

**Prepared For:**

**PRESTIGIOUS PROPERTIES**

**Appraisal Report of:**

Grand Rocky Estates Mobile Home Park  
1900 10<sup>th</sup> Street South  
Cranbrook, BC V1C 1T5



**Prepared By:**

Heidi Scheper, AACI, P.APP

Keystone Appraisals Inc.  
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Trail, BC V1R 4A8

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**Effective Date of the Appraisal:**

January 5, 2017



**Keystone Appraisals Inc.**  
Real Estate Valuation and Consulting Services

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January 17, 2017

Keystone File No. 170106

Prestigious Properties  
Attn: Mike Hammerlindl  
#912 – 743 Railway Avenue  
Canmore, AB T1W 1P2

Dear Mr. Hammerlindl:

**Re:       Property Address:       1900 10<sup>th</sup> St. South, Cranbrook BC**  
**Legal Description:       LTS 3 & 4, PL 5032, DL 32**  
**Parcel Identifiers:       015-537-249 & 014-537-231**

As requested an appraisal of the above property has been completed. The value estimated is current market value and the interest appraised is that of Fee Simple.

After careful review and consideration, the current market value estimate of the subject as at January 5, 2017 is:

**\$3,400,000**  
**Three Million, Four Hundred Thousand Dollars**

The subject property consists of a 67 bay manufactured home park on a +/- 9.25 acre lot. In addition, there is an up and down duplex that are tenant occupied.

The data, information, analysis and calculations leading to this value conclusion are presented in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of and inseparable from this letter. Any special assumptions and limiting considerations were clearly defined in the report and the reader's attention is specifically directed to them.

No opinion is expressed herein as to the presence or absence of any environmental contamination which may affect the subject property, and which, if present, could have a substantial adverse effect on value. This report is based on the assumption that there is no environmental contamination or significant threat of environmental contamination to the subject property.

This report has been prepared in conformance with my interpretation of the guidelines and recommendations set forth in the Canadian Uniform Standards of Professional Appraisal Practice as provided by the Appraisal Institute of Canada.

It is inappropriate to rely upon this value estimate or individual sections of this report without reference to the report in its entirety.

This report was prepared for the client, Prestigious Properties, to assist with financial planning purposes. It is intended to be used only for these specified purposes. It may not be distributed to or relied upon by other persons or entities without written permission of the Appraiser. Unauthorized third party reliance is expressly denied.

Thank you for the opportunity of being of service to you.

Respectfully submitted,

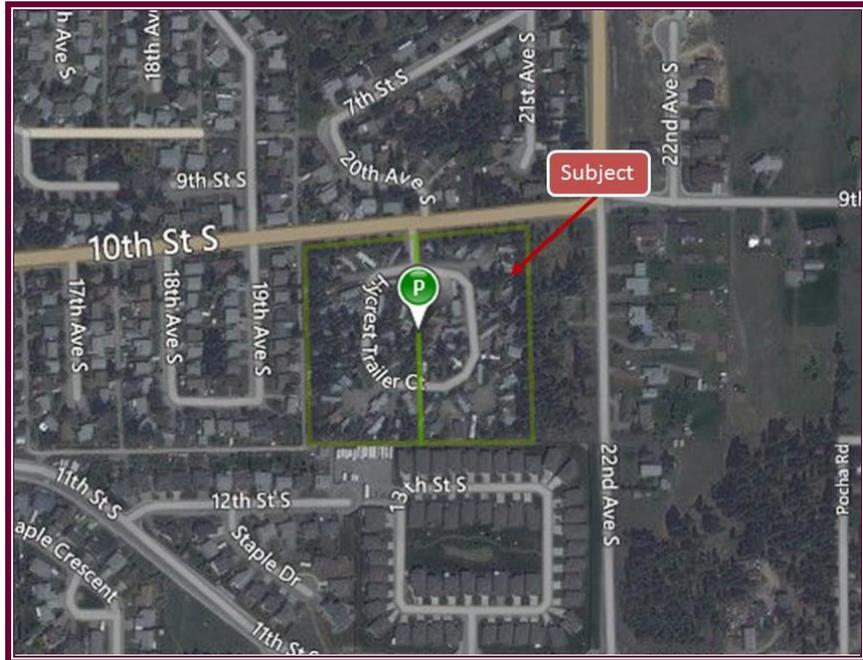
Heidi Scheper, AACI, P.App  
(Appraiser)

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## 1.0 Executive Summary

i) Subject: Hycrest Mobile Home Park



Source: Landcor

Map 1

ii) Location: 1900 10<sup>th</sup> St. South, Cranbrook BC

iii) Legal Description: LTS 3 & 4, PL 5032, DL 32. PIDs 015-537-249 & 014-537-231

iv) Purpose of Report: Financial Planning

v) Intended Users: Prestigious Properties

vi) Interest Valued: Fee Simple Estate

vii) Effective Date: January 5, 2017

viii) Site: 9.25 acres (BC Assessment)

ix) Building: 67 mobile home pads, duplex

x) Zoning: R8: Mobile Home Park Residential Zoning

xi) Official Community Plan: Low Density Residential

xii) Highest & Best Use: Manufactured Home Park

xiii) Market Conditions: Positive

xiv) Market Exposure: +/- 6 to 12 months

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xv)	Value Estimates:	Direct Comparison Approach:	\$3,383,000
		Income Approach:	\$3,414,000
xvi)	<b>Final Value Estimate:</b>		<b>\$3,400,000</b>

## 2.0 Reference

### 2.1 Introduction

This appraisal report contains the valuation of a single property. It consists of +/-9.25 acres (Source: BC Assessment) of land improved with a 67 bay manufactured home park (2 vacant sites) and an up and down duplex. There is a park owned mobile located at Site #56. This mobile was not included in the purchase. The mobile home park is known as Hycrest; circa 1970.

This report has been prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice as prescribed by the Appraisal Institute of Canada. The extent to which data, analysis and conclusions are presented is a reflection of mandatory content, the report's intended use, compensation, and client requirements. The method of communicating our findings is commonly referred to as a concise narrative report.

### 2.2 Client, Purpose, Function and Use of Report

- |      |           |  |
|------|-----------|--|
| i)   | Client:   | Prestigious Properties                         |
| ii)  | Purpose:  | To provide an estimate of current market value |
| iii) | Function: | To assist with financial planning              |
| iv)  | Users:    | Prestigious Properties                         |

### 2.3 Dates

- |      |                    |                                    |
|------|--------------------|------------------------------------|
| i)   | Inspection Date:   | January 5, 2017                    |
| ii)  | Effective Date:    | January 5, 2017                    |
| iii) | Preparation Dates: | January 4, 2017 – January 17, 2017 |

### 2.4 Title

A review of the Title indicates the following:

Legal Notations Lots 3 and 4:

- Personal property Security Act XE15818 Expiring 09/07/2004;
- Personal Property Security Act Notice, See KL110544;
- Personal Property Security Act Notice, See KM72693;
- Personal Property Security Act Notice, See XJ32898;

Charges, Liens and Interest

- Statutory Right of Way (R16072) in favour of Columbia Natural Gas, inter alia;
- Mortgage and Assignment of Rents (CA454725 and CA4654724 respectively), inter alia.

Inherent in this valuation is a clear title, other than noted in the report, that would not pose any undue delays in the marketing or trading of the property. The state of titles certificate are attached to the report as Addendum A

## 2.5 Definition of Market Value

Market value is defined in the Canadian Uniform Standards of Professional Appraisal Practice as:

'The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.'

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- i) The buyer and seller are typically motivated;
- ii) Both parties are well informed or well advised, and acting in what they consider their best interests;
- iii) A reasonable time is allowed for exposure in the open market;
- iv) Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto;
- v) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

## 2.6 Property Rights

Property rights being appraised are those of a "Fee Simple Estate," clear of any liens, encumbrances or indebtedness not specifically noted within the report.

*Fee Simple Estate* is absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power, and escheat. It is an inheritable estate.

## 2.7 Scope of the Appraisal

The following is a brief summary of the processes initiated in completing the report:

- i) Exterior inspection of the subject mobile home park and duplex and the interior of the upper level duplex was also completed by the author accompanied by Gina Ironmonger, AACI. The upper floor tenant was home during the inspection.
- ii) Information presented regarding land use regulations was attained from the City of Cranbrook.
- iii) Site dimensions were taken from BC Assessment records.
- iv) Building details were taken on-site during our inspection.
- v) All information and data presented cannot be guaranteed but is considered reliable. Sources of market data include information on file, the Kootenay Real Estate Board MLS, various public records, and other third parties.
- vi) Valuation methods utilized are consistent with current standards of practice within the appraisal profession.

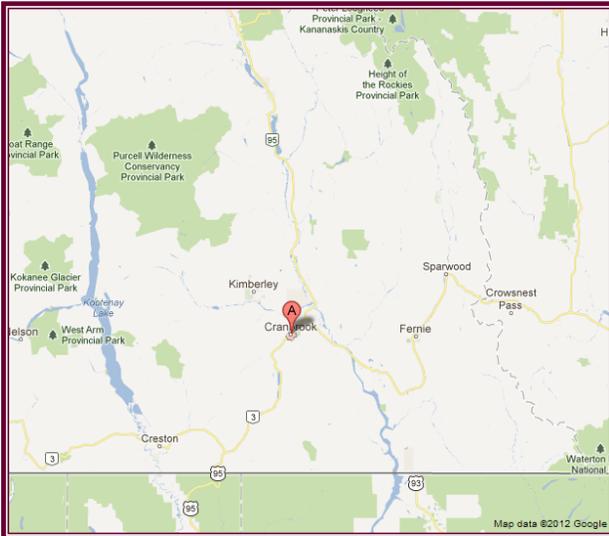
- vii) The findings and analysis completed have been summarized and included in this report.
- viii) No technical investigations have been completed such as engineering reviews of the structure and systems, environmental assessment, site survey, or any soil analysis.

## 3.0 Market Overview

### 3.1 General - Cranbrook

#### 3.1.1 History

Cranbrook's history is rather colourful, and filled with interesting characters. It is said, however, that the railway made this city. There is virtually no other reason for its existence, as it is neither on a major lake nor on an easily navigable river.



Source: Google Maps

Map 2

Prior to the entire rail going on, the Cranbrook region was inhabited for over ten thousand years by the Ktunaxa (pronounced "Too nah hah") Native people. They followed retreating glaciers into the Cranbrook area from the great lakes to the south. As the land evolved and changed, they passed down many legends and stories. The Hoodoos, for example, are said to be the bones of *Yawo'nek* (pronounced "Yehwoonik"), a great water monster whose bones were thrown up onto the banks of the river. The area now called Cranbrook was called "*The Pine Tree in the Centre*" in the Ktunaxa language.

David Thompson, an early explorer, was the first white man to explore the Kootenay River in the early 1800s. He established trade with the Ktunaxa, who sustained themselves in the hunting, fishing and gathering lifestyle of their ancestors.

Fur traders, missionaries and prospectors soon arrived in the area, calling it "Joseph's Prairie", because the chief of the band was called Joseph. It was renamed Cranbrook by the city's founder who named it after his ancestral home of Cranbrook in Kent, England.

#### 3.1.2 Location

General	Cranbrook is located near the junction of Highway 95A and Crowsnest Highway 3 in the BC Rockies, 20 miles (32 km) southeast of Kimberley.			
Airports	Canadian Rockies International Airport, Cranbrook			
Railways	CPR railway			
Distances	Kimberley, BC	30 km	Jasper, AB	500 km
	Fernie, BC	96 km	Calgary, AB	385 km
	Kelowna, BC	530 km	Edmonton, AB	680 km
	Penticton, BC	510 km	Spokane, WA	300 km
	Vancouver, BC	845 km	Coeur d'Alene, ID	260 km

*Note: All distances are approximate*

Sources: [www.britishcolumbia.com](http://www.britishcolumbia.com), Google

Table 1

### 3.1.3 Population

General Population Information (Cranbrook)	Population in 2011	19,319		
	Population in 2006	18,329		
	2006 to 2011 population change (%)	5.4		
	Total Private Dwellings	8,509		
	Total Private Dwellings occupied by usual residents	8,141		
	Population density per sq km	604.7		
	Land Area (sq km)	31.95		
Age and Gender (Cranbrook)		<u>Total</u>	<u>Male</u>	<u>Female</u>
	All Ages	19,320	9,360	9,960
	0-14	3,245	1,655	1,585
	15-24	3,565	1,780	1,785
	25-44	4,510	2,190	2,330
	45-64	5,790	2,820	2,970
	65 +	3,455	1,550	1,900
	Median age of population	43.1	42.0	44.1
% of population 15 and over	83.2	82.3	84.0	
Immigration Characteristics (Cranbrook)		<u>Total</u>	<u>Male</u>	<u>Female</u>
	Total - All persons	17,950	8,685	9,265
	Canadian-born population	16,260	7,910	8,345
	Foreign-born population	1,590	695	890
	Immigrated before 1991	1,260	590	670
	Immigrated between 1991 and 2001	220	70	150
	Immigrated between 2001 and 2006	110	35	70
Non-permanent residents	100	80	20	

Source: Stats Canada and InvestBC.com

Table 2

### 3.1.4 Labour Force

Labour Force Indicators (Cranbrook)		<u>Total</u>	<u>Male</u>	<u>Female</u>
	Participation rate	64.6	69.9	59.9
	Employment rate	61.3	66.6	56.3
	Unemployment rate	5.3	4.7	5.9
Industry (Cranbrook)		<u>Total</u>	<u>Male</u>	<u>Female</u>
	Total – Experienced Labour Force	9,380	4,865	4,515
	Agricultural & other Resource Based Industries	595	545	45
	Manufacturing & Construction Industries	1,480	1,310	170
	Wholesale & Retail	1,815	865	955
	Finance & Real Estate	440	125	310
	Health & Education	1,665	360	1,310
	Business Services	1,340	765	575
Other Services	2,035	895	1,140	

Occupation (Cranbrook)	Total	Male	Female
Total - Experienced labour force	4,665	2,340	2,325
Management occupations	860	530	330
Business, finance and administration occupations	1,430	340	1,085
Natural and applied sciences and related occupations	445	365	80
Health occupations	510	100	405
Social science, education, government service and religion	700	180	520
Art, culture, recreation and sport	170	60	105
Sales and service occupations	2,765	985	1,780
Trades, transport and equipment operators and related occupations	1,690	1,610	80
Occupations unique to primary industry	390	335	55
Occupations unique to processing, manufacturing and utilities	420	350	70

Source: Stats Canada and InvestBC.com

Table 3

### 3.1.5 Schools

General School Information (K-12)	<u>School District #5 Southeast Kootenay</u>	
	Total Private and Public Schools	13
Cranbrook Area School List (K-12)	Amy Woodland Elementary (K-6)	Mt. Baker Secondary School (10-12)
	Gordon Terrace Elementary (K-6)	Parkland Middle School (7-9)
	Highlands Elementary (K-6)	Pinewood Elementary ((K-6)
	Kootenay Orchards Elementary (K-6)	Steeples Elementary (K-6)
	Laurie Middle School (7-9)	T.M. Roberts Elementary (K-6)
Colleges	Selkirk College	Creston, Nelson, Castlegar & Trail Campuses
	College of the Rockies	Cranbrook, Creston, Elk Valley – Fernie, Elk Valley – Sparwood, Golden, Invermere – Columbia Valley & Kimberly Campuses
Universities	UBC Okanagan	Kelowna, BC
	Vancouver Island University	Various Campuses on Vancouver Island, BC
	Thompson Rivers University	Kamloops, BC
	UBC, Simon Fraser	Vancouver, BC
	University of Victoria	Victoria, BC
	Royal Roads University	Victoria, BC
	UNBC	Prince George, BC

Source: Stats Canada, InvestBC.com, InvestKootenay.com and School District #8 Kootenay Boundary

Table 4

### 3.1.6 Community

Languages (First learned & still understood)		<u>Total</u>	<u>Male</u>	<u>Female</u>
	Total	17,950	8,690	9,265
	English Only	16,210	7,815	8,400
	French Only	175	90	85
	Both English & French	30	15	20
	Other languages	1,535	770	765
Health Care	Medical Clinic	FW Green Medical Centre, Cranbrook BC		
		Associates Medical Clinic		
		Tamarack Medical Clinic		
	Regional Hospital	East Kootenay Regional Hospital, Cranbrook BC		
Facilities	Restaurants & Dining	A variety of restaurants in Cranbrook and surrounding area.		
	Banks & Finance	A variety of financial institutions in Cranbrook and surrounding area.		
	Grocers & Convenience	A variety of shops in Cranbrook and surrounding area.		
	Nearest Gas Stations	A variety of gas stations in Cranbrook and surrounding area.		
Recreation & Sports	<p>Cranbrook's facilities allow visitors and residents alike to enjoy a wide variety of indoor and outdoor leisure activities.</p> <p>Popular outdoor activities include golf, hiking, boating, hunting, cycling, snowmobiling, fishing and Sightseeing.</p> <p>Cranbrook also offers many indoor activities. Among other things, the City has two live performance theatres: The Key City Theatre and The Stage Door. It also has a five-plex cinema, featuring current movies.</p> <p>The City has three indoor arenas, including the Western Financial Place, a 4,264 seat arena which offers aquatic activities, an ice rink and a squash court. It was built in 2000 and is home to the Kootenay Ice hockey team. In addition, the City offers a bowling alley and casino, as well as many other facilities and amenities.</p>			
Top Annual Events	Sam Steele Days			June
	Open Garden Day			July
	Wild Horse Fun Race			July
	Cranbrook Pro Rodeo			August
Recreational Outlets	Cranbrook Golf Club			
	St. Eugene Golf Resort & Casino			
	Wildstone and Shadow Mountain Golf Courses			
	Kimberley Alpine Resort			
	Hiking and Mountain Biking			
	Fishing, Canoeing and Kayaking			

Source: Stats Canada, britishcolumbia.com, destinationcranbrook.com

Table 5

### 3.1.7 Climate

Climate	Average Daily Temperature	<u>High</u>	<u>Low</u>	<u>Average</u>
	January	-3.2°C	-11.8°C	-7.5°C
	July	25.6°C	10.9°C	18.3°C
	Average Annual Rainfall		270.70 mm	
	Average Annual Snowfall		139.9 cm	
	Weather Station Name		Cranbrook	
	Weather Station Elevation		940.00 m	

Source: Environment Canada

Table 6

## 3.2 Real Estate

### 3.2.1 Residential

<b>Cranbrook</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Units Listed	632	649	592	N/A	N/A	N/A	N/A	N/A
Units Sold	302	291	264	277	208	275	287	299
Average List Price	\$288,781	\$286,351	\$281,521	N/A	N/A	N/A	N/A	N/A
Average Sell Price	\$251,238	\$255,866	\$250,350	\$282,935	\$279,721	\$286,214	\$298,067	\$291,064
Average Sell Price/ List Price Ratio	95%	95%	95%	N/A	N/A	N/A	N/A	N/A
Average Days on Market	79	69	85	76	99	84	80	78
% of change	-7%	2%	-2%	12%	-1%	2%	4%	-2%

Source Kootenay Real Estate Board

Table 7

<b>Cranbrook/Kimberley Rural</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Units Listed	58	65	61	N/A	N/A	N/A	N/A	N/A
Units Sold	15	5	16	11	17	13	15	14
Average List Price	\$659,018	\$612,340	\$505,644	N/A	N/A	N/A	N/A	N/A
Average Sell Price	\$341,393	\$1,133,400	\$346,000	\$406,273	\$357,571	\$416,235	\$427,640	\$413,180
Average Sell Price/ List Price Ratio	93%	93%	92%	N/A	N/A	N/A	N/A	N/A
Average Days on Market	144	247	95	242	135	256	135	157
% of change	-4%	70%	-228%	15%	-14%	N/A	N/A	-3%

Source Kootenay Real Estate Board

Table 8

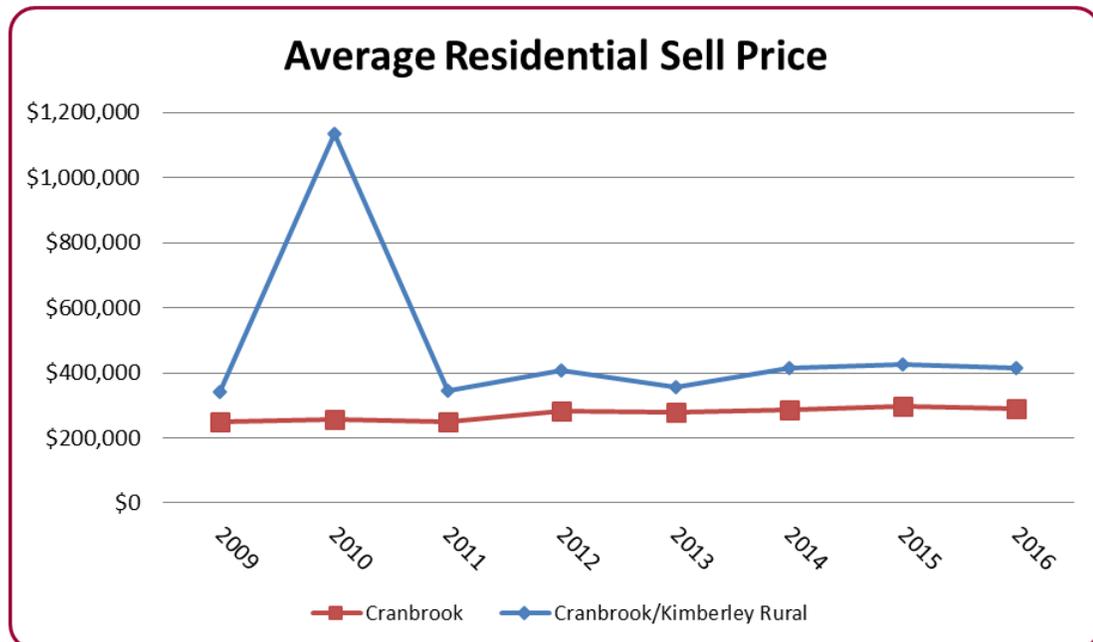


Chart 1

### 3.2.2 Lot Sales

<b>Cranbrook</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Units Listed	93	88	56	N/A	N/A	N/A	N/A	N/A
Units Sold	22	17	6	10	14	15	13	11
Average List Price	\$151,306	\$172,380	\$174,326	N/A	N/A	N/A	N/A	N/A
Average Sell Price	\$97,650	\$129,341	\$93,166	\$109,950	\$115,429	\$98,853	\$96,340	\$170,536
Average Sell Price/ List Price Ratio	92%	95%	90%	N/A	N/A	N/A	N/A	N/A
Average Days on Market	176	142	454	272	245	205	324	408
% of change	-22%	25%	-39%	15%	5%	-17%	-3%	44%

Source Kootenay Real Estate Board

Table 9

<b>Cranbrook/Kimberley Rural</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Units Listed	31	37	15	N/A	N/A	N/A	N/A	N/A
Units Sold	3	2	2	5	4	5	5	5
Average List Price	\$314,948	\$280,113	\$251,353	N/A	N/A	N/A	N/A	N/A
Average Sell Price	\$301,666	\$282,500	\$215,000	\$130,800	\$125,750	\$193,980	\$142,700	\$187,500
Average Sell Price/ List Price Ratio	94%	94%	95%	N/A	N/A	N/A	N/A	N/A
Average Days on Market	311	206	131	385	672	216	580	154
% of change	25%	-7%	-31%	-64%	-4%	35%	-36%	24%

Source Kootenay Real Estate Board

Table 10

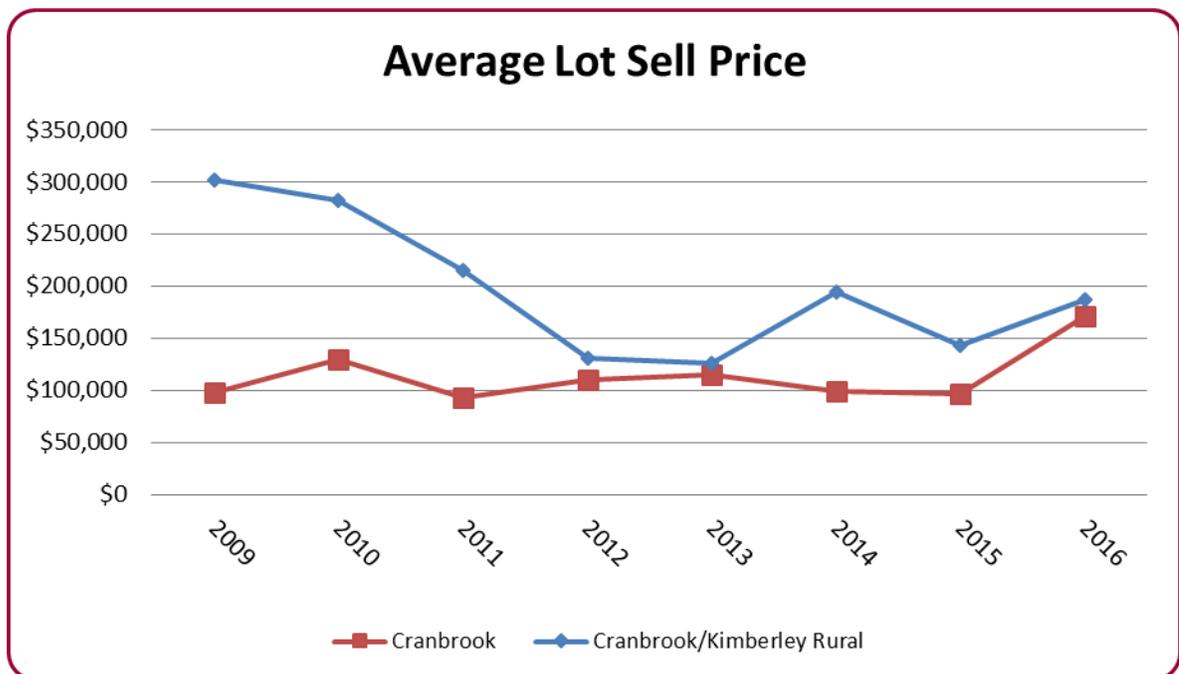


Chart 2

### 3.2.3 Commercial/Industrial Sales

<b>Cranbrook</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Units Listed	143	153	N/A	N/A	N/A	N/A	N/A
Units Sold	24	21	8	16	26	28	23
Average List Price	\$903,218	\$991,537	N/A	N/A	N/A	N/A	N/A
Average Sale Price	\$403,170	\$206,389	\$588,286	\$449,038	\$213,679	\$133,600	\$269,524
Average SP / LP Ratio	92%	91%	N/A	N/A	N/A	N/A	N/A
Average Days on Market	133	89	174	224	248	194	246

Source Kootenay Real Estate Board

Table 11

<b>Cranbrook/Kimberley Rural</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Units Listed	11	8	N/A	N/A	N/A	N/A	N/A
Units Sold	0	0	1	0	0	0	2
Average List Price	\$331,698	\$491,223	N/A	N/A	N/A	N/A	N/A
Average Sale Price	\$0	\$0	\$575,000	\$0	\$0	\$0	\$475,000
Average SP / LP Ratio	0%	0%	N/A	N/A	N/A	N/A	N/A
Average Days on Market	0	0	204	0	0	0	151

Source Kootenay Real Estate Board

Table 12

<b>KREB</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Units Listed	871	879	830	N/A	N/A	N/A	N/A
Units Sold	77	83	72	60	85	90	114
Average List Price	\$701,189	\$701,045	\$679,309	N/A	N/A	N/A	N/A
Average Sale Price	\$340,178	\$257,990	\$422,534	\$295,439	\$328,670	\$288,746	\$344,916
Average SP / LP Ratio	84%	85%	86%	N/A	N/A	N/A	N/A
Average Days on Market	186	158	174	222	218	261	243

Source Kootenay Real Estate Board

Table 13

### 3.2.4 Building Statistics - Cranbrook

<b>2008</b>		<b>2009</b>		<b>2010</b>		<b>2011</b>		<b>2012</b>		<b>2013</b>		<b>2014</b>	
<b>Value</b>	<b>#</b>												
\$59,871,769	346	\$14,794,978	81	\$36,111,128	281	\$23,519,612	254	\$32,645,518	265	\$18,402,033	200	\$40,057,258	253

Source: City of Cranbrook

Table 14

### 3.2.5 Summary

The tables and charts illustrate improved residential property values in the area which have generally increased since a low in 2013 and unit sold are also increasing marginally. The rural areas have very few sales from which to make meaningful forecasts. The residential chart for average sell price shown above shows a sharp increase in 2010 due to a few sales in the million-dollar range which has distorted the average sale price results for that year. Overall, the chart illustrates a relatively balanced market for both Cranbrook and Cranbrook rural areas since 2011.

Average values for vacant lots in Cranbrook and Cranbrook Rural are seen to be on the rise for 2016, however there are too few sales which tend to distort the result and it is too early to predict whether this will continue.

