



**District of British Columbia  
Court No. S 1913131  
Vancouver Registry**

**IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN THE MATTER OF THE RECEIVERSHIP OF SATHER RANCH LTD.  
RECEIVER'S SECOND REPORT  
MAY 11, 2021**

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# INTRODUCTION AND PURPOSE OF THE REPORT

## Introduction

1. C. Cheveldave & Associates Ltd. was appointed receiver (“**Receiver**”) over all of Sather Ranch Ltd.’s (“**SRL**” or the “**Company**”) assets, undertakings and properties of every nature and kind pursuant to a Court Order dated November 21, 2019.
2. For further information on these receivership proceedings please refer to the Receiver’s website [www.cheveldave.ca/engagements](http://www.cheveldave.ca/engagements) .
3. In preparing this report, the Receiver has been provided with, and has relied upon, unaudited and other financial information, books and records (together, the “**Information**”) prepared by the Company and/or their representatives, and discussions with the Company’s management and/or representatives. The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided and in consideration of the nature of evidence provided to this Honourable Court. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information.
4. All references to monetary amounts in this report are in Canadian dollars unless otherwise specified.

## Background

5. SRL was an operating cattle ranch located on the outskirts of Penticton, BC and is owned equally by two shareholders – 0882126 BC Ltd. and AMX Real Estate Inc. The Directors of SRL are Mr. Michael Street and Mr. Joseph Sather.

6. SRL was incorporated in Alberta on March 21, 2013 and extra-provincially registered in BC on March 27, 2013.
7. The ranch lands consisted of one parcel of land owned by SRL comprising approximately 80 acres and access to an additional 160 acres of grazing land by way of a grazing license.
8. At the time of the Receiver's appointment, the majority of the cattle inventory had been sold.
9. The Receiver realized on SRL's remaining cattle inventory, vehicles, equipment, and land as set out in the Receiver's First Report to this Honourable Court.
10. The Receiver's realization efforts resulted in surplus funds being available for distribution to SRL's unsecured creditors.
11. On January 14, 2021, the Court made an order establishing a claims process (the "**Claims Process Order**") for the determination of the claims of Arm's Length Creditors and Related Party Creditors as each of those terms are defined in the Claims Process Order. A copy of the Claims Process Order is attached to this report as **Appendix 1**.

### **Purpose of the Receiver's Second Report**

12. This is the Receiver's second report (the "**Second Report**") and is filed to provide this Honourable Court with the following:
  - a. An update on steps taken by the Receiver with respect to the Claims Process Order.
  - b. Information on the claims received.
  - c. Information to facilitate the scheduling of the hearing of the Related Party notices of application herein.

## RECEIVER'S ACTIVITIES CONCERNING THE CLAIMS PROCESS ORDER

13. The Claims Process Order required the Receiver to provide notice of the Claims Process to potential creditors, all as set out in sections 3-7 of the Claims Process Order.
14. On January 20, 2021, the Receiver mailed out Claim Packages via Canada Post to all known creditors, emailed Claim Packages to all known creditors where the Receiver had email addresses, and posted the Notice to Creditors, Claim Package, and list of creditors to the Receiver's website.
15. In addition, the Receiver also arranged for the Notice to Creditors to be published in the Penticton Herald's January 22, 2021 edition.
16. As contemplated by paragraph 22 of the Claims Process Order, the Receiver applied to have the Receivership Order and the Claim Process Order recognized and affirmed by the Alberta Court of Queen's Bench. That application was heard on March 18, 2021 and the Orders were so approved and affirmed by the Honourable Mr. Justice Jeffrey of the Alberta Court of Queen's Bench. A copy of the Order is attached as **Appendix 2**.
17. The application was brought in Alberta Court of Queen's Bench Action No. 1901-01772 in which AMX Real Estate Inc. and Joseph Sather are the plaintiffs and in respect of which various Related Parties, as defined in the Claims Process Order, are defendants (the "**Alberta Action**"). The Alberta Action is referred to in paragraph 22 of the Claims Process Order. As part of the relief sought and obtained from the Court on March 18, 2021, the Receiver also obtained an order making SRL a plaintiff in the Alberta Action and obtained orders requiring AMX Real Estate Inc. and Joseph Sather to deliver particulars of their individual and independent causes of action against the defendants (i.e., particulars of those claims that are not derivative in nature and belonging SRL which will be advanced

or abandoned by the Receiver as appropriate). Those particulars are due no later than 30 days after the determination of the Related Party Claims herein.

18. In light of the potential overlap in the factual foundation to certain Related Party claims herein and the claims belonging to Sather Ranch Ltd. in the Alberta Action, the Receiver intends to defer its decision as to what claims to advance (if any) until after the determination of the Related Party claims herein.

# CLAIMS RECEIVED BY THE CLAIMS BAR DATE (MARCH 31, 2021)

## Claims From Arm's Length Creditors

19. The Claims Process Order identified each of the persons who were "Related Party Creditors" and defined "Arm's Length Creditor" as a Creditor who is not a Related Party Creditor.
20. On March 31, 2021, two claims were received. Both of these claims are attached to this report as **Appendix 3**. As noted below, although both creditors fall within the definition of "Arm's Length Creditors" in the Claims Process Order, both claimants are relatives of Joseph Sather.
21. The first claim received was from the Estate of the Late Palmer E. Sather (the "**Palmer Claim**") in the amount of \$1,148,617 as broken down as follows:

a. Claim for 80 Acres Fraud	\$605,636
b. Claim for Unpaid Interest Charges	\$144,641
c. Claim for Palmer Sather's Equipment	\$50,340
d. Claim for Missing / Stolen Cattle	\$198,000
e. Claim for Damaged Land (estimated)	\$100,000
f. Claim for Legal Fees (estimated)	<u>\$50,000</u>
<b>Total Claimed</b>	<b>\$1,148,617</b>

22. The second claim received was from the Estate of the Late Oscar Sather (the "**Oscar Claim**") in the amount of \$449,576 as broken down as follows:

a. Claim for 80 Acres Fraud	\$302,364
b. Claim for Unpaid Interest Charges	\$72,212
c. Claim for Damaged Land (estimated)	\$50,000
d. Claim for Legal Fees (estimated)	<u>\$25,000</u>
<b>Total Claimed</b>	<b>\$449,576</b>

23. The land purchased by SRL in 2017 was formerly owned by Palmer Sather (2/3 interest) and Oscar Sather (1/3 interest).
24. Upon review and analysis of the Palmer Claim and the Oscar Claim, the Receiver formally disallowed both claims and delivered Notices of Disallowance to both claimants by email on April 12, 2021. Copies of the Receiver's Notice of Disallowances that include specific details that were issued to the claimants are attached as **Appendix 4**.
25. No appeal was taken from the Notices of Disallowances such that the Receiver's disallowances of both the Palmer Claim and the Oscar Claim are now final and binding as per the terms of the Claims Process Order.

#### **Claims From Related Party Creditors**

26. As of the Claims Bar Date, the following claims were received from Related Party Creditors ("**Related Party Claims**"):
  - a. AMX Real Estate Inc. and Joseph Sather for the amounts of:
    - i. Shareholder's loan - \$128,372.30
    - ii. Expenses of Joseph Sather – The claim identifies 10 categories of expenses, but only particularizes the quantum of two of those claims for total expenses of \$40,435 (\$20,935 plus \$19,500).
    - iii. Expenses of AMX Real Estate Inc. - \$129,537.31.
  - b. Boundary Machine Ltd. - \$680,204.86 plus interest and costs.
  - c. Marielle Jacqueline Angella Brule. - \$9,259.00 plus interest and costs
  - d. Profectus Financial Inc. - \$42,532.70 plus interest and costs.
  - e. Michael Neil Street - \$190,300.80 plus interest and costs.

27. The Related Party Creditor Claims were received in the form of unfiled copies of a Notice of Application seeking approval of such claims together with Affidavits supporting the claims as prescribed by the Claims Process Order.
28. Application Response materials received in compliance with the Claims Process Order confirms that the entire amount of each Related Party Claim is opposed. Details of the Application Responses received are set out below:
  - a. An Application Response of Michael Neil Street, Marielle Jacqueline Angella Brule, 0882126 B.C. Ltd., Boundary Machine Ltd. and Profectus Financial Inc. to the March 31, 2021 Notice of Application of AMX Real Estate Inc. and Joseph Sather opposing all of the orders set out in Part 1 of the Notice of Application. This Application Response and supporting Affidavit material was received on April 20, 2021.
  - b. An Application Response of AMX Real Estate Inc. and Joseph Sather to the March 29, 2021 Notices of Application of Boundary Machine Ltd., Profectus Financial Inc., Marielle Jacqueline Angella Brule and Michael Neil Street opposing all of the orders set out in Part 1 of the Notice of Application. This Application Response and supporting Affidavit material was received on April 21, 2021.
29. As anticipated, there are no arm's length claims from third parties that would potentially be prejudiced by the claims process for the determination of the Related Party Claims. Further, all of the Related Party claims are opposed by each of the two "groups" of claimants such that the issues are joined. Based on the foregoing and subject to the Court's direction, the Receiver does not presently plan to have its counsel attend or participate in the hearing of the Related Party Claims.
30. The Receiver has requested input from counsel for the Related Party Claims, which has been received in the email attached hereto as **Appendix 5**.

31. The Related Parties have not agreed to have the Related Party Claims heard by an arbitrator such that the matter will be heard by a judge of the Supreme Court of British Columbia.
32. Counsel for the Related Parties estimate that 10 court days will be required for the hearing of the Related Party Claims. The proposed hearing is to be a summary trial on affidavits, with the following affiants to be cross-examined before the Court:
  - a. Joseph Sather.
  - b. Michael Street.
  - c. Marielle Brule.
  - d. Terry Gosling.
33. Subject to the Court's direction, the Receiver does not propose to participate in the hearing of the Related Party's claims.

## RECOMMENDATIONS

34. The Receiver submits its Second Report and respectfully requests this Honourable Court to:

- a. approve the Second Report and the activities of the Receiver described herein.
- b. provide directions to the Receiver as to whether its participation is required in the hearing of the Related Party claims.
- c. schedule the hearing of the Related Party claims herein.

All of which is respectfully submitted this 11<sup>th</sup> day of May 2021.

**C. Cheveldave & Associates Ltd.**  
**Court Appointed Receiver and Manager of**  
**Sather Ranch Ltd., and not in its personal capacity**



Per: Cecil Cheveldave  
President





NO. S1913131  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

MICHAEL NEIL STREET and  
MARIELLE JACQUEILINE ANGELLA BRULE

PLAINTIFFS

AND:

SATHER RANCH LTD. by its Court Appointed Receiver and  
Manager, C. Cheveldave & Associates Ltd.

DEFENDANT

**ORDER MADE AFTER APPLICATION**

BEFORE THE HONOURABLE            )            THURSDAY THE 14TH DAY  
  )              
JUSTICE WALKER                    )            OF JANUARY, 2021

THE APPLICATION of C. Cheveldave & Associates Ltd., in its capacity as Court-appointed Receiver (the “**Receiver**”) of the assets, undertakings and properties of Sather Ranch Ltd., and, coming on for hearing by telephone on October 28, 2020, October 30, 2020, December 4, 2020 and January 14, 2021 at Vancouver, British Columbia; and on hearing Scott R. Andersen, counsel for the Receiver, Steve Dvorak, counsel for the Plaintiffs, Colin Flannigan, counsel for Joe Sather and AMX Real Estate Inc.; and upon reading the material filed:

**DEFINITIONS**

1. For purposes of this Order the following terms shall have the following meanings:
  - (a) “**Arm’s Length Creditor**” means a Creditor who is not a Related Party Creditor;
  - (b) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
  - (c) “**Business Day**” means a day, other than a Saturday or a Sunday on which banks are generally open for business in Vancouver, British Columbia;

- (d) **“Claim”** shall exclude an Excluded Claim but shall include any other right or claim of any Person against Sather Ranch, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind owed by Sather Ranch to such Person, and any interest accrued thereon or costs payable in respect thereof, including any indebtedness, liability or obligation owed to such Person as a result of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) by Sather Ranch, any right of ownership of or title to property or assets or to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) against any property or assets, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, not matured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim of contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part upon facts existing prior to the Filing Date, and any indebtedness, liability or obligation of any kind arising out of the repudiation, restructuring or termination of any contract, lease, employment agreement, or other agreement after the Filing Date. Notwithstanding the foregoing, **“Claim”** also means any indebtedness, liability or obligation of any kind that, if unsecured, would be a claim provable in bankruptcy within the meaning of the BIA;
- (e) **“Claims Bar Date”** means 4:00 p.m. (Pacific Time) on March 31, 2021;
- (f) **“Claims Package”** means the document package which shall consist of a copy of this Order (without schedules), the Instruction Letter, a form of Proof of Claim, and such other materials as the Receiver considers necessary or appropriate;
- (g) **“Claims Process”** means the procedures outlined in this Order in connection with the assertion of Claims against Sather Ranch;
- (h) **“Court”** means the Supreme Court of British Columbia;
- (i) **“Creditor”** means any Person asserting a Claim other than an Excluded Claim against Sather Ranch;
- (j) **“Equity Claim”** means a claim, right or interest that is in respect of an Equity Interest, including a claim for, among others,
- (i) a dividend or similar payment,

- (ii) a return of capital,
  - (iii) a redemption or retraction obligation,
  - (iv) a monetary loss resulting from the ownership, purchase or sale of an equity interest or from the rescission, or, in Quebec, the annulment, of a purchase or sale of an equity interest, or
  - (v) contribution or indemnity in respect of a claim referred to in any of paragraphs (i) to (iv)
- (k) **“Equity Interest”** means a share in the stock of Sather Ranch as reflected in its records as at the Filing Date.
- (l) **“Excluded Claim”** means the following:
- (i) Receiver’s Charge and the Receiver’s Borrowings Charge created and approved by the Court in the Receivership Order made herein on September 17, 2018;
  - (ii) Receiver’s Charge and the Receiver’s Borrowings Charge created and approved by the Court in the Receivership Order made herein on November 21, 2019; and
  - (iii) An Equity Claim.
- (m) **“Filing Date”** means November 21, 2019;
- (n) **“Instruction Letter”** means the letter to Creditors, which letter shall be substantially in the form attached hereto as **Schedule “A”**;
- (o) **“Known Creditors”** includes all Creditors shown on the books and records of the Sather Ranch as having a Claim against Sather Ranch in excess of \$250 as at the Filing Date;
- (p) **“Notice to Creditors”** means the notice substantially in the form attached hereto as **Schedule “B”**;
- (q) **“Person”** has the meaning as defined in the BIA;
- (r) **“Proof of Claim”** means the form completed and filed by a Creditor setting forth its Claim (if necessary) with supporting documentation, which proof of claim shall be substantially in the form attached hereto as **Schedule “C”**;
- (s) **“Sather Ranch”** means Sather Ranch Ltd.;

- (t) **"Receiver"** means C. Cheveldave & Associates Ltd., in its capacity as court-appointed receiver of Sather Ranch;
- (u) **"Related Party Creditor"** includes the following persons: Joe Sather, AMX Real Estate Inc., Mike Street, 0882126 BC Ltd., Boundary Machine Inc., Marielle Brule, and Profectus Financial Inc. and any party that is an executor, administrator, successor, assign, or heir of any of the persons listed herein.

## APPROVAL OF CLAIMS PROCESS

2. The Claims Process is hereby approved.

## NOTICE OF CLAIMS PACKAGE

3. On or before the day which is seven (7) days after the date of this Order, the Receiver shall cause a Claims Package to be sent to:
  - (a) all Known Creditors of Sather Ranch, except for Creditors with an Excluded Claim, by ordinary mail, facsimile transmission, email message, or personal delivery, with such mode of delivery being in the Receiver's discretion based upon a reasonable belief that delivery in such mode will come to the notice of the recipient;
  - (b) to the Federal Crown by delivery to the Department of Justice at 900- 840 Howe Street, Vancouver, BC V6Z 2S9; and
  - (c) to the Provincial Crown by delivery to the Ministry of the Attorney General, Legal Services Branch 400, 1675 Douglas Street, Victoria, BC V8W 917.
4. The Receiver shall cause the Notice to Creditors to be placed in the Penticton Herald and on or before ten (10) days after the date of this Order.
5. The Receiver shall cause the Notice to Creditors, the Claims Package and a list of creditors to be posted on the Receiver's website address <https://cheveldave.ca/engagements> on or before seven (7) days after the date of this Order, and such posting shall remain in effect until the Claims Bar Date.
6. The Receiver shall cause a copy of the Claims Package to be sent to any person requesting such material as soon as practicable.
7. If the Receiver becomes aware of further Claims of Persons not included in the initial mailing to Known Creditors after the date of initial distribution, the Receiver shall forthwith distribute copies of the Claims Package to such Persons, but the entitlement of

each Person to receive notice is abridged to the date the Claims Package is distributed to each such Person, subject to further Order of this Court.

8. The delivery of the Claims Package and publication of the Notice to Creditors, in accordance with the foregoing terms of this Order, shall constitute good and sufficient service of such materials and no further notice or service need be given or made and no other document or material need be served.

### **CLAIMS BAR DATE**

9. The process for proving Claims and resolving disputed Claims differs depending upon whether the Claim is from a Related Party or whether it is from an Arm's Length Party. A Related Party must prove its claim through a court application on notice to other Related Parties, who will each have standing to oppose any such Claim in whole or in part. An Arm's Length Creditor must prove its claim to the Receiver by way of Proof of Claim. Both processes are set out in more detail in the sections that follow.
10. An Arm's Length Creditor, other than a Creditor with an Excluded Claim, shall deliver to the Receiver a Proof of Claim on or before the Claims Bar Date, in default of which the Creditor shall be forever barred from advancing any Claim against Sather Ranch and shall not be entitled to receive any payment from the Receiver.
11. A Related Party Creditor having any Claim(s) shall deliver unfiled copies of a Notice of Application seeking approval of such Claim(s), together with Affidavits supporting its Claim(s), to the Receiver and to all other Related Party Creditors on or before the Claims Bar Date, in default of which such Related Party Creditor shall be forever barred from advancing such Claim(s) against Sather Ranch and shall not be entitled to receive any payment in respect of such Claim(s) from the Receiver. A Related Party is at liberty to rely upon as evidence herein any affidavits or documents delivered in response to paragraph 3 of the Receivership Order made on September 17, 2018 in Supreme Court of British Columbia Action No. KEL-S-S-120281 (Kelowna Registry).

### **ARM'S LENGTH CLAIMS**

12. The Receiver shall review each Proof of Claim received by the Claims Bar Date and, thereafter, the Receiver may dispute a Claim in whole or in part by sending the Creditor a Notice of Disallowance in the form attached as **Schedule "D"** ("**Notice of Disallowance**") within fourteen (14) days of receipt of Proof of Claim, by delivering the Notice of Disallowance to the address noted in the subject Proof of Claim, and where an email or facsimile address is provided in the Proof of Claim, delivery in that mode shall be sufficient.

13. Any Creditor who disputes a Notice of Disallowance may appeal that decision and seek a determination of the Court of the validity and value of and particulars of its Claim by filing and serving upon counsel for the Receiver, an application, supported by Affidavit material by 4:00 p.m. on the date that is within twenty one (21) days of receipt of Notice of Disallowance. The hearing of the appeal shall be determined as a true appeal, and not as a trial *de novo*. The appeal must be set for hearing no later than fifteen (15) days after receipt of the Notice of Disallowance, or such other date as the Petitioners' and Receiver's counsel may advise they are available.
14. Any Creditor who fails to file and serve the applicable Notice of Application and Affidavit material by the deadline set forth in paragraph 13 of this Order shall be deemed to accept the amount of its Claim as set forth in the Notice of Disallowance and such amounts set forth in the Notice of Disallowance shall constitute a proven Claim.

### **RELATED PARTY CLAIMS**

15. Any Related Party that opposes another Related Party Claim must, within twenty one (21) days after the Claims Bar Date, deliver to the Receiver and to the applicant an Application Response and any supporting affidavits in regard to that opposition. The Application Response must:
  - (a) specify all the claims that are agreed to and all the claims that are disputed;
  - (b) provide particulars in accordance with the *Supreme Court Civil Rules* identifying the basis of its objection for each itemized component of the claim it disputes;
  - (c) identify which affiants, if any, it wishes to cross examine at the hearing and provide a time estimate for any such cross examinations.
16. If a Related Party applicant wishes to tender a reply affidavit, it must within thirty (30) days after the Claims Bar Date, deliver to the Receiver and to the application respondent a copy of any such reply affidavits.
17. Any Related Party Claims that are agreed to, unopposed or in respect of which no Application Response is delivered, will be deemed to be accepted.
18. Following receipt of the Application Responses referred to above, the Receiver will prepare a Report to the Court summarizing the Claims herein and will schedule a hearing on notice before the Honourable Justice Walker for directions and to address any procedural issues for the hearing of the Notices of Application filed by the Related Parties herein.
19. Following or at the hearing referred to above in paragraph 18 of this Order and subject to any directions or orders made at the hearing contemplated in paragraph 18 above, counsel

for the Receiver will use best efforts to schedule a hearing of all Related Party Applications on the first available date on which the Court and all counsel and parties involved are available. The applications are to be scheduled to be heard by the same judge and will be conducted as a Summary Trial pursuant to Rule 9-7 of the *Rules of Court* with a right of cross-examination on Affidavits in front of the presiding judge.

20. With the agreement of all participants, instead of proceeding through a Summary Trial, the Related Party Creditors may instead submit their claims to be determined by an Arbitrator of their choosing.
21. The right of appeal from a decision of the judge or arbitrator will be governed by the *Court of Appeal Act* and the *Court of Appeal Rules*.
22. For greater certainty and subject to this Order and the Receivership Order made herein on November 19, 2019 both being recognized by the Alberta Court of Queen's Bench, the Claims Process herein does not affect any claims that any Related Party may wish to advance against another Related Party in Alberta Court of Queen's Bench Action No. 1901-01772 (Judicial Centre of Calgary), except to the extent that any damages, compensation, indemnity or contribution is sought against Sather Ranch. All Claims brought against Sather Ranch are subject to and governed by this Order, must be proved in the Claims Process hereby established, failing which they shall be forever barred and the Related Party shall not be entitled to pursue such claims against Sather Ranch or the Receiver, or recover or receive any payment or other compensation or relief in respect thereof, whether from Sather Ranch or the Receiver.

## **GENERAL PROVISIONS**

23. In the event that the day on which any notice or communication required to be delivered pursuant to this Claims Process is not a Business Day then such notice or communication shall be required to be delivered on the next Business Day.
24. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be delivered by personal delivery, courier, electronic mail or such other method which the Court on application may specify, and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been delivered. All such notices and communications shall be deemed to have been received, in the case of notice by personal delivery, courier or electronic mail prior to 5:00 p.m. (local time) on a Business Day, when received, if received after 5:00p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day, and in the case of a notice mailed as aforesaid, on the fourth Business Day

following the date on which such notice or other communication is mailed.

- 25. References in this Order to the singular shall include the plural, references to the plural shall include the singular and to any gender shall include the other gender.
- 26. Any interested party may apply to this Court for advice or directions in regard to the Claims Process established hereby on not less than two (2) clear business day's notice to the Service List herein and to any other party who may be affected by the advice or direction to be sought.
- 27. This Court requests the aid, recognition and assistance of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
- 28. Approval as to the form of the Order herein by counsel appearing, other than counsel for the Receiver, be and is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

\_\_\_\_\_  
Scott R. Andersen  
Solicitor for the Receiver

BY THE COURT

\_\_\_\_\_  
REGISTRAR

**SCHEDULE "A"**  
**INSTRUCTION LETTER FOR THE CLAIMS AGAINST SATHER RANCH LTD.**

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

MICHAEL NEIL STREET and  
MARIELLE JACQUEILINE ANGELLA BRULE

PLAINTIFFS

AND:

SATHER RANCH LTD. by its Court Appointed Receiver and  
Manager, C. Cheveldave & Associates Ltd.

DEFENDANT

Dear Creditor:

**PLEASE REVIEW THE FOLLOWING CAREFULLY AS YOUR LEGAL RIGHTS AND CLAIMS IN THE FOREGOING COMPANIES MAY BE IMPACTED.**

By Order of the British Columbia Supreme Court pronounced January 14, 2021 (the "**Claims Process Order**") C. Cheveldave & Associates Ltd. (the "**Receiver**") has been authorized to conduct a claims process for the determination of any and all claims ("**Claims**") against Sather Ranch Ltd. (the "**Claims Process**").

A copy of the Claims Process Order can be obtained from the website of Receiver at <https://cheveldave.ca/engagements>

Under the Claims Process Order, all Known Creditors are to receive the attached "**Claims Package**", that being:

1. This instruction letter;
2. A form of Proof of Claim; and
3. Such other material as the Receiver considers necessary or appropriate.

In addition, the Receiver is required to publish a Notice to Creditors in the Penticton Herald. Subsequently, any other creditors who request a Claims Package will receive one as soon as practicable.

Under the terms of the Claims Process Order, you must file a Proof of Claim, with supporting documentation, in the form attached with the Receiver on or before the claims bar date of 4:00 p.m. (Pacific time) on March 31, 2021 (the “**Claims Bar Date**”) by delivering to the Receiver at its address shown below and preferably by email. Proofs of Claim must be received by the Receiver by 4:00 p.m. on the Claims Bar Date.

**If you do NOT file a Proof of Claim on or before the by the Claims Bar Date of MARCH 31, 2021 your rights and recoveries against Sather Ranch Ltd. will be forever compromised, without any further notice.**

In particular, a person who does not file a Proof of Claim with supporting documentation on or before the Claims Bar Date shall be forever barred from received any payment from the Receiver and its claim may not be enforced against Sather Ranch Ltd., unless otherwise ordered by the Court.

All enquiries and notices to the Receiver with respect to the Claims Process should be addressed to:

C. Cheveldave & Associates Ltd.  
 Suite 600-I  
 235 1<sup>st</sup> Avenue  
 Kamloops, BC, V2C 3J4  
 Telephone: 1-250-819-8614

Attention: Cecil Cheveldave  
 Email: [ctcheveldave@telus.net](mailto:ctcheveldave@telus.net)

**SCHEDULE "B"**  
**NOTICE TO CREDITORS**

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

MICHAEL NEIL STREET and  
MARIELLE JACQUEILINE ANGELLA BRULE

PLAINTIFFS

AND:

SATHER RANCH LTD. by its Court Appointed Receiver and  
Manager, C. Cheveldave & Associates Ltd.

DEFENDANT

By Order of the British Columbia Supreme Court pronounced January 14, 2021 (the "**Claims Process Order**") C. Cheveldave & Associates Ltd. (the "**Receiver**") has been authorized to conduct a claims process for the determination of any and all claims ("**Claims**") against Sather Ranch Ltd. (the "**Claims Process**").

In order to participate in distribution from the Receiver, any creditor, having a claim against Sather Ranch Ltd., must file a Proof of Claim on or before March 31, 2021, that being the Claims Bar Date.

**If a creditor does not file a Proof of Claim by the Claims Bar Date of MARCH 31, 2021 its claim will be forever barred and it will not be entitled to participate in any way in any distribution or payment from the Receiver.**

A Proof of Claim form may be obtained from the Receiver's website at <https://cheveldave.ca/engagements> or by sending a written request (preferably by email) to:

C. Cheveldave & Associates Ltd.  
Suite 600-I  
235 1<sup>st</sup> Avenue  
Kamloops, BC, V2C 3J4  
Telephone: 1-250-819-8614

Attention: Cecil Cheveldave  
Email: [ctcheveldave@telus.net](mailto:ctcheveldave@telus.net)

**SCHEDULE "C"**  
**PROOF OF CLAIM**

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

MICHAEL NEIL STREET and  
MARIELLE JACQUEILINE ANGELLA BRULE

PLAINTIFFS

AND:

SATHER RANCH LTD. by its Court Appointed Receiver and  
Manager, C. Cheveldave & Associates Ltd.

DEFENDANT

Please read the Instruction Letter carefully prior to completing this Proof of Claim. Please print legibly.

1. Full Legal Name of Creditor \_\_\_\_\_ (the "Creditor").
2. Full Mailing Address of the Creditor (*All notices and correspondence regarding your Claim will be forwarded to this address or to the e-mail address or facsimile address below if appropriate and applicable*):

---



---

3. Telephone Number: \_\_\_\_\_
4. E-mail: \_\_\_\_\_
5. Facsimile Number: \_\_\_\_\_
6. Attention: \_\_\_\_\_

**CLAIM DETAILS**

Amount of Claim (Canadian Dollars): \_\_\_\_\_

THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:

- 1. I am a Creditor of Sather Ranch Ltd.
- 2. I have knowledge of all the circumstances concerning the Claim hereafter referred to.
- 3. Attached as Schedules to this Proof of Claim are:
  - (a) documents which establish the validity, amount and particulars of the Claim in Canadian Dollars;
  - (b) a description of the transaction or agreement giving rise or relating to the Claim; and
  - (c) copies of any documents evidencing security held for the Claim.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

Per: \_\_\_\_\_  
          \_\_\_\_\_  
          [Name of Creditor- please print]

\_\_\_\_\_  
Signature of Creditor

***Note: all relevant documentation on which you rely in making your claim must be attached to this Proof of Claim, as the validity of your claim will be determined solely on this Proof of Claim and attachments thereto. If the claim is disallowed for any reason, and you file an appeal of that disallowance, the appeal will be heard as a true appeal and your ability to introduce fresh or new evidence in support of your claim will be limited accordingly.***

**Schedules:  
(to be attached to Proof of Claim)**

**Schedule “A”**

A description of the basis on which the Claim arose is as follows (attach separate sheet if necessary):

**Schedule “B”**

The following documents are attached and support the basis for the Claim as described above, including any claim for interest or other charges:

- (i)
- (ii)
- (iii)
- (iv)
- (v)
- (vi)
- (vii)

**Schedule “C”**

The following documents are attached and support the basis for my claim that I hold security in respect of this Claim:

- (i)
- (ii)
- (iii)
- (iv)
- (v)
- (vi)
- (vii)

***INSTRUCTIONS FOR COMPLETION OF PROOF OF CLAIM***

- **Address:** Please ensure that you complete the full name and delivery address, including fax number and email address of the creditor making the claim, as all future notices and correspondence regarding your Claim will be forwarded to this address, or to the e-mail address or facsimile address below if appropriate.
- **Amount of the Claim:** The amount of the Claim must be calculated as of and cannot include any charges or interest incurred thereafter. If your claim is in currency other than Canadian Dollars, you must convert to Canadian Dollars using the conversion rate in effect on .
- **Proper Completion:** The Proof of Claim is incomplete and may not be accepted unless:
  - (a) You have included a statement and description of the Claim,
  - (b) You have attached all supporting documents including statements of accounts and/or invoices in support, showing the dates and values of the claim, in conformance with the amount of the Claim, and all relevant security as required in the Schedules; and
  - (c) It is signed and dated by you.

**Failure to properly complete or return your Proof of Claim on or before 4:00pm on , 2021 will result in your Claim being barred and extinguished, without any further entitlement to recover your Claim from the Petitioner.**

- **Delivery:** The duly completed Proof of Claim, together with all schedules and accompanying documents, must be delivered to the Receiver (addresses below and preferably by email) on or before the Claims Bar Date of :

C. Cheveldave & Associates Ltd.  
 Suite 600-I  
 235 1<sup>st</sup> Avenue  
 Kamloops, BC, V2C 3J4  
 Telephone: 1-250-819-8614

Attention: Cecil Cheveldave  
 Email: [ctcheveldave@telus.net](mailto:ctcheveldave@telus.net)

- **Disallowance:** The Receiver is entitled to disallow your Proof of Claim in whole or in part. If your Claim is disputed in whole or in part, by the Receiver, the Receiver will send you a Notice of Disallowance along with particulars as to how you may dispute the

Notice of Disallowance. If you do not receive a Notice of Disallowance by that deadline, the Receiver has accepted your Claim for the purpose of receiving a distribution.

**SCHEDULE "D"**  
**NOTICE OF DISALLOWANCE**

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

MICHAEL NEIL STREET and  
MARIELLE JACQUEILINE ANGELLA BRULE

PLAINTIFFS

AND:

SATHER RANCH LTD. by its Court Appointed Receiver and  
Manager, C. Cheveldave & Associates Ltd.

DEFENDANT

To: Name of Creditor: \_\_\_\_\_

Pursuant to the Claims Process, C. Cheveldave & Associates Ltd. (the "**Receiver**"), in its capacity of court appointed receiver of Sather Ranch Ltd., hereby gives you notice that your Proof of Claim dated \_\_\_\_\_, 2020 has been reviewed and the Receiver has disallowed, either partially or in full, your Claim for the following reasons:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Subject only to an appeal of this disallowance being successfully brought by you in full compliance with the provisions of the Claims Process Order, including the prescribed time for any appeal to be filed, your claim will be allowed as follows:

Name of Creditor	Amount Claimed	Amount Allowed

DATED at \_\_\_\_\_, British Columbia, this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

The Receiver.

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_

*If you wish to appeal this Notice of Disallowance you must file a Notice of Application and supporting Affidavit by the deadline provided for in the Claims Process Order, A copy of which is available on the Receiver's website at <https://cheveldave.ca/engagements>.*

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

MICHAEL NEIL STREET and  
MARIELLE JACQUEILINE  
ANGELLA BRULE

PLAINTIFFS

AND:

SATHER RANCH LTD. by its  
Court Appointed Receiver and  
Manager, C. Cheveldave &  
Associates Ltd.

DEFENDANT

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**CLAIMS PROCESS ORDER**

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Barristers & Solicitors  
1600 Cathedral Place  
925 West Georgia Street  
Vancouver, British Columbia  
V6C 3L2

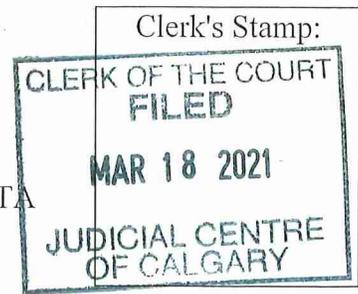
Phone: (604) 685-3456

Attention: Scott R. Andersen

File No. 36622-148976

**Appendix 2**

**Order of the Alberta Court of Queen's Bench  
Recognizing the Receivership Order and Claims  
Process Order**



COURT FILE NUMBER 1901-01772  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY

PLAINTIFFS AMX REAL ESTATE INC. and JOSEPH SATHER

DEFENDANTS MICHAEL STREET, 0882126 B.C. LTD., BOUNDARY MACHINE LTD., MARIELLE BRULE, PROFECTUS FINANCIAL INC. and SATHER RANCH LTD.

DOCUMENT ORDER

I hereby certify this to be a true copy of the original ORDER

Dated this 18<sup>th</sup> day of MARCH 2021

Lawson Lundell LLP  
1100, 225 – 6<sup>th</sup> Avenue SW  
Calgary, AB T2P 1N2  
Lawyer: Alexis Teasdale  
Phone Number: (403) 218-7564  
Fax Number: (403) 269-9494  
E-mail Address: [ateasdale@lawsonlundell.com](mailto:ateasdale@lawsonlundell.com)

for Clerk of the Court

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

DATE ON WHICH ORDER WAS PRONOUNCED: March 18, 2021

LOCATION OF HEARING OR TRIAL: Calgary

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Mr. Justice P.R. Jeffrey

UPON THE APPLICATION of C. Cheveldave & Associates Ltd., in its capacity as Court-appointed Receiver of Sather Ranch Ltd. (the Receiver), filed March 8, 2021; AND UPON READING the Affidavit of Cecil Cheveldave, sworn on March 8, 2021; AND UPON HEARING from counsel for the Receiver, and from counsel present for any other interested parties, and UPON NOTING THE CONSENT OF COUNSEL,

IT IS HEREBY ORDERED THAT:

1. The following orders granted in Action No. S1913131 of the Supreme Court of British Columbia (the Receivership Proceedings) by the Honourable Mr. Justice Walker are hereby recognized and affirmed for the purposes of the within Action:

- (a) Order dated and filed November 21, 2019, attached as Schedule "A" to this Order; and
  - (b) Order Made After Application dated January 14, 2021 (the **Claims Process Order**), attached as Schedule "B" to this Order.
2. Pursuant to rules 1.2, 1.3, and 1.4 of the *Alberta Rules of Court*, Alta Reg 124/2010 (the **Rules**) and s. 8 of the *Judicature Act*, RSA 2000, c J-2, Sather Ranch Ltd. shall be made a plaintiff and removed as a defendant in this Action.
3. Pursuant to rules 1.2 and 1.4 of the *Rules*, the plaintiffs, AMX Real Estate Inc. and Joseph Sather, are directed to provide particulars of their individual and independent causes of action against the defendants, Michael Street, 0882126 B.C. Ltd., Boundary Machine Ltd., Marielle Brule, and Profectus Financial Inc., and the relief sought by the plaintiffs, AMX Real Estate Inc. and Joseph Sather in their individual capacities, by:
  - (a) no later than 30 days after the determination of all Claims that are filed by any of the Related Party Creditors (as such terms are defined in the Claims Process Order) in the Receivership Proceedings; or
  - (b) if no Claims are filed by any of the Related Party Creditors prior to the Claims Bar Date (as such terms are defined in the Claims Process Order) in the Receivership Proceedings, within 30 days of the Claims Bar Date.

  
Justice of the Court of Queen's Bench of Alberta



PROOF OF CLAIM

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

MICHAEL NEIL STREET and  
MARIELLE JACQUEILINE ANGELLA BRULE

PLAINTIFFS

AND:

SATHER RANCH LTD. by its Court Appointed Receiver and  
Manager, C. Cheveldave & Associates Ltd.

DEFENDANTS

Please read the Instruction Letter carefully prior to completing this Proof of Claim. Please print legibly.

1. Full Legal Name of Creditor **Estate of the Late Palmer E. Sather** \_\_ (the "Creditor").
2. Full Mailing Address of the Creditor (*All notices and correspondence regarding your Claim will be forwarded to this address or to the e-mail address or facsimile address below if appropriate and applicable*):

**c/o Carol Sather-Byman,  
Executor of the Estate of the Late Palmer Sather,  
#37-197 Dauphin Avenue,  
Penticton, B.C. V2A 3S3**

3. Telephone Number: **250-493-7644** \_\_\_\_\_
4. E-mail: **sneepa\_sather@yahoo.ca** \_\_\_\_\_
5. Facsimile Number: **N/A** \_\_\_\_\_
6. Attention: **N/A** \_\_\_\_\_

CLAIM DETAILS

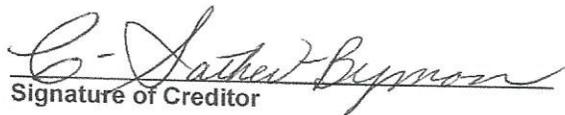
Amount of Claim (Canadian Dollars): \$1,148,617

THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:

1. I am a Creditor of **Sather Ranch Ltd.**
2. I have knowledge of all the circumstances concerning the Claim hereafter referred to.
3. Attached as Schedules to this Proof of Claim are:
  - (a) documents which establish the validity, amount and particulars of the Claim in Canadian Dollars;
  - (b) a description of the transaction or agreement giving rise or relating to the Claim; and
  - (c) copies of any documents evidencing security held for the Claim.

DATED at Penticton, B.C. this 22<sup>nd</sup> day of March 2021.

Per: **Estate of the Late Palmer Sather c/o Carol Sather-Byman, Executor of the Estate**  
*[Name of Creditor- please print]*

  
Signature of Creditor

*Note: all relevant documentation on which you rely in making your claim must be attached to this Proof of Claim, as the validity of your claim will be determined solely on this Proof of Claim and attachments thereto. If the claim is disallowed for any reason, and you file an appeal of that disallowance, the appeal will be heard as a true appeal and your ability to introduce fresh or new evidence in support of your claim will be limited accordingly.*

**Schedules:**  
**(to be attached to Proof of Claim)**

**Schedule "A"**

A description of the basis on which the Claim arose is as follows (attach separate sheet if necessary):

In late 2016, Mike Street approached me with an Offer on my Dad's (Palmer Sather) 80 acres of farm land. Mike stressed the smell from the nearby Land Fill site was so strong that nobody would want to buy this property. Mike gave me a copy of a recent Appraisal of the property which put the current market value at \$200,000. After stressing all the negatives about the property, Mike convinced me that the property wasn't worth more than the \$225,000 he was offering. Trusting Mike, I agreed to sell the property to Sather Ranch Ltd. What Mike didn't tell me was that he knew the property was worth several times more than what he was Offering (see email from Appraiser). Only in the past couple of years did I realize that Mike was dishonest and that he took advantage of me because of my age and inexperience with properties. Mike Street "conned" me out of the real market value at the time of the sale. I believe that Mike Street should be charged with fraud for his actions.

In tracing records of livestock owned by my Father, my brother Joe Sather and I, discovered that Mike Street had lied to me about the number of cattle my Dad owned. We estimate that more than 100 head of my Dad's cattle were stolen by Mike Street. My Dad was in his 90's and suffering from mild Dementia at the time of the thefts.

Some of my Dad's Equipment and Tools were on the 80 acre property and on the leased property at the river channel (owned by the Penticton Indian Band) when Mike Street started to manage the cattle operations in April of 2013. Mike Street claims that this equipment and tools belonged to Sather Ranch Ltd. when in fact Mike Street again took advantage of my Dad's Dementia and stole these assets from my Dad. Apparently, the Receiver for Sather Ranch Ltd., believed Mike Street's claim (without receipts or Bills of Sale) that this Equipment, Tools and Supplies belonged to Sather Ranch Ltd. and sold these assets to Mike Street at far less than market value. These assets, valued at more than \$50,000.00 belonged to my Dad, Palmer Sather, and were stored on his property. Mike Street had full access to these assets and stole these assets for his own benefit.

**Schedule "B"**

The following documents are attached and support the basis for the Claim as described above, including any claim for interest or other charges:

- (i)a Summary of Claim amounts;
- (i) Copy of the original Appraisal of 80 acres dated November 27, 2014, used by Mike Street to support his fraudulent claim;
- (ii) Copy of email dated September 12, 2016 from Appraiser David Bush advising Street on the much higher value of the property;
- (iii) List of Equipment & Supplies belonging to Palmer Sather at date of Land Sale to Sather Ranch Ltd. (value \$50,340);
- (iv) Copy of Calculation of Amount Defrauded by Mike Street and his partner Marielle Brule;
- (v) Copy of Interest Calculation on the money owed to my Dad's Estate;
- (vi) Copy of Equipment & Supplies On Hand at March 31, 2013;
- (vii) Copy of Cattle Herd Inventory (count supplied by Mike Street);
- (viii) Estimated Damages to 80 acres up to February 2<sup>nd</sup> 2017 and estimated Legal Fees required to represent the Estate of the Late Palmer Sather and to take legal action in this matter.

**Schedule "C"**

The following documents are attached and support the basis for my claim that I hold security in respect of this Claim:

- (i)
- (ii)
- (iii)
- (iv)
- (v)
- (vi)
- (vii)

**Estate of the Late Palmer E. Sather**  
***SUMMARY OF CLAIM - SATHER RANCH LTD. &***  
***MIKE STREET and Marielle Brule***  
**as at March 2021**

Claim for 80 Acres Fraud	\$605,636
Claim for Unpaid Interest Charges	\$144,641
Claim for Palmer Sather's Equipment	\$50,340
Claim for Missing/Stolen Cattle	\$198,000
Claim for Damaged Land (estimated)	\$100,000
Claim for Legal Fees (estimated)	<u>\$50,000</u>
Total Claims by the Estate of Palmer E. Sather	<u><b>\$1,148,617</b></u>

# CALCULATION OF AMOUNT DEFRAUDED

Sather, Estate of Palmer & Estate of Oscar Sather to Sather Ranch Ltd.

**Sale/Purchase of 80 acres:** PL: 1190 DL:2711 Sub Lot 8

**Accepted Offer Date:** January 2017

**Sale Date:** February 2, 2017

<b>Street's Appraised Value:</b>	<b>\$215,000</b>	
<b>Street Offer - Paid</b>	<b>\$225,000</b>	
<b>Estimated Market Value at Purchase Date:</b>	<b><u>\$1,133,000</u></b>	
<b>Under Paid</b>	<b><u>\$908,000</u></b>	
<b>Estate of the Late Oscar Sather</b>	<b>\$302,364</b>	33.3%
<b>Estate of the Late Palmer Sather</b>	<b><u>\$605,636</u></b>	66.7%
<b>Total Under Paid</b>	<b><u>\$908,000</u></b>	
<b>Sold Price February 2, 2021</b>	<b>\$1,600,000</b>	
<b>Estimated Annual Increase in Value</b>	<b>\$100,000</b>	2017
	<b>\$100,000</b>	2018
	<b>\$100,000</b>	2019
	<b>\$100,000</b>	2020
	<b><u>\$67,000</u></b>	2021
<b>Total Estimated Increase in Value</b>	<b><u>\$467,000</u></b>	
<b>Estimated Actual Value February 2, 2017</b>	<b><u>\$1,133,000</u></b>	

**Estate of the Late Palmer Sather**  
***INTEREST CALCULATION***

Debtor: Sather Ranch Ltd. and/or Mike Street & Marielle Brule

Debt: **\$605,636**

Period: February 2, 2017 to February 2, 2021 (4 years)

Commercial Lending Rate: **5.5%**

	<b>Interest</b>	<b>Accumulated Balance</b>
2017 to 2018	<b>\$33,310</b>	\$638,946
2018 to 2019	<b>\$35,142</b>	\$674,088
2019 to 2020	<b>\$37,075</b>	\$711,163
2020 to 2021	<b>\$39,114</b>	<b>\$750,277</b>
	<b><u>\$144,641</u></b>	

# Palmer Sather, O/A Sather Ranch

As at March 31, 2013

## Equipment & Supplies On Hand

	<u>Estimated Value</u>
1 Stihl Chain Saw, in near new condition (Cost \$650)	\$450
1 Large Multi-Drawer Tool Box (Red)	\$300
5 Water Troughs (1 large round metal \$400, 3 metal \$300, 1 blue plastic \$250)	\$950
1 Large Cow Squeeze (good working condition)	\$3,000
1 Calf Squeeze (excellent working condition)	\$3,500
3 SR Branding Irons	\$300
1 Propane fired Branding Iron Heater with long hose	\$500
4 Propane Tanks (all near new)	\$140
2 Battery Powered Cattle Prods	\$250
2 Medical Kits Tool Boxes containing various med tools	\$300
1 Medical Bin containing 6 Needle Gun Applicators	\$300
Medicines on hand for cows	\$260
3 Ear Tag Applicators and Tools	\$150
2 Nose Controllers (for Bulls)	\$70
2 Calf Pullers with cables	\$120
4 large hemp ropes	\$200
Power Hand Tools: 2 Grinders, 1 Circular Saw, 2 Drills, etc.	\$300
Various hand tools (wrenches, shovels, picks, augers, etc.)	\$200
4 Steel Storage Barrels (from Grain Shed)	\$100
6 Storage Bins	\$300
2 Moveable Sheds ... Tack Shed, Storage Shed	\$3,000
72 Treated Fence Posts (24 per bundle, 3 bundles)	\$720
20 Large Posts (8"x8" Kreolsole treated - rail ties)	\$400
1 Landini Tractor (paid \$22,000)	\$20,000
Estimated Hay on Hand	\$12,000
Rolls of Pagewire Fencing	\$500
Fencing Barbed Wire and Supplies	\$1,200
Miscellaneous Ranching Supplies	\$830
<b>Estimated Total</b>	<b><u>\$50,340</u></b>



# LAND APPRAISAL REPORT

File No. 18988A

Property Address <b>1313 Greyback Mountain Road</b>		Census Tract		LENDER DISCRETIONARY USE	
City <b>Penticton</b>		Prov. <b>BC</b> Postal Code <b>V2A 8T3</b>			
Legal Description <b>Subsidy Lot 8, Plan KAP1190, DL 2711, LD 54</b>				Date	
Owner/Occupant <b>n/a</b>		Map Reference		Mortgage Amount \$	
Sale Price \$ <b>n/a</b>		Date of Sale <b>n/a</b>		Mortgage Type	
Loan charges/concessions to be paid by seller \$		Property Rights Appraised		Discount Points and Other Concessions	
R.E. Taxes \$ <b>25.95</b>		Tax Year <b>2014</b> HOA \$/Mo.		Paid by Seller \$	
Lender/Client <b>BMO / Sather Ranch Ltd. c/o Mike Street</b>		<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Condominium (HUD/VA) <input type="checkbox"/> PUD		Source	

<b>LOCATION</b> <input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input checked="" type="checkbox"/> Rural <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%		<b>NEIGHBOURHOOD ANALYSIS</b> Employment Stability <input type="checkbox"/> Good <input checked="" type="checkbox"/> Avg. <input type="checkbox"/> Fair <input type="checkbox"/> Poor Convenience to Employment <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Convenience to Shopping <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Convenience to Schools <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Adequacy of Public Transportation <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	
<b>GROWTH RATE</b> <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Over Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over 6 Mos.		Recreation Facilities <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Adequacy of Facilities <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Property Compatibility <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Protection from Desirmental Cond. <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Police & Fire Protection <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> General Appearance of Properties <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Appeal to Market <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

<b>PRESENT LAND USE %</b> Single Family <u>20%</u> 2-4 Family _____ Multi-Family _____ Commercial _____ Industrial <u>5%</u> Vacant <u>75%</u>		<b>LAND USE CHANGE</b> Not Likely <input checked="" type="checkbox"/> Likely <input type="checkbox"/> In process <input type="checkbox"/> To: _____		<b>PREDOMINANT OCCUPANCY</b> Owner <input checked="" type="checkbox"/> Tenant <input type="checkbox"/> Vacant (0-5%) <input type="checkbox"/> Vacant (over 5%) <input type="checkbox"/>		<b>SINGLEFAMILYHOUSING</b> PRICE AGE \$(000) (yrs) <u>150</u> Low <u>new</u> <u>1,000</u> High <u>70</u> Predominant <u>400 - 25 yrs</u>	
--	--	---	--	---	--	--	--

Note: Race or the racial composition of the neighbourhood are not considered reliable appraisal factors.

COMMENTS: See Attached Addendum

Dimensions <b>Rectangular in configuration</b> Site Area <b>80 Sq.Ft.</b> Zoning Classification <b>RA - Resource Area</b> HIGHEST & BEST USE: Present Use <b>yes</b> Other Use <b>n/a</b>		Topography <b>Generally sloping</b> Size <b>80.3 acres</b> Shape <b>Irregular</b> Drainage <b>Appears typical</b> View <b>Partial lakeview</b> Landscaping <b>None</b> Driveway <b>Gravel access</b> Apparent Easements <b>See Plan</b>	
--	--	--	--

Comments (Apparent adverse easements, encroachments, special assessments, slide areas, etc.): See Attached Addendum

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment, reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to, or more favorable than, the subject property, a minus (-) adjustment is made, thus reducing the indicated value of subject; if a significant item in the comparable is inferior to, or less favorable than, the subject property, a plus (+) adjustment is made, thus increasing the indicated value of the subject.

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	1313 Greyback Mtn Rd Penticton	102 Twin Lakes Road Kaleden/Okanagan Falls	Dewitte Rd & Mt. Baldy Rd. Rock Crk. & Area	DL 4086S Bridesville/Rock Cr. Osoyoos/Rock Creek area
Proximity to Subject			100± kms east	100± kms east
Sales Price	\$ n/a	\$ 115,000	\$ 140,000	\$ 100,000
Price/	\$ n/a	\$ 115,000	\$ 140,000	\$ 100,000
Data Source	Inspection	MLS® 150649	MLS® 141957	MLS 137200
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
Sales or Financing		n/a	n/a	n/a
Concessions		n/a	n/a	n/a
Date of Sale/Time	n/a	Aug 13/14	Mar 3/14	Mar 19/13
Location	Rural	Rural	Rural	rural
Site/View	Partial lakeview	Valley view/golf view	level usable	Valley view
Site size	80.3 acres	20.03 acres	41.00 acres	30.90 acres
Topography	Mixed/sloping	Similar	Superior/usable	Mixed
Services/improvements	well/power	Similar/960sf shop	at lot line	500sf cabin, stg.
Adj. sale price/acre		\$4,500/acre (rnd)	\$3,400/acre (rnd)	\$2,500/acre (rnd)
Net Adj. (total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 25,000	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 0	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 25,000
Indicated Value of Subject		Gross: 21.7 Net: -21.7 \$ 90,000	Gross: 0.0 Net: 0.0 \$ 140,000	Gross: 25.0 Net: -25.0 \$ 75,000

Comments of Sales Comparison: See Attached Addendum

Comments and Conditions of Appraisal: The purpose and scope of this appraisal is to estimate current market value for the subject site as of the effective date of this appraisal report.

Final Reconciliation: The Direct Comparison Approach is the most reliable method of estimating market value, typically used by buyers and sellers of properties such as the subject. Final estimate is based on the Direct Comparison Approach only and utilizes a unit of comparison, price per acre.

I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE SUBJECT PROPERTY AS OF **November 27, 2014** to be \$ **200,000**

I (We) certify: that to the best of my (our) knowledge and belief, the facts and data used herein are true and correct; that I (we) personally inspected the subject property and inspected all comparable sales cited in this report; and that I (we) have no undisclosed interest, present or prospective therein.

Appraiser(s) Keith MacPhail, AIC Candidate Appraiser Review Appraiser Don Stasuik, CRA  Did  Did Not Inspect Property

# LAND APPRAISAL REPORT

Form No. 18988A

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment, reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to, or more favorable than, the subject property, a minus (-) adjustment is made, thus reducing the indicated value of subject; if a significant item in the comparable is inferior to, or less favorable than, the subject property, a plus (+) adjustment is made, thus increasing the indicated value of the subject.

SALES COMPARISON ANALYSIS

ITEM	SUBJECT	COMPARABLE NO. 4		COMPARABLE NO. 5		COMPARABLE NO. 6	
		DESCRIPTION	+(-)\$ Adjustment	DESCRIPTION	+(-)\$ Adjustment	DESCRIPTION	+(-)\$ Adjustment
Address	1313 Greyback Mtn Rd Penticton	Lot 2 Kelly Road Osoyoos		Lot 1 Sheep Creek Road Kaleden/Okanagan Falls Rural		Lot 2 Sheep Creek Road Kaleden/Okanagan Falls Rural	
Proximity to Subject		100± kms east		100± kms east		100± kms east	
Sales Price	\$ n/a	\$ 138,000		\$ 175,000		\$ 225,000	
Price/	\$ n/a	\$ 138,000		\$ 175,000		\$ 225,000	
Date Source	Inspection	MLS 136879		MLS® 149650		MLS® 149651	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-)\$ Adjustment	DESCRIPTION	+(-)\$ Adjustment	DESCRIPTION	+(-)\$ Adjustment
Sales or Financing		n/a		n/a		n/a	
Concessions		n/a		n/a		n/a	
Date of Sale/Time	n/a	Aug 27/12		Active Listing		Active Listing	
Location	Rural	Rural		Rural		Rural	
Site/View	Partial lakeview	Valley view		Valley view		Valley view	
Site size	80.3 acres	80 acres		80.00 acres		50.00 acres	
Topography	Mixed/sloping	Mixed/sloping		Mixed/sloping		Mixed/sloping	
Services/improvements	well/power	at lot line		none		none	
Adj. sale price/acre		\$1,700/acre (rnd)		\$2,200/acre (rnd)		\$4,500/acre (rnd)	
Net Adj. (total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 0		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 0		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 0	
Indicated Value of Subject		Gross: 0.0 Net: 0.0 \$ 138,000		Gross: 0.0 Net: 0.0 \$ 175,000		Gross: 0.0 Net: 0.0 \$ 225,000	

The above active listings are located in the Kaleden area and would be considered to be direct competition if the subject were to be listed on the MLS system. As no sale price has been established, no adjustments have been made; the active listings are included for information on the local listings market. Lot 1 Sheep Creek Road is a listing where it is reported that the seller is motivated and the property has been priced accordingly.

ADDITIONAL COMMENTS

ADDENDUM

Borrower: Mike Street	File No.: 18988A
Property Address: 1313 Greyback Mountain Road	Case No.:
City: Penticton	Province: BC
Lender: BMO / Sather Ranch Ltd. c/o Mike Street	Postal Code: V2A 8T3

**Neighbourhood Comments**

Rural residential neighbourhood located just northeast of downtown Penticton along the eastern benches overlooking Okanagan Lake. The subject is located beyond the city limits approximately 5.5 km north of Penticton. The neighbourhood is characterized by good lake and valley views to the west. The abandoned Kettle Valley Railway (KVR) right-of-way, now part of the Trans Canada Trail, traverses the neighbourhood from north to south. The area consists of single family residences, hobby farms, orchards, and vineyards and the Campbell Mountain Landfill. The overall neighbourhood enjoys a good market acceptance.

**Site Comments**

The subject site is accessed by Greyback Mountain Road. The road access located on the southern portion of the site also bisects the property in an east-west direction parallel to the southern boundary along with a powerline. The subject lot is 80.3 acres in size and is rectangular in configuration. Approximately 50 acres are forested hillside and the remaining 30 acres is open rolling native grass land and homesite. Under current zoning the subject property is not able to be subdivided.

The subject is located directly east of the Campbell Mountain Landfill; at the time of the inspection the site was affected by odors from the landfill composting and by equipment noise also emanating from the landfill operations. The proximity to the landfill will result in purchaser resistance.

Topography is generally moderate to gentle upward sloping hillside from Greyback Mountain Road. The site also slopes downwards along the western boundary offering some views of Okanagan Lake. There is a leveled graded building site and a fenced and cross fenced area for livestock, this area is also improved with a manufactured home.

For the purpose of this land valuation the improvements are not considered in the estimated market value found below. The majority of the site is considered to have mild to moderate slopes which reduce the usable area of the site. Services located at the lot line include hydro. A septic system will be required. The site offers partial views of Okanagan Lake and the surrounding valley. Lot size is typical for the immediate area and the subject conforms to neighbouring properties.

**Comments on Sales Comparison**

An extensive search for comparables, offering similar characteristics as the subject in regards to size and highest and best use, resulted in a limited number of sales to select from; none of which were located in the subject's immediate neighbourhood. Therefore, sales from neighbourhoods similar to the subject have had to be selected for comparison purposes. The 4 comparables available are deemed to best reflect an estimated market value for the subject. Two active listings were also included for information purposes. A per acre unit of comparison has been selected to establish an estimated fair market value for the subject site.

"Units of comparison are used to adjust for differences in size by reducing a sale to a unit basis, so it can be compared with other similar sales and the subject. A useful unit is one that represents market behaviour, and this can sometimes vary from one market or submarket to another" (Basics of Real Estate Appraising Fourth Edition). Often when purchasers are considering rural large acre parcels a sale price per acre is considered, as is the case in this report. When considering a sale price per acre, one must also consider a Law of Diminishing Return which indicates the larger the unit, the lower the unit cost may be. This is typical for acreage type parcels of land, which is further supported by the Direct Comparison Approach.

The area real estate market within this submarket has remained relatively stable over the period between the comparable sale dates and the effective date of this appraisal report, therefore, no time adjustments are required.

Comparable #1, a 20.03-acre parcel improved with access, a detached 960sf workshop, carport and an old trailer indicates an adjusted sale price per acre of \$4,500 (rounded).

Comparable #2, a 41.0-acre parcel is reported to have no site improvements; it indicates an adjusted sale price per acre of \$3,400 (rounded).

Comparable #3, a 30.9-acre parcel improved with access and what is reported as a 500sf hunters cabin and a 20-foot shipping container indicates an adjusted sale price per acre of \$2,500 (rounded).

Comparable #4, an 80-acre parcel is reported to have no established access and no site improvements indicates an adjusted sale price per acre of \$1,700 (rounded).

The above sales when applied to the subject site results in a range of values as follows:

- Comparable #1 \$4,500 per/acre @ 80 Acres = \$ 360,000
- Comparable #2 \$3,400 per/acre @ 80 Acres = \$ 272,000
- Comparable #3 \$2,500 per/acre @ 80 Acres = \$ 200,000
- Comparable #4 \$1,700 per/acre @ 80 Acres = \$ 136,000

Comparable #1 at 20 acres represents a smaller parcel with superior site influences. Due to subdivision costs smaller sites will reflect in a higher per acre selling price. As such Comparable #1 is considered to be superior to the subject site and sets the upper range of value. Comparable # 2 represents a 40 acre site of lightly treed usable land with no adverse site influences. Given the smaller size and the superior site influences this sale is also considered to be superior. Comparable #3 offers similar terrain to that of the subject site with a mix of grassland and forest and hillside to level bench. This sale is impacted by an abandoned railway line but offers very good valley views. Comparable #4 is similar in size to that of the subject at 80 acres and offers similar topography and good views. It is recognized that this sale is a dated sale. An analysis of market data within the submarket indicates that although Comparable #4 is a dated sale property values have been relatively stable. Therefore, no adjustment for sale date was deemed to be required. Comparable #4 is a court ordered "forced sale" and as such it is considered to represent the lowest range of values for the subject site. The subject site has a superior location to that of Comparable #4 given the close proximity to Penticton. The subject also has superior lake views. However, between the lake view and the subject is the negative impact of the Campbell Mountain Landfill. In summary, given the site influences of the subject site it is considered to be superior to the per acre sale price of Comparable #4.

ADDENDUM

Borrower: Mike Street		File No.: 18988A
Property Address: 1313 Greyback Mountain Road		Case No.:
City: Penticton	Province: BC	Postal Code: V2A 8T3
Lender: BMO / Sather Ranch Ltd. c/o Mike Street		

The active listings provided in the comparables sales grid as Comparable #5 and #6 would be considered direct competition to the subject site if the subject were to be listed for sale on the MLS system. They have been included for information on the local listings market. Lot 1 Sheep Creek Road represents a listing where it has been reported that the seller is motivated and the property has been priced accordingly. This site offers a non-serviced 80 acres of land with similar topography. Due to servicing costs, the subject site is considered to be superior to Comparable #5 which is being offered at \$2,200 per/acre.

The comparables available reflect an adjusted range of values from a low of \$1,700/acre to a high of \$4,500/acre. Given subjects good proximity to the City of Penticton and the negative impact of the landfill, a lower range value of \$2,500 per acre has been selected to best represent the subject's estimated market value.

Final estimate of market value: 80.0 acres @ \$2,500 per acre = \$200,000 (rounded)

# RESIDENTIAL APPRAISAL REPORT

REFERENCE:

FILE NO.: