-Owners and Chargeholders as a whole.

5.2 The rules and regulations in force as of the 1st day of May, 2005, are those which are attached hereto as Schedule "B" provided that it is acknowledged that the Developer(s) may amend the rules and regulations from time to time until the Turnover Date after which time the rules and regulations shall be set by the Owners Association.

5.3 Each Co-Owner shall be entitled to rent his or her Site provided that the Co-Owner complies with all provisions contained in the rules and regulations attached as Schedule "B" hereto relating to rentals.

6. MEETING AND VOTING RIGHTS

6.1 Following the turnover Date, meetings of members of the Owners Association shall be held as provided for in the Owners Association bylaws and the Society Act.

6.2 Notwithstanding anything herein contained, or in the Owners Association bylaws, to the contrary, each Co-Owner of a Site will be entitled to one (1) vote, and to attend, and participate at any meeting of the Co-Owners with the exception that a Site charged with an Agreement for Sale will not be entitled to vote or participate at any meeting whatsoever unless and until such time as the Chargeholder makes full and final payment of the Balance Purchase Price and Interest (both as defined under the Addendum to an Agreement for Sale dated the N/A day of N/A, 200) to Gateway, and an undivided fee simple interest of the title to the Site has been conveyed and transferred to the Chargeholder.

7. AMENDMENTS

7.1 No Amendment to this Agreement may be made prior to the Turnover Date without the unanimous consent of all Co-Owners set out in writing and executed by the parties hereto, with the exception that there shall no amendment to this agreement which effects the Co-Owner's, or Chargeholder's, as the case may be, covenant and agreements in connection with the Terasen Service Infrastructure and Propane Infrastructure as set forth herein, or which will or which could, result in a breach of any covenant or covenants or agreements, or amendments to such agreements, buy which the Developer(s) or Gateway is bound to any other party, including but not limited to, Terasen.

7.2 Following the Turnover Date, this agreement may be amended by a vote of approval if not less than $\frac{3}{4}$ of all the Sites that are entitled to vote provided that there shall be no amendments to this agreement which effects the Co-Owner's, or Chargeholder's, as the case may be, covenants and agreements in connection with the Terasen Service Infrastructure and Propane Infrastructure as set forth herein, or which will, or which

could result in a breach of any covenant or covenants, or agreements, or amendments to such agreements, by which the Developer(s) or Gateway, or its related corporation, is bound to any other party, including but not limited to, Terasen.

- 7.3 The Co-Owner, or Chargeholder, as the case may be, hereto covenants and agrees that, notwithstanding anything herein contained, the Co-Owner, or Chargeholder, as the case may be, will comply with any and all amendments, or future amendments, to any agreements or documents with respect to the Terasen Service Infrastructure and Propane Infrastructure that service the Resort, by which the developer(s), or Gateway, or its related corporation, is bound.

- 7.4 Notwithstanding anything herein contained, the parties hereto acknowledge, understand, and agree that an agreement in connection with the Terasen Service Infrastructure and Propane Infrastructure is being negotiated between Gateway and Terasen (the "Terasen Agreement"), and this agreement will, or may be amended, as required, if any of the terms and conditions in this agreement contradict any terms and conditions of the Terasen Agreement. The parties hereto acknowledge, understand, and agree that it is the intent of the parties hereto to fully comply with all terms and conditions of the Terasen Agreement, and any amendments thereto, and that all terms and conditions with respect to the Service Infrastructure and Propane Infrastructure shall take precedent over the terms of this agreement.

8. EASEMENTS, ACCESS, AND RIGHTS-OF-WAYS

- 8.1 Each Co-Owner's, or Chargeholder's, as the case may be, hereby grants an easement and right of way for access to the Co-Owner's, or Chargeholder's site by the Developer(s) or the Owners Association for the purposes of maintaining, repairing or replacing any services. In addition, the Co-Owner, or Chargeholder, as the case may be, grants to the Developer(s) and/or the Owners Association the right to enter any improvement including recreation vehicle located on The Co-Owner's, or Chargeholder's site, in an emergency situation for the purposes of protecting the Co-Owner's or Chargeholder's property and /or the property of other Co-Owners and Chargeholders.

- 8.2 The Co-Owner's, or Chargeholder's, as the case may be, hereby further agrees to grant to Terasen, a Right-of Way with respect to the Co-Owner, or Chargeholder's Site, or the Lands, or any portion thereof, and the Co-Owner, or Chargeholder, as the case may be, covenants and agrees to execute a Right-of Way, or any other instrument, or document, in registrable form for filing in the Land Title Office, for the purpose of granting Terasen access over the Site, Lands, or any portion thereof, to operate and maintain the Service Infrastructure and Propane Infrastructure.

- 8.3 The Co-owner, or Chargeholder, whichever is applicable, hereby agrees to comply with any and all terms of an Occupancy License (if applicable) granted to Terasen wish will allow Terasen, its employees, contractors, subcontractors, workers, and permittees to access and egress to and from the Lands, or any portion thereof, by day and night, as may

be required for the use, occupancy, operation, and maintenance by Terasen of the Service Infrastructure and Propane Infrastructure on the Lands.

8.4

The Co-Owner, or Chargeholder, as the case may be, will execute and deliver a Rent Charge Agreement in a form satisfactory to Terasen, which Rent Charge Agreement will be registrable in the Land Title Office.

9.

DEFAULT

9.1

A Co-Owner who fails to pay any fees, operating charges, Assessment or Assessments, or any other costs, expenses or charges relating to the Site or the Co-Owner's proportionate share of costs with respect to the Resort whatsoever, including and without limitation, any and all costs with respect to the Terasen Service Infrastructure and Propane Infrastructure, whether demanded or not, within one hundred and eighty (180) days from the date that the fees, operating charges, Assessment or Assessments, or any other costs with respect to the Resort, become due and payable, or if the Co-Owner does anything that permits a builders lien to remain on title to any portion of the Lands for more than 30 days, is deemed to be a Co-owner in default and in breach of this agreement. In the event of default, the Co-Owner hereby acknowledges and agrees agree that he/she will be subject to the following provisions contained, in Sections 13 and 14 of the Property Law Act R.S.B.C. 1996. c. 377 (the "Act"), as if his or her interest in and to the Lands were a Strata Interest:

Section 13

In addition to his other rights and remedies, an Owner who, owing to the default of another registered Owner, has been called on to pay and has paid more than his proportionate share of the mortgage money, rent, interest, taxes, insurance, repairs, a purchase money security installment, a required payment under the *Strata Property Act* or under a term or covenant in the instrument of title or a charge on the land may be subject to a forced sale or foreclosure, may apply to the Supreme Court for relief under Section 14 against the other registered Owners one or more of whom is in default.

Section 14

(1) On hearing an application under Section 14, the court may: (a) order that the applicant has a lien on the interest in land of the Defaulting Owner for the amount recoverable under subsection (2); (b) order that if the amount recoverable under subsection (2) is not paid by the Defaulting Owner within 30 days after the date of service of a certified copy of the order on him or within another period the court considers proper, his interest in the land may be sold under the rules of court governing sales by the court; and (c) make a further or other order including an order that the applicant may purchase the interest in the land of the Defaulting Owner at the sale.

(2) The amount recoverable by the applicant is the amount the defaulting Owner would, at the time the application is made or repayment is tendered, have been liable to contribute to satisfy his share of the original debt if it had been allowed to accumulate until that time.

(3) Where there is a sale under this section, the transfer to the purchaser shall be executed by the registrar of the court, and on registration, passes title to the interest in the land sold.

(4) Surplus money received from the sale shall be paid into court to the credit of the Defaulting Owner.

9.2

A Chargeholder who fails to pay any fees, operating charges, Assessment or Assessments, or any other costs, expenses, or charges relating to the Site or the Chargeholder's proportionate share of the costs with respect to the Resort whatsoever, including and without limitation, any and all costs with respect to the Terasen Service Infrastructure and Propane Infrastructure, whether demanded or not, within one hundred and eighty (180) days from the date that such fees, operating charges, Assessment or Assessments, or any other costs, expenses, or charges relating to the Site or the Chargeholder's proportionate share of the costs with respect to the Resort become due and payable, or if the Chargeholder does anything to cause a builder's lien to charge title to the Site, or Lands, or any part or part thereof, and the Chargeholder fails to cause any such builder's lien to be discharged and released from title with thirty (30) days of notice from the Developer(s) or Owners Association, is deemed to be in default and in breach of this agreement, and Gateway, at its sole and absolute option, may be notice in writing to the defaulting Chargeholder, cancel any agreement it has with the Chargeholder, including the Agreement for Sale, and declare such agreements as null and void, and all funds paid by the defaulting Chargeholder on account of the Purchase Price (as defined in an Agreement of Purchase and Sale dated the N/A day of N/A, 20__), including interest payments, will be absolutely forfeited to Gateway, and the defaulting Chargeholder will immediately deliver up vacant possession of the Site to the Developer(s) or Owners Association.

9.3

In addition to any other remedies available to the Developer(s) or the Owners Association at law, or in equity, the Developer(s) and/or the Owners Association shall have the right to deny access to the defaulting Co-Owner, or defaulting Chargeholder, as the case may be, to the Resort and to terminate Hydro and water services to the Site of any defaulting Co-Owner or defaulting Chargeholder if the breach has not been remedied within thirty (30) days following the date on which notice is given to the defaulting Co-Owner or defaulting Chargeholder, whichever is applicable.

9.4

In the event of a breach of this agreement for any reason whatsoever, a Co-Owner will not be entitled to vote at any meeting or on any issues concerning the Resort until the breach has been cured by the time and date specified under a notice.

10 CO-OWNERS' AND CHARGEHOLDER'S INSURANCE

- 10.1 Each Co-Owner and Chargeholder shall take out insurance for the Co-Owner's or the Chargeholder's, as the case may be, assets and improvements located on his or her Site.

11 INDEMNITY

- 11.1 The Co-Owner or Chargeholder, whichever is applicable herein, will indemnify, defend, and save harmless the Developer(s), jointly and severally, their shareholders, directors, officers, Employees, agents, successors, and assigns, from any and all liabilities, actions, damages, claims, losses, costs, orders, fines, penalties, and expenses whatsoever (including the full actual amount of all legal fees and expenses) which may be payable, incurred by, or asserted against the Developer(s), their shareholders, directors, officers, employees, agents, successors, and assigns, arising from or in connection with any breach of or non-compliance with the provisions of this agreement by the Co-Owner's or Chargeholder's use of the Terasen Service Infrastructure and Propane Infrastructure.

- 11.2 The Co-Owner or Chargeholder, as the case may be, will absolutely indemnify, protect, hold harmless, and defend the Developer(s), their directors, officers, shareholders, employees, agents, successors, and assigns, collectively or severally, and other co-owners and Chargeholders, from and against any and all claims, demands, losses, liabilities, obligations, penalties, fees, fines, actions, causes of actions, judgments, suits, proceedings, costs disbursements, and expenses of any nature or kind whatsoever (including, and without limitation, actual fees, disbursements, and costs of lawyers and experts), and all foreseeable and unforeseeable consequential and other damages of any kind or of any nature whatsoever, which may be imposed upon, incurred or suffered by or asserted or awarded against the Developer(s), their directors, officers, shareholders, employees, agents, successors, and assigns, collectively or severally, and other Co-Owners and Chargeholders, relating to, or arising from, the Co-Owner's use and occupation of his or her Site.

12. LIMITED POWER OF ATTORNEY

- 12.1 The Co-Owner's, or Chargeholder's, as the case may be, hereby and irrevocably grants a limited power of attorney in favor of the Developer(s) and the Owners Association for the purposes of enforcing any and all rights of the Developer the Owners Association or the other Co-owners and Chargeholders, as contained in this agreement and as may relate to the Co-owner's or Chargeholder's interest and that Site to which the co-owner has the right to use and occupation, and the Co-Owner or Chargeholder agrees to execute such further documents and instruments and do such further and other things as may be necessary to implement and carry out the intent of this limited power of attorney.

13 COMMON EXPENSES AND MANAGEMENT

- 13.1 The Co-Owner or Chargeholder, whichever is applicable, shall pay to the order of the Developer(s), or the Owners Association (if after the Turnover Date) all fees, operating charges, costs, expenses, and any other Assessments due and payable by the Co-Owner or Chargeholder, on or before the due date in each year plus such Hydro charges as are applicable to the Co-Owner's or Chargeholder's Site. Such fees, operating charges, costs, expenses, and Assessments may be increased by the Developer(s), or the Owners Association, as the case may be, by an amount not to exceed the percentage of increase in the cost of living index for the Province of British Columbia for the year immediately prior thereto as reported by the Department of Corporate and Consumer Affairs plus any increase in property taxes, unless otherwise approved by a majority of Co-Owners. The Co-Owners, following the Turnover Date, may set such Assessments as are approved at the annual general meeting for the Owners Association. Assessments shall be non-refundable and Co-Owners shall have no right to see to their application to any particular use, which shall remain in the sole discretion of the Developer(s) or the Owners Association. Failure to pay Assessments within thirty (30) days of the due date shall be grounds for denial of access to any Common Facilities. Continued failure to pay Assessments beyond ninety (90) days of due date shall require the Co-Owner or Chargeholder to pay all unpaid Assessments plus a \$50.00 re-instatement fee before being allowed to use any Common Facilities. If a Co-Owners Assessment has not been paid within one hundred and eighty (180) days of due date, the Developer(s) or the Owners Association may proceed pursuant to section 9 hereof to sell the Co-Owner's interest in and to the Lands and Resort, or cancel any agreement it has with the Chargeholder, including the Agreement for Sale, and declare such agreements as null and void.
- 13.2 The Developer(s) or the Owners Association shall deliver to each Co-Owner and Chargeholder an annual budget for the Resort for the period from March 1st of such year to the ensuing February 28th. The annual budget shall be delivered to each Co-Owner and Chargeholder no later than the 1st day of April of the given year.
- 13.3 The Developer(s) or the Owners Association shall levy an Assessment against each Co-Owner and Chargeholder for the share of the ensuing years estimated expenditures and each Co-Owner and Chargeholder shall pay an equal Assessment.
- 13.4 The Developer(s) or the Owners Association may levy further and additional Assessments against the Co-Owners and Chargeholders for expenses from time to time, provided that such further and additional Assessments have been approved by a majority of the Co-Owners entitled to vote at a meeting.
- 13.5 All Assessments made pursuant to this part section 13, unless otherwise determined, be due and payable within sixty (60) days of receipt of notice of Assessment and shall be paid to the Developer(s) or the Owners Association as directed on the notice of

Assessment. Any Assessments, which are not paid by the due date, will bear interest at the rate of 1.5% per month from the due date until the date on which payment is made.

- 13.6 The Developer(s) shall not be assessed for any portion of the Common Expenses of the Resort on any undivided interests in the Lands which remain unsold provided that the Developer(s) shall in each year until the Turnover Date, pay any shortfall if the revenues received from the Co-Owners and Chargeholders pursuant to the Assessments are insufficient to cover the operating costs of the Resort.

- 13.7 All owners / members shall pay their annual proportionate share of common expenses in twelve equal installments due on the first day of each month.

14 CO-OWNERS' AND CHARGEHOLDERS RESPONSIBILITIES

- 14.1 It shall be the responsibility of the Co-Owner and Chargeholder to use the Common Areas and Common Facilities in a safe and reasonable manner and to obey all rules and regulations that may from time to time be established by the Developer(s) and/or the Owners Association. Co-Owners and Chargeholders shall be responsible for the conduct of family members and guests, and shall be liable for any damage caused by their negligent or reckless use of any facilities. The assessment of any such damages against Co-Owners shall be a lien against the Co-Owner's undivided interest in and to the Lands and Resort, and until the Co-Owner fully pays the debt to the Owners Association, the Co-Owner will not be entitled to vote at any meetings whatsoever, and the Developer(s) or Owners Association may, at their sole discretion, deny the Co-Owner access to the Resort without liability for any loss or damage occasioned thereby and the Co-Owner hereby expressly releases the Developer(s) and Owners Association from all actions, proceedings, claims or demands whatsoever for or on account or in respect of any such denial of access to the Resort. The assessment of any such damages against the Chargeholders will be a debt due and payable by the Chargeholder to the Developer(s) or Owners Association, and unless and until the Chargeholder fully pays the debt to the Developer(s) or Owners Association, the Developer(s) or Owners Association may, at their sole discretion, deny the Chargeholder access to the Resort without liability for any loss or damage occasioned thereby and the Chargeholder hereby expressly releases the Developer(s) or Owners Association from all actions, proceedings, claims or demands whatsoever for or on account or in respect of any such denial of access to the Resort.

15 PROPERTY TAXES

- 15.1 The Co-Owner or the Chargeholder, as the case may be, will pay when due such property taxes as are assessed against his or her Site including any and all improvements on the Site and an equal portion of such tax assessment as is made on the Common Area and Common Facilities of the Resort as may be determined by the BC Assessment Authority.

15.2 In the event that the BC Assessment Authority does not provide separate tax assessment notices, then the Developer(s) or the Owners Association utilizing such information as may be obtained from BC Assessment Authority, shall allocate the Tax assessments for each Site.

15.3 Developer(s) or Owners Association shall within thirty (30) days of receipt of any tax assessment notice with respect to the Lands, deliver by ordinary pre-paid post to each Co-Owner and Chargeholder of record on the date of the receipt by the Developer(s) or the Owners Association of such tax assessment notice, a copy of such tax assessment notice and the amount and calculation of any allocation of such tax assessment to the Co-Owner's and Chargeholders Site which will form the basis of the later apportionment of taxes between the Co-owner between Co-Owner's and Chargeholders.

15.4 It shall be the responsibility of the Co-Owner or Chargeholder to dispute any improper tax assessment made by the BC Assessment Authority on the improvements on his or her Site and any such dispute, and any costs related thereto, shall be on the account and expense of the Co-Owner or Chargeholder.

15.5 The Co-Owner or Chargeholder, whichever is applicable herein, shall within thirty (30) days of receipt of a notice of apportionment of taxes, pay to the Developer(s) or the Owners Association the amount of the taxes payable by him or her as specified in the Notice.

15.6 Any penalty, interest charge or other costs incurred on or charged as a result of a the Co-Owner or Chargeholder failing to pay the taxes payable by him or her pursuant to the provisions of this agreement shall be the responsibility of such The Co-Owner or Chargeholder and payable to the Developer(s) and/or the Owners Association as a debt due on demand.

15.7 If the Co-Owner or Chargeholder fails to comply with the provisions of this section 15, either the Developer(s) or the Owners Association may proceed pursuant to section 9 hereof to sell the Co-Owner's interest in and to the Lands, or cancel any agreement it has with the Chargeholder, including the Agreement for Sale, and declare such agreements as null and void.

16 APPROVAL OF IMPROVEMENTS

16.1 The Co-Owner or Chargeholder, as the case may be, shall not construct, install, or modify any improvements or works on his or her Site, until the same have been prior approved in writing by the Developer(s) or the Owners Association.

16.2 If the Co-Owner or Chargeholder places, constructs, or erects any improvements on his or her Site, without the prior written approval of the Developer(s) or the Owners Association, then the Developer(s) or the Owners Association may, in their absolute and

sole discretion, remove such improvements and the cost of such removal shall be a debt due by the Co-Owner or Chargeholder to the Developer(s) or the Owners Association.

- 16.3 No satellite dishes or satellite systems shall be permitted on any site without prior written application to and approval by the Developer(s) or the Owners Association as the case maybe.

17 SALE CONDITIONS ON CO-OWNERS SALE

- 17.1 If the Co-Owner sells, transfers, or conveys his or her Shared Interest, or any portion thereof, the Co-owner will make it a condition of such sale that the new purchaser enters into this Co-Owner's agreement or such Co-Owner's agreement as is in place at the time of such sale.

- 17.2 A purchaser of a Shared Interest, or any portion thereof, from the Co-Owner who has not entered into the appropriate Co-Owner's agreement shall not be entitled to the use and enjoyment of the Site and/or the Common Area and/or Common Facilities and the Developer(s) or he Co-Owner Association shall be entitled to take all steps necessary to enforce this provision.

- 17.3 Neither the Developer(s) nor the Owners Association shall be required to recognize any transfer of a Shared Interest if there are any outstanding Assessments or property taxes owing by the transferor of the Shared Interest.

- 17.4 Concurrently with the Transfer of the Shared Interest by the Developer(s) to the Co-Owner or Chargeholder, the Co-Owner or Chargeholder will execute and deliver a Right of First Refusal in the form attached hereto as Schedule "C".

- 17.5 A Co-Owner who wishes to sell, transfer, and convey his or her Shared Interest shall pay to the Developer(s) any transfer fee incurred by the Developer(s) or charged to the Developer(s) by its lawyer. The transfer fee will cover the administration costs involved in the transfer in such amount as set by the Developer(s) acting reasonably. In addition, all fees are to include any and Provincial and Federal taxes as may be applicable.

18 ENCUMBRANCES AND MORTGAGES

- 18.1 The Co-Owner or Chargeholder, whichever is applicable herein, shall not suffer or permit any lien or charge to be created upon the Lands (other than a mortgage against his or her own Shared Interest). Should any lien or charge be so created against the Lands and the Co-Owner or Chargeholder fails to remove it within thirty (30) days of receipt of written notice from the Developer(s) or the Owners Association, the Developer(s) or the Owners Association may pay and discharge the same and any amount so paid shall constitute a debt due by the Co-Owner or Chargeholder to the Developer(s) or the Owners Association and shall be payable upon demand.

- 18.2 The Co-Owner shall be entitled to mortgage his or her Shared Interest without the prior approval of the Developer(s), the Owners Association, or the other Co-Owners. The Co-Owner acknowledges that the Co-Owner is entitled to mortgage his or her Shared Interest and that any such mortgage will not affect the interest of the other Co-Owners in and to the Lands.

- 18.3 A Chargeholder is not entitled to mortgage, pledge, or hypothecate his or her interest in and to the Site and Lands without the prior written approval of Gateway.

- 18.4 The Developer agrees to grant a priority agreement over the Right of First Refusal to the Co-Owner's mortgage provided that any and all costs incurred by the by the Developer(s) in granting such priority will be on the account of the Co-Owner.

19. BORROWING POWERS

- 19.1 The Owners Association shall be entitled to borrow funds if such funds are required for the purposes of maintaining, repairing, and/or replacing the Common Area or Common Facilities provided that such borrowing is made pursuant to the provisions contained in the bylaws of the Owners Association.

20. PARTITION OF PROPERTY ACT

- 20.1 The Co-Owner hereby forever renounces and relinquishes all rights, remedies and actions which may be available to him or her by reason of and pursuant to the provision of the *Partition of Property Act*, R.S.B.C 1996, c. 347, and amendments thereto, and covenants and agrees that this paragraph may be pleaded in defense at any proceeding or action commenced under and pursuant to the Partition of Property Act with respect to his or her interest and if so pleaded shall constitute a complete and absolute defense thereto.

21 GENERAL PROVISIONS

- 21.1 Time shall be of the essence of this agreement.

- 21.2 Any notice required or permitted to be given under this agreement shall be sufficiently given if delivered personally or if sent by prepaid registered mail to the address of the Developer(s), the Owners Association, the Co-owner, and the Chargeholder first written above or to such other address as either party may designate in the manner set out above. Any communication will be deemed to have been given and received on the day of hand delivery or on the third business day following the date of mailing. In the event of a disruption or impending or threatened disruption in the postal service, any communication will be delivered by hand or sent by facsimile transmission.

21.3 Each of the parties shall execute and deliver all such further documents and do such further acts and things as the other party may reasonably request from time to time to give full effect to this agreement.

21.4 This agreement shall be construed in accordance with the laws of the Province of British Columbia.

21.5 This agreement may be executed in two or more counterparts and/or by facsimile each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

21.6 Headings are inserted for convenience of reference only and shall not be considered in the interpretation of this agreement.

IN WITNESS WHEREOF the parties have executed this agreement the day, month and year first written above.

SIGNED, SEALED, AND DELIVERED)
By GATEWAY LAKEVIEW ESTATES INC. in)
the presence of:)

[WITNESS]:

GATEWAY LAKEVIEW ESTATES INC.
[Incorporation Number 672325]
by its authorized signatory:

[ADDRESS]:)

Charles Koo, Director

[OCCUPATION]

SIGNED, SEALED, AND DELIVERED)
by SPRINGBAC DEVELOPMENTS LTD. in)
the presence of:)

[WITNESS]: _____)

[ADDRESS]: _____)

[OCCUPATION]:

SIGNED, SEALED, AND DELIVERED)
By GATEWAY FALLS ESTATES OWNERS)
ASSOCIATION in the presence of:)

[WITNESS]: _____

[OCCUPATION]:

SIGNED, SEALED AND DELIVERED)
by _____ in)
the presence of:)
()

[WITNESS]: _____

[ADDRESS]: _____

[OCCUPATION]:
[As to both signatures]

SPRINGBAC DEVELOPMENTS LTD.
[Incorporation Number 668063]
by its authorized signatory:

Donald Besler, Director

**GATEWAY FALLS ESTATES
OWNERS ASSOCIATION**
by its authorized signatories:

[FULL NAME]:
Co-Owner of Site Number _____
or Chargeholder of Site Number _____

[FULL NAME]:
Co-Owner of Site Number _____
or Chargeholder of Site Number _____

Gateway Falls Estates Owners Association Constitution & Bylaws

Amended May 19, 2012

SOCIETY ACT

CONSTITUTION

The name of the society is Gateway Falls Estates Owners Association.

1. The purpose of the society is to manage on behalf of the members that development located at Lee Creek, BC on that property described as Lot A Sections 25 and 26 Township 22 Range 12 W6MKDYD Plan KAP76386 the “Property”) known as Gateway Falls Estates.

BYLAWS

Part I – Interpretation

- (1) In these bylaws, unless the context otherwise requires:
 - (a) “directors” means the directors of the society for the time being;
 - (b) “Act” means the Society Act of British Columbia from time to time in force and all amendments to it;
 - (c) “registered address” of a member means the member’s address as recorded in the register of members.
- (2) The definitions in the Act on the date these bylaws become effective apply to these bylaws.
- (3) Reference herein to the Owners Association means the society.

- 2. Words importing the singular include the plural and vice versa, and words importing a male person include a female person and a corporation.

Part 2 – Membership

- 3. The members of the society are the applicants for incorporation of the society, and those persons who subsequently become members, in accordance with these bylaws and, in either case, have not ceased to be members.
- 4. The Property has been developed as a recreational resort (Gateway Falls Estates) by Gateway Lakeview Estates Inc. and Springbac Developments Ltd. and has been approved, pursuant to the Real Estate Act of British Columbia, as a shared interest

development ("Shared Interests") wherein the Property will be divided into, no more than, Five hundred (500) undivided interests. The balance of the Shared Interests shall be offered for sale to the public. Until the "Turnover Date", being the date which is the earlier of the date when the last of the 500 undivided interests has been sold and transferred by Gateway Lakeview Estates Inc. and Springbac Developments Ltd. (the "Developers"), or the date on which the Developer determines that sufficient sales have been made, or March 1st, 2012, membership in the Owners Association shall be restricted to the applicants for incorporation of the Owners Association. Following the Turnover Date, all of the members of the Association shall be persons who are registered owners of an undivided interest in the Property and who have signed a co-owners agreement ("the Co-owners Agreement"). All said co-owners may apply for membership and will become members of the Owners Association at the Turnover Date or such date that the application is approved by the directors if the application is made after the Turnover Date. If a Shared Interest is owned by one or more persons then the first named person on the Certificate of Title as issued by the Land title Office for that Shared Interest may become the member. Each shared Interest will entitle the Shared Interest owner to the exclusive use of a portion of the Property pursuant to the Co-owners Agreement and the portion of the Property so identified is referred to as a "Site" for the purposes of these bylaws. The use of any Site within Gateway Falls Estates will be governed by the provision contained in the Co-owners Agreement.

5. A person who is a registered owner of a 1/500th undivided interest in the Property may apply to the directors for membership in the Society and each such applicant shall be approved by the directors for membership and shall become a member effective on the Turnover Date or such date that the application is approved by the directors if the application is made after the turnover Date. The membership in the society shall continue during such time as the member owns an undivided interest in the Property.
6. Every member must uphold the constitution and comply with these bylaws.
7. The amount of the first annual membership dues must be determined by the directors and after that the annual membership dues must be determined at the annual general meeting of the society.
8. A person ceases to be member of the society;
 - (a) by delivering his or her resignation in writing to the secretary of the society or by mailing or delivering it to the address of the society,
 - (b) on his or her death or in the case of a corporation, on dissolution,
 - (c) on being expelled,
 - (d) on having been a member not in good standing for 12 consecutive months, or
 - (e) upon transferring the ownership of the member's undivided interest to another person.
9. (1) A member may be expelled by a special resolution of the members passed at a general meeting.

- (2) The notice of special resolution for expulsion must be accompanied by a brief statement of the reasons for the proposed expulsion.
- (3) The person who is the subject of the proposed resolution for expulsion must be given an opportunity to be heard at the general meeting before the special resolution is put to a vote.

- 10. All members are in good standing except a member who has failed to pay his or her current annual membership fee, or any other subscription or debt due and owing by the member to the society and the member's not in good standing so long as the debt remains unpaid.

Part 3 – Meetings of Members

- 11. General meetings of the society must be held at the time and place, in accordance with the Act, that the directors decide.
- 12. Every general meeting, other than an annual general meeting, is an extraordinary general meeting.
- 13. The directors may, when they think fit, convene and extraordinary general meeting.
- 14.
 - (1) Notice of general meeting must specify the place, day and hour of the meeting, and, in case of special business, the general nature of that business.
 - (2) The accidental omission to give notice of a meeting to, or the no-receipt of a notice by, any of the members entitled to receive notice does not invalidate proceedings at that meeting.
- 15. The first annual general meeting of the society must be held not more than 15 months after the date of incorporation and after that an annual general meeting must be held at least once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting.

Part 4 – Proceedings at General Meetings

- 16. Special business is
 - (a) all business at an extraordinary general meeting except the adoption of rules of order, and
 - (b) All business conducted at an annual general meeting, except the following:
 - (1) the adoption of rules or order,
 - (2) The consideration of the financial statements

- (3) The report of the directors;
- (4) The report of the auditor, if any;
- (5) The election of directors;
- (6) The appointment of the auditor, if required;
- (7) The other business that, under these bylaws, ought to be conducted at an annual general meeting, or business that is brought under consideration by the report of the directors issued with the notice convening the meeting.

17. Quorum for annual or special general meeting:

- (1) Business must not be conducted at an annual or special general meeting unless a quorum is present
- (2) Subject to the bylaws, a quorum for an annual or special general meeting is:
 - (a) Eligible voters holding 1/3 of the Association's votes, present in person or by proxy.
- (3) Unless otherwise provided in the bylaws, if within ½ hour from the time appointed for an annual or special general meeting a quorum is not present, the meeting shall stand adjourned for ½ hour. If a quorum as described in subsection (2) is not present within one hour from the time appointed for the meeting, then the eligible voters present in person or by proxy shall constitute a quorum.

18. If within 30 minutes from the time appointed for a general meeting a quorum is not present, the meeting, if convened on the requisition of member, must be terminated, but in any other case, it must stand adjourned to the same day in the next week, at the same time and place, and if, at the adjourned meeting, a quorum is not present with 30 minutes from the time appointed for the meeting, the members present constitute a quorum, provided there is never less than 3 members present at all times.

19. Subject to bylaw 20, the president of the society, the vice president or, in the absence of both, one of the other directors present, must preside as chair of a general meeting.

20. If at a general meeting:

- (a) there is no president, vice president or other director present within 15 minutes after the time appointed for holding the meeting, or
- (b) the president and all the other directors present are unwilling to act as the chair, the members present must choose one of their number to be the chair,

21.

- (1) A general meeting may be adjourned from time to time and from place to place, but business must not be conducted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

- (2) When a meeting is adjourned for 10 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

(3) Except as provided in the bylaw, it is not necessary to give notice of an adjournment or of the business to be conducted at an adjourned general meeting.

22.

(1) A resolution proposed at a meeting need not be seconded, and the chair of the meeting may move or propose a resolution.

(2) in the case of a tie vote, the chair does not have a casting or second vote in addition to the vote to which he or she may be entitled as a member, and the proposed resolution does not pass.

23.

(1) A member in good standing present at a meeting of members is entitled to one vote.

(2) Voting is by a show of hands.

(3) Every member entitled to vote at a meeting of members may, by means of a proxy, appoint a person, who must be a voting member in good standing of the Owners Association, as his or her nominee to attend and speak and vote on his or her behalf at the meeting or any adjournment thereof.

(4) The instrument appointing a proxy shall be in writing executed by the member or by his or her attorney authorized in writing and such instrument and the authority (if any) under which it is signed, shall be received by a designated person appointed by the directors at least three business days before the time specified for the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy and in default the instrument of proxy shall not be treated as valid.

(5) A proxy may be revoked by instrument in writing executed by the member or by his or her attorney authorized in writing and deposited with the president of the Owners Association at any time up to 5:00 o'clock in the afternoon of the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used. Upon such deposit, the proxy is revoked.

(6) A vote given by proxy shall be effective notwithstanding the revocation of the authority, providing the Owners Association has not received notice of the revocation within the time and in the manner herein specified.

(7) The only instrument of proxy that shall be recognized at any general meeting of the members of the Owners Association are those which are in the same form as the form of proxy furnished by the Owners Association, provided, that if the form of proxy contains the designation of a named person as nominee, then means shall

be provided in the form of proxy whereby a member entitled to vote may designate some other voting member as his or her nominee.

24. A corporate member may vote by its authorized representative, who is entitled to speak and vote, and in all other respects exercise the rights of a member, and that representative must be considered as a member for all purposes with respect to a meeting of the society.

Part 5 – Directors and Officers

25. (1) The directors may exercise all the powers and do all the acts and things that the society may exercise and do, and that are not by these bylaws or by statute or otherwise lawfully directed or required to be exercised or done by the society in a general meeting, but subject, nevertheless, to
- (a) all laws affecting the society,
 - (b) these bylaws, and
 - (c) Rules, not being inconsistent with these bylaws, that are made from time to time by the society in a general meeting.
- (2) A rule, made by the society in a general meeting, does not invalidate a prior act of the directors that would have been valid if that rule had not been made.
26. (1) The president, vice president and secretary-treasurer are the directors of the society.
- (2) The number of directors must not be less than 3 or greater than 5.
27. (1) The directors must retire from office at each annual general meeting when their successors are elected.
- (2) Separate elections must be held for each office to be filled.
- (3) An election may be by acclamation, otherwise it must be by ballot.
- (4) If a successor is not elected, the person previously elected or appointed continues to hold office.
28. (1) The directors may at any time and from time to time appoint a member as a director to fill a vacancy in the directors.

- (2) A director so appointed holds office only until the conclusion of the next annual general meeting of the society, but is eligible for re-election at the meeting.
- 29.
- (1) If a director resigns his or her office or otherwise ceases to hold office, the remaining directors must appoint a member to take the place of the former director.
- (2) An act or proceeding of the directors is not invalid merely because there are less than the prescribed number of directors in office.
30. The members may, by special resolution, remove a director, before the expiration of his or her term of office, and may elect a successor to complete the term of office.
31. A director must not be remunerated for being or acting as a director but a director must be re-imbursed for all expenses necessarily and reasonably incurred by the director while engaged in the affairs of the society.
- 32.
- (1) The directors may meet at the paces they think fit to conduct business, adjourn and otherwise regulate their meeting sand proceedings, as they see fit.
- (2) The directors may from time to time set the quorum necessary to conduct business, and unless so set the quorum is a majority of the directors then in office.
- (3) The president is the chair of all meetings of the directors, but if at a meeting the president is not present within 30 minutes after the time appointed for holding the meeting, the vice president must act as chair, but if neither is present the directors present may choose one of her number to be the chair at that meeting.
- (4) A director may at any time, and the secretary, on the request of a direct, must, convene a meeting of the directors.
- 33.
- (1) The directors may delegate any, but not all, of their powers to committees consisting of the director or directors as they think fit.
- (2) A committee so formed in the exercise of the powers so delegated must confirm to any rules imposed on it by the directors, and must report every act or thing done in exercise of those powers to the earliest meeting of the directors held after the act or thing has been done.
34. A committee must elect a chair of its meetings, but if no chair is elected, or if at a meeting the chair is not present within 30 minutes after the time appointed for holding the meeting, the directors present who are members of the committee must choose one of their number to be the chair of the meeting.

35. The members of a committee may meet and adjourn as they think proper.
36. For a first meeting of directors held immediately following the appointment or election of a director or directors at an annual or other general meeting of members, and for a meeting of the directors at which a director is appointed to fill a vacancy in the directors, it is not necessary to give notice of the meeting to the newly elected or appointed director or directors for the meeting to be constituted, if the a quorum of the directors is present.
37. A direct who may be absent temporarily from British Columbia may send or deliver to the address of the society a waiver of notice, which may be by letter, telegram, telex or cable, or any meeting of the directors and may at any time withdraw the waiver, and until the waiver is withdrawn,
- (a) a notice of meeting of directors is not required to be sent to that director, and
- (b) Any and all meetings of the directors of the society, notice of which has not been given to that director, if a quorum of the directors is present, are valid and effective.
38. (1) Questions arising at a meeting of the directors and committee of directors must be decided by a majority of votes.
- (2) In the case of a tie vote, the chair does not have a second or casting vote.
39. A resolution proposed at a meeting of directors or committee of directors need not be seconded, and the chair of a meeting may move or propose a resolution.
40. A resolution in writing, signed by all the directors and placed with the minutes of the directors, is as valid and effective as if regularly passed at a meeting of directors.

Part 6 – Duties of Officers

41. (1) The president presides at all meetings of the society and of the directors.
- (2) The president is the chief executive officer of the society and must supervise the other officers in the execution of their duties.
42. The vice president must carry out the duties of the president during the president's absence.
43. The secretary must do the following:
- (a) Conduct the correspondence of the society;

- (b) Issue notices of meetings of the society and directors;
 - (c) Keep minutes of all meetings of the society and directors;
 - (d) Have custody of all records and documents of the society except those required to be kept by the treasurer;
 - (e) Have custody of the common seal of the society;
 - (f) Maintain the register of members.
44. The treasurer must
- (a) keep the financial records, including books of account, necessary to comply with the Act, and
 - (b) render financial statements to the directors, members and others when required.
45. The offices of secretary and treasurer may be held by one person who is to be known as the secretary treasurer.
46. In the absence of the secretary from a meeting, the directors must appoint another person to act as secretary at the meeting.

Part 7 – Seal

47. The directors may provide a common seal for the society and may destroy a seal and substitute a new seal in its place.
48. The common seal must be affixed only when authorized by a resolution of the directors and then only in the presence of the persons specified in the resolution, or if no persons are specified, in the presence of the president and secretary or president and secretary treasurer.

Part 8 – Borrowing

49. In order to carry out the purposes of the society the directors may, on behalf of an in the name of the society, raise or secure the payment or repayment of money in the manner they decide, and, in particular but without limiting that power, by the issue of debentures.
50. A debenture must not be issued without the authorization of a special resolution.
51. The members may, by special resolution, restrict the borrowing powers of the directors, but a restriction imposed expires at the next annual general meeting.

Part 9 – Auditor

- 52. This Part applies only if the society is required or has resolved to have an auditor.
- 53. The first auditor must be appointed by the directors who must also fill all vacancies occurring in the office of auditor.
- 54. At each annual general meeting the society must appoint an auditor to hold office until the auditor is re-elected or a successor is elected at the next annual general meeting.
- 55. An auditor may be removed by ordinary resolution.
- 56. An auditor must be promptly informed in writing of the auditor's appointment or removal.
- 57. A director or employee of the society must not be its auditor.
- 58. The auditor may attend general meetings.

Part 10 – Notices to Members

- 59. A notice may be given to a member, either personally or by mail to the member at the member's registered address.
- 60. A notice sent by mail is deemed to have been given on the second day following the day on which the notice is posted, and in proving that notice has been given, it is sufficient to prove the notice was properly addressed and put in a Canadian post office receptacle.
- 61.
 - (1) Notice of a general meeting must be given to
 - (a) every member shown on the register of members on the day notice is given, and
 - (b) the auditor, if Part 10 applies.
 - (2) No other person is entitled to receive a notice of a general meeting.

Part 11 – Bylaws

- 62. On being admitted to membership, each member is entitled to, and the society must give the member without charge, a copy of the constitution and bylaws of the society.
- 63. These bylaws must not be altered or added to except by special resolution.

BALANCE SHEET

Page 1

As At July 31, 2012

CML Properties - Unaudited

	YTD Actual
CURRENT ASSETS	
Cash - Operating	\$16,721.30
Cash - Levy	3,739.48
Petty Cash	500.00
Strata Fees Receivable	4,747.77
Accounts Receivable	100.00
Due to/from Gateway Lakeview Estates Inc.	(685.83)
Refundable Deposits	456.00
Prepaid Expenses	6,688.72
Total Current Assets	32,267.44
TOTAL ASSETS	
	\$32,267.44
CURRENT LIABILITIES	
Accounts Payable	\$14,440.59
Accrued Liabilities	1,732.89
Accrued Payroll Liabilities	380.52
Caretaker Residence Security Deposits	100.00
Prepaid Maintenance Fees	1,097.55
Total Current Liabilities	17,751.55
EQUITY	
Restricted Equity	
Special Levy	3,739.48
Retained Earnings	
Retained Earnings - Prior Periods	6,303.13
Retained Earnings	4,473.28
Total Equity	14,515.89
TOTAL LIABILITIES & EQUITY	\$32,267.44

Gateway Falls Estates Owners Association Society

August 16, 2012 4:19 PM

STATEMENT OF INCOME & EXPENSE

Page 1

For the 3 Months Ending July 31, 2012

CML Properties - Unaudited

Budget Comparison to Original Budget

	C U R R E N T M O N T H			Y E A R T O D A T E		
	Actual	Budget		Actual	Budget	Annual Budget
INCOME						
Maintenance Fee Income	11,148.72	11,139.90	37,086.98	33,419.70	133,678.80	
Interest Income	38.27	8.33	74.49	25.03	100.00	
Property Tax Recovery	2,401.35	0.00	0.00	0.00	0.00	
TOTAL INCOME	\$13,588.34	\$11,148.23	\$37,161.47	\$33,444.73	\$133,778.80	
EXPENSES						
AGM/Meetings/Accounting	0.00	20.83	650.83	62.53	250.00	
Bank Charges	57.67	41.66	144.34	125.06	500.00	
Caretaker & Related	2,150.48	2,350.00	6,568.46	7,050.00	28,200.00	
Flood	3,501.12	0.00	3,701.12	0.00	0.00	
Foreshore Lease	0.00	30.00	0.00	90.00	360.00	
Garbage Removal	558.87	833.33	1,785.43	2,500.03	10,000.00	
Insurance	2,472.25	1,666.66	5,695.41	5,000.06	20,000.00	
Grounds Maintenance	0.00	833.33	596.46	2,500.03	10,000.00	
Legal	0.00	0.00	650.00	0.00	0.00	
Management Fees	1,562.40	1,585.73	4,687.20	4,757.23	19,028.80	
Management Fees - Audit	0.00	11.66	0.00	35.06	140.00	
Office & General Admin	98.23	41.66	719.29	125.06	500.00	
Property Tax	967.33	1,300.00	967.33	1,300.00	1,300.00	
Repairs & Maintenance	1,701.12	2,347.22	5,702.53	7,041.70	26,500.00	
Signs	572.09	0.00	572.09	0.00	0.00	
Snow Removal	0.00	0.00	0.00	0.00	15,000.00	
Utilities - Light & Power (Hydro)	0.00	166.66	247.70	500.06	2,000.00	
TOTAL EXPENSES	\$13,641.56	\$11,228.74	\$32,688.19	\$31,086.82	\$133,778.80	
NET INCOME (LOSS)	(\$53.22)	(\$80.51)	\$4,473.28	\$2,357.91	\$0.00	

STATEMENT OF SPECIAL LEVY

Page 1

As At July 31, 2012

CML Properties

Budget Comparison to Original Budget

	Y E A R	T O	D A T E	
	Actual		Budget	Annual Budget
SPECIAL LEVY INCOME				
Special Levy Income	4,239.48		0.00	0.00
TOTAL LEVY INCOME	4,239.48		0.00	0.00
SPECIAL LEVY EXPENSES				
Special Levy Expense	500.00		0.00	0.00
TOTAL LEVY EXPENSES	500.00		0.00	0.00
NET SPECIAL LEVY INCOME (LOSS)	\$3,739.48		\$0.00	\$0.00

Gateway Falls Estates Inc.

2633 Squilax Anglemont Hwy, Lee Creek, B.C.
(250)955-2234 Fax (250)955-2007

RULES AND REGULATIONS
June , 2002

Introduction

The Gateway Falls Estates Owners Association (the "Association") has adopted the following Rules and Regulations pertaining to the use of the facilities within Gateway Falls. These Rules and Regulations apply to all people visiting or using the Resort, whatever the category (i.e. Owner, Guest, Family member, Renter, Visitor).

The primary consideration in the adoption of these Rules and Regulations has been to enable the Owners and others to obtain maximum enjoyment from the use of the facilities while at the same time considering the important aspects of health, safety, general welfare and rights of other Owners. The Association has the right to make changes to these Rules and Regulations at any time without prior notice to the Owners.

The Association will, at all times, have the authority to see that each of these Rules and Regulations is carried out and to enforce same.

A. GENERAL VISITATION RULES

1. Rule Number One is to enjoy yourself thoroughly. Please feel free to make any suggestions that may help to make this a better Resort.
2. All cars, recreational vehicles and other vehicles must display a windshield decal or temporary visitor permit when on the Resort premises. In the event an additional decal is needed for another vehicle owned by a person in the Owner's immediate family, it may be obtained from the Gateway Falls administration office. Resort vehicle decals are to be used only on personal vehicles registered to the Owner or his or her immediate family.
3. The Common Facilities will be kept open and used in accordance with a schedule determined by the Association.
4. All facilities are used by Owners at their own risk.
5. Employees of the Association shall not be subject to the individual direction or control of Owners or others. The control of employees is specifically vested in the Association and its duly authorized agents.

6. Under no circumstances will minors (under 19 years pursuant to B.C. law) be served, be allowed to assist in serving or be permitted to consume liquor in or on any part of the Resort.
7. The Association and its servants and agents will not be responsible for any personal injury to any Owner or other person, or for any loss or damage to any property of the Owner or other person.
8. All garbage and other waste material must be placed in the receptacles provided by the Resort.
9. Taking shortcuts across or through R.V. sites is not permitted. Enjoy the beauty of the R.V. sites but respect the privacy of others and the work done on their sites.
10. No Owner or other person is permitted to sell goods or services within the Resort without the permission of the Association.
11. Recreational vehicles must be equipped to be used for recreational living and sleeping purposes without requiring continuous connection to sewer, water, and electrical systems. Recreational vehicles without holding tanks are not permissible except park model trailers. No tents, tent-trailers, pop-up trailers, pup-tents or tent-like enclosures are permitted within the Resort. All RV's must have sewer connectors, which seal tightly. All RV's are subject to approval by the Association.
12. Nothing shall be posted on any Resort Bulletin Board or elsewhere within the Resort without first obtaining permission from the Association. No sign (e.g. "For Sale" signs) may be displayed on any site or on any recreational or other vehicle other than names and site numbers without prior approval from the Association.
13. All Resort guests, visitors and others shall register at the Registration Office upon arrival. Owners are exempt from this registration process.
14. Owners and all other persons shall conduct themselves with decorum while upon the premises of the Resort and shall not indulge in loud or boisterous conduct. Games or sports, which may be calculated to bring the Resort into disrepute or interrupt the harmony of the Resort, shall not be allowed.
15. In the event any Owner or other person breaches the Rules and Regulations, the Association or its designate may immediately require the party or parties to leave the Resort.
16. Owners and others shall at all times be responsible for the conduct of their children on the Resort premises. All young children must be accompanied by an adult when using the Resort facilities.
17. Owners shall be responsible for the conduct of and any charges incurred by their families, guests and other persons they permit to use the Resort or the Owner's site. They shall be responsible for the full value of any loss or damage to property or equipment willfully or

otherwise defaced, injured, damaged or destroyed by their families, guests or other persons the Owner permits to use the Resort or the Owner's site.

18. - Pleasure riding of motorcycles, scooters or all-terrain vehicles is not permitted within the Resort. The use of motorcycles and scooters as transportation between the entrance to the Resort and the Owner's site is permitted. No bicycle riding after dusk is permitted without bicycle lights.

19. The gathering or cutting of wood or other vegetation within the Resort is prohibited.

20. Fires are allowed only in designated fireplaces and the Association may prohibit the building of fires at any time when such fires are considered either unsuitable for the existing conditions or when they represent a fire hazard. Open fires are not allowed on individual sites. Only charcoal briquettes or propane may be used to barbecue at the individual sites.

21. The use and possession of firearms and all other weapons is prohibited within the Resort.

22. The speed limit on the Resort roads is 20 km/hr. unless otherwise posted. Parking is permitted only in designated parking areas and never under any circumstances on roadways or grassed areas. Day guests should park in the designated Visitor Parking Areas. No major repairs or adjustments shall be made to motor vehicles on the Resort premises. Valid driver's license is required to operate any motorized vehicles on the Resort property.

23. No more than one recreational vehicle is allowed per site with the exception of a trailer being pulled by a van conversion or by a truck camper. Only one vehicle may be used as a living unit under these circumstances. In any event no more than two vehicles are permitted on any site in addition to the RV. No more than eight persons may overnight on one site unless prior permission has been obtained from the Resort Management. In order to prevent over-taxing of Resort facilities in the future, if day guest activity should reach inordinate levels, the Association reserves the right to limit the number of daytime guests visiting on one site. If an Owner has guests who want to sleep in a tent, it must be set up behind the R.V. unit at bedtime and taken down by 9:00 A.M.

24. Quiet hours shall be observed from 11:00 P.M. to 8:00 A.M. Any noise-generating equipment such as televisions, radios, tape or CD players or generators shall be restricted in their use and time of operation for the mutual comfort and pleasure of Owners. At no time shall the use of such equipment be permitted to cause a nuisance to other users of the area.

25. No outside clothes drying or clotheslines are permitted within the Resort area, except the unobtrusive drying of bathing suits and towels.

26. Pets - Owners may have normal family-type pets, such as dogs, cats and birds. Pets must be well behaved. All pets (including cats) shall be kept on leashes or in-doors at all times (including night) and shall not be permitted on any site landscaping or RV site other than the one occupied by the owner of the pet, without the consent of the occupier of that site. No pets are permitted in clubhouse, pool or recreation areas. All pet waste shall be picked up immediately.

the pet owner and deposited in a garbage receptacle. This applies to all areas of the Resort, whether developed or not. The Association reserves the right to require Owners, guests and others to remove unruly, loud and/or misbehaving animals from the Resort and to restrict roaming pets. The Association reserves the right to remove such animals from the Resort without notice. The Association may restrict the size and number of pets brought into the Resort by any one individual.

27. Complaints from Owners can be brought to the attention of the Association which will authorize any appropriate action.

B. RECREATIONAL FACILITIES AND EQUIPMENT

1.

a) Resort facilities are available for all Owner group activities.

b) Resort facilities are available for use by all Owners and their overnight guests, to a maximum of four guests per Owner site.

c) Resort facilities may not be used for functions, which exclude any part of the Ownership.

d) Persons who are not overnight guests of Owners or registered guest of the Resort may not attend any Owner events.

e) Some Owner events may be available to overnight guests of Owners for a fee to be decided by the Association.

f) Reservation of the Common Facilities will be available for Owner events only. Any suggestions for Owner events should be submitted to the Association to determine availability of facilities and aid in publishing of a calendar of events.

2. All rates for services shall be fixed from time to time by the Association.

3. Use of facilities and equipment will be on a first come first served basis except where reservations have been approved by the Association or its designate.

4. Profanity, loud, and abusive language and other objectionable acts are prohibited in Common Areas.

5. All Gateway Falls buildings are smoke-free.

C. PRIVATE RENTALS BY OWNERS

1. Owners may permit others to use their sites. Owners may rent their sites.

2. No rental usage will be for a period of less than seven (7) calendar days.
3. All renters must register at the Registration Building and are required to abide by the Resort Rules and Regulations.
4. Owners shall be responsible for all damages and charges incurred by their guests and/or renters.

D. REGULATIONS CONCERNING THE DEVELOPMENT LAND- SCAPING AND USE OF RV SITES

1. In order to avoid misunderstandings and to try to preserve Resort appearances, no construction, alterations to improvements to any site, including, but not limited to landscaping, decks, railings, trellises, storage sheds or modifications to existing structures may be carried out, by or on behalf of any Owner without the written approval of the Association. An application for such work may be obtained from the Association and when submitted for approval must be accompanied by plans of the intended work or construction. A copy of the approved application should be retained by the Owner as proof of compliance.
2. Each Owner shall have 12 months after his or her purchase to complete the landscaping of the Owner's site. After this 12 month period and following notification by registered mail, the Association may arrange for basic landscaping to be done, to a standard satisfactory to it, at the Owner's expense.
3. Any approved alterations, landscaping or other improvements to an Owner's site are subject to on-going review by the Association as to proper up-keep and maintenance of same. The Association may, at its sole discretion, require the Owner to repair any deterioration of these improvements. If the Owner is unavailable to repair or to make the necessary changes, the Association may make the necessary repairs at the cost of the Owner after giving suitable notice to the Owner.
4. Open trellises and fences of natural materials are permissible to a maximum height of 3 feet. Trimmed hedges to a maximum of 3 feet are allowable from property line to front of pad. Six feet are allowable beyond that. Owners are required to obtain Association approval and to be considerate of their neighbors when planning their landscaping.
5. Use of R.V. sites is for recreational purposes only. No site may be used for a commercial endeavor or for business purposes.
6. The road shoulders must be maintained. No walls, posts, rocks, etc. will be permitted on the road shoulder.
7. R.V. sites shall be left in a clean and tidy condition at all times, but especially when vacated during the winter. Tarpaulins shall not be used to cover R.V.'s.

8. The storage or parking of more than 2 vehicles in addition to the R.V. (except as provided in Rule A-24) on an Owner's site is not permitted. Additional vehicles must be parked in designated parking areas or in the Resort storage area. Boats must be stored in boat compound.
9. Management reserves the right to determine the suitability of any vehicle for use or storage within the Resort and to exclude same if it is deemed unsuitable.
10. No park model, R.V., or tip-out unit of an R.V. may be located closer than 3 feet to the property line of the adjacent Site.
11. All R.V.'s entering onto the Resort are subject to approval by the Association. Owner sites may be suitable for both "regular R.V.'s" and for "park model R.V.'s" but in any case the Association, at its sole discretion, reserves the right to rule on the suitability of any R.V. entering the Resort.
 - a) The maximum allowable length of an R.V. is 45 ft.
 - b) The maximum allowable length of a park model is 45 ft.
 - c) The Association retains the right to determine which sites are suitable for park model R.V.'s.
 - d) An application to install a park model R.V. and a site plan indicating compliance with the setback requirements and must be approved by the Association prior to installation of a park model R.V. in the Resort.
12. An unobstructed setback of 3 feet on side yards and 10 feet on front and rear yard lines is required on all sites. When placing an R.V. on a Site, the R.V. may be raised off the ground only to the extent that the weight is off the tires. The R.V. may not be raised higher than this.
13. Decks may be built to a maximum allowable height of 32 inches from ground level. Decks must not be built to wrap around the end of the R.V. unit and must not extend beyond the end of the unit. Railings above the level of the deck are permissible to a further maximum height of 36 inches.
14. Low storage boxes on rollers may be stored under the R.V. but no storage of loose materials will be permitted unless R.V. skirting completely covers same. If the Owner plans to store such materials or boxes under R.V., the skirting must be completed within 30 days. In case of 5th wheels, a vinyl hitch enclosure will suffice. The style and color of the storage shed or skirting must be neutral or match the R.V.
15. One storage shed shall be allowed on each site, to a maximum size of 100 square feet. Location to be approved by the Association. There shall be a minimum setback of 3 feet from side and rear yard lines and be portable.
16. Owners may store small rowboats and canoes on their sites. Larger boats and powered boats must be stored in the storage areas designated by the Association.