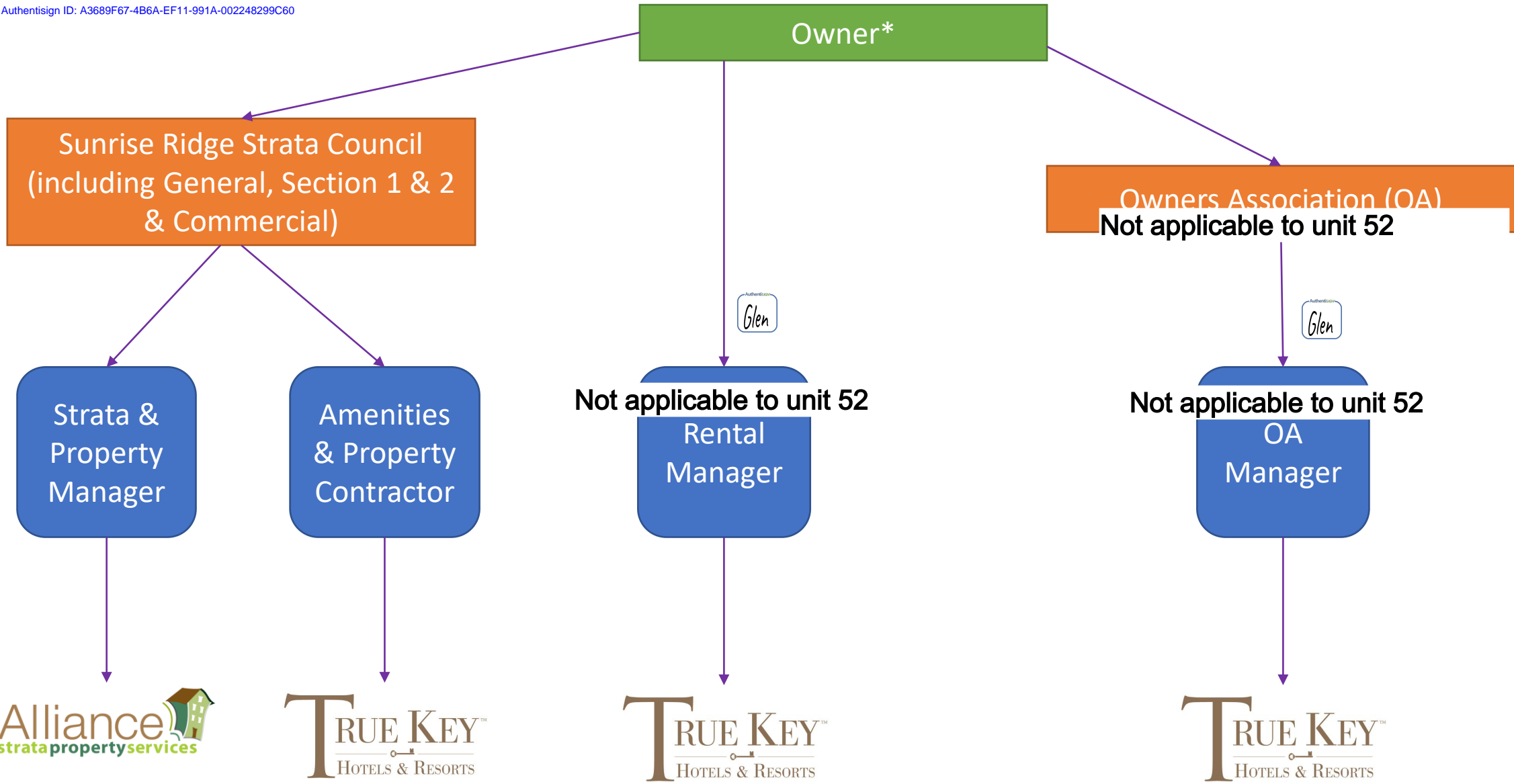


Sunrise Ridge Resort

Real Estate Organizational Structure for Owners





* The term "Owner" is used to denote an individual or entity who owns an eligible Strata Lot, whether fractional or in whole, who is eligible as a "member" of the Strata

Owner*

Owners Association (OA)

What is the Owners Association (OA) ?



Not applicable to unit 52

- The OA was primarily created for those with fractional (1/8th) ownership of individual strata units.
- The OA is responsible for managing budgets and paying certain elements that strata units are responsible for, such as:
 - Telephone
 - Cable television
 - Internet
 - Property Taxes
 - Insurance (Content & Liability)
- The OA takes responsibility for these things to ensure that fractional owners are all protected equally. For example, someone who owns only 1/8th of a strata unit can't cause the entire unit to fall into default with the City of Parksville, because they didn't pay their property taxes, when the other 7/8th of the owners did.
- The OA is also responsible for a capital refurbishment fund, that every member pays into. This means that, for example, if a sofa needs replacing because it's become worn out, it can simply be replaced, and doesn't require all 8/8th fractional owners to agree and split the cost.
- The OA can be visualized as the entity that administers the rights (owner usage, for example) and expenses of the common owners.
- The OA is governed by an elected group of Directors, that is separate from the Strata and other entities.
- Whole owners are not necessarily members of the OA, as it is optional for them.

What is the Owners Association (OA) ?

Not applicable to unit 52



- The OA engages in an ongoing contract with a Manager.
- That Manager, at this point in time, is True Key Hotels & Resorts.
- The Manager is responsible for numerous duties, such as:
 - Financial account and reporting
 - Facilitating meetings and taking minutes
 - Ensuring relevant regulatory filings are completed
 - Developing budgets
- The Manager can be visualized as performing similar functions to that of a Strata Management Agency.
- Point of clarification - The OA is a Society, registered and governed under the Societies Act of British Columbia.

Not applicable to unit 52



Owners Association (OA)

OA
Manager



What is the Strata Council ?

Sunrise Ridge Strata Council
(including General, Section 1 & 2
& Commercial)

- The Strata Corporation (also known as a Condominium Corporation in other jurisdictions) is the overarching entity that is responsible for the management of all the common elements of the condominium complex.
- The Strata Corporation is responsible for managing budgets, paying certain elements that Strata units as a group are responsible for, and being responsible for common property. Examples of this are:
 - Procuring whole building insurance for all buildings on the property, including liability coverage.
 - Managing alterations to individual units.
 - Collecting all Strata fees, including sectional fees.
 - Ensuring compliance with Strata Bylaws, and performing enforcement actions when required.
 - Maintaining and being responsible for shared infrastructure such as water, sewer, heat, elevators, etc.
 - Maintaining and being responsible for common areas such as the common interior of the lodge building, or the parking garage.
 - Maintaining and being responsible for common areas outside, such as the external grounds, grass, plants, etc.

What is the Strata Council ?

Owner*

Sunrise Ridge Strata Council
(including General, Section 1 & 2
& Commercial)

- All owners are members of the Strata Corporation.
- The Strata Corporation is governed by an elected group of Directors, which can be comprised of owners of either fractional or whole Strata units. This is known as the Strata Council.
- The Strata Corporation also has an obligation to commit funds to a CRF (Contingency Reserve Fund). This ensures that sufficient liquid funds exist for the purpose of capital refurbishment projects. For example, the CRF could be used to pay for a new roof for one of the buildings.

What are the Strata Council Sections ?

Sunrise Ridge Strata Council
(including General, Section 1 & 2
& Commercial)

- The Strata Corporation is divided into four sections:
 - General Strata Council (Strata Council)
 - Section 1 Strata Council (Section 1 Executive)
 - Section 2 Strata Council (Section 2 Executive)
 - Commercial Section Council
- This has been done as a method of grouping buildings into “like” categories. For example - the townhomes don’t have balconies, elevators, shared utilities, exterior stairs, etc. Sections allow Strata Corporations to allocate Capital Expenses to a group of owners to whom they pertain.
- General Strata Council is responsible for the common elements across the property.
- Section 1 Strata Council is responsible for the lodge building, the 200 building and the 400 building (“apartment” section).
- Section 2 Strata Council is responsible for the waterfront villas and the townhomes (“townhome” section).
- Commercial Strata Council represents Strata Lot #29, which is the commercial section of the resort. This section includes the front desk, offices, meeting room, laundry facilities, several storage rooms in the lodge building, deck to the rear of the lodge building and the pool and fitness area. It is currently leased to the Rental Manager.

What are the Strata Council Sections ?

Sunrise Ridge Strata Council
(including General, Section 1 & 2
& Commercial)

Owner*

- Budgets are individualized to each Strata Section, allocating expenses that pertain to their buildings.
- Strata Councils meet at regular intervals (currently quarterly). These meetings will cover a wide range of topics, such as providing direction to the Strata Manager, reviewing financial statements, approving budgets for presentation at the AGM, addressing owner concerns and ensuring the regulatory obligations of the Strata Corporation are being met.

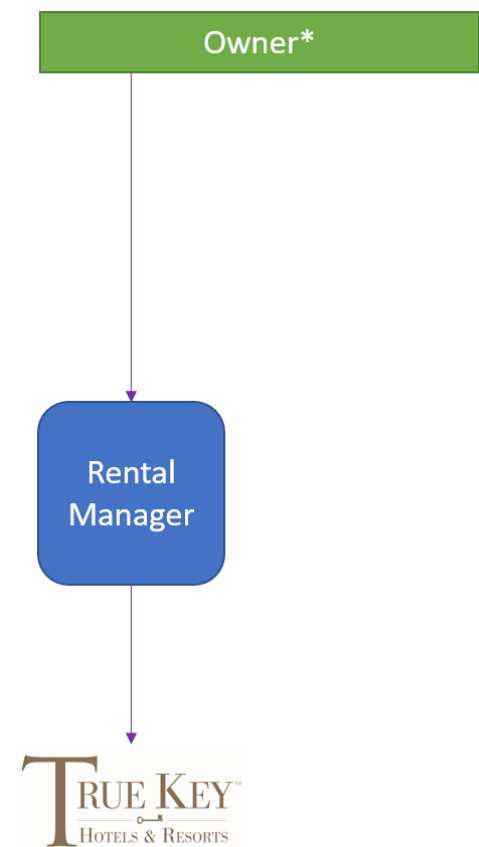
What is the Rental Manager ?

Not applicable to unit 52



- Our complex, Sunrise Ridge Resort, is operated as a commercial vacation resort property open to the general public.
- The Strata Owners engage in an ongoing contract with a Rental Manager.
- That Rental Manager, at this point in time, is True Key Hotels & Resorts.
- True Key Hotels & Resorts has extensive experience in the hospitality industry:
 - Sunrise Ridge is one of 5 resorts and hotels the True Key manages. True Key employs a full compliment of administrative, accounting, sales & marketing, and human resource personnel.
 - Owners who participate in the Rental Management Program, through True Key, are able to enjoy the benefits of the Enhanced Program which includes the option of exchanging time with other resorts around the world with The Club, Interval International and / or HSI.
 - True Key invests significantly in sales & marketing initiatives to attract rental guests to Sunrise Ridge and deliver industry leading occupancies and rates.
- The vast majority of the Strata ownership participates in the Rental Management Program (allowing True Key to “rent” their units when they are vacant, to the general public).
- It is NOT required that Strata owners, whether fractional or whole, participate in the Rental Management Program. However, it is encouraged, given how the property operates as a commercial resort vacation rental.

Not applicable to unit 52



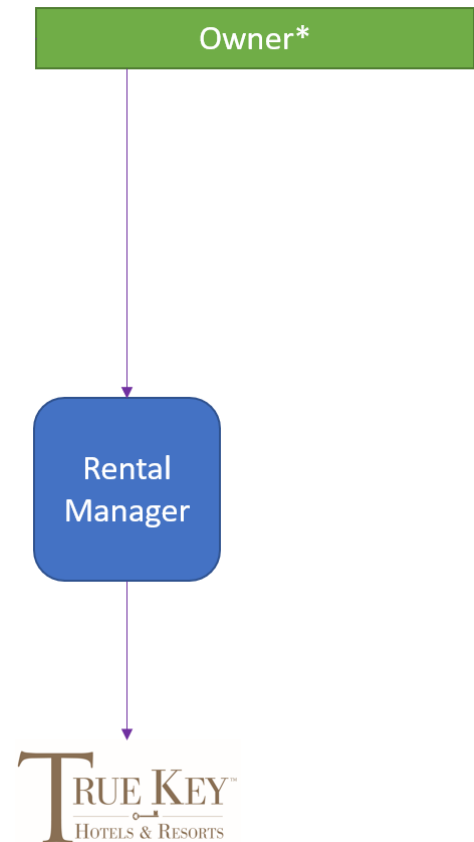
What is the Rental Manager ?

Not applicable to unit 52



- The Rental Manager employs all of the staff on-site, including the General Manager, guest service agents, housekeepers and maintenance personnel.
- Some of the additional on-site services that True Key provides include:
 - Making keys for owners who participate in the rental program, fractional owners, renters and exchange guests.
 - Telephone, internet and cable TV services at the resort.
 - Departure and annual deep cleaning services for owners in the rental program and fractional owners.
 - Management and laundering of pool towels.
 - Owner Relations, which is an on-line portal for owners to make personal use bookings, and receive communications and financial reporting from True Key.
 - Operating the meeting room as well as the area with the fireplace to the rear of the lodge building.
- There are many more responsibilities that the Rental Manager has, but regardless, in summary, True Key “operates” the rental aspect of the property on behalf of Strata owners. True Key themselves have no ownership in the property.

Not applicable to unit 52



What is the Amenities Contractor ?

- The Strata Corporation engages in an ongoing contract with an Amenities Contractor.
- That Amenities Contractor, at this time, is True Key Hotels & Resorts.
- The Amenities Contractor is responsible for operations and maintenance of the amenities, primarily the pool, hot tub and fitness building, on behalf of the Strata. Some examples of duties:
 - Twice daily chemical check of pool and hot tub water with chemical adjustments as needed.
 - Liaise and communicate with VIHA (Health Authority) on water testing results.
 - Liaise and communicate repairs & maintenance issues with Strata Manager and trades.
 - Perform some repairs & maintenance upon request of the Strata Manager.
 - Dump and clean the hot tub once per week for 12 months.
 - Daily emptying of pool and hot tub basket / screen filters.
 - Common area cleaning.
 - Maintenance of the water features.
 - Provide after-hours security.
 - Garbage removal from building.
- The optics of having True Key as both the Amenities Contractor and Rental Manager may seem somewhat in conflict. For complete transparency, the Amenities Contract is generally tendered out to RFQ (Request for Quote), and Strata ownership welcomes competitive bids.
- True Key, through efficiencies and economies of scale, has historically provided the best value for dollar spent on this contract. Part of the reason for this is because they are already physically on-site, in the capacity of Rental Manager, so certain elements of the contract can be fulfilled by already-available sunk assets.
- To date, no other third party contractor has submitted an RFQ response with a materially superior proposal.

Sunrise Ridge Strata Council
(including General, Section 1 & 2
& Commercial)

Amenities
& Property
Contractor

TRUE KEY
HOTELS & RESORTS

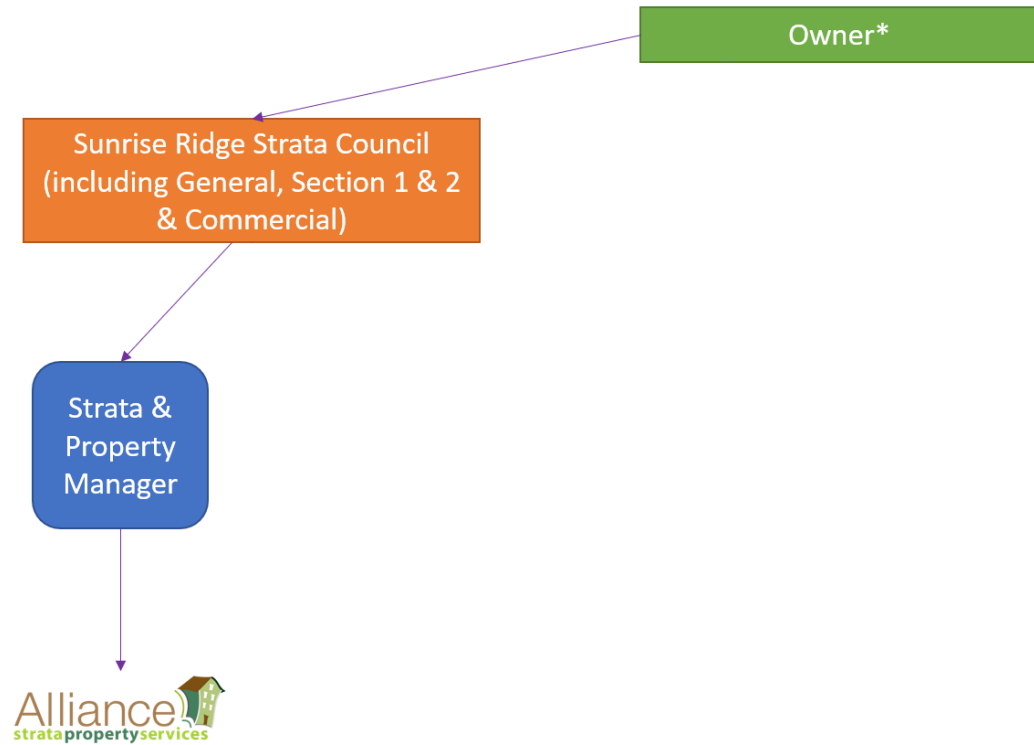
What is the Strata & Property Manager ?

- The Strata Corporation engages in an ongoing contract with a Strata management firm, to manage aspects the Strata Corporation, as directed by the elected Strata Council.
- That Strata & Property Manager, at this point in time, is Alliance Strata Property Services.
- Property Management companies are very common, and many (if not most) Stratas / Condo Corps utilize them.
- Alliance ensures that all our bills get paid, and they also issue RFQs (Request for Quote) when work needs to be done. As an example, if we need a roof replaced, Alliance would reach out to competent contractors and collect quotes for the work, which can then be evaluated, presented to Strata Council, and awarded.
- Alliance is also responsible for actioning on repairs - for example, if there is a problem with the pool, Alliance would find a contractor to come on-site and remedy the problem, on Strata's behalf.
- Alliance tracks all of the Strata (including all Strata Sections) financials, compiles them for our review, and also creates annual budgets for adoption at AGMs.
- Alliance ensures that the financial obligations for the Strata Corporation are managed, assists the Strata Council with understanding the Strata Property Act and its bylaws, and assists with the day to day repairs and maintenance related to the common property.

Sunrise Ridge Strata Council
(including General, Section 1 & 2
& Commercial)

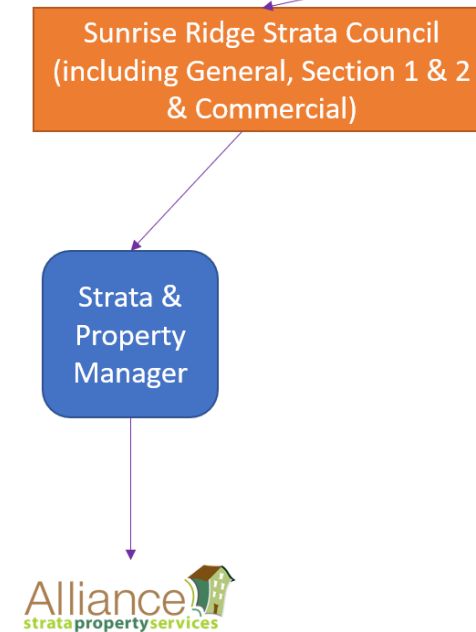
Strata &
Property
Manager

Alliance
stratapropertieservices



What is the Strata & Property Manager ?

- The Rental Manager (True Key) has a direct line of contact with the Strata & Property Manager (Alliance), since they are often the ones who end up receiving / noticing problems first.
- Point of clarification - Alliance has no direct contract with True Key, regardless of their direct lines of communication. The contract with Alliance is held, solely, by Strata ownership.
- Liaison between the owners and Strata Council, bringing forth owner concerns to the appropriate Strata Council and Section Executives as required.
- Alliance provides all Real Estate documentation to realtors in relation to the property and each owners strata lot.
- Alliance facilitates General Meetings, council meetings, prepares all minutes.
- All Strata fees and Special Levies are collected by Alliance, including fees from the owners associations.



Fees

- Fees are deducted from owners on a monthly basis.
- All fees are “combined” into one, single, withdrawal. This single payment compromises of:
 - Strata fees (including, but not limited to)
 - Bank fees
 - Legal expenses
 - Insurance
 - Building, Grounds & Water Feature maintenance
 - Security
 - Amenities
 - Snow removal
 - Fire Alarm monitoring
 - Elevator maintenance and cleaning
 - Electricity, Gas, Water & Sewer
 - Waste management
 - Contingency Reserve Fund contribution
 - Owners Association fees (including, but not limited to)
 - Telephone
 - Cable television
 - Internet



Fees

- Property Taxes
 - Insurance (Content & Liability)
 - Capital Refurbishment Fund contribution
-
- Point of clarification - Some owners, such as whole owners, will not be subject to all of the fees and examples noted above. For example, whole owners in the new townhomes will pay their own utilities, and property taxes, these are not included in their fees.



Final / Additional Notes



- While the real estate structure of Sunrise Ridge Resort may seem confusing and complex, it is designed in such a manner to achieve optimal efficiency, organization, and fiscal responsibility.
- All owners have a vested interest in the property as a whole, as well as in their respective buildings / groupings, and this is represented at all the organizational levels.
- There is often much discussion surrounding the amenities - the pool, hot tub and fitness building. These amenities are for the enjoyment and use by all guests and owners, regardless of which type of unit they rent or own (condo, villa, or townhome).
- At times, competing interests can exist, particularly when owners choose not to participate in the Rental Management Program. Overall, your Strata Councils are here to work in everyone's best interest, and always endeavour to do so.
- Sunrise Ridge Resort maintains a very healthy, friendly, amicable relationship with True Key Hotels & Resorts, and Alliance Strata Property Services. These are not only vendors, but our long-term partners, whom both have contributed greatly to the success of our resort.

Contact Information



Not applicable to unit 52



Not applicable to unit 52



Michael Anderson
President
Phone: 250-347-2980
Cell: 403-689-3781
Fax: 250-347-2171
Email: manderson@truekey.ca
Website: www.truekey.ca

Tara Ryder
General Manager Sunrise Ridge Resort
Phone: 250-248-4674 Ext. 2001
Toll-Free: 1-877-977-8669
Fax: 250-947-2507
Email: tryder@truekey.ca
Website: www.sunriseridge.ca

Dave Liddell / Karen Babych
Alliance Strata Property Services
Inc.
Phone: 250-951-0851
Fax: 1-877-568-9245
Email: info@alliancestrata.com