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3 November, 2005

VIA COURIER

Superintendent of Real Estate  
Suite 1200-13450 102nd Avenue  
Surrey, BC V3T 5X3

Re: **ECO INITIATIVES INC. - 15 Serviced Housing sites  
Cortes Island, B.C.**

I act on behalf of the above developer with respect to the above property and enclose the following:

1. Disclosure Statement for the captioned development
2. Solicitor's Certificate with respect to Disclosure Statement
3. Cheque payable to Minister of Finance for \$600.00.

I look forward to receipt of your confirmation of the filing of the Disclosure Statement.

Yours very truly,

**JAWL & BUNDON**

Robert G. Milne

js  
encl.  
c.c. client

# DISCLOSURE STATEMENT

of

## ECO INITIATIVES INC.

Dated: November 2, 2005

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**DEVELOPER:** Eco Initiatives Inc.

Address for Service: Fourth Floor, 1007 Fort Street  
Victoria, BC V8V 3K5

Business Address: 73 Tiber Bay Road  
Manson's Landing  
Cortes Island, BC V0P 1K0

**REAL ESTATE BROKERAGE  
ACTING ON BEHALF OF  
DEVELOPER:**

Coast Realty Group (Campbell River) Ltd.  
(Martha Abelson)  
101 - 300 St. Ann's Road  
Campbell River, BC V9W 4C6

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

### **RIGHT OF RESCISSION**

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

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

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

**The developer must promptly place purchaser's deposits with a brokerage, lawyer or notary public who must place the deposit in a trust account in a savings institution in British Columbia. If a purchaser rescinds their purchase agreement in accordance with the Act and regulations, the developer or the developer's trustee must promptly return the deposit to the purchaser.**

**TABLE OF CONTENTS**

<b>TOPIC</b>	<b>PAGE</b>
RIGHT OF RESCISSION	2
1. DEVELOPER INFORMATION	4
2. GENERAL DESCRIPTION OF THE DEVELOPMENT	4
3. COOPERATIVE INFORMATION	5
4. TITLE AND LEGAL MATTERS	7
5. CONSTRUCTION AND WARRANTIES	9
6. APPROVALS AND FINANCES	10
7. MISCELLANEOUS	10
SIGNATURES	12
 EXHIBITS	
CURRENT SHAREHOLDERS AND SHAREHOLDINGS	EXHIBIT A
SHAREHOLDERS' AGREEMENT	EXHIBIT B
ARTICLES OF ECO INITIATIVES INC.,	EXHIBIT C
BALANCE SHEET OF ECO INITIATIVES INC.	EXHIBIT D
BUDGET OF ECO INITIATIVES INC.	EXHIBIT E
PLAN OF HOUSING SITES AND COMMON PROPERTY	EXHIBIT F

## 1 The Developer

- 1.1 The developer is the cooperative association itself, Eco Initiatives Inc. (sometimes referred to in this Disclosure Statement as the "**Developer**"), a company incorporated pursuant to the laws of British Columbia on August 20, 2002 under number BC0653270.
- 1.2 The Developer was incorporated specifically for the purpose of developing the cooperative interests which are the subject of this Disclosure Statement. The Developer does not have assets other than the development property itself.
- 1.3 The registered and records office of the Developer is Fourth Floor, 1007 Fort Street, Victoria, BC V8V 3K5.
- 1.4 The directors of the Developer are Ann Mortifee, Ronald Bazar, William Friedel and Ronald Wolda.

## 2 General Description

### 2.1 General Description of the Development

The development property consists of an approximately 150 acre site located on the south east coast of Cortes Island, on Malaspina Strait. The Developer intends to create 15 serviced housing sites (with water, septic sewage disposal, electric power and road or trail access) for the exclusive use of individual shareholders of the Developer, who may build individual dwellings on a designated housing sites and who will have access with all other shareholders to the balance of the development property (the "**Development**").

The housing sites consist of 6 waterfront housing sites, 3 bluff housing sites and 6 "eco-village" housing sites. The area of each housing site will vary depending upon the location of the site. Waterfront housing sites will have an area of approximately 5,000 square feet each, bluff housing sites an area of approximately 3,500 square feet each and eco-village housing sites an area of approximately 2,500 square feet each. The location of the waterfront and bluff housing sites have been identified and numbered. Only the general location of the eco-village housing sites has been settled and purchasers may have an opportunity to select the exact area within the general location as their eco-village housing site. A plan of the development property showing the housing sites is attached as Exhibit F to this Disclosure Statement.

The Developer has already allocated 7 of the housing sites to the existing shareholders and will be marketing the remaining housing sites (and the 500 shares of the Developer associated with each housing site) through this Disclosure Statement.

### 2.2 Permitted Use

The development property is zoned Community Land Stewardship One (CLS-1) under the Regional District of Comox-Strathcona Bylaw No. 2455, Part 604, with the principal permitted use being residential and the permitted accessory uses being retail; sawmill, including planer mills; wood processing; metal fabricating; common facility; and ancillary buildings and structures, as those terms are defined in the Bylaw. The use of the development property is

further restricted by covenants registered against title in favour of the Regional District of Comox-Strathcona and TLC The Land Conservancy of British Columbia.

### **3 Cooperative Information**

#### **3.1 Cooperative Association**

The cooperative association in which the purchaser will purchase shares is the Developer, Eco Initiatives Inc., a company incorporated pursuant to the laws of British Columbia on August 20, 2002 under number BC0653270.

#### **3.2 Form of Ownership**

Purchasers will acquire shares in Eco Initiatives Inc. A list of the current shareholders and their shareholdings is attached as Exhibit A to this Disclosure Statement.

#### **3.3 Use Agreement**

The shareholders of Eco Initiatives Inc. have entered into a shareholders' agreement that allocates particular housing sites to particular shareholders and governs the use of the common areas. A copy of the shareholders agreement is attached as Exhibit B to this Disclosure Statement.

The shareholders' agreement provides that there will be a maximum of 15 shareholders (two or more persons jointly owning shares to be treated as one shareholder) and that each shareholder will be given the exclusive use of a housing site. The shareholders will approve and share equally expenditures for the upkeep and maintenance of the Development as the shareholders may agree, from time to time. Each shareholder will pay those property taxes attributable to the improvements constructed by the shareholder on the shareholder's housing site.

The shareholders' agreement provides that the shareholders have a right of first refusal over the re-sale of a shareholder's shares and interest in the shareholders' agreement and that, by special resolution, a shareholder may be required to sell his or her shares for their fair market value.

#### **3.4 Articles, Bylaws and Rules**

A copy of the articles of Eco Initiatives Inc. is attached as Exhibit C to this Disclosure Statement. Eco Initiatives Inc. is in the process of adopting new articles, in compliance with the *Business Corporations Act*.

The articles provide that the shareholders must elect directors to manage the affairs of the company, subject to the provision of the *Business Corporations Act*, and that any transfer of shares must be approved by the directors.

#### **3.5 Developer's Rights**

As Eco Initiatives Inc. is acting as both developer and cooperative association, Eco Initiatives Inc. has not retained any rights or controls over the cooperative association.

### 3.6 Assets and Liabilities

A copy of the balance sheet of Eco Initiatives Inc., showing its assets and liabilities as of December 31, 2004, is attached as Exhibit D to this Disclosure Statement. The assets and liabilities have not materially changed between the date of the balance sheet and the date of this Disclosure Statement.

### 3.7 Parking

There is adequate room for parking vehicles within the housing site granted to each shareholder.

### 3.8 Common Areas and Facilities

All of the development property, outside of the housing sites, is common area for the shareholders. There are no common facilities anticipated to be constructed as part of the Development.

### 3.9 Furnishings and Equipment

There are no furnishings or equipment included in the purchase price of shares of Eco Initiatives Inc.

### 3.10 Budget

Shareholders are responsible for paying the cost of electricity used in their exclusive use areas. Eco Initiatives Inc. pays for the cost of all other utilities for the Development, as well as the operation and maintenance of the common property.

The current budget for Eco Initiatives Inc. set out in Exhibit E to this Disclosure Statement. The annual assessment of each shareholder, is also set out as a schedule to this Exhibit. The assessments payable by shares not yet sold will be paid by Eco Developments Inc. or loaned to Eco Initiatives Inc. by existing shareholders, pending the sale of all of the shares being marketed pursuant to this Disclosure Statement.

### 3.11 Utilities and Services

- (i) Water - There is currently no supply of potable water on the development property. Eco Initiatives Inc. has contracted with Eco Developments Inc. for the installation of a community water system. All wells and the community water system must be approved for domestic use by the Vancouver Island Health Authority. The costs of the ongoing testing of water and the maintenance of the water system is the responsibility of Eco Initiatives Inc.
- (ii) Electricity - Electricity is provided by British Columbia Hydro and Power Authority. Eco Initiatives Inc. has contracted with Eco Developments Inc. for the installation of power lines to each housing site. Connection and usage fees are the responsibility of the shareholder.

- (iii) Sewerage - There are currently no sanitary or storm sewers available to service the Development. Eco Initiatives Inc. has contracted with Eco Developments Inc. for the installation of one or more community disposal systems. The installation of a collection system at a housing site and connection to the community disposal system is the responsibility of the shareholder. All sewage disposal systems must be approved by the Vancouver Island Health Authority.
- (iv) Natural Gas - The Development is not serviced with gas.
- (v) Fire Protection - Fire protection for the Development is provided by a Cortes Island volunteer fire department with a fire hall at Manson's Landing, approximately 14 kilometres from the development property.
- (vi) Telephone - Telephone and internet (ASDL) service is provided by Telus Communications Inc. Eco Initiatives Inc. has contracted with Eco Developments Inc. for the installation of telecommunication lines to each housing site. Connection and usage fees are the responsibility of the shareholder.
- (vii) Access - The Development is accessible by a system of public and private roads (Tiber Bay Road) and by water. Each housing site is accessible by a driveway or trail from the common road running through the Development.

