WORMAN

Gerein Residence - Dunster Road	
Construction Budget Summary	
Site General Conditions/Material (lumber, Trusses)/Rentals/Demo/Cleaning/Surveying/Insurance	$64,266.81
Excavation/Backfill/Foundation	$42,524.83
Framing/Windows/Doors	$56,166.25
Insulation/Drywall/Roofing	$40,504.31
Plumbing including fixtures allowance	$18,395.00
Electrical including Fixtures allowance	$26,125.00
Heating/Ventilation/Air Conditioning/Fireplace	$28,780.00
HARDI Exterior finish - Stucco/Soffit/Trims/Eaves/Painting	$65,783.00
Painting and Finishing Carpentry	$32,953.50
Cabinets/Countertop Allowance (Deposits)	$43,777.00
Floor Covering Allowance - tile/concrete/wood/carpet	$26,540.00
? Exterior Hard surface - driveways/sidewalks (Prep work/material)	$18,349.92
Building Permit/Admin/Supervision/Coordination/General labour/Worksafe/New Home Warranty	$34,630.83
Profit	$46,399.67
Total (pre GST)	**$545,196.11**
Allowances Summary (included in the above overall summary)	
Plumbing fixtures	$6,000.00
Electrical fixtures	$4,000.00
Cabinets/Countertop Allowance	$43,777.00
Floor Covering Allowance - tile/concrete/wood/carpet	$26,540.00
Fireplace including surround	$10,000.00
Bath Accessories	$500.00
Total Allowances	**$90,817.00**

3022 DUNSTER ROAD

Estimate based on plan designed by Worman Homes and drawn by Sticks and Stones Inc., labeled Gerein Residence – 2654 sq. ft. main, 588 sq. ft. garage, dated March 15, 2015 – revision 3 (client review).

SPECIFICATIONS FOR BID:

- Demo of existing house including removal of roofing, roof trusses, drywall, exterior and interior walls, electrical, mechanical ductwork, existing plumbing, flooring down to the existing subfloor. Environmental survey and removal of any hazardous material found not included as part of the estimate.
- Sewer and water connections to existing service feeds (no upgrade costs).
- Cable, tel, and power connections to existing service feeds (costs from all third party utilities by owner).
- All excavation and backfill for new foundation, includes relocation of fill from excavation of foundation to designated area onsite (importing any additional fill needed not included).
- Big O for perimeter drains.
- All necessary construction materials including:
  - concrete for footings, new foundation walls, and new interior slabs including garage slab and new crawl space
  - floor joists and truss joints as required
  - 5/8" plywood floor sheeting, glued and nailed to new floor
  - truss roof system
  - 2x6 exterior walls at 24" on center
  - 2x4 interior walls at 16" on center
  - 3/8" exterior OSB wall sheeting and 7/16" OSB roof sheeting
- Framing labour, including installation of exterior windows and doors including cabana.
- White vinyl windows throughout including sliding doors – screens for all opening windows and patio doors.
- Exterior doors as follows:
  - 3' x 6'8" wood front door with sidelights on both sides and transom above or allowance

- 3' x 6'8" 1 Lite insulated metal door with transom above for living room, rear entry, master bedroom
- 3" x 6'8" insulated flat panel solid core metal door for garage to house with self-closer and outside to garage
- 2 - 2'6" x 6'8" insulated flat panel solid core metal door for cold room
- 2'10" x 6'8" insulated flat panel solid core metal door for cabana

- 1 – 20' (w) x 8' (h) flat panel insulated metal overhead garage door complete with electric opener – no windows.
- Labour to prep new crawlspace, garage concrete slab, and cabana.
- Labour to poor and finish new crawlspace, garage concrete slab and cabana.
- Supply and install Limited Lifetime Warranty fiberglass laminated shingles including: synthetic paper underlayment, prefinished metal valleys, and 10 attic vents and eyebrow roof as asphalt shingles.
- Supply and install exterior finish to house and cabana including:
  - Colour plus Hardi plank 7" exposure, cedar wall shingles to gables
  - White wood trims – 1x4 freeze to gables, 5/4 x 4 freeze to eaves, 2x8 separation band at gables, 5/4 x 4 window, door and corner trims, garage door opening trim
  - Fir braces as per plan
  - Medex board to eyebrow
  - Vented aluminum soffit
  - 5" fascia gutter with downspouts
- Broomed finish concrete to front entrance and sidewalk/rear patio to max 750 sq. ft., patio, sidewalk, entries.
- All plumbing, labour and material including:
  - kitchen group including: island sink, kitchen sink, dishwasher connection and fridge water line
  - sink and dishwasher connection in butler's pantry
  - 3 piece main bath at rear entry with custom shower base and 10-mil glass door
  - 3 piece bath next to guest bedroom with custom shower base and 10-mil glass door
  - laundry hook-ups
  - 5 piece ensuite complete with custom shower base and 10-mil glass door

- 1 electric 50-gallon electric hot water heater with drain pan (or gas)
- 2 – 2" conduits from mechanical room to attic space for future solar
- 3 frost-free exterior taps and 2 irrigation stubs
- radon pipe under slab to exterior (addition)

- Supply and install complete heating system including:
  - Lennox (EL296) 2 stage 96% high efficient gas furnace with variable speed blower with digital programmable thermostat for 2-zone heating system (basement/main on 1 zone and upper floor on 1 zone)
  - Lennox 14.5 SEER air conditioner, coil and refrigeration line set
  - venting of 3 bath fans, 1 dryer, and 1 range and furnace
  - fresh air ventilation including fresh air intake and Energy Star bathroom fan and 2 – 90 CFM Energy Star bathroom fans
  - gas fitting to range, furnace, fireplace, BBQ outlet to patio and one stub out for pool line
- Fireplaces and surrounds included as an allowance (including unit, install, framing, and any finishes).
- All electrical rough-in and fixture installation including:
  - 30 Decora plugs
  - 2 Decora switched bedroom plugs
  - 7 Decora bedroom plugs
  - 1 – 20A separate circuit plug
  - 12 – 15A separate circuit plugs
  - 2 soffit plugs and switch
  - 6 Decora kitchen counter plugs
  - 5 outside plugs
  - 4 floor outlets
  - 33 Decora s/p switches
  - 24 Decora 3-way switches
  - 4 Decora 4-way switches
  - 2 wall oven connections
  - 1 dryer outlet
  - 1 hood fan connection
  - 2 dishwasher connections
  - 4 smoke/CO detectors
  - 2 wiring for bath fans and 1 primary bath fan
  - 21 light outlets

- 3 keyless lampholders
- 31 – 5” baffle pot lights with halogen lamps
- 3 – 3” baffle pot lights with halogen lamp
- 1 – 3” shower pot light with halogen lamp
- 23 outside pot lights with halogen lamps
- 19” LED ribbon lighting
- 2 fireplace connections
- 1 ensuite floor heat
- 2 Landscape power feeds and 1 irrigation control wiring
- 1 gas furnace connection including damper wiring
- 1 wiring only for furnace fan timer
- 200 amp panel
- 1 ump boxes (tel/cable)
- 1 – 30A feed to pool mechanical room with panel
- 1 hot tub rough-in (50A max)
- 1 hot water tank wiring (30A max)
- Supply of electrical fixtures and additional pot lights included as allowance

- Low voltage wiring including:
  - SMC panel (ICC 42”) with data, tel and CTV kit
  - 5 speaker pairs and volume control roughed in only – kitchen/living room/master ensuite/family room and patio
- Basic security system rough in only.
- Central vacuum rough in only (have unit).
- Supply and install insulation and poly to code (no interior sound insulation) including cabana.
- Supply and install drywall:
  - square corner bead
  - all ceilings taped and pre-coated ready for paint
  - garage walls and ceilings taped and textured
- Supply and install 1/2” plywood to interior walls of cabana
- Labour and materials for painting including:
  - 3 coats on all interior walls
  - painted ceilings throughout
  - 2 coats paint finish on all woodwork (stain extra)
  - General Paint products used throughout

- all exterior painting where required
- Labour to finish carpentry for house.
- Finish materials including:
  - Sauder 494 (3 1/4 51/2") primed material for all baseboards and trims
  - 1 – panel MDF shakers paint grade doors to all areas (6'8" high)
  - Weiser lever handles (or equivalent) for all hardware
  - rear entry bench x2 included as painted mdf finish – no drawers
  - built-in melamine shelving to closets and painted mdf to master walk-in
- Supply and install of cabinets, vanities and built-ins included as an allowance.
- Supply and install countertops included as an allowance.
- Supply and install of floor covering and tile (including backsplash and tub/shower surrounds) as per allowance.
- Bath accessories and mirrors (including any frames) included as an allowance.
- All exterior and interior cleaning including hauling and dump fees (duct clean and exterior walls not included).
- Survey certificate.
- Building permit.
- All coordination and supervision.
- Course of construction insurance until completion.
- All pertinent paperwork, including payment of sub trades.
- New Home Warranty coverage? (Renovation)

ALLOWANCES:

- Electrical fixtures (have some in storage)	$4,000
- Plumbing fixtures	$6,000
- Cabinets, vanities, built-ins	$34,000
- Countertops	$9,000
- Floor covering including tile ($10 per foot)	$26,000
- Fireplaces and surrounds	$10,000

NOTES:

- Trusses quoted	$12,000
- Rock facing ($25/ft) (Rockworld)	$6,000
- Irrigation, landscaping by owner	
- Pool by separate contract	

A-1 Appraisals Ltd.
201-1583 Ellis Street
Kelowna, BC
V1Y 2A7

December 8, 2015

Valley First Credit Union
C/O Don Gerein

Address of Property: 3022 Dunster Road
Kelowna, BC V1W4H3

Market Value: $ 1,822,000*

In accordance with your request and authorization, an investigation, analysis and appraisal report on the above described property has been completed for the purpose of determining an opinion of the Market Value for mortgage lending purposes. The attached report should not be construed as an environmental audit nor a detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the Appraiser. After careful consideration of all the factors that affect value, the market value was estimated to be as referenced above. This estimate is subject to the limiting conditions attached to this appraisal and to which the reader's attention is specifically directed. The following report presents the basis of all opinions expressed herein. The information contained herein should be sufficient for your purposes. Should you require further information or clarification as to any portion of this report, please contact me. I certify that I have no interest, present or contemplated in the property appraised.
1) A physical inspection of the site, improvements and photographs taken on November 6, 2015.
2) Subject property data compiled from data obtained from the City of Kelowna and my personal inspection of the site and internal and external viewing of the improvements (A title search is believed to be beyond the scope of this appraisal).
3) Estimating the Highest and Best Use from the data compiled in the steps noted above.
4) Neighbourhood description based on a drive by inspection.
5) Developing of approaches to value applicable based on information obtained from the Okanagan Mainline Real Estate Board and A-1 Appraisals Ltd. office files.
6) Assembling and analyzing the data defined in the scope of the appraisal, to arrive at a final estimate of value.
7) If a replacement cost estimate is included herein, it is market derived only and is not to be construed as a replacement cost estimate for insurance purposes.
8) On all appraisals, subject to satisfactory completion, repairs, or alteration, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner. The opinion of value is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions.

Fred Lindsay
Fred J. Lindsay
AACI, P.App, RI, Dipl.T.

REFERENCE:

RESIDENTIAL APPRAISAL REPORT

FILE NO.: 1470-15

CLIENT

CLIENT: Valley First Credit Union
ATTENTION: C/O Don Gerein
ADDRESS:
E-MAIL: djgerein@shawbiz.ca
PHONE: 250 860-4300 FAX:

APPRAISER

APPRAISER: Fred J. Lindsay
COMPANY: A-1 Appraisals Ltd.
ADDRESS: 201-1583 Ellis Street, Kelowna, BC V1Y 2A7
E-MAIL: a-1admin@telus.net
PHONE: 250 861-8440 FAX: 250 861-8441

SUBJECT

NAME: GEREIN, Don
PROPERTY ADDRESS: 3022 Dunster Road CITY: Kelowna PROVINCE: BC POSTAL CODE: V1W4H3
LEGAL DESCRIPTION: Lot B, Section 21, Township 26, Plan 1747, ODYD. PID 011-396-067.
PURPOSE OF THE APPRAISAL: To estimate market value or [ ] Other
INTENDED USE OF THE APPRAISAL: mortgage financing subject to construction completion.
INTENDED USERS (by name or type): Valley First Credit Union
REQUESTED BY: [X] Client above [ ] Other
THIS APPRAISAL REPORT REPRESENTS THE FOLLOWING VALUE: (if not current, see comments) [X] Current [ ] Retrospective [ ] Prospective
[ ] Update of original report completed on ______ with an effective date of ______ File No.
PROPERTY RIGHTS APPRAISED: [X] Fee Simple [ ] Leasehold [ ] Cooperative [ ] Condominium [ ] Strata Maintenance Fee: $ ______ [ ] See comments
IS THIS SUBJECT A FRACTIONAL INTEREST, PHYSICAL SEGMENT OR PARTIAL HOLDING? [X] No [ ] Yes (if yes, see comments)
MUNICIPALITY AND DISTRICT: Kelowna - South East
ASSESSMENT: Land $ 30,372 Imps $ 284,000 Total $ 314,372 Assessment Date: 2015 Taxes $ 2,209 Year 2015
EXISTING USE: Single family with secondary residence OCCUPIED BY: Owner and tenant
HIGHEST AND BEST USE OF SUBJECT PROPERTY: [X] As Improved, or [ ] Other *Note: If highest and best use is not the existing use, or not the use reflected in the report, see additional comments.*

NEIGHBOURHOOD

NATURE OF DISTRICT: [X] Residential [X] Rural [ ] Commercial [ ] Industrial [ ]
TREND OF DISTRICT: [X] Improving [X] Stable [ ] Transition [ ] Deteriorating [ ]
BUILT-UP: [X] Over 75% [ ] 25 - 75% [ ] Under 25% [ ]
CONFORMITY Age: [X] Newer [ ] Similar [ ] Older [ ]
Condition: [ ] Superior [X] Similar [ ] Inferior [ ]
Size: [ ] Larger [X] Similar [ ] Smaller [ ]

AGE RANGE OF PROPERTIES: 1 to 50 years
MARKET OVERVIEW: Supply: [ ] Good [X] Average [ ] Poor
Demand: [X] Good [ ] Average [ ] Poor
PRICE TRENDS: [ ] Increasing [X] Stable [ ] Declining
PRICE RANGE OF PROPERTIES: $ 700,000 to $ 3,000,000

SUMMARY: INCLUDES VALUE TRENDS, MARKET APPEAL, PROXIMITY TO EMPLOYMENT AND AMENITIES, APPARENT ADVERSE INFLUENCES IN THE AREA, IF ANY (e.g. railroad tracks, unkempt properties, major traffic arteries, Hydro facilities, anticipated public or private improvements, commercial/industrial sites, landfill sites, etc.) The subject property is located on Dunster Road off East Kelowna Road in the South East Kelowna neighbourhood of the city. This locates the subject in a desirable suburban country residential area. Properties in this locale traditionally enjoy excellent resale potential. The appeal of this locale is the established middle and upper class neighbourhood character combined with the fact that many of the properties along the westerly edge of this bench area afford excellent city and lake views, as is the case with the subject. This neighbourhood is the most desirable for country residential and acreage estate properties in the city.

SITE

SITE DIMENSION: 100.1' x 468.50'
SITE AREA: 3.88 Acres Source: BCAA
TOPOGRAPHY: Flat - moderate to strong slopes.
CONFIGURATION: Rectangular - Irregular rear - west lot line.
ZONING: A1 Agriculture in ALR.
DOES EXISTING USE CONFORM TO ZONING? [ ] YES [X] NO (see comments)
EASEMENTS: [ ] Utility [ ] Access [X] Other None Known

UTILITIES: [X] Telephone [ ] Sanitary Sewer [X] Septic System [X] Municipal Water [ ] Well
[X] Natural Gas [ ] Storm Sewer [ ] Open Ditch [ ]
FEATURES: [X] Paved Road [ ] Sidewalk [ ] Street Lights [ ] Gravel Road [ ] Curbs
[X] Cablevision [ ] Lane [ ]
ELECTRICAL: [X] Overhead [ ] Underground [ ]
DRIVEWAY: [X] Private [ ] Mutual [ ] None [ ] Single [X] Double
Surface: Gravel and concrete by house.
PARKING: [X] Garage [ ] Carport [ ] Driveway [ ] Street
LANDSCAPING: [X] Good [X] Average [ ] Fair [ ] Poor
CURB APPEAL: [X] Good [X] Average [ ] Fair [ ] Poor

COMMENTS: (includes any positive and negative features such as conformity with zoning, effects of known easements, known restrictions on title, such as judgements or liens, effect of assemblage, any known documentation of environmental contamination, etc.) The subject property is located fronting the west side of Dunster Road. The bulk of the lot is flat and at road level with Dunster Road, however behind the home there is a rear yard then the property drops off steeply to the rear or west lot line. As illustrated in the attached photos, excellent city and lake views are available from the property. This portion of Dunster Road includes orchards to the east while all the properties on the west side of Dunster Road are typically improved with new custom homes, as is to be the case with the subject. Power is underground from pole to the house. The property is taxed as a farm and includes 300 peach trees plus permanent set irrigation.

IMPROVEMENTS

CONSTRUCTION COMPLETE: No PERCENTAGE COMPLETE: 0%
YEAR BUILT (estimated): 2016 EFFECTIVE AGE: New years REMAINING ECONOMIC LIFE (estimated): 70 years

FLOOR AREA [ ] Sq. M. [X] Sq. Ft.
MAIN 2,650
SECOND
THIRD
FOURTH
TOTAL 2,650
Source: Plan

BUILDING TYPE: Detached Custom
DESIGN/STYLE: Rancher
CONSTRUCTION: Wood Frame
BASEMENT: Crawl Space
BASEMENT AREA: [ ] Sq. M. [ ] Sq. Ft. ______ % Finished
WINDOWS: Vinyl Low E - Double
FOUNDATION WALLS: Concrete

ROOFING: Asphalt Shingle
Condition: [X] Good [ ] Average [ ] Fair [ ] Poor
EXTERIOR FINISH: Hardi Plank, Stone
Condition: [X] Good [ ] Average [ ] Fair [ ] Poor
UFFI APPARENT: [ ] Yes [X] No [ ] Removed

BEDROOMS(#)		BATHROOMS(#)				INTERIOR FINISH	Walls	Ceilings
X	Large		2-piece	X	Good	Drywall	[X]	[X]
X	Average	1	3-piece		Average	Plaster	[ ]	[ ]
	Small		4-piece		Fair	Panelling	[ ]	[ ]
		1	5-piece		Poor		[ ]	[ ]

CLOSETS: [X] Good [ ] Average [ ] Fair [ ] Poor
INSULATION: [X] Ceiling [X] Walls [ ] Basement [X] Crawl Space
Source: Inspection and assume as per code.
PLUMBING LINES: Copper and PVC.
FLOOR PLAN: [X] Good [ ] Average [ ] Fair [ ] Poor
BUILT-INS/EXTRAS: [ ] Garbage Disposal [X] Central Air [X] Swimming Pool [X] Fireplace(s)
[X] Oven [ ] Air Cleaner [ ] Sauna [X] Garage Opener [X] Dishwasher
[X] Vacuum [ ] Solarium [X] Security System [X] Stove [ ] Whirlpool
[ ] Skylights [X] HR Ventilator [ ]

FLOORING: Hardwood, travertine, carpet.
ELECTRICAL: [ ] Fuses [X] Breakers
Estimated rated capacity of main panel: 400 amps
HEATING SYSTEM: FHA Gas Zoned Fuel type: Natural Gas
WATER HEATER: Type: 60 Gallon - Electric
OVERALL IN. COND: [X] Good [ ] Average [ ] Fair [ ] Poor
BASEMENT FINISHES, UTILITY: N/A Crawl space.

GARAGES/CARPORTS: Attached double garage (637 sq.ft.)
DECKS, PATIOS, OTHER IMPROVEMENTS: Large stamped concrete patio with builtin barbecue plus inground pool and cabana and hot tub.
COMMENTS: (Building, appearance, quality, condition, services, extras, anticipated public or private improvements, etc.) The subject of this report is a new home that is to be built on the subject property. The new home is to utilize part of the foundation from the existing home and then a new foundation area. The home is designed to take maximum advantage of the excellent city and lake views available. The proposed home is well suited for the lot. It should be noted the subject is legal non conforming, since under the current zoning only one home is permitted on parcels smaller than 9.88 acres and that is also the current minimum parcel size.

REFERENCE:

RESIDENTIAL APPRAISAL REPORT

FILE NO.: 1470-15

ROOM ALLOCATION

LEVEL:	MAIN	SECOND	THIRD		BASEMENT
ENTRANCE	3				
LIVING	1				
DINING	EA				
KITCHEN	1				
FULL BATH	2				
PART BATH					
BEDROOM	3				
FAMILY	1				
LAUNDRY	1				
OTHER	Den				
TOTAL ROOMS	11	0			

COST APPROACH

SOURCE OF COST DATA: [X] MANUAL [X] CONTRACTOR [ ] OTHER

		COST NEW	DEPRECIATED COST
LAND VALUE:			$ 900,000
BUILDING COST	2,650 @ $200.00	$ 530,000	$
GARAGE	Shop	$ 31,875	$ 80,000
BASEMENT FINISH			
		$	$
OTHER EXTRAS	FP, Patios, Cabana	$	$
	Blns, Pool	$ 109,120	$
	GST	$ 33,550	$
		$	$
	Modular Home	$	$ 100,000
TOTAL REPLACEMENT COST		$ 704,545	
LESS: ACCRUED DEPRECIATION	0.0%	$ 0	$ 704,545
INDICATED VALUE			$ 1,784,545
VALUE BY THE COST APPROACH (rounded)			$ 1,785,000

NOTE: The construction cost estimates contained herein were not prepared for insurance purposes and are invalid for that use. The Cost Approach is not applicable when appraising individual strata/condominium type dwelling units.

DIRECT COMPARISON APPROACH

SUBJECT		COMPARABLE NO. 1 Description	$ Adjustment	COMPARABLE NO. 2 Description	$ Adjustment	COMPARABLE NO. 3 Description	$ Adjustment
3022 Dunster Road Kelowna		3370 Neid Road		2290 Dunster Road		4920 Chute Lake Road	
DATE OF SALE		March 19, 2010		August 1, 2014		August 5, 2014	
SALE PRICE	$	$ 985,000		$ 2,800,000		$ 3,100,000	
DOM		128		304*		73	
LOCATION	SE Kelowna	Similar		Similar		Ok Mission	
SITE SIZE	3.88 Acres	3.23 Acres		27.4 Acres		2.05 Acres	
BUILDING TYPE	Detached	Detached		Detached		Detached	
DESIGN/STYLE	Rancher	Rancher		1.5 Storey		1 Storey	
AGE/CONDITION	New / Good	35 / Fair		35 Eff / Avg+		New / Good	
LIVEABLE FLOOR AREA	2650 Sq.Ft.	2048 Sq.Ft.		4391 Sq.Ft.		3800 Sq.Ft.	
ROOM-COUNT (Total / Bdrms / Baths)	11 / 3 / 2F	10 / 3 / 3F		12 / 5 / 3		13 / 4 / 5F 1H	
BASEMENT	Nil	Full-65% Finish		Cellar		Part-Finished	
PARKING	Lg Dble Garage	Dble Garage		Garage/Shop		Triple Garage	
	Lands, Appliances	Lands, Appliance		Lands, Pool		Lands, Pool	
	Pool, Patios	Deck, Patio		Patio, Cabana		Patio	
	Cabana	Pool		Cov'dDeck			
Tot Imp Adj			-85,000				-1,278,000
ADJUSTMENTS (Gross/Net)		8.6% -8.6%	$ 85,000	0.0% 0.0%	$ 0	41.2% -41.2%	$ 1,278,000
ADJUSTED VALUES		$	900,000	$	2,800,000	$	1,822,000

CONCLUSIONS: Comparable 1 is a dated sale of a similar size and located property within 1 km of the subject and sold with an old fair quality dated home. That home has been extensively renovated and upgraded over the past 5 years and is currently on the market at $1,895,000. It has a larger total finished area than the subject, but is much inferior in terms of design and does not have the large detached shop or second residence as is the case with the subject. It is however, considered to provide good supporting evidence to the market value for the subject upon construction completion. The 2010 sale provides support for my land value estimate.
Comparable 2 is located on the same street but has a much larger land area and was a well kept larger heritage house that had been upgraded. This comparable was was therefore not adjusted due to the high level of adjustments that would be necessary.
Comparable 3 is the most recent sale of a similar quality and size newer home in Kelowna and is the basis for the market value upon completion supported by the Cost Approach.

*From last price reduction.

SALES HISTORY -- ANALYSIS OF KNOWN CURRENT AGREEMENTS FOR SALE, PRIOR SALES, OPTIONS, LISTINGS OR MARKETING OF THE SUBJECT: (minimum of three years)
A review of Okanagan Mainline Real Estate Board and BC Assessment sales and listing data revealed no market activity for the subject over the past 3 years.

*When Complete

VALUE BY THE DIRECT COMPARISON APPROACH (rounded): $ 1,822,000*

EXPOSURE TIME

COMMENT ON REASONABLE EXPOSURE TIME: After soft market conditions from mid 2008 to the end of 2013, market values have stabilized and residential sales volumes are increasing. The market appears to be strengthening with home prices in 2014 and year to date for 2015 showing some signs of recovery. As of the end of September 2015 the average sale price for single family residential is at $509,318 up 2.4% over the same time in 2014 and the median sale price is at $478,000 up 6.22%. The days to sell is at 62, down 9.8% from 2014. Sales volumes for single family residential year to date sales volumes are up 7.95% and active listings are down 0.7%. The appraised value is based on a listing and exposure period of 6-12 months.

RECONCILIATION

RECONCILIATION AND FINAL ESTIMATE OF VALUE: The values indicated by the above two approaches are not too diversant between the upper Cost Approach and the lower Direct Comparison Approach. Accordingly, the market value by the Direct Comparison Approach at $1,822,000 is the basis for the market value estimate. It should be emphasized that the recent lack of sales of truly similar properties in this price range, particularly with reference to site size, view and house age, is the fact that similar executive custom homes are typically built specificially for the owners and are seldom offered for resale for many years after construction completion. The subject is a desirable property in an excellent neighbourhood and should provide good loan security.

AS A RESULT OF MY APPRAISAL AND ANALYSIS OF ALL APPLICABLE DATA AND RELEVANT FACTORS, IT IS MY CONCLUSION THAT THE MARKET VALUE OF THE INTEREST IN THE SUBJECT PROPERTY AS AT December 8, 2015 (Effective Date of the Appraisal) IS $ 1,822,000*

THIS REPORT WAS COMPLETED ON: December 8, 2015

REFERENCE:

RESIDENTIAL APPRAISAL REPORT

FILE NO.: 1470-15

DEFINITIONS

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market as of the specified date 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 is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: buyer and seller are typically motivated; both parties are well informed or well advised, and acting in what they consider their own best interests; a reasonable time is allowed for exposure in the open market; payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and 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.

(Source: Canadian Uniform Standards of Professional Appraisal Practice) Note: If other than market value is being appraised, see additional comments.

DEFINITION OF HIGHEST AND BEST USE: The reasonably probable and legal use of the property, that is physically possible, appropriately supported, and financially feasible, and that results in the highest value.

SCOPE

The scope of the appraisal encompasses the due diligence undertaken by the appraiser (consistent with the terms of reference from the client, the purpose and intended use of the report) and the necessary research and analysis to prepare a report in accordance with the Canadian Uniform Standards of Professional Appraisal Practice of the Appraisal Institute of Canada. The following comments describe the extent of the process of collecting, confirming and reporting data and its analysis, describe relevant procedures and reasoning details supporting the analysis, and provide the reason for the exclusion of any usual valuation procedures.

The market value conclusion should not be viewed as a fully detailed narrative appraisal. The contents are concise and briefly descriptive. The market value is based upon a review of available sales data, primarily the data listed by the Okanagan Mainline Real Estate Board, MLS and private sales data from office records. The MLS sales are not normally inspected nor verified unless there is reason to doubt their accuracy. The sales data is then adjusted by way of the application of appraisal theory and experience. It is often necessary to use adjustments that are subjective to derive the current market value for the subject. In most instances the comparables were not inspected on the interior.

ASSUMPTIONS AND LIMITING CONDITIONS AND EXTRAORDINARY ITEMS

ORDINARY ASSUMPTIONS & LIMITING CONDITIONS

The certification that appears in this appraisal report is subject to the following conditions:

1. This report is prepared at the request of the client and for the specific use referred to herein. It is not reasonable for any other party to rely on this appraisal without first obtaining written authorization from the client, the author and any supervisory appraiser, subject to the qualification in paragraph 11 below. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed.
2. Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the market value estimate expressed as of the date of this appraisal cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
3. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. No registry office search has been performed and the appraiser assumes that the title is good and marketable and free and clear of all encumbrances including leases, unless otherwise noted in this report. The property is appraised on the basis of it being under responsible ownership.
4. The subject property is presumed to comply with government regulations including zoning, building codes and health regulations and, if it doesn't comply, its non-compliance may affect market value.
5. No survey of the property has been made. Any sketch in the appraisal report shows approximate dimensions and is included only to assist the reader of the report in visualizing the property.
6. This report is completed on the basis that testimony or appearance in court concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and the provision of appropriate compensation.
7. Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
8. The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the subject property.
9. The appraiser obtained information, estimates and opinions that were used in the preparation of this report from sources considered to be reliable and accurate and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of items that were furnished by other parties.
10. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work.
11. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the Canadian Uniform Standards of Professional Appraisal Practice ("The Standards") and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the Canadian Uniform Standards of Professional Appraisal Practice (the "Standards") and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the appraiser's privacy policy
12. The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
13. Written consent from the author and supervisory appraiser, if applicable, must be obtained before any part of the appraisal report can be used for any purpose by anyone except the client and other intended users identified in the report. Where the client is the mortgagee, liability is extended to its insurer. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee. Written consent and approval must also be obtained before the appraisal (or any part of it) can be altered or conveyed to other parties, including mortgagees (other than the client) and the public through prospectus, offering memoranda, advertising, public relations, news, sales or other media.
14. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.

Other:

EXTRAORDINARY ASSUMPTIONS & LIMITING CONDITIONS

An extraordinary assumption or limiting condition has been invoked in this appraisal report. [X] YES [ ] NO If yes, see attached addendum.

HYPOTHETICAL CONDITIONS

A hypothetical condition has been invoked in this appraisal report. [ ] YES [X] NO If yes, see attached addendum.

JURISDICTIONAL EXCEPTION

A jurisdictional exception has been invoked in this appraisal report. [ ] YES [X] NO If yes, see attached addendum.

CERTIFICATION

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

1. The statements of fact contained in 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 past, present or prospective interest or bias with respect to the property that is the subject of this report and no personal interest or bias with respect to the parties involved with this assignment, except as specified herein.
4. My engagement in this assignment is not contingent upon developing or reporting a predetermined result, upon the amount of value estimate, upon a direction in value that favours the cause of the client, upon the attainment of a stipulated result or the occurrence of a subsequent event.
5. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice.
6. I have the knowledge and experience to complete this assignment competently. Except as herein disclosed, no other person has provided me with significant professional assistance in the completion of this appraisal assignment.
7. The Appraisal Institute of Canada has a mandatory Continuing Professional Development Program for all members. As at the date of this report, the requirements of this program have been fulfilled.

SUPERVISORY APPRAISER'S CERTIFICATION If a supervisory appraiser has signed this appraisal report, he or she certifies and agrees that "I directly supervised the appraiser who prepared this appraisal report and, having reviewed the report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certification and am taking full responsibility for the appraisal and the appraisal report."

PROPERTY IDENTIFICATION

ADDRESS: 3022 Dunster Road CITY: Kelowna PROVINCE: BC POSTAL CODE: V1W4H3

LEGAL DESCRIPTION: Lot B, Section 21, Township 26, Plan 1747, ODYD. PID 011-396-067.

AS A RESULT OF MY APPRAISAL AND ANALYSIS OF ALL APPLICABLE DATA AND RELEVANT FACTORS, IT IS MY CONCLUSION THAT THE MARKET VALUE OF THE INTEREST IN THE SUBJECT PROPERTY AS AT December 8, 2015 (Effective Date of the Appraisal) IS $ 1,822,000*

APPRAISER		SUPERVISORY APPRAISER (if applicable)	
SIGNATURE:	Fred Lindsay	SIGNATURE:	
NAME:	Fred J. Lindsay	NAME:	
DESIGNATION:	AACI, P.App, RI, Dipl.T.	DESIGNATION:	
DATE SIGNED:	December 8, 2015	DATE SIGNED:	
DATE OF INSPECTION:	November 6, 2015	DATE OF INSPECTION:	
LICENSE INFO: (where applicable)		LICENSE INFO: (where applicable)	

NOTE: For this appraisal to be valid, an original or a password protected digital signature is required. *NOTE: For this appraisal to be valid, an original or a password protected digital signature is required.*

ATTACHMENTS:

[ ] ADDITIONAL SALES [X] EXTRAORDINARY ITEMS ADDENDUM [X] NARRATIVE ADDENDUM [X] PHOTO ADDENDUM [X] SKETCH ADDENDUM

[X] MAP ADDENDUM

REFERENCE:

RESIDENTIAL APPRAISAL REPORT

FILE NO.: 1470-15

CLIENT		APPRAISER	
CLIENT:	Valley First Credit Union	APPRAISER:	Fred J. Lindsay
ATTENTION:	C/O Don Gerein	COMPANY:	A-1 Appraisals Ltd.
ADDRESS:		ADDRESS:	201-1583 Ellis Street
			Kelowna, BC V1Y 2A7
E-MAIL:	djgerein@shawbiz.ca	E-MAIL:	a-1admin@telus.net
PHONE:	250 860-4300 FAX:	PHONE:	250 861-8440 FAX: 250 861-8441

EXTRAORDINARY ITEMS ADDENDUM

EXTRAORDINARY ASSUMPTIONS & LIMITING CONDITIONS

An extraordinary assumption is a hypothesis, either supposed or unconfirmed, which, if not true, could alter the appraiser's opinions and conclusions (e.g. an absence of contamination where such contamination is possible, the presence of a municipal sanitary sewer where unknown or uncertain). An extraordinary limiting condition is a necessary modification or exclusion of a Standard Rule which must be explained and justified by the appraiser (e.g. exclusion of a relevant valuation approach.) The appraiser must conclude before accepting the assignment which involves invoking an Extraordinary Limiting Condition that the scope of the work applied will result in opinions and conclusions which are credible. Both must accompany statements of each opinion/conclusion so affected.

As is typical for a residential appraisal, this is a form report. It does not contain the information, detail and analysis of a narrative report.

It is imperative that the reader or any other interested party be aware that the appraiser did not inspect the premises for the detection of smoke or fire detection systems, or for the presence of carbon monoxide detectors, nor did the appraiser inspect the condition of such equipment, if present. The appraiser takes no responsibility whatsoever for the lack of, or condition of detection devices that may be located on the premises, nor does the appraiser warrant compliance in any manner of such equipment if present. This would require inspection and written confirmation from the fire departments or appropriate city or municipal offices.

No title search has been undertaken for this assignment. The title is assumed to be good and marketable. However, the absence of a search increases the level of risk inherent in the analysis and conclusions found in this report.

When preparing an appraisal for lending purposes only, appraisers do not investigate if the prospective loan and applicant satisfy prudent loan underwriting criteria. Correspondingly, we assume no responsibility for loans made where the borrower lacks the ability or motivation to repay the loan or where the lender has not followed prudent lending practices. When we authorize a lender to rely on this report, we grant such authorization subject to the lender completing a thorough due diligence investigation that reasonably concludes that the borrower has the intention and capacity to repay the loan.

To rely upon this report the user must be: - the named client appearing on the appraisal report; or, - must be authorized to rely upon this report by way of a letter of authorization provided by the appraiser.

HYPOTHETICAL CONDITIONS

Hypothetical conditions may be used when they are required for legal purpose, for purposes of reasonable analysis or for purposes of comparison. Common hypothetical conditions include proposed improvements and prospective appraisals. For every Hypothetical Condition, an Extraordinary Assumption is required (see above). An analysis based on a hypothetical condition must not result in an appraisal report that is misleading or that relies on actions or events that would be illegal or improbable within the context of the assignment. Following is a description of each hypothetical condition applied to this report, the rationale for its use and its effect on the result of the assignment.

None are necessary.

JURISDICTIONAL EXCEPTION

The Jurisdictional Exception permits the appraiser to disregard a part or parts of the Standards determined to be contrary to law or public policy in a given jurisdiction and only that part shall be void and of no force or effect in that jurisdiction. The following comments identify the part or parts disregarded, if any, and the legal authority justifying these actions.

None are necessary.

Borrower: GEREIN, Don		File No.: 1470-15
Property Address: 3022 Dunster Road		Case No.:
City: Kelowna	Prov.: BC	P.C.: V1W4H3
Lender: Valley First Credit Union		

Subject as seen from Dunster Road standing opposite southeast corner

Shop on subject

Existing residence

Borrower: GEREIN, Don		File No.: 1470-15
Property Address: 3022 Dunster Road		Case No.:
City: Kelowna	Prov.: BC	P.C.: V1W4H3
Lender: Valley First Credit Union		

East portion of subject - peach orchard

Telephoto
View of city and lake from subject

View of city and lake from subject
facing west

Borrower: GEREIN, Don		File No.: 1470-15	
Property Address: 3022 Dunster Road		Case No.:	
City: Kelowna	Prov.: BC		P.C.: V1W4H3
Lender: Valley First Credit Union			

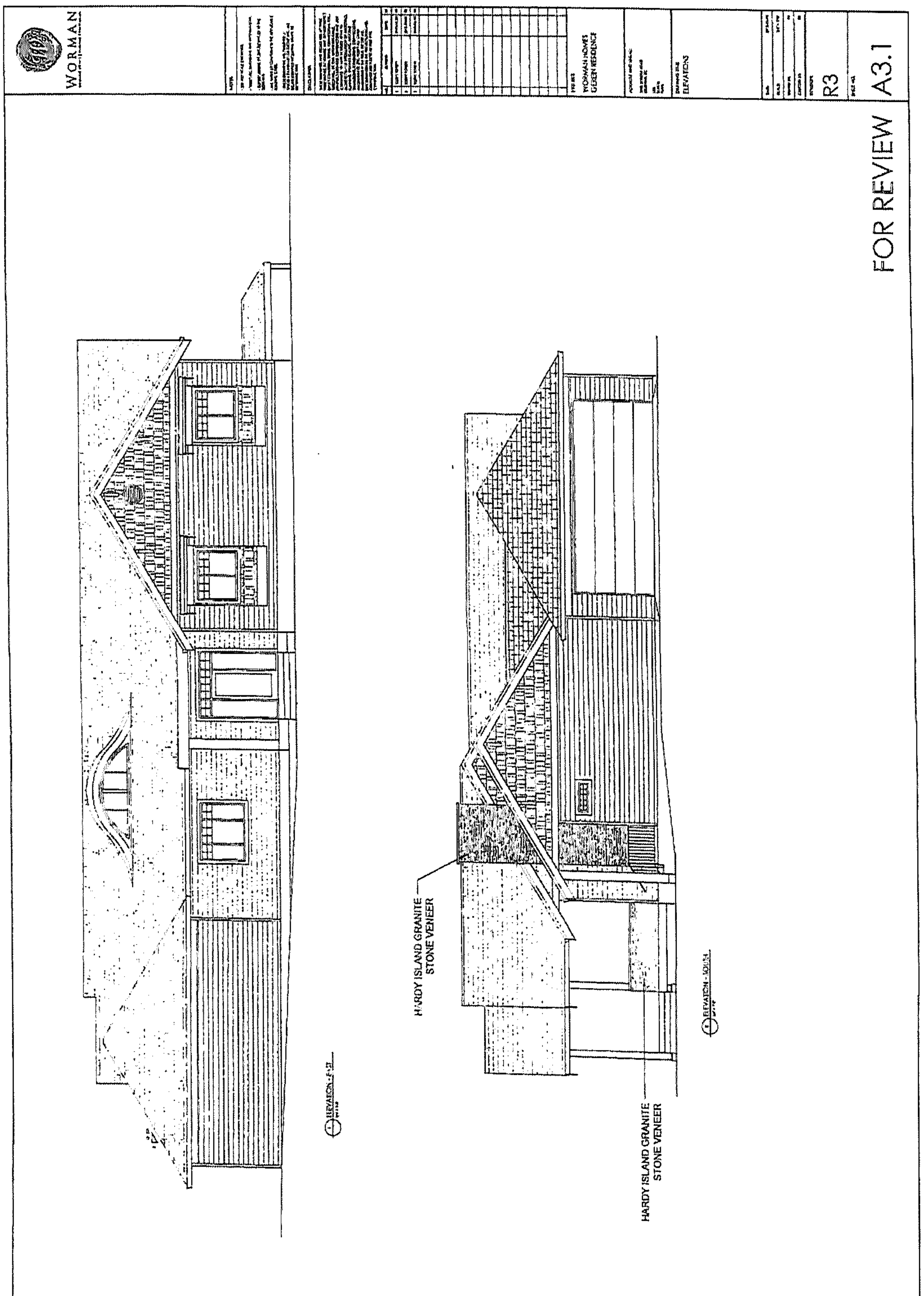
Modular Home - second residence on subject

Living Room - Modular Home

Kitchen - Modular Home

FLOORPLAN

Borrower: GEREIN, Don		File No.: 1470-15
Property Address: 3022 Dunster Road		Case No.:
City: Kelowna	Prov.: BC	P.C.: V1W4H3
Lender: Valley First Credit Union		



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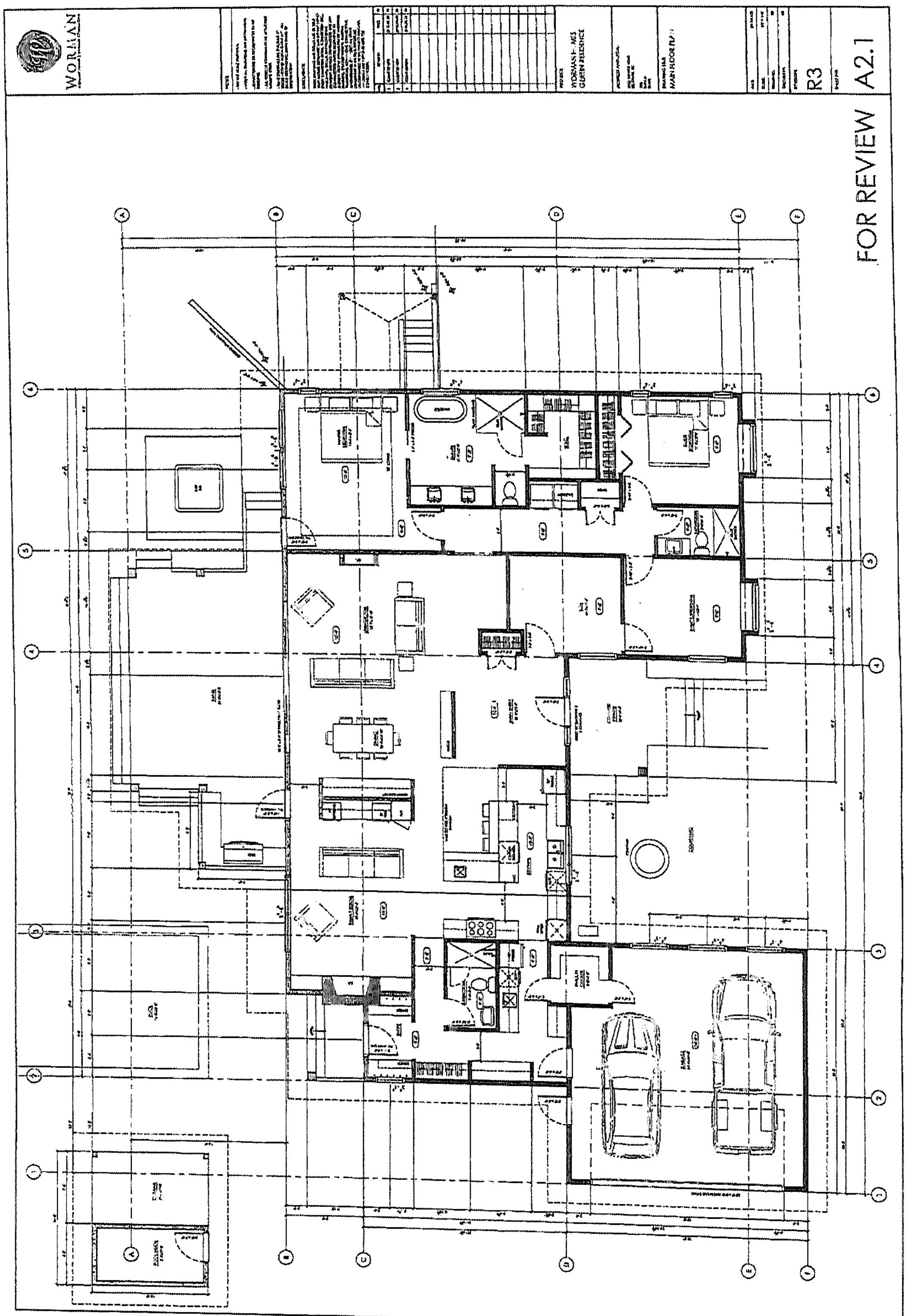

FLOORPLAN

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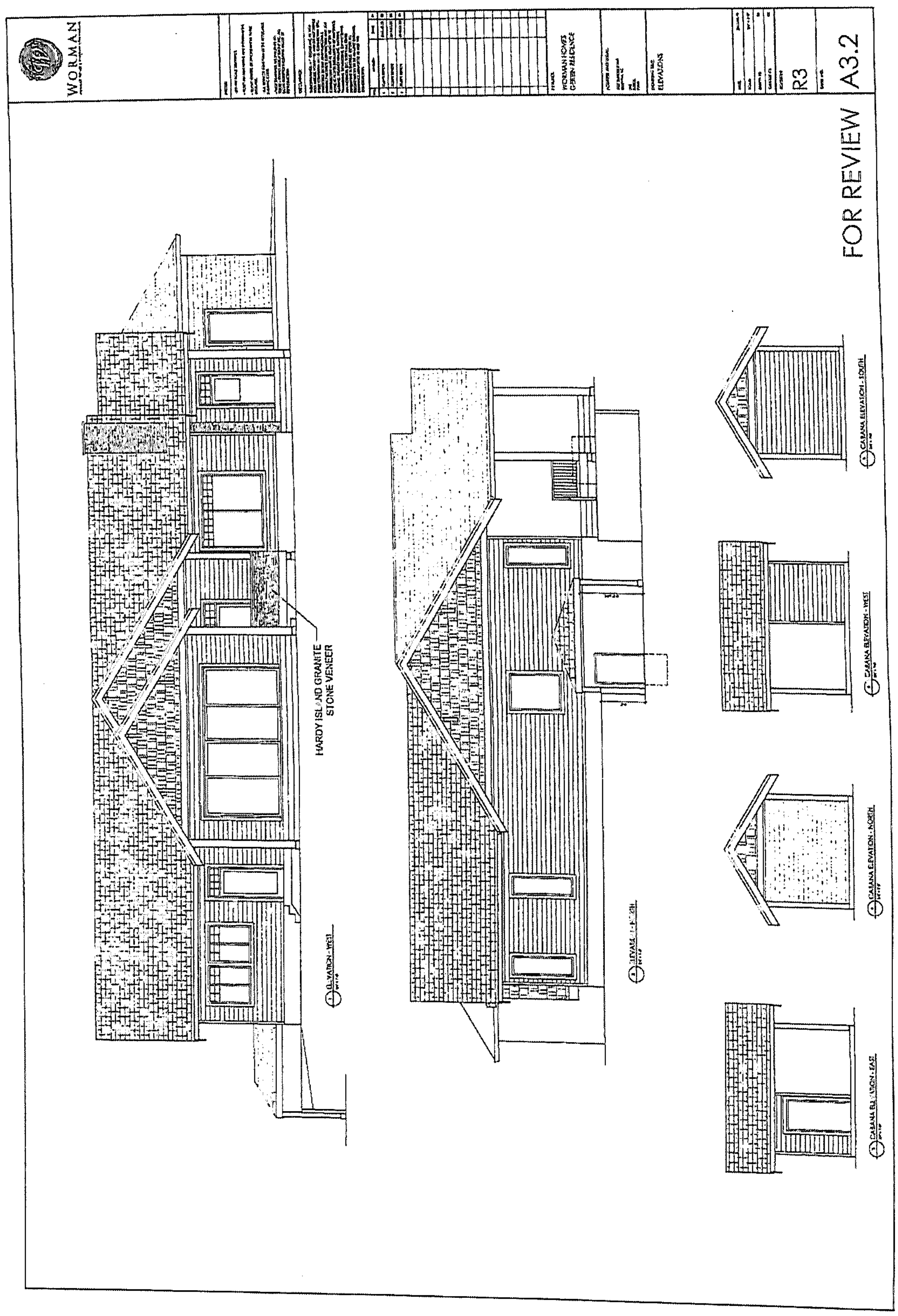
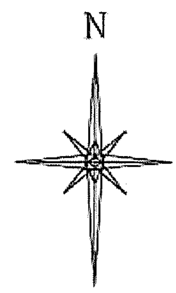


PLOT MAP

Borrower: GEREIN, Don		File No.: 1470-15
Property Address: 3022 Dunster Road		Case No.:
City: Kelowna	Prov.: BC	P.C.: V1W4H3
Lender: Valley First Credit Union		

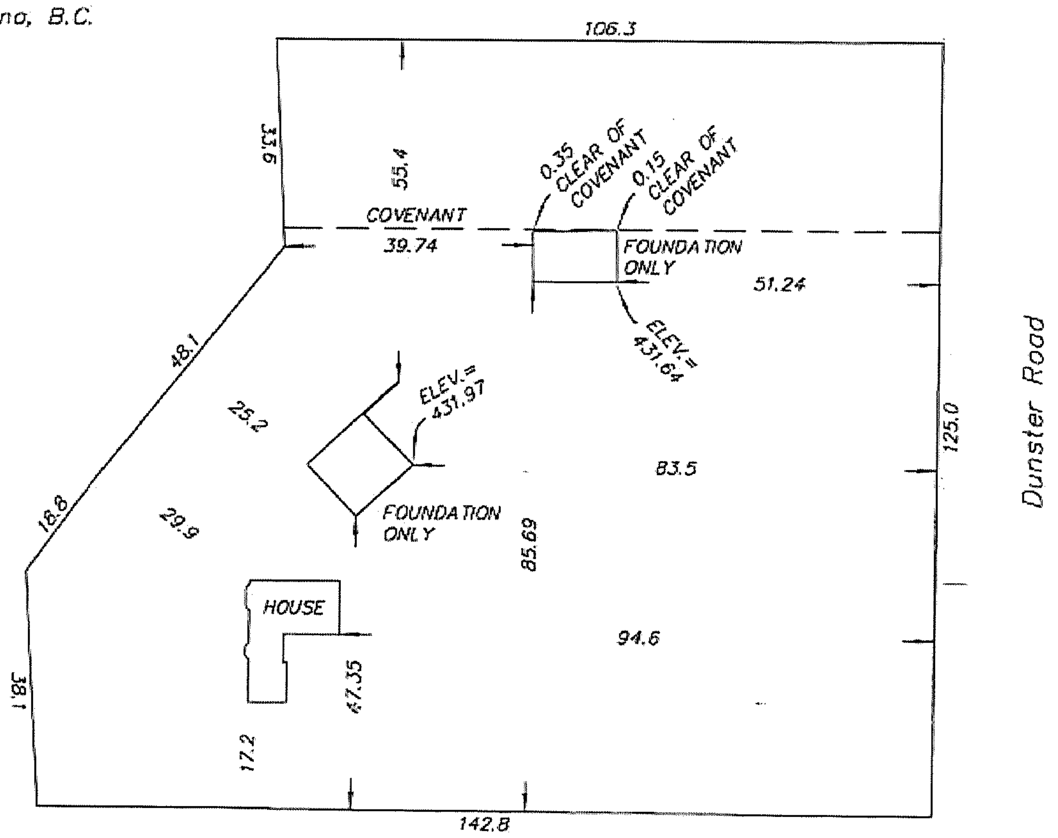
B.C. LAND SURVEYOR'S CERTIFICATE OF LOCATION OF BUILDING ON LOT B PLAN 1747 SEC. 21 TP. 26 O.D.Y.D.



SCALE 1:1000

DISTANCES ARE IN METRES.

CIVIC ADDRESS:
3012 & 3022 Dunster Road
Kelowna, B.C.



©

THIS DOCUMENT IS NOT VALID UNLESS ORIGINALLY SIGNED AND SEALED.

CERTIFIED CORRECT
this 22nd day of August, 2007.

D.A. Goddard BCLS

FILE 14234 FB 320
RE: D. Gerein

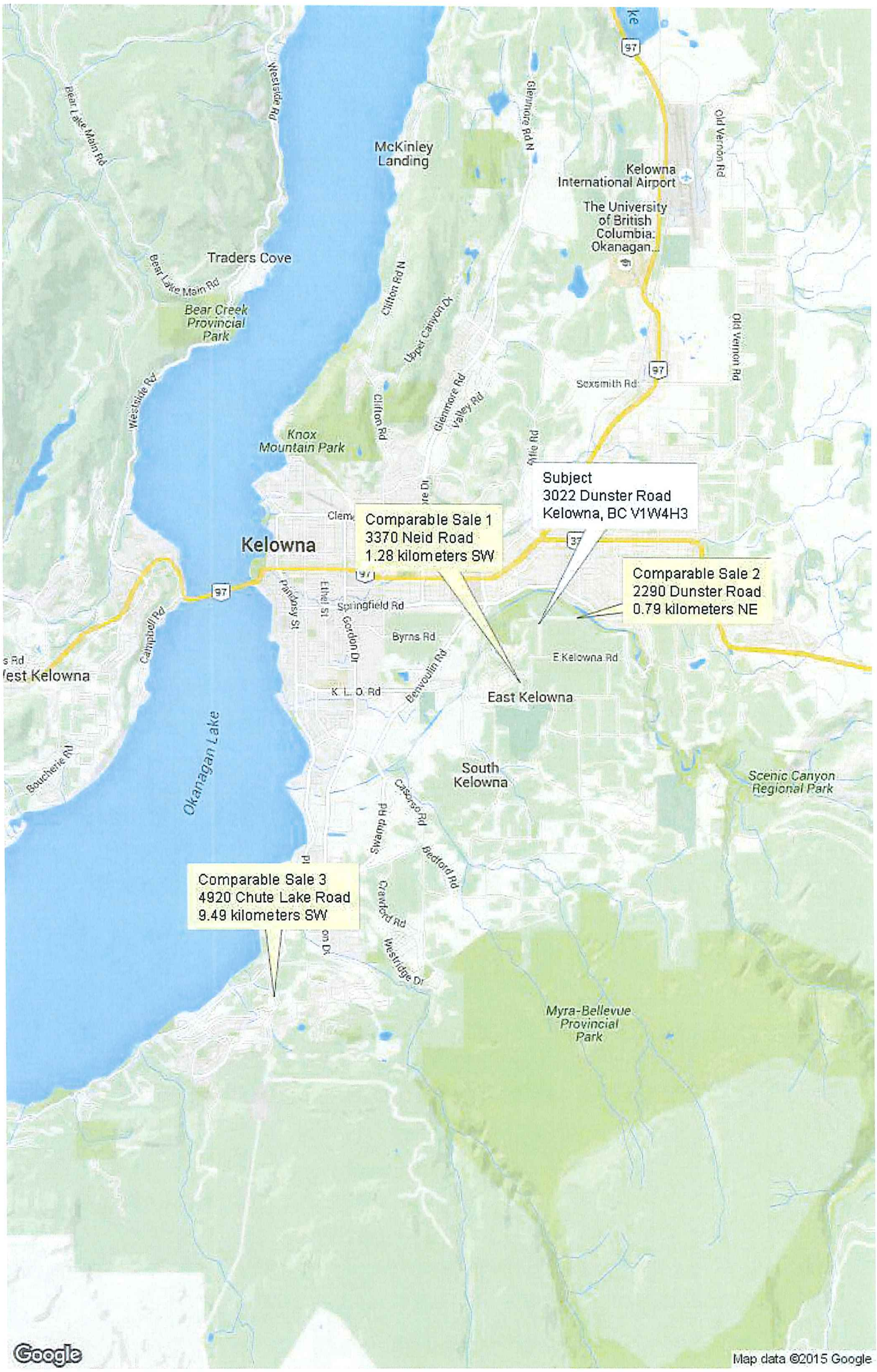
THIS PLAN IS FOR MORTGAGE OR MUNICIPAL PURPOSES ONLY AND IS NOT TO BE USED TO DEFINE THE BOUNDARIES OF THIS LOT.

D.A. Goddard Land Surveying Inc.
103–1358 ST. PAUL STREET KELOWNA

Kelowna, BC, V1Y 2A7

LOCATION MAP

Borrower: GEREIN, Don		File No.: 1470-15
Property Address: 3022 Dunster Road		Case No.:
City: Kelowna	Prov.: BC	P.C.: V1W4H3
Lender: Valley First Credit Union		



Kelowna, BC, V1Y 2A7