Improved commercial/industrial property values in Cranbrook and Rural are also up for 2016, but again there are too few sales to predict a trend. However, the KREB area generally is exhibiting a robust increase in commercial property values for 2016 with more units sold and an average increase over 2015 at +/- 19%. There are positive indicators that this trend may continue in the near future. Overall, commercial sales are indicating a fluctuating market, however outlier sales and a small data base can significantly misrepresent the results of averages.

Building permit values in Cranbrook peaked in 2008, mainly due to several large projects and again from 2010 to 2012 then declined thereafter to 2014. There are several projects underway but building stats are not available for 2015 and 2016. However, building permits in 2016 doubled from 2015 when over 9 million in permits were distributed.

Even with low interest rates, the economy has been fairly stable; with a fluctuating stock market, decreasing Canadian Dollar, commodity prices and fuel costs that had escalated, subsequently declining and now fluctuating; it is unknown what the long term effects will be. Even so, market sentiment is quite positive with some positive local economic news as the demand and price for lumber is increasing and with the US economy gaining momentum, exports are also expected to increase. However, due to a fragile global economy, it is premature to determine if near-term market trends will continue to improve. Still, the region and the East Kootenay is seen as one of the more affordable and desirable areas in the province to invest, live, play, and work. The primary Canadian cities like Vancouver and Toronto are experiencing a rapidly rising markets and is likely that there will be a price correction that could cause a reaction to the rest of the regions as people are moving away from the larger cities. With the uncertainty of the global economy it is difficult to determine near term market trends.

Overall Market Condition Rating: Positive/Expected to gain momentum

### 3.3 Market Exposure

#### 3.3.1 MLS Data Chart

i)	Data Source:	MLS	MLS	MLS
ii)	Defined Areas:	Cranbrook	Kimberley/Cranbrook Rural	KREB
iii)	Dates:	January 1, 2008 to December 31, 2016	January 1, 2008 to December 31, 2016	January 1, 2008 to December 31, 2016
iv)	Property Types:	Commercial – All Types	Commercial – All Types	Commercial – All Types
v)	Criteria:	All Commercial	All Commercial	All Commercial
vi)	Number of Sales:	162	4	677
vii)	Average Days on Market:	191	229	213
viii)	Average Sale Price:	\$310,542	\$439,500	\$334,237

Source: Kootenay real Estate Board

Table 15

#### 3.3.2 Summary

The median number of marketing days was +/- 7 months. However, MLS figures for commercial properties can be misleading. Properties are often re-listed more than once and therefore the full marketing term is difficult to determine. It is the writer's experience that this type of property can be marketed for a number of years. However, the location of this type of property is good and the building is attractive to both an investor and owner occupied building, thus the demand would be considered positive. As such the following is considered applicable:

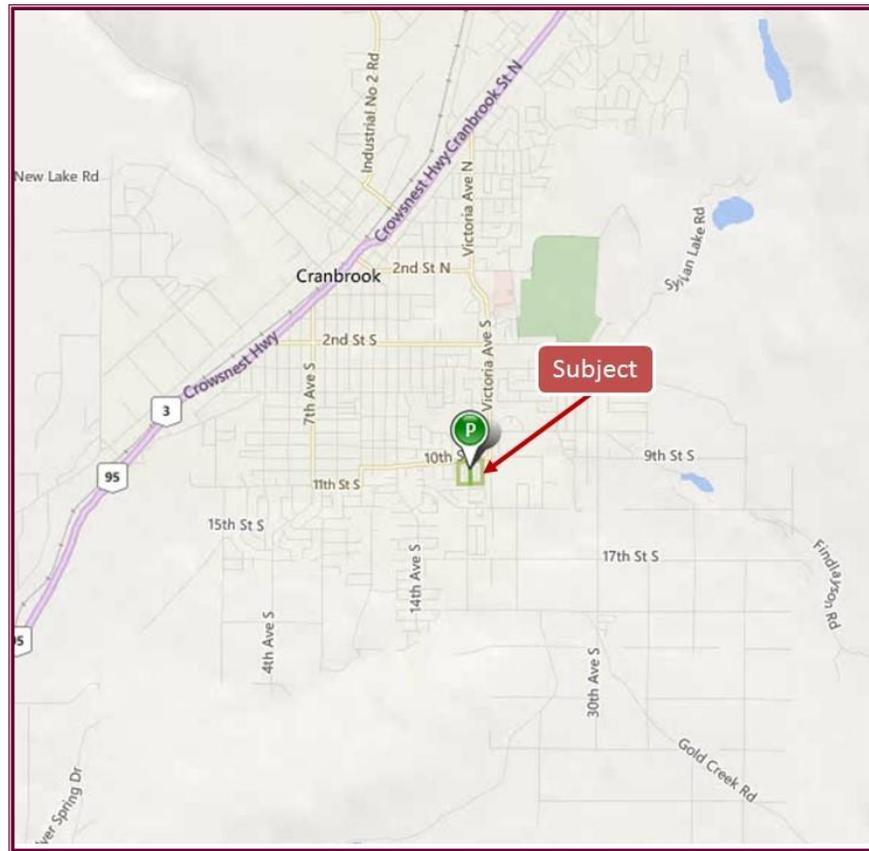
- i) Estimated Market Exposure: ±6 to ±12 Months
- ii) Effective Prior to: January 5, 2017 (if listed within 5% of estimated value)

This exposure time assumes that the subject would have been competitively priced and aggressively promoted within the market area.

## 4.0 Subject Property

### 4.1 Location

- i) Province: British Columbia
- ii) Region: East Kootenay
- iii) District: City of Cranbrook
- iv) Map: General location of Subject



Source: Landcor

Map 3

## 4.2 Legal Descriptions

- i) Source: BC Assessment & Land Titles
- ii) Description: LTS 3 & 4, PL NEP5032, DL 32
- iii) Property Identifier No.: 015-537-249 & 014-537-231

## 4.3 Ownership

- i) Source: BC Land Titles
- ii) Owner: Prestigious Properties Kings Castle GP Inc.  
Inc No. A0097518  
912 – 743 Railway Avenue  
Canmore, AB T1W 1P2

## 4.4 Sales History

### 4.4.1 History Chart

A review of Land Titles indicates that a transaction occurred in November 2015 for \$2,400,000.

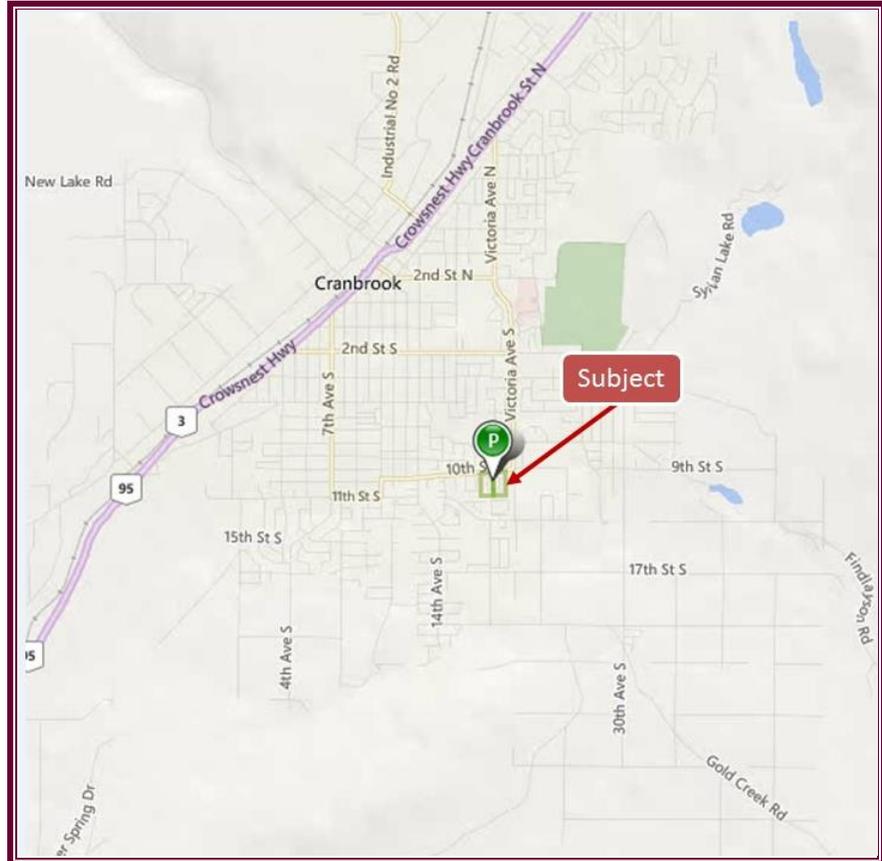
The realtor, Vadim Kobasew of Re/Max Penticton Realty provided a listing information package indicating a listing price of \$3,250,000.

The client has provided an accepted offer to purchase in the amount of \$3,000,000. Discussions with the client, Mr. Mike Hammerlindl, indicated that there was an amendment to that offer and the final agreed purchase price was \$2,700,000. Declared value for Lot 4 is \$2,675,000 registered 2016-2-19.

### 4.5 Site

- i) Location: The subject is an interior lot located on south side of 10<sup>th</sup> Street S in the City of Cranbrook, BC. Most properties in the immediate area are residential uses of varying ages, styles and conditions. A bus stop is located near the entrance. Conveniently located within minutes of services and amenities.

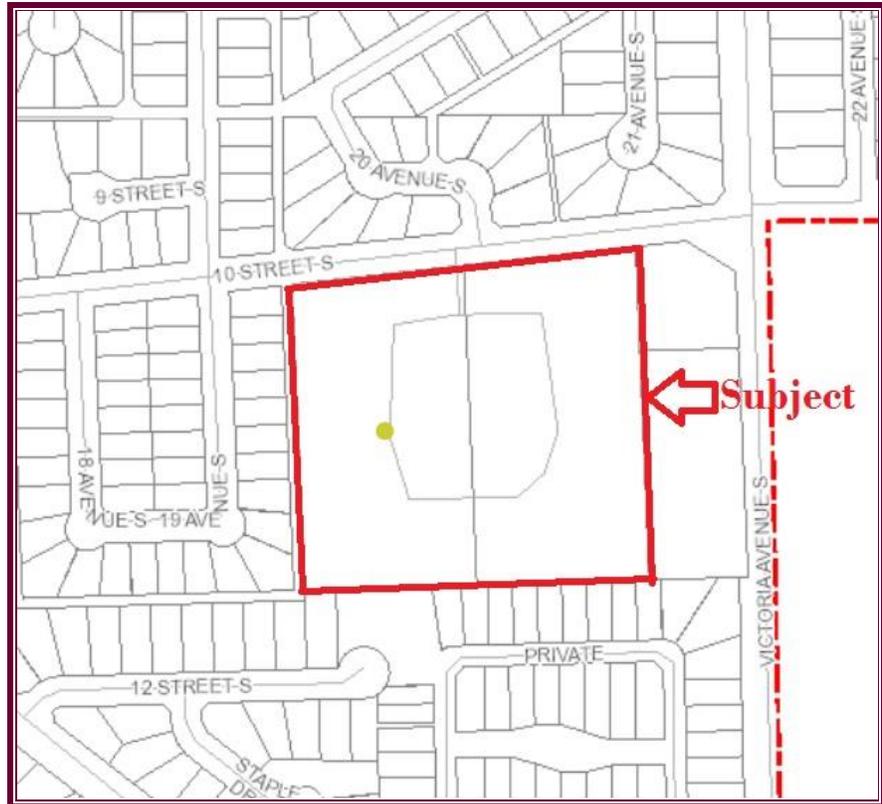
Location of subject



Source: Landcor

Map 3

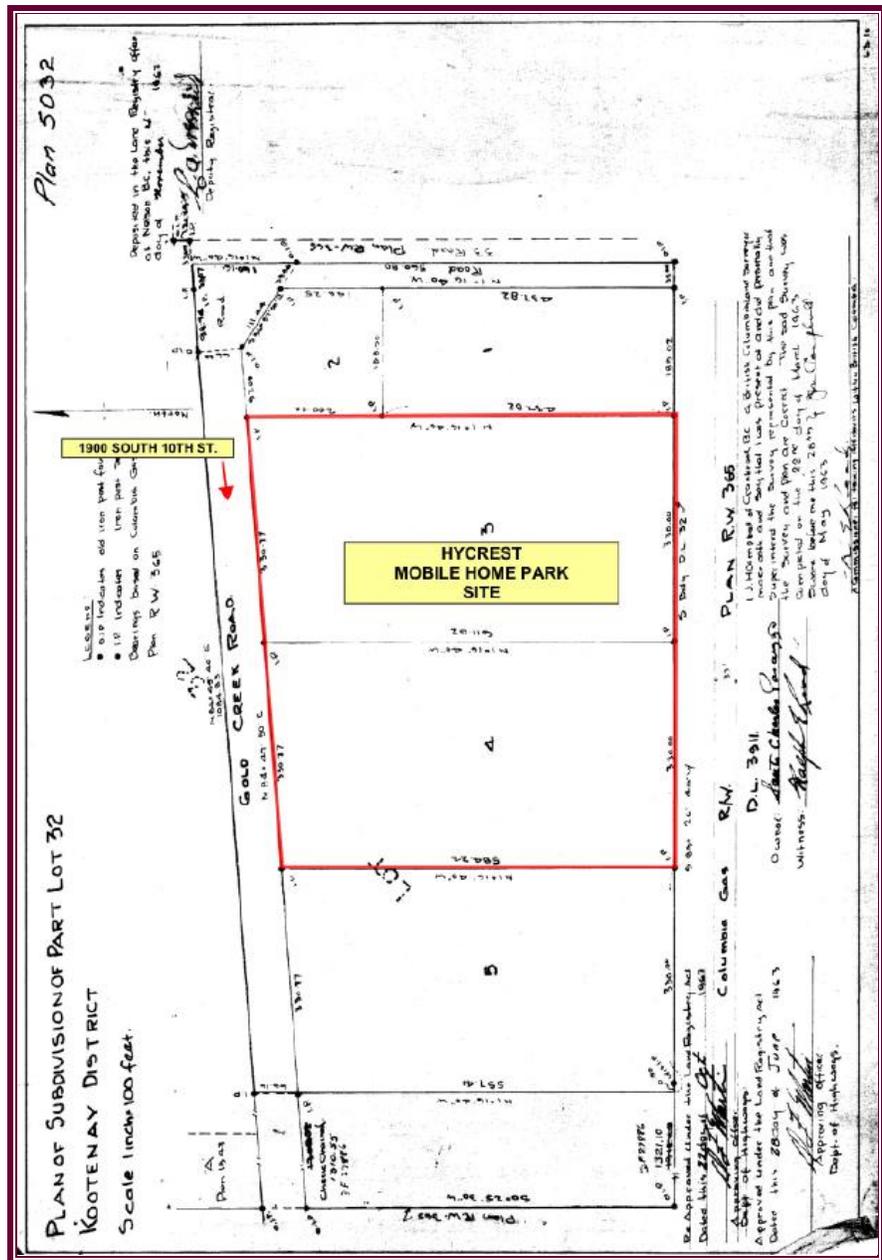
Subject



Source: City of Cranbrook

Map 4

Survey Plan



Source: Provided by Realtor: Vadim Kobasew

Plan 1

- ii) Shape: Rectangle, almost square
- iii) Area: +/-9.25 acres (source: BC Assessment)
- iv) Topography: Slopes up from 10<sup>th</sup> Street South. Gentle to moderate slope with level areas.
- v) Services:
  - Water: City of Cranbrook
  - Sewer: City of Cranbrook
  - Fire Protection: City of Cranbrook
  - Natural Gas: Yes
  - Hydro-Service: Yes

Telephone: Yes  
Paved Road: Yes  
Garbage Pick-up: Private

vi) Access/Egress:

The subject site is located on the south side of 10<sup>th</sup> Street South within the City of Cranbrook. A vehicle is required to access amenities. Bus stop located on 10<sup>th</sup> Street South in front of the subject.

Access/Egress is good. However, vehicle transportation would be required to access most amenities.

10<sup>th</sup> St. South  
Facing West



Photo 2

Access Point  
Facing south from 10<sup>th</sup> St. South



Photo 3

View from Duplex



Photo 4

Park – Internal Road System



Photo 5

- vii) Soil Conditions: An Environmental Site Assessment has not been provided to the author for consideration. This report assumes that any contamination, if existing, would fall within prescribed regulatory levels for this type of property.
- Further, it is assumed that soil conditions are capable of supporting the proposed structures for their estimated life expectancies.
- Should these assumptions be incorrect all value estimates would be subject to review.
- viii) Comments: On city sewer and water. Park owner is responsible for water and sewer lines/connections within the park. Condition and servicing is unknown and beyond the expertise of the appraiser. Interior roads were snow covered. They are reported to be asphalt paved. Condition is unknown but assumed average.

## 4.6 Improvements

### 4.6.1 Reference

The following descriptions are based on observations and assumptions made by the author. This is not a complete or accurate building detail. It contains typical descriptions consistent with this type of construction. It is meant only to assist the reader.

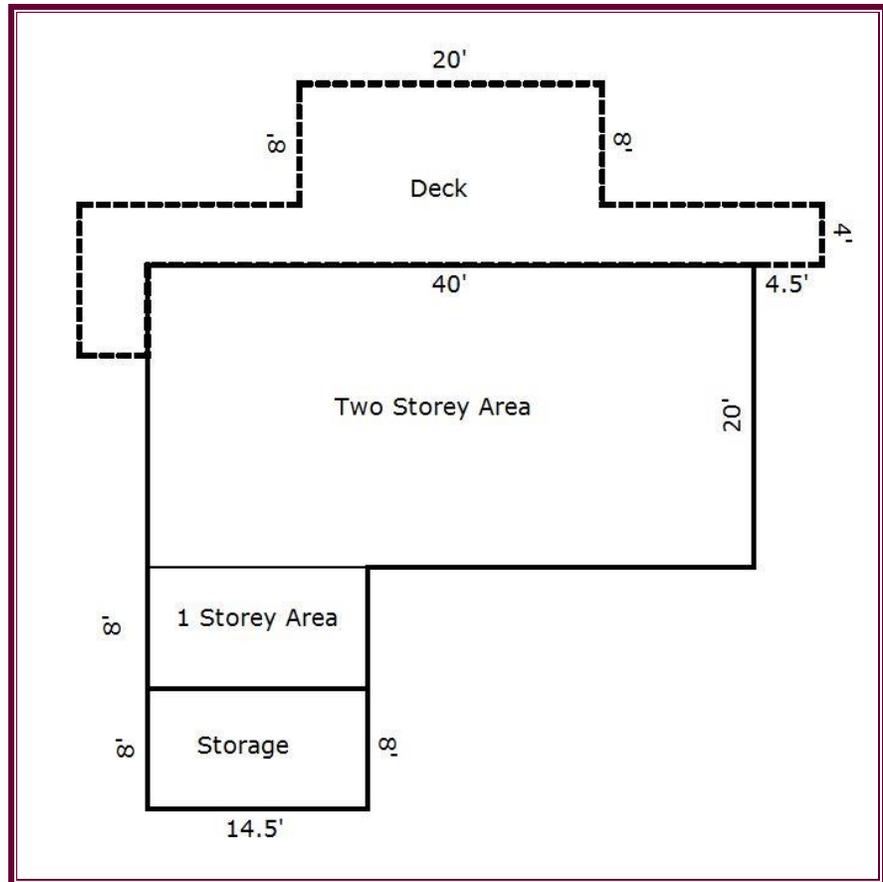
### 4.6.2 Building Description

i) General: Located on the site is an average quality up and down duplex that has recent upgrades that include, but are not limited to, electrical, painting, some windows, heating, flooring, cabinets, and plumbing fixtures. The upper duplex unit was inspected and comprises one bedroom, open living room and kitchen, an done bath. Appliances include a built in dishwasher, fridge, stove, microwave, washer and dryer. The lower unit was not inspected. Both units have access to a deck which has views over the mobile home park. Estimate circa 1970 with recent updates.

Heating is electric baseboard, gas hot water, laminate flooring, ceilings and walls are painted sheetrock. Attached to the south east corner of the lower level is a storage area with exterior access only. It was not inspected. Observed plumbing was ABS. Rent on the lower floor is \$925 per month and the upper floor is \$875 per month with tenant responsible for all utilities except for gas.

Also on site are 67 serviced mobile home pads. Two sites were vacant; they are assumed to be serviced.

## ii) Building Dimensions Duplex:



Sketch 1

- |                       |   |
|-----------------------|---|
| iii) Areas:           | Residential - Ground Floor: +/- 916 sq. ft.<br>Upper Floor: +/- 800 sq. ft. |
| iv) Basement:         | None – Concrete Slab  |
| v) Foundation:        | Concrete  |
| vi) Frame:            | Wood frame  |
| vii) Exterior:        | Stucco  |
| viii) Internal Walls: | Finished drywall  |
| ix) Floor Finishes:   | Laminate / vinyl  |
| x) Cabinets:          | Wood – Laminate counters  |
| xi) Roof System:      | Gable with shingle (snow covered – assumed)                                 |
| xii) Insulation:      | Batt insulation assumed   |
| xiii) Heating:        | Electric baseboard  |

- xiv) Hot Water: Gas hot water tank (owner pays)
- xv) Plumbing: Observed - ABS
- xvi) Sprinklers: No
- xvii) Hazardous Substances: No obvious items observed. This report assumes all materials fall with prescribed regulations.
- xviii) Year Built: Estimated circa 1970's. Updated and maintained.
- xix) Effective Age: +/- 20
- xx) Remaining Economic Life: +/- 35 years
- xxi) Remaining Physical Life: +/- 50+ years
- xxii) Work Orders: None Known
- xxiii) Condition Rating: Average
- xxiv) Equipment: Appliances include dishwasher, fridge, stove, microwave, washer and dryer
- xxv) Comments: The subject duplex is average quality for the age of construction. Updated and maintained on a regular and ongoing basis.
- xxvi) Photos:

Duplex  
North Side



Photo 6

Duplex  
East Side



Photo 7

Duplex  
Upper Level  
Kitchen



Photo 8

Duplex  
Upper Level  
Bedroom



Photo 9

Duplex  
Upper Level  
Bathroom



Photo 10

Storage Building



Photo 11

#### 4.6.3 Miscellaneous Structures & Site Improvements

Detached storage building, paved road, on-site utilities/services.

## 4.7 Assessment and Taxes

- i) Roll Number: 9953000
- ii) Assessment Year: 2017
- iii) Valuation Date: July 01, 2016
- iv) Assessment: Park:  
Land: \$2,265,000  
Improvements: \$152,000  
Total: \$2,417,000
- vi) Taxes 2015: Park: \$22,906.77
- vii) Comments: Taxes are essentially based on a tax rate that applies to all properties with the same classification. Assessments are to be applied in a consistent manner. Therefore property taxes should also be distributed in a consistent manner.

The assessment for 2017 is: \$2,417,000; however, this not confirmed until the 2nd Quarter. The valuation date is July 01, 2016 and the state and condition date is October 31, 2016. Tax notices for 2017 are delivered mid-year.

Due to the mass appraisal techniques employed by the assessors minimal consideration is given to the assessed value as an indication of market value.

## 4.8 Land Use

### 4.8.1 Reference

This report addresses the two primary regulators of land use, the Official Plan and Zoning By-Law.

### 4.8.2 Official Plan

- i) By-Law: OCP – Bylaw No 3550
- ii) Date: City of Cranbrook Official Community Plan (2005-2020)
- iii) Designation: Low Density Residential
- iv) Conformance: Current use conforms



Source: City of Cranbrook Mapping

Map 5

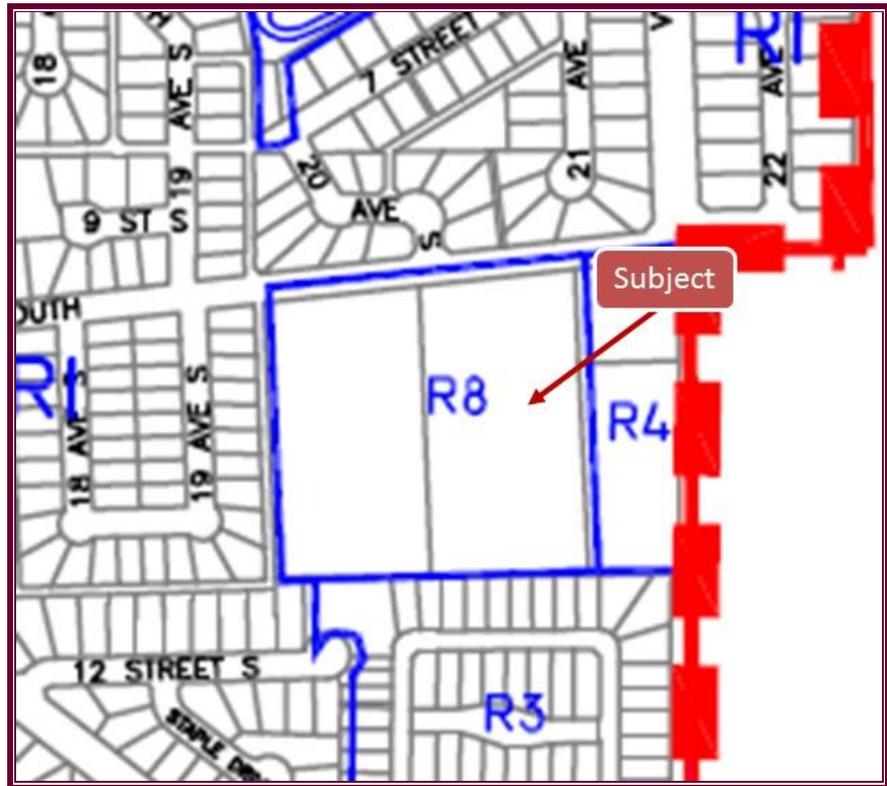
### 4.8.3 Zoning

- i) By-law: Zoning Bylaw No. 3737, 2012
- ii) Date: Adopted 2012  
Amended September 15, 2014
- iii) Designation: R8: Mobile Home Park Residential

#### ZONING LEGEND

##### RESIDENTIAL ZONES

- RT – RESIDENTIAL TRANSITIONAL ZONE
- RS – SINGLE FAMILY RESIDENTIAL ZONE
- RD – TWO FAMILY RESIDENTIAL ZONE
- R1 – SINGLE FAMILY EXTENDED RESIDENTIAL ZONE
- R2 – THREE AND FOUR FAMILY RESIDENTIAL ZONE
- R3 – CLUSTER DEVELOPMENT ZONE
- R-3A – RESIDENTIAL CLUSTER ZONE
- R4 – LOW DENSITY MULTIPLE FAMILY RESIDENTIAL ZONE
- R5 – MEDIUM DENSITY MULTIPLE FAMILY RESIDENTIAL ZONE
- R6 – HIGH DENSITY MULTIPLE FAMILY RESIDENTIAL ZONE
- R7 – MOBILE HOME & SINGLE FAMILY RESIDENTIAL ZONE
- R8 – MOBILE HOME PARK RESIDENTIAL ZONE



Source: City of Cranbrook Mapping

Map 6

- iv) Permitted Uses: Some of the uses allowed are: Mobile home park, mobile home – See Addendum B
- v) Regulations: R-8 Mobile Home Park Residential Zone
  - Minimum Lot Area – Not less 4.94 acres (2 ha)
  - Minimum Mobile Home Space – 3,498.3 sq. ft.
  - Density – 20 mobile homers per gross acre in the R-8 Zone
  - Front Minimum Set Back from Highway – 24.93 ft,
  - Interior Side Yard – 9.8 ft.
  - Rear Minimum Set Back (other than a Highway – 9.8 ft.
  - Internal Access Road – 4.92 ft.
  - Minimum from other mobiles/structures – 13.12 ft.
- vi) Orders to Comply: None known.

- viii) Conformance: The subject appears to comply with the intent of the current zoning and OCP bylaws. The appraiser is not a surveyor and a legal survey has not been provided. It is assumed that set back requirements are met or be considered Legal non-conforming as park predates the current bylaw. Discussions with the City of Cranbrook indicate that the new placements would have to meet set back requirements but are willing to work with owner. For further information the City of Cranbrook should be consulted.

## 4.9 Highest and Best Use

### 4.9.1 Reference

Highest and best use is defined as: "That reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

The primary considerations are:

- i) The use must be legal.
- ii) The use must be within the realm of probability.
- iii) There must be a demand for such a use.
- iv) The use must be profitable.
- v) The use must provide the highest net return in terms of money or amenities.

Under this concept, it is appropriate to estimate the highest and best use of a site, as though vacant and then, as though improved.

### 4.9.2 As Though Vacant

The subject site is an interior lot comprising +/-9.25 acres located on the south side 10<sup>th</sup> Street South within the City of Cranbrook. The site is zoned R8 (Mobile Home Park Residential) and therefore there are limited regulatory restrictions on potential uses. There is good exposure and access egress to 10<sup>th</sup> St. South and the site topography provides good utility and is easy to build on.

Surrounding properties are primarily single family detached.

Location is convenient to schools, bus stop is located in front of the subject site and is located within a few minutes of services and amenities.

There appears to demand for mobile home rentals. The occupancy history of the existing mobile home park and other parks in the area would indicate that there is some demand for land for use as a mobile home park. There is a newer mobile home park development located on the north side of town; above the industrial area. The 1<sup>st</sup> phase is estimated at 40 units.

Considering the foregoing, the highest and best use of the subject site, as though vacant, is considered to be developing a mobile home park.

### 4.9.3 As Though Improved

The subject's MHP servicing of water, sewer, gas and electricity is assumed in good condition. The rented mobile homes are considered complementary to the mobile home park's ability to generate income.

Surrounding property use is predominately residential. There are also other manufactured home parks within Cranbrook.

Exposure to vehicle traffic is rated primarily neighbourhood although 10<sup>th</sup> Street S is an active connector street. The existing improvements contribute positively to value and provide a reasonable return on investment. Therefore, as of the effective date of this appraisal the highest and best use of the site as improved is considered to be its present use

Highest and Best Use as Improved:      Manufactured Home Park with existing structures

## 5.0 Valuation

### 5.1 Approaches to Value

#### 5.1.1 Reference

There are three traditional approaches typically utilized in the valuation of real property. The type of property and the interest being valued determines what approaches and methods within are applicable.

#### 5.1.2 Cost Approach

This approach is based on the cost of a property's improvements, less all sources of depreciation. The resulting figure is added to the estimated land value, usually derived via the Direct Comparison Approach.

#### 5.1.3 Direct Comparison Approach

The Direct Comparison Approach considers that a property's value is directly related to prices paid for other competitive and like properties. This approach to value directly compares sale prices per physical units of measure (i.e. suites, rooms, square feet, etc.).

#### 5.1.4 Income Approach

The Income Approach considers a property's ability to provide an income stream over its economic life as a reflection of its present value.

#### 5.1.5 Applicable Approaches

The reliability of the Cost Approach is greatly diminished due to the subjective nature of estimating depreciation, the limited availability of sales of similar parcels of land, age and condition of the individual modular homes and uncertainty with regards to the scope and therefore cost of the site's septic, water and electrical servicing. For this reason, the Cost Approach is not utilized in this report.

A review of market activity indicates that there is sufficient data for the application of the Direct Comparison and Income Approaches.

## 5.2 Direct Comparison Approach

### 5.2.1 Value of Mobile Home Park

Market Indicator Chart – Mobile Home Parks

Comp	Address	Area	Sale Date	Sale/Listing Price	Adj Sale Price	# Pads	Adj. Sp per pad
1	3241 Broadwater Rd.	Robson	Jun-12	\$775,000	\$675,000*	25	\$27,000
2	2916-2917 Georama Rd.	Nelson	Jul-12	\$720,000	\$690,000*	21	\$32,857
3	Trask MHP 5855 Hwy 3	Rural Cranbrook	Nov-10	\$360,000	\$360,000	16	\$22,500
4	4915 Baillie Grohman Ave.	Canal Flats	Aug-10	\$397,000	\$397,000	16	\$24,813
5	Trailpark MHP	West Kelowna	Apr-10	\$5,150,000	\$4,800,000*	77	\$62,338
6	2321 Industrial Rd.	Cranbrook	Jun-09	\$1,493,500	\$1,493,500	46	\$32,467
7	Tamarac MHP	Fruitvale	Jan-12	\$750,000	\$750,000	28	\$26,786
8	4137 Spallumcheen (Palisades)	Spallumcheen	Oct-12	\$3,300,000	\$3,300,000	65	\$50,769
9	Silver Birches MHP	Castlegar	Mar-13	\$730,000	\$680,000*	19	\$35,789
10	Fruitvale MHP	Fruitvale	Apr-13	\$400,000	\$400,000	16	\$25,000
11	Montrose MHP	Montrose	Apr-14	\$379,000	\$275,000*	9	\$30,555
12	6822 Leighton (Tumbleweed)	Oliver	May-15	\$2,600,000	\$2,470,000*	42	\$58,810
13	1260 Fisher Rd (Terrace Pl)	Cobble Hill	Jun-15	\$1,770,000	\$1,770,000	33	\$53,636
14	1225 Eagle Pass (Ridgeview)	Sicamous	May-15	\$665,000	\$600,000*	16	\$37,500
15	161 Shuswap (Mount View)	Chase	Jul-15	\$1,550,000	\$1,550,000	29	\$53,448
16	1310 Spruston Rd. (Forest Glade)	Nanaimo	Oct-16	\$1,500,000	\$1,500,000	25	\$60,000
17	604 Almborg Rd.	Nicholson	Oct-16	\$825,000	\$825,000	27	\$30,556

\* Excluding contributory value of Residence or Improvements

Table 16

#### Chart Observations

	Low	High	Average	Median
Sale Date	Jun 2009	Oct 2016		
Adjusted Sale Price	\$275,000	\$4,800,000	\$1,325,618	\$750,000
Number of Pads	9	77	30	25
Adj'd SP Per Pad	\$30,556	\$62,338	\$44,187	\$30,000

Observation Table 1

### 5.2.2 Data Review

Table 16 contains a selection of MHP sales.

There are few such transactions and the properties selected are considered the best sales locationally and/or functionally. The price per pad is dependent on location, condition, maintenance and development expansion.

Quality of the MHPs ranged from fair to good.

- Sale #1 is the 25-pad Hide-a-Way Mobile Home Park in Robson just outside of Castlegar. It is considered in below average condition and includes 18 owned modular homes and a residence. Reported revenues are \$133,218 per annum, equivalent to an average \$444 per unit per month (owned and rental pads).

- Sale #2 is the 2012 sale of a 21 pad (1 owned pad) Kootenay Cove Mobile Home Park in Nelson on 5.02 acres. Reported revenues 2011 are \$77,038 with rents ranging from \$301 - \$350. Valuation conducted in June 2012 indicated that the park has experienced full occupancy for consecutive years and was valued at that time at \$750,000. Subsequent actual sale was at \$720,000. This price included a mobile home valued at \$30,000; the adjusted value is then \$690,000.
- Sale #3 is the Trask Mobile Home Park at Highway 3/95 between Cranbrook & Moyie. It consists of older modular homes and comprises +/- 5 acres of land adjacent a busy highway. Smaller in size at 16 pads. The Listing realtor indicates that \$10,000 was required in near term costs to add a water purification system. Pad rents are lower at +/- \$225 per month.
- Sale #4 is located in the Columbia Valley. Located on 3.1 acres in Canal Flats. Reported revenue at time of marketing was \$37,013 (net) with operating costs at \$6,187. Smaller than subject with 16 pads and a rental at +/- \$225 per month.
- Sale #5 is the sale of the 77 pad Trailpark Mobile Home Park on 10.65 acres in West Kelowna. Double wide manager's residence and 1 and 2 bedroom suites. Adjusted sale value of the 77 pads is estimated to be \$4,800,000. Monthly pad rents of \$380. It is larger than the subject and considering its location the rent achieved is considered high for the location.
- Sale #6 is located in Cranbrook on 7.091 acres with 46 pads. It is less than 15 years old with City servicing including curbs and storm sewers and newer modular units. Location affords rocky mountain views. Average rentals are reported at +/- \$245 and +/- \$254 with a gross income of \$137,724.
- Sale #7 is the Tamarac Mobile Home Park in Fruitvale. This property is split by the road and is comprised of two land parcels of 8.44 acres and 7.86 acres. There is a total of 28 pads which were rented at \$200/month.
- Sale #8 is located between Armstrong and Vernon on approximately 22.88 treed acres. It is on a community Water System and on-site septic. Each unit owner is responsible for their own septic system. Pad rents range from \$335 to \$348 per month. Though the zoning was zoned for Manufactured Home Community it was located near an industrial park and the Official Community Plan indicates future industrial use.
- Sale #9 is the Silver Birches Mobile Home Park located in Castlegar. Site is 3.35 acres in the heart of the city and surrounded by car dealerships. There is also a small, older duplex on site and the sale price has been adjusted accordingly.
- Sale #10 is a mobile home site located within the village boundary of Fruitvale. Has both village water and sewer. Situated on 1.91 acres it has 16 pads.
- Sale #11 is a 9 pad MHP located just outside the village of Montrose. Site size is 1.52 acres. Also located on site is a house with also a kitchen in the basement and five vehicle/RV storage units. Selling price has been adjusted to reflect additional improvements.
- Sale #12 is a 42 pad MHP just outside the limits of the Town of Oliver. On town water and onsite septic. On site house is rented at \$975 per month. Well maintained property. Designated age - 55+.
- Sale #13 is a 33 pad MHP located in desirable Cobble Hill, just north of Victoria and referred to as Terrace Place. Situated on 4.93 acres and is considered fully developed. On septic and well, Hydro is underground and overhead to the sites. Pad rents average \$320 per month and are considered low.
- Sale #14 is located in the community of Sicamous adjacent to Hwy 97A near Hwy 1 junction. This quiet 16 unit park caters to 50+ and is within walking distance to amenities and well maintained and landscaped. Level 2.7 acres with paved roads. Pad rents range from \$331 to \$366. Will be hooked up to sewer and probability to add more pads.
- Sale #15 is located in the community of Chase, east of the City of Kamloops. The site is 5.07 acres, approximately 1 acres is undeveloped. 29 developed sites. Not park owned mobile homes. Town sewer and water, natural gas and power is underground. Pad Rents range from \$362 to \$381 per month.

- Sale #16 is located in South Nanaimo and is developed with 25 pads. Rural location with mature trees on a 4.21 acre property. New drilled well at 30GPM and upgraded septic system. Paved roads.
- Sale #17 is the most recent sale in rural East Kootenay in the town of Nicholson southeast of Golden with 27 pads available, of which 11 are occupied. Property is 35.8 acres and includes a gravel pit. There is future expansion potential.

### 5.2.3 Value Estimate of Mobile Home Park (pad rental)

The subject comprises a 67 pad mobile home park with an average quality duplex that has been recently upgraded. The quality of the park inclusive of site improvements and the modular homes is considered average quality, the home itself is considered above average.

Seventeen comparable property sales are identified, ranging in size from 9 pads to 77 pads. Adjusted sale prices ranged from +/- \$30,556 to +/- \$62,338 per unit with an average of +/- \$44,187 per unit based on adjusted sale prices.

Sales #3, #7, #8 and #17 all have excess undeveloped land. No adjustment has been made for the excess land and it would appear as though the excess land has not markedly impacted the per unit selling prices.

The range of +/- \$32,467 to +/- \$62,338 per unit (Sales #5, #6, #8, #12 & #13) is defined by the sale of larger parks located in Cranbrook and near the larger urban centres in the Thompson/Okanagan and Vancouver Island. Average sell price per unit is \$51,604. These tend to set the higher limit within the data set.

In consideration of location, services, land use regulations, condition, age of mobiles, maintenance as well as a positive market outlook and a review of the data presented a range of between \$45,000 and \$50,000 per pad is selected, resulting in the following calculation:

67 pads	x	\$45,000	=	\$3,015,000
67 pads	x	\$50,000	=	\$3,350,000

Table 17

Value estimate: **\$3,183,000 (rounded)**

### Contributory Value of Duplex

The potential gross rental income of the duplex is \$21,600. Based on income, it is the appraisers' opinion that the contributor value of the duplex is \$200,000.

### 5.2.4 Summary: Total Subject Value Estimate

Considering on the foregoing, the value estimate of the Hycrest Mobile Home Park based on the Direct Comparison Approach, inclusive of the contributory value of the duplex, is calculated as follows:

67 pads:	\$3,183,000
Plus value of dwelling:	<u>\$ 200,000</u>
	\$3,383,000
Rounded to:	\$3,383,000

**Value Estimate by the Direct Comparison Approach: \$3,383,000**

## 5.3 Income Approach

### 5.3.1 Reference

As with the other approaches there are a number of methods within the Income Approach that can be utilized to estimate values. The Overall Capitalization Method is considered the most effective and appropriate for this assignment. The basic steps are:

- Analyze the gross income received. Compare the rentals received to that of similar properties;
- Determine a vacancy allowance;
- Analyze the gross expenses;
- Calculate the net income;
- Select a capitalization rate and convert the net income into the indicated capital value for the property.

The subject property's Income Approach value estimate will be estimated based on the income potential of eleven rented pads and a single family detached residence.

### 5.3.2 Financial Data

The Financial Statement was provided by the client for the period March 1, 2016 to November 30, 2016 as well as the current Rent Roll of January 2017.

Total Gross Income reported for the 9 month in 2016 is \$213,285 or \$23,698 per month. This includes the duplex rental.

Financial Statement provided is attached in the Addendum C.

### 5.3.3 Gross Income Potential

The subject property operates as the Hycrest Mobile Home Park. The property offers both monthly pad rentals and a duplex rental. The rent roll showing current rents as of January 1<sup>st</sup>, 2017. Total monthly rents are \$24,627.56 or \$295,530.72 annually. Rent roll is appended.

The average rent, not including the two vacant spaces is \$379 per month. At the time of inspection there were two vacancies which are identified in the provided rent roll. There is legislation in regards to rent increases. In 2015 the allowable rent increase was 2.8% and in 2016 the allowable rent increase was 2.9% plus any proportional share of services, levies, etc. Manufactured home park tenancy rent increases that take effect in 2017 are allowed to a maximum of 3.7% plus a proportional amount. Additional rent increases are allowed if it can be demonstrated, for example, that rents are significantly lower than similar rentals in the area, or if there were significant repairs or renovations, or loss due to an extraordinary increase in operating expenses. The client indicated that the rents were increased in 2015 and again in 2016 according to the rent roll. It is assumed that the rent increases were per legislation process and requirements.

In order to determine if the subject pad rents are market related, mobile home pad rents for MHPs in Cranbrook area have been surveyed as follows:

Comp	Park	Location	Rents	Included
1	Flamingo	Van Horne St.	\$300	Sewer, Water, Garbage, Snow Removal
2	Pines	30 <sup>th</sup> Ave. S	\$275	Sewer, Water, Garbage, Snow Removal
3	Georgian Pines	Standard Hill Rd.	\$300 - \$323	Sewer, Water, Garbage, Snow Removal
4	Georgina Heights	Industrial Rd.	\$295 - \$309	Sewer, Water, Garbage, Snow Removal
5	Mesa Grove	Kootenay St.	\$400	Sewer, Water, Garbage, Snow Removal
6	El Camino	Patterson	\$290 - \$325	Sewer, Water, Garbage, Snow Removal
7	Grandview Heights	Industrial	\$318	Sewer, Water, Garbage, Snow Removal

Table 18

Comments:

- The rents range from \$275 to \$400 per month. Mesa Grove does provide a rent of \$400 per month. Mesa Grove is located closer to amenities than the subject.
- In consideration of the location, etc, the subject pad rentals as at January 2017 appear to be within current market levels in Cranbrook.
- Rental increases for existing rents are subject to rent controls and there is limited ability to raise existing rents.
- The current rent roll will be used plus the two vacant pads will be estimated at \$400 per month.
- The current duplex rents are considered market rents and they will be used.

See Addenda E and F for legislation/rent controls.

The best estimate of the current gross potential income of the Hycrest Mobile Home park based on the foregoing is therefore calculated as:

<u>Revenue</u>	<u># Units</u>	<u>Total Monthly Rent</u>	<u>Annual Rent</u>
Pad Rent	67	\$24,627.56	\$295,530.72
Duplex #68 (Upper Level)	1	\$875	\$10,500
Duplex #69 (Lower Level)	1	\$925	\$11,100
<b>Total Revenue</b>		<b>\$26,427.56</b>	<b>\$317,130.72</b>

Table 19

The total subject gross income potential of the mobile home park is therefore estimated to be **\$317,130**

### 5.3.4 Subject Vacancy Rate and Expense Data

Currently two pads are vacant. The subject is average quality in terms of site improvements and most of the modular homes, while older, for the most part, are maintained. Landscaping is minimal. Tenants appear to be long term. .

Therefore, a vacancy rate and bad debts of 2% per annum is considered applicable.

Mobile home parks generally require minimum staffing and maintenance and have fairly low operating expense ratios in the range of 25% to 40% of income, assuming no other expenses such as tenant utilities inclusive but not limited to electrical, phone and cable services. Discussion with the tenant of the lower level of the duplex indicates that the owner does pay the hot water for both units and the tenant is responsible for all other expenses. The subject's infrastructure and servicing assumed to be in good condition. However, city sewer and water costs are higher than most other communities. In 2016, the utility fees were \$59.50 per month per unit which is almost 50% of the expense total. After stabilizing the income and expense statement provided by the client, an expense ratio of about 30% is indicated.

Considering the foregoing, the applicable estimated operating expense ratio for the subject is estimated at 30% and is considered reasonable, resulting in the following stabilized Net operating income (NOI) estimate of the mobile home park:

Stabilized Gross Income:			\$317,130
Less Vacancy Collection Loss:	2%	\$6,343	
Effective Gross Income:			\$310,787
Less operating expenses:	30%	\$93,236	
Net Operating Income:			<b>\$217,551</b>

The mobile home park stabilized net income potential is therefore projected to be **\$217,551** per annum.

### 5.3.5 Market Indicator Chart – OCR Rates and GIM

The capitalization rate generally reflects the degree of risk associated with the property investment. It also reflects relative liquidity, competing rates of return on other investments, the prospect of rental growth as well as the level of management and maintenance expenditure, and other factors.

The Gross Income method is used when information on operating costs over a 12 month period is limited or non-existent. It is an analysis of the relationship between income (rent) and sale price of properties similar to the subject. Through this method a multiplier is derived in order to adjust gross income from a single time period to obtain an estimate of value.

Real estate, as a commodity, must compete in the marketplace along with other interest earning investments, including bonds, money market accounts, stocks and a myriad of other investments. The very nature of real estate indicates that it does not have the liquidity of cash and therefore entails risk.

Fundamental to the development of a capitalization method is the perceived risk of the investment. This risk assessment reflects not only the physical characteristics of the subject property, but also the security and ongoing viability of the income stream. It is imperative that the comparables used to obtain the cap rate or the gross income multiplier, be similar or be adjusted for differences.

The following sales of mobile home parks and resorts/campgrounds are best suited for this analysis:

Comp	Address	Area	Sale Price	Sale Date	# of Units	Est. OCR
1	Forest Glade MHP	Nanaimo	\$1,500,000	Oct-16	25	5.2%
2	604 Almberg Rd	Nicholson	\$825,000	Oct-16	27	8.5%
3	Mountview MHP	Chase	\$1,550,000	July-15	29	5.97%
4	1225 Eagle Pass	Sicamous	\$600,000	May-15	16	7.82%
5	1879 Faulkner Ave.	Lumby	\$317,800	May-15	9	6.8%
6	6822 Leighton Cr.	Oliver	\$2,470,000	May-15	42	5.7%
7	1601 Columbia	Castlegar	\$730,000	Feb-13	19	6.95%
8	1790 Barret Dr	Fruitvale	\$400,000	May-13	16	7.25%
9	1098 Houston St.	Merritt	\$1,300,000	Dec-12	43	7.92%
10	Tamarac MHP	Fruitvale	\$750,000	Jan-12	28	5.2%
11	Hide-a-Way MHP	Castlegar	\$775,000	Jun-12	25	10.69%
12	2916-2917 Georama Rd.	Nelson Rural	\$720,000	Jul-12	21	8.34%
13	Cherryville Estates MHP	Cherryville	\$500,000	May-12	25	11.00%
14	Trask MHP	Rural Cranbrook	\$360,000	Nov-10	16	8.14%
15	4915 Baille Grohman Ave.	Canal Flats	\$397,000	Aug-10	16	9.50%

\*After purchase sewer was installed.

Table 20

#### Chart Observations:

	<u>Low+/-</u>	<u>High+/-</u>	<u>Average +/-</u>	<u>Median</u>
<b>Sale Date</b>	Aug 2010	Oct 2016		
<b>Sale Price</b>	\$317,800	\$2,470,000	\$879,653	\$730,000
<b>Overall Capitalization Rates</b>	5.20%	11.00%	7.67%	7.82%

Observation Table 2

### 5.3.6 Income Approach Value Estimate

#### Overall capitalization rate

On the basis of the overall capitalization rate, the mobile home park sales suggest a range from 5.20% to 11% with a median of 7.67% and an average of 7.82%. The subject is an average quality park in a residential neighbourhood and in reasonably close proximity to services and amenities. Though snow covered, it is assumed that grounds are maintained. It does appear that the overall trend is toward a decreasing capitalization rate over the last couple of years which coincides with very low yields on conventional investments. Thus, demand for real estate investments has increased and correspondingly, capitalization rates have decreased. Typically, smaller scale parks will indicate lower capitalization rates.

Based on the foregoing, the applicable OCR is estimated to range between 6.25% and 6.5% is:

\$217,551	÷	6.25%	=	\$3,480,816
\$217,551	÷	6.50%	=	\$3,346,938

The estimate of value by the Overall Capitalization Rate ranges between ±\$3,481,000 and ±\$3,347,000. Without further means to adjust and inconsideration of location, risk municipally serviced, a midpoint range is selected.

The final estimate of value of the Hycrest mobile home park by the Income Approach is: **\$3,414,000**

## 5.4 Final Value

- i) Direct Comparison Approach: \$3,383,000

The Direct Comparison Approach is suited for a variety of residential, commercial and industrial properties. However, it requires sales of similar properties that have occurred reasonably recently. In this case, the available sales were considered of good enough quality to complete the analysis by this approach to value.

- ii) Income Approach: (OCR and GIM Method) \$3,414,000

The Income Approach is widely utilized in the valuation of income producing properties. Within this Approach, the OCR Method was used. The availability of financial information was reasonable to successfully estimate value by the OCR Method.

- iii) Final Value: **\$3,400,000**

Both approaches validate the estimate of value; they have been adopted to represent the current market conditions, property type and use and purchaser behaviour. Generally, the OCR Method is considered to more accurately reflect the typical purchaser behaviour for investment properties.

The value estimate contained herein is subject to review should additional financial information be made available. The financial statements as provided to us by the client have not been independently verified.

## 6.0 Additional References

### 6.1 Assumptions

- i) That title to the Property is good and marketable;
- ii) That the Property is free and clear of all value-influencing encumbrances, encroachments, restrictions or covenants except as noted in this report and that there are no pledges, charges, liens or special assessments outstanding against the Property other than stated and described;
- iii) That there are no outstanding liabilities, except as expressly noted, relating to any agreement with a municipal or other government authority, to any contract of agreement to lease, which may affect the stated value or sale ability of the property or any portion of it;
- iv) That there is no action, suit, proceeding or investigation pending or threatened against the Property or affecting its titular owners, at law or in equity or before by any federal, provincial, or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the Property;
- v) That all municipal and public utility services including, without limitation, water, electricity and telephone shall have been installed, connected and shall be operating satisfactorily and full payment for all of these services shall have been made whether or not chargeable against the Property or the project by way of local improvement charges.
- vi) That all construction was carried out in accordance with properly executed plans and specifications; that proper workmanship and supervision was/will be employed in the building process; that the Property is being managed in a manner which is typical for such Property;
- vii) That as of the date of this appraisal all contributions and/or utility installation costs whether to the boundaries of, beyond or within the Property, site servicing, construction or other costs (both direct and indirect), levies, municipal taxes, rates, assessments or other similar charges which may be or become charges against the Property, or may be or become due to any municipal or other governmental authority will have been paid in full.

## 6.2 Limiting Conditions

- i) The legal description of the Property and the area of the site were obtained from BC Assessment and the Land Titles Office. Further, the plans and sketches contained in this report are included solely to aid the recipient in visualizing the location of the Property, the configuration and boundaries of the site and the relative position of the improvements;
- ii) Keystone Appraisals Inc. cannot advise on legal matters, opinions of titles, questions of survey, hidden or unapparent conditions of the Property, toxic wastes or contaminated materials, soil or sub-soil conditions, environmental, engineering or other technical matters, which might render this Property more or less valuable than as stated in this report. If it came to our attention as the result of our investigation and analysis that certain problems may exist, a cautionary note has been entered in this report;
- iii) The data and statistical information in this report were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information;
- iv) The estimated market value of the Property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the shares could be affected by other considerations. Further, the estimated market value does not include consideration on any extraordinary financing, rental of income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the Property, unless the effects of such special conditions, and the extent of any consequent special value have been described and measured in this report;
- v) Should title to the Property currently be held (or changed to a holding) by a partnership, in a joint venture, through a co-tenancy arrangement or by any other form of divisional ownership the value of any associated fractional interest may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership;
- vi) In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the property rights being appraised by reason of the possible contributory value of non-realty interests or benefits such as provisions for tax shelter, potential for capital appreciations, special investment privileges, particular company and income guarantees, special financing or extraordinary agreements for management services;
- vii) The final estimated market value is predicated upon the condition that the Property would be sold on the basis of cash over the amount of conventional current market mortgage financing and subject to any contractual agreements and encumbrances as noted in this report, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which the Property might sell in the open market;
- viii) Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made including provisions for additional compensation to permit adequate time for preparation and for any appearances which may be required.
- ix) However, neither this or any other of these assumptions nor limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such case, it is acknowledged that it is the judicial body, which will decide the use of this report, which best serves, the administration of justice;
- x) Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed in this report as of the effective date of this appraisal, cannot necessarily be relied upon as of any other date without subsequent advice of Keystone Appraisals Inc.;
- xi) Any distribution of value between land, buildings and other improvements applies only in regard to the purpose and function of this appraisal, as outlined in this report;

- xii) Investigations have been undertaken with regard to matters pertaining to Land Use Controls. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly noted in this report. The Property must comply with such regulations and, if it does not comply, its non-compliance may affect its market value. To be certain of such compliance, further investigations may be necessary;
- xiii) The value expressed in this report is in Canadian Dollars.
- xiv) It is not reasonable for anyone other than the client to rely upon this report without first obtaining written authorization from Keystone Appraisals Inc. This report has been prepared on the assumption that no other person will rely on it and all liability to all such persons is denied.
- xv) All copyright is reserved to Keystone Appraisals Inc. and this report is considered confidential by Keystone Appraisals Inc. Possession of this report or any copy of this report thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner without the prior consent and approval of Keystone Appraisals Inc, as to the purpose, form and content of any such disclosure, quotation or reference.
- xvi) Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum, or in any documents filed with any governmental agency without the prior written consent and approval of Keystone Appraisals Inc. as to the purpose, form and content of such dissemination, disclosure, quotation or reference.

## 7.0 Certification

I certify to the best of my knowledge and belief that:

1. The statement of fact contained within this report are true and correct;
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions;
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client;
6. I have the knowledge and experience to complete the assignment competently;
7. No one provided significant professional assistance to the person signing this report;
8. As of the date of this report the undersigned is a Designated AACI member of the Appraisal Institute of Canada;
9. As of the date of this report the undersigned has fulfilled the requirements of The Appraisal Institute of Canada Mandatory Recertification Program for designated members.
10. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Canadian Uniform Standards of the Appraisal Institute of Canada;
11. The undersigned personally inspected the subject property on January 5, 2017;
12. Based on the data, analyses and conclusions contained herein, the current market value of the property is estimated to be \$3,400,000, as of the effective date of the appraisal, January 5, 2017 and subject to the Assumptions and Limiting Conditions stated in this report.



Heidi Scheper, AACI, P. App

January 17, 2017  
Sign Date

Heidi Scheper is a Member of the Appraisal Institute of Canada.  
Heidi Scheper is Re-certified with the Appraisal Institute of Canada.  
Heidi Scheper personally inspected the exterior of this property.

## 8.0 About the Appraiser

### 8.1 Summary of Appraisers Qualifications

#### Heidi G Scheper AACI, P.App

Keystone Appraisals Inc.  
200 – 1328 Bay Avenue  
Trail, BC V1R 4A8

#### *Education and Professional Qualifications*

- ✚ Accredited Appraiser of the Appraisal Institute of Canada
- ✚ AACI Designation: Most comprehensive designation
- ✚ Certificate #4051
  
- ✚ Designated Member Appraisal Institute of Canada
- ✚ CRA: Residential Appraiser
- ✚ Certificate # 3790
  
- ✚ DULE Urban Land Economics, UBC
- ✚ Appraisal Diploma
- ✚ Property Management Diploma
- ✚ Oxford Properties Group Inc. Award, Highest standing BUSI300 & BUSI3318
- ✚ Accounting Certificate - Okanagan College
- ✚ Accepted as expert witness at the Property Assessment Review Panel, the Property Assessment Appeal Board, and the Indian Board of Review

#### *Professional Experience*

- Appraiser, B.C. Assessment Authority  
1991 - 2006
- Owner - InSite Appraisal Ltd, Cranbrook  
2006 - 2009
- Senior Auditor Property Transfer Tax - Ministry of Finance  
2009 - 2011
- Associate Appraiser - Keystone Appraisals Inc  
current
- Chairperson Kootenay Chapter Appraisal Institute  
2006 - 2009

#### *Appraisal Institute Certification*

- Appraisal Institute:  
Founded 1938  
Nationally recognized society of Professional Real Estate Appraisers.
  
- The Appraisal Institute of Canada has a Mandatory Recertification Program for designated members. As of the date of this report, I have fulfilled the requirements of the program

#### *Valuation Experience*

± 24 years' appraisal experience  
Residential, Waterfront, Recreational, General Commercial,  
Multi-family, Motels, MH Parks, Land, Subdivisions, Industrial  
Min Storage Facilities, Gas Stations

**Addendum A – Title Search Lot 3 – Page 1 of 4****TITLE SEARCH PRINT**

2017-01-04, 16:24:14

File Reference:

Requestor: Myra Mingo

\*\*CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN\*\*

<b>Land Title District</b>	NELSON
Land Title Office	NELSON
<b>Title Number</b>	CA4995520
From Title Number	CA4854397
<b>Application Received</b>	2016-02-19
<b>Application Entered</b>	2016-02-23
<b>Registered Owner in Fee Simple</b>	
Registered Owner/Mailing Address:	PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC., INC.NO. A0097518 912 - 743 RAILWAY AVENUE CANMORE, AB T1W 1P2
<b>Taxation Authority</b>	EAST KOOTENAY ASSESSMENT AREA
<b>Description of Land</b>	
Parcel Identifier:	014-537-249
Legal Description:	LOT 3 DISTRICT LOT 32 KOOTENAY DISTRICT PLAN 5032
<b>Legal Notations</b>	
	PERSONAL PROPERTY SECURITY ACT NOTICE, SEE KL110544
	PERSONAL PROPERTY SECURITY ACT NOTICE, SEE KM72693
	PERSONAL PROPERTY SECURITY ACT NOTICE, SEE XJ32898
<b>Charges, Liens and Interests</b>	
Nature:	STATUTORY RIGHT OF WAY
Registration Number:	R16072
Registration Date and Time:	1982-08-12 11:48
Registered Owner:	COLUMBIA NATURAL GAS LIMITED
Remarks:	INTER ALIA

Title Number: CA4995520

TITLE SEARCH PRINT

Page 1 of 2

**Addendum A – Title Search Lot 3 – Page 2 of 4****TITLE SEARCH PRINT**

2017-01-04, 16:24:14

File Reference:

Requestor: Myra Mingo

Nature: MORTGAGE  
Registration Number: CA4995815  
Registration Date and Time: 2016-02-19 11:06  
Registered Owner: KOOTENAY SAVINGS CREDIT UNION  
INCORPORATION NO. F138  
Remarks: INTER ALIA

Nature: ASSIGNMENT OF RENTS  
Registration Number: CA4995816  
Registration Date and Time: 2016-02-19 11:06  
Registered Owner: KOOTENAY SAVINGS CREDIT UNION  
INCORPORATION NO. F138  
Remarks: INTER ALIA

**Duplicate Indefeasible Title** NONE OUTSTANDING

**Transfers** NONE

**Pending Applications** NONE

**Addendum A – Title Search Lot 4 – Page 3 of 4****TITLE SEARCH PRINT**

2017-01-04, 16:25:04

File Reference:

Requestor: Myra Mingo

Declared Value \$2875000

\*\*CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN\*\*

<b>Land Title District</b>	NELSON
Land Title Office	NELSON
<b>Title Number</b>	CA4995519
From Title Number	CA4654398
<b>Application Received</b>	2016-02-19
<b>Application Entered</b>	2016-02-23
<b>Registered Owner in Fee Simple</b>	
Registered Owner/Mailing Address:	PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC., INC.NO. A0097518 912 - 743 RAILWAY AVENUE CANMORE, AB T1W 1P2
<b>Taxation Authority</b>	EAST KOOTENAY ASSESSMENT AREA
<b>Description of Land</b>	
Parcel Identifier:	014-537-231
Legal Description:	LOT 4 DISTRICT LOT 32 KOOTENAY DISTRICT PLAN 5032
<b>Legal Notations</b>	
	PERSONAL PROPERTY SECURITY ACT NOTICE, SEE KL110544
	PERSONAL PROPERTY SECURITY ACT NOTICE, SEE KM72893
	PERSONAL PROPERTY SECURITY ACT NOTICE, SEE XJ32898
<b>Charges, Liens and Interests</b>	
Nature:	STATUTORY RIGHT OF WAY
Registration Number:	R18072
Registration Date and Time:	1982-08-12 11:48
Registered Owner:	COLUMBIA NATURAL GAS LIMITED
Remarks:	INTER ALIA

Title Number: CA4995519

TITLE SEARCH PRINT

Page 1 of 2

### Addendum A – Title Search Lot 4 – Page 4 of 4

**TITLE SEARCH PRINT**

2017-01-04, 16:25:04

File Reference:

Requestor: Myra Mingo

Declared Value \$2875000

Nature:	MORTGAGE
Registration Number:	CA4995815
Registration Date and Time:	2016-02-19 11:06
Registered Owner:	KOOTENAY SAVINGS CREDIT UNION INCORPORATION NO. F136
Remarks:	INTER ALIA

Nature:	ASSIGNMENT OF RENTS
Registration Number:	CA4995816
Registration Date and Time:	2016-02-19 11:06
Registered Owner:	KOOTENAY SAVINGS CREDIT UNION INCORPORATION NO. F136
Remarks:	INTER ALIA

**Duplicate Indefeasible Title** NONE OUTSTANDING

**Transfers** NONE

**Pending Applications** NONE

**Addendum B – Zoning Bylaw – Page 1 of 4**

Part 7.13

Zoning Bylaw No. 3737, 2012

Mobile Home Park Residential Zone - R-8**7.13 MOBILE HOME PARK RESIDENTIAL ZONE: R-8****.1 Permitted Uses**

Within the R-8 Zone, only the following uses are permitted in a mobile home park:

- (a) Mobile home park
- (b) Mobile home
- (c) Boarding and lodging

**.2 Accessory Uses**

- (a) Home based business
- (b) Single family dwelling
- (c) Common storage area
- (d) Other uses, buildings and structures accessory to a permitted use.

**.3 Parcel Area**

- (a) The minimum parcel size in the R-8 Zone shall be 2.0 ha.
- (b) No person shall create a mobile home space in the R-8 Zone which is less than 325.0 m<sup>2</sup> in area.
- (c) No person shall locate an accessory single family dwelling on a designated space that is less than 418.0 m<sup>2</sup> in area.

**.4 Density**

- (a) No person shall locate more than twenty (20) mobile homes per gross hectare in the R-8 Zone.
- (b) No person shall locate more than one (1) mobile home on a mobile home space in the R-8 Zone, except as provided for in Section 7.13.4(c).
- (c) Groups and clusters of mobile homes may be placed on a combined space where the area of the combined space is equal to the minimum space area required for an equal number of mobile homes on standard spaces, and where the minimum setbacks are honoured on the combined spaces perimeter line and between mobile homes.
- (d) A maximum of one (1) space shall be provided for an accessory single family dwelling in a mobile home park.

**Addendum B – Zoning Bylaw – Page 2 of 4**

Part 7.13

Zoning Bylaw No. 3737, 2012

Mobile Home Park Residential Zone - R-8

**.5 Siting**

- (a) No person shall locate a mobile home or accessory single family dwelling in the R-8 Zone which is:
- (i) Less than 7.6 m from the boundary of the mobile home park abutting a highway
  - (ii) Less than 3.0 m from a rear parcel line other than a highway
  - (iii) Less than 3.0 m from a side parcel line
- (b) No person shall locate a mobile home or accessory single family dwelling in the R-8 Zone which is:
- (i) Less than 1.5 m of an internal access road
  - (ii) Less than 4.0 m from any other mobile home, single family dwelling or structure
- (c) No person shall locate an accessory building or structure that is for the common use of all residents of the mobile home park less than 6.7 m from a mobile home space.
- (d) No person shall locate an accessory building or structure in the R-8 Zone within 1.0 m distance from a mobile home space.

Bylaw 3794, 2013  
Adopted Mar 4, 2013**.6 Size and Dimensions of Buildings and Structures**

- (a) No person shall locate a mobile home or accessory single family dwelling which has a floor level that is more than 0.6 m above the ground.
- (b) No person shall locate a mobile home or accessory single family dwelling in the R-8 Zone which exceeds a height of 7.6 m.
- (c) No person shall locate an accessory building or structure in the R-8 Zone which exceeds a height of 6.0 m, except that no person shall locate an accessory building or structure which exceeds the height of a mobile home where that accessory building or structure is located on the same mobile home space.
- (d) No person shall cover more than 40% of the area of a mobile home space with buildings and structures.

**.7 Recreation Area**

- (a) Not less than 5% of the gross site area of the mobile home park shall be devoted to common recreational uses, and shall be provided in a convenient and accessible location. For the purpose of calculating recreational space requirements, any common indoor recreational

Part 7.13 Page 2

Adopted 2012  
Amended March 4, 2013

**Addendum B – Zoning Bylaw – Page 3 of 4**

Part 7.13

Zoning Bylaw No. 3737, 2012

Mobile Home Park Residential Zone - R-8

space provided shall be counted as double its actual area.

- (b) Recreation areas shall not include areas provided for buffering, parking, mobile homes, single family dwellings, storage, accessory uses or roads.
- (c) In mobile home parks where more than 930.0 m<sup>2</sup> (10,000 ft<sup>2</sup>) of recreation space is required, two (2) or more recreational areas may be provided.
- (d) Recreation areas in a mobile home park, except indoor recreational facilities, shall be of grass or asphaltic surface and shall be properly landscaped.

**.8 Buffering**

- (a) Where a fence or landscape screen is provided no buffer zone shall be required. Requirements for fencing and screening are:
  - (i) A fence shall be 1.8 m (6.0 ft) in height and shall be constructed to be a minimum of 75% solid to obstruct the view of the mobile home park or
  - (ii) A landscape screen shall be a minimum of 1.2 m (4.0 ft) in height when planted and be a minimum of 75% solid to obstruct the view of the mobile home park.
  - (iii) A fence shall be constructed such that its finished side conceals its structural elements and faces exterior to the mobile home park.
- (b) Where a landscape screen or fence is not provided a buffer zone of 7.6 m (25.0 ft) shall be provided on all sides of the mobile home park and shall be suitably landscaped.
- (c) Where such buffer zone is used:
  - (i) No recreation or service areas (except for waterfront recreation or amenity areas) shall be located within a buffer area
  - (ii) No mobile home or single family dwelling shall be located within a buffer area
  - (iii) No building, structure, fence or wall shall be erected or placed within a buffer area
  - (iv) No garbage pick-up or storage area shall be located within a buffer area
  - (v) Except where danger is involved, no plant material may be

**Addendum B – Zoning Bylaw – Page 4 of 4**

Part 7.13

Zoning Bylaw No. 3737, 2012

Mobile Home Park Residential Zone - R-8

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removed nor may any substance of which land is composed be deposited or removed, except as a part of a recognizable beautification scheme within a buffer area

- (vi) No vehicle parking area shall be located within a buffer area
- (d) The only road access permitted in a buffer area are those which cross it as close to right angles as practicable and connect directly with the road system contained within the remainder of the mobile home park. No road shall traverse the buffer area and give direct access from any public highway to any mobile home space.

.9 Other Regulations

- (a) Additional requirements for the establishment, extension, design, servicing, and facilities of mobile home parks are provided in Mobile Home Parks Bylaw.
- (b) No person shall use or permit the use of any portion of a parcel or mobile home space in the R-8 Zone for the wrecking and repair of vehicles or for the storage of derelict vehicles except in a common storage area designated for that purpose.
- (c) Each mobile home space shall be clearly designated, numbered and the area for each space marked out on the ground by suitable reference markers.

## Addendum C – Operating Statement – Page 1 of 1

### Grand Rocky Estates Mobile Home Park (formerly Hycrest MHP) Income Statement

Account Name	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
<b>INCOME</b>									
Rent	24,272.65	23,033.65	23,327.25	23,835.75	23,524.75	23,830.75	23,524.75	23,109.75	24,114.77
Late Fees	-	-	-	-	-	-	-	-	25.00
Refund Pad Rent - Sold	-	-	-	-	-	314.00	-	-	-
Security Deposit	-	-	462.50	-	-	-	-	-	437.50
Sold Lawnmowers	-	-	-	50.00	-	25.00	25.00	-	-
<b>TOTAL INCOME</b>	<b>24,272.65</b>	<b>23,033.65</b>	<b>23,789.75</b>	<b>23,885.75</b>	<b>23,524.75</b>	<b>23,541.75</b>	<b>23,549.75</b>	<b>23,109.75</b>	<b>24,577.27</b>
<b>EXPENSES</b>									
<b>DIRECT EXPENSES</b>									
Repairs & Maintenance	-	-	164.22	-	-	3,120.29	-	-	-
Marketing	-	-	-	-	-	-	-	-	-
Electrical & Mechanical Repair	-	-	-	-	-	-	-	-	-
Plumbing Repair	-	-	-	-	-	-	-	-	-
Management Fee	1,504.55	-	1,429.88	1,161.98	1,318.85	1,313.11	1,454.76	1,250.36	5,624.51
Property Tax	-	-	-	24,974.84	2,124.00	2,124.00	2,124.00	2,124.00	2,124.00
Electricity	-	365.57	-	367.31	-	171.34	-	-	628.57
Heat	-	-	-	-	-	-	80.50	80.50	-
Water & Sewer	-	6,864.00	-	6,864.00	-	6,864.00	-	7,069.25	-
Exterior Grounds & Maintenance	350.00	-	-	-	210.00	210.00	1,019.55	210.00	-
Garbage Removal	-	-	-	-	434.70	869.40	869.40	434.70	-
Caretaker	689.75	474.00	444.00	444.00	444.00	444.00	444.00	444.00	444.00
<b>TOTAL DIRECT EXPENSES</b>	<b>2,544.30</b>	<b>7,703.57</b>	<b>2,038.10</b>	<b>33,812.13</b>	<b>4,531.55</b>	<b>15,116.14</b>	<b>5,992.21</b>	<b>11,451.81</b>	<b>8,821.08</b>
<b>GENERAL &amp; ADMINISTRATIVE</b>									
Office Supplies	399.11	79.27	-	150.00	9.56	-	-	15.56	-
New Leases	-	1,942.50	-	100.00	400.00	-	-	-	-
Advertising/ Welcome	-	815.85	-	-	-	-	-	-	-
Travel & Entertainment	-	-	-	-	-	-	-	-	-
Bank Charges	21.00	21.00	21.00	33.00	64.00	60.00	44.50	43.50	42.00
Membership Fees	-	-	-	-	250.00	-	-	-	-
<b>TOTAL GENERAL &amp; ADMIN</b>	<b>420.11</b>	<b>2,858.62</b>	<b>21.00</b>	<b>283.00</b>	<b>723.56</b>	<b>60.00</b>	<b>44.50</b>	<b>59.06</b>	<b>42.00</b>
<b>TOTAL EXPENSES</b>	<b>2,964.41</b>	<b>10,562.19</b>	<b>2,059.10</b>	<b>34,095.13</b>	<b>5,255.11</b>	<b>15,176.14</b>	<b>6,036.71</b>	<b>11,510.87</b>	<b>8,863.08</b>
<b>NET OPERATING INCOME (NOI)</b>	<b>21,308.24</b>	<b>12,471.46</b>	<b>21,730.65</b>	<b>10,209.38</b>	<b>18,269.64</b>	<b>8,365.61</b>	<b>17,513.04</b>	<b>11,598.88</b>	<b>15,714.19</b>
<b>CAPITAL</b>									
Capital Reno - Interior & Exterior	-	-	-	-	-	-	-	2,734.08	-
<b>TOTAL CAPITAL</b>	<b>-</b>	<b>2,734.08</b>	<b>-</b>						

## Addendum D–Rent Roll – Page 1 of 5

### Prestigious Properties Canada Ltd Rent Roll January 2017

	Jan 17
Hycrest MHP	
1 Walker, Debbie	410.50
Total 1	410.50
2 Lapidus, Gill	365.30
Total 2	365.30
3 Walker, Ken	314.00
Total 3	314.00
4 Hrisook, Jim	410.50
Total 4	410.50
5 Kotyk, Marilyn & Helm, David	314.00
Total 5	314.00
6 Jaeck, Erich & Inge	325.62
Total 6	325.62
7 McBride, Gordon & Judy	314.00
Total 7	314.00
9 Lopez, (Cornell), Jeanette	347.00
Total 9	347.00
10 Mayne, Chris & Michelle	365.30
Total 10	365.30
11 Mayes, Glen & Dale	325.62
Total 11	325.62
12 Hancock, Bill	314.00
Total 12	314.00
13 Osborne, Trace	314.00
Total 13	314.00
14 Petrie, Jim & Nettie	314.00
Total 14	314.00
15 Marunchak, Marianne	360.15
Total 15	360.15
16	

**Addendum D –Rent Roll – Page 2 of 5**

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	<u>Jan 17</u>
Porter, Mike	<u>314.00</u>
Total 16	314.00
17	
Schnack, Sharon	<u>410.50</u>
Total 17	410.50
18	
Lavallee, Wayne	<u>314.00</u>
Total 18	314.00
19	
Campbell, Justin	<u>378.82</u>
Total 19	378.82
20	
Fitzgerald, Anna	<u>365.30</u>
Total 20	365.30
21	
Ritchie, Heather	<u>314.00</u>
Total 21	314.00
22	
Hunter, Dale	<u>425.69</u>
Total 22	425.69
23	
McRae, Linda	<u>314.00</u>
Total 23	314.00
24	
Kappler, William	<u>325.62</u>
Total 24	325.62
25	
Bidillicome, Judy	<u>314.00</u>
Total 25	314.00
26	
Senecal, Fern	<u>313.72</u>
Total 26	313.72
27	
Szigi, Andy & Braun, Fydella	<u>314.00</u>
Total 27	314.00
28	
Smith, Peggy	<u>314.00</u>
Total 28	314.00
29	
Cook, Debbie	<u>384.10</u>
Total 29	384.10
30	
Alaric, Albert	<u>313.69</u>
Total 30	313.69

**Addendum D –Rent Roll – Page 3 of 5**

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	<u>Jan 17</u>
31	
Campen, Angela	<u>402.00</u>
Total 31	402.00
32	
Wilson, Hartley	<u>425.00</u>
Total 32	425.00
33	
Lewis, Heather	<u>342.52</u>
Total 33	342.52
34	
Deatrich, Roger & Sherrl	<u>365.30</u>
Total 34	365.30
35	
Stambuluc	<u>410.50</u>
Total 35	410.50
36	
Thompson, Deceased	<u>325.62</u>
Total 36	325.62
37	
Hightower, Carol	<u>314.00</u>
Total 37	314.00
38	
Brunell, Allan	<u>314.00</u>
Total 38	314.00
39	
Wood, Ann	<u>314.00</u>
Total 39	314.00
40	
Neldig, Jennifer	<u>425.69</u>
Total 40	425.69
41	
Saris, Ella(POA- Evie & Ken Michel)	<u>342.52</u>
Total 41	342.52
42	
DeKieviet, Lance	<u>325.62</u>
Total 42	325.62
43	
Tasy Strouzas & Jacqueline Galvin	<u>314.00</u>
Total 43	314.00
45	
Baker, Ken & Wenda	<u>357.00</u>
Total 45	357.00
46	
Carry, Kevin	<u>325.62</u>

**Addendum D –Rent Roll – Page 4 of 5**

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	<u>Jan 17</u>
Total 46	325.62
47 Marty Carvey/Richard LeDuc	<u>325.62</u>
Total 47	325.62
48 Dufresne, C	<u>399.00</u>
Total 48	399.00
49 Bell, Gall (Sublet ?) on info from owner	<u>372.50</u>
Total 49	372.50
50 Skriber, Jan	<u>314.00</u>
Total 50	314.00
51 Jolie, Lyle & Elizabeth	<u>314.00</u>
Total 51	314.00
52 Allison, Brooke & Joseph	<u>415.00</u>
Total 52	415.00
53 Delorme	<u>378.82</u>
Total 53	378.82
54 Petrushevsky, Mike	<u>314.00</u>
Total 54	314.00
55 Magas, Peter	<u>325.62</u>
Total 55	325.62
56 Richard, Norm & Cherly (Rent to Own)	<u>810.00</u>
Total 56	810.00
57 Sissons, Robert	<u>410.50</u>
Total 57	410.50
58 Muhlig, Shannon	<u>314.00</u>
Total 58	314.00
59 Neldig, Debbie	<u>325.62</u>
Total 59	325.62
60 Johnson, Sandra	<u>330.00</u>
Total 60	330.00
61	

## Addendum D –Rent Roll – Page 5 of 5

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	Jan 17
Utka, Jim	325.62
Total 61	325.62
62	
Travis, David	325.62
Total 62	325.62
63	
Hopkin, Laura & Sean	314.00
Total 63	314.00
64	
Kish, Jeremy *SEE NOTES**	294.00
Total 64	294.00
65	
Truman, R.	378.82
Total 65	378.82
66	
Wanner, Rick	314.00
Total 66	314.00
67	
Picton, Lorne	314.00
Total 67	314.00
68 Duplex Top Floor	
Megale, Brandon & Kehler, Cheyanne	875.00
Total 68 Duplex Top Floor	875.00
69 Duplex Main Floor	
Munger, Aldred R & Boeltger, C	925.00
Total 69 Duplex Main Floor	925.00
Total Hycrest MHP	24,627.56
<b>TOTAL</b>	<b>24,627.56</b>

**Addendum E – Manufactured Home Park Tenancy Act sections 42 to 45 – Page 1 of 2**

Manufactured Home Park Tenancy Act

Page 1 of 2

**Landlord's notice: landlord's use of property**

**42** (1) Subject to section 44 [*tenant's compensation: section 42 notice*], a landlord may end a tenancy agreement by giving notice to end the tenancy agreement if the landlord has all the necessary permits and approvals required by law, and intends in good faith, to convert all or a significant part of the manufactured home park to a non-residential use or a residential use other than a manufactured home park.

(2) A notice to end a tenancy under this section must end the tenancy effective on a date that

(a) is not earlier than 12 months after the date the notice is received and is the day before the day in the month, or in the other period on which the tenancy is based, that rent is payable under the tenancy agreement, and

(b) if the tenancy agreement is a fixed term tenancy agreement, is not earlier than the date specified as the end of the tenancy.

(3) A notice under this section must comply with section 45 [*form and content of notice to end tenancy*].

(4) A tenant may dispute a notice under this section by making an application for dispute resolution within 15 days after the date the tenant receives the notice.

(5) If a tenant who has received a notice under this section does not make an application for dispute resolution in accordance with subsection (4), the tenant

(a) is conclusively presumed to have accepted that the tenancy ends on the effective date of the notice, and

(b) must vacate the manufactured home site by that date.

**Tenant may end tenancy early following notice under section 42**

**43** (1) If a landlord gives a tenant notice to end a periodic tenancy under section 42 [*landlord's use of property*], the tenant may end the tenancy early by

(a) giving the landlord at least 10 days' written notice to end the tenancy on a date that is earlier than the effective date of the landlord's notice, and

**Addendum E – Manufactured Home Park Tenancy Act sections 42 to 45 – Page 2 of 2**

Manufactured Home Park Tenancy Act

Page 2 of 2

(b) paying the landlord, on the date the tenant's notice is given, the proportion of the rent due to the effective date of the tenant's notice, unless subsection (2) applies.

(2) If the tenant paid rent before giving a notice under subsection (1), on receiving the tenant's notice, the landlord must refund any rent paid for a period after the effective date of the tenant's notice.

(3) A notice under this section does not affect the tenant's right to compensation under section 44 [*tenant's compensation: section 42 notice*].

**Tenant's compensation: section 42 notice**

**44** (1) A landlord who gives a tenant notice to end a tenancy under section 42 [*landlord's use of property*] must pay the tenant, on or before the effective date of the notice, an amount that is equivalent to 12 months' rent payable under the tenancy agreement.

(2) In addition to the amount payable under subsection (1), if steps have not been taken to accomplish the stated purpose for ending the tenancy under section 42 within a reasonable period after the effective date of the notice, the landlord must pay the tenant an amount that is the equivalent of 6 times the monthly rent payable under the tenancy agreement.

**Form and content of notice to end tenancy**

**45** In order to be effective, a notice to end a tenancy must be in writing and must

- (a) be signed and dated by the landlord or tenant giving the notice,
- (b) give the address of the manufactured home site,
- (c) state the effective date of the notice,
- (d) except for a notice under section 38 (1) or (2) [*tenant's notice*], state the grounds for ending the tenancy, and
- (e) when given by a landlord, be in the approved form.

## Addendum F – Rent Increase / Formula – Page 1 of 2

### Rent Increases

Landlords can only increase the rent once a year by an amount permitted by law or an **additional amount** approved in advance by an arbitrator – they need to use the right form and give the tenant three full months' notice of the rent increase.

The maximum allowable rent increase changes each year. The limits for residential tenancies and manufactured home park tenancies are different.

- For residential tenancies, the **standard allowable rent increase** for 2016 is 2.9%
- For manufactured home park tenancies, the standard allowable rent increase for 2016 is 2.9% plus a **proportional amount for the change in local government levies and regulated utility fees**

### Proportional Amount Rent Increase

Manufactured home park landlords can increase the rent by the annual allowable amount plus an additional amount to cover local government levies and regulated utility fees.

The “proportional amount” (also known as an enhanced rent increase) is the change in local government levies plus the change in regulated utility fees, divided by the number of manufactured home sites in park. This means that each tenant of the park pays for a part of the year's increase in taxes and fees. Please note, conventional residential tenancies may not increase rent by the proportional amount.

### Expenses Included

Only the cost of government levies and regulated utility fees for the common property of the park can be included in the rent increase calculation:

- Government levies: Items that are listed on a local government tax notice such as school taxes, hospital levies or garbage collection fees
- Utility fees: Charges for public utilities such as electricity, natural gas, water, telephone and cable

Other expenses cannot be included. For example, if electricity is generated by diesel fuel, a landlord cannot include the increased cost of fuel.

### Notifying Tenants

Landlords must notify manufactured home park tenants about a proportional amount rent increase – tenants must receive a full copy of the following form:

- **Notice of Rent Increase - Manufactured Home Site (auto-calculating version)** (PDF)
  - Check the bottom of page one of form RTB-11A to be sure that you have the correct version
  - Not all browsers support the calculations. If you are having trouble with the calculations, download the PDF to your computer
  - To calculate the rent payable in the coming year, there must be an entry for "the number of lots assigned to this tenant" (page three, section D3, step 2)
- **Notice of Rent Increase - Manufactured Home Site (fillable version)** (PDF, 2.2MB)

## Addendum F – Rent Increase / Formula – Page 2 of 2

### Complete the Form and Submit Proof

The landlord must be sure to complete the entire form and attach a copy of the following documents with the rent increase form:

- Tax statements for the most recent 12 months and previous 12 months (depending on the time of year, up to 3 years of statements may be required)
- Invoices for local government services for the most recent 12 months and previous 12 months
- Invoices for regulated utilities (electricity, natural gas, etc.) for the most recent 12 months and previous 12 months

*The content on this website is periodically reviewed and updated by the Province of British Columbia as per the date noted on each page: August 21, 2015.*

### Additional Rent Increase

To raise the rent above the permitted amount, the landlord must have either the tenant's written agreement or an order from the RTB for the reasons listed below.

An order approving the increase might be issued where the landlord:

Can demonstrate the rent for a manufactured home site is significantly lower than that of similar sites in other parks in the area

Completed significant repairs or renovations to the park that are reasonable and necessary and will not recur within a reasonable time period

Incurred a financial loss from an extraordinary increase in operating expenses

Incurred a financial loss for the financing costs of purchasing the manufactured home park that could not reasonably have been foreseen

To apply for an order, the landlord must submit an Application for Additional Rent Increase to the RTB. For costs see fee schedule on page 41 of this guide.

Upon receipt of the application, the RTB will give the landlord a notification package including a hearing date. The landlord must notify all the tenants within three days by serving them a copy of the package. At the hearing, the tenants can raise their concerns regarding the landlord's proposed increase.

If the application is approved by the RTB and an order is issued, the landlord must notify affected tenants using the form Notice of Rent Increase – Manufactured Home Site. The approved increase should be indicated on the form. The landlord must give tenants three whole rental months' notice before the rent increase comes into effect.

### Disputing a Rent Increase

A tenant can dispute a landlord's notice of rent increase that does not comply with the Act, by applying for dispute resolution, provided the rent increase was not granted by a RTB arbitrator.