### 3.12 Management Contracts

Eco Initiatives Inc. is self-managed and has not entered into any management contracts with third parties.

### 3.13 Insurance

Eco Initiatives Inc. carries third party liability insurance in the amount of \$1,000,000. It is the responsibility of the shareholder to insure any of the shareholder's improvements to the development property.

## 4 Title and Legal Matters

### 4.1 Legal Description

The development property is in the Courtenay Assessment Area, Province of British Columbia, and legally described as:

Parcel Identifier: 009-675-167  
District Lot 1127, Sayward District

### 4.2 Ownership

The registered owner of the development property is ECO INITIATIVES INC., Inc. No. 653270.

#### 4.3 Existing Encumbrances and Legal Notations

##### (i) Legal Notations

- (a) "This title may be affected by the Forest Land Reserve Act, see EN16484", giving notice that the development property may be within the Forest Land Reserve.
- (b) "Hereto is annexed easement ET126046 over the south ½ of the south east 1/4 of Section 14, Cortes Island, Sayward District", for access and the construction of utility systems through part of the development property.
- (c) "Hereto is annexed easement ET127699 over the north east 1/4 of Section 11, Cortes Island, Sayward District", for access and the construction of utility systems through part of the development property.

##### (ii) Encumbrances

- (a) Right of Way 401775G in favour of British Columbia Hydro and Power Authority;
- (b) Easement ET127700 appurtenant to the south ½ of the south east 1/4 of Section 14 and the north east half of Section 11, Cortes Island, Sayward District, for access purposes;
- (c) Covenant ET132489 in favour of TLC The Land Conservancy of British Columbia, restricting the subdivision and use of the development property to ensure that significant natural, environmental, wildlife, plant life and ecological values of the natural ecosystem are given due consideration in making decisions concerning the development of the development property and activities to be carried out thereon;
- (d) Statutory Right of Way ET132490 in favour of TLC The Land Conservancy of British Columbia, permitting access to monitor compliance with Covenant ET132489;
- (e) Rent Charge ET132491 in favour of TLC The Land Conservancy of British Columbia, establishing charges payable by the registered owner of the development property for breaches of Covenant ET132489;
- (f) Easement EV31027 over part in Plan VIP75009; appurtenant to the south east 1/4 of Section 12, Cortes Island, Sayward District, for access and utilities purposes;
- (g) Covenant EW15653 in favour of the Regional District of Comox-Strathcona, prohibiting any change to the natural vegetated state of the subject part of the development property;
- (h) Statutory Right of Way EW15654 in favour of the Regional District of Comox-Strathcona over part shown on Plan VIP76487, granting public access through the subject part of the development property on a pedestrian

walkway, to be constructed by the registered owner of the development property;

- (i) Covenant EW15655 in favour of the Regional District of Comox-Strathcona, prohibiting the use of the development property for residential or eco-forestry purposes if it has not, within 10 years of the adoption of Regional District of Comox-Strathcona Bylaws 2561 and 2562, constructed a public pedestrian walkway along the area of the development property defined in Statutory Right of Way EW25654;
- (j) Covenant EW19414 in favour of TLC The Land Conservancy of British Columbia prohibiting certain uses of the development property without the written approval of TLC The Land Conservancy of British Columbia;
- (k) Statutory Right of Way EW19415 in favour of TLC The Land Conservancy of British Columbia, granting TLC The Land Conservancy of British Columbia access to the development property to monitor and enforce Covenant EW19414;
- (l) Rent Charge EW19416 in favour of TLC The Land Conservancy of British Columbia, establishing charges payable by the registered owner of the development property for breaches of Covenant EW19414;
- (m) Timber Agreement EW29144 in favour of Trust for Sustainable Forestry, granting the timber rights to the development property to Trust for Sustainable Development until 2084;
- (n) Statutory Right of Way EX129926 in favour of Telus Communications Inc., as to part in Plan VIP76487, for telecommunication lines purposes.

#### 4.4 Proposed Encumbrances

No additional encumbrances are contemplated at this time.

#### 4.5 Outstanding or Contingent Litigation or Liabilities

There are no outstanding or contingent litigation or liabilities in respect of the development property or against Eco Initiatives Inc. that may affect the company or the shareholder.

#### 4.6 Environmental Matters

Eco Initiatives Inc. is not aware of any material facts relating to flooding, the condition of the soil and subsoil, or other environmental factors affecting the development property.

### 5 Construction and Warranties

#### 5.1 Construction Dates

All construction work to be undertaken by Eco Initiatives Inc., under contract with Eco Developments Inc., will be completed by the end of 2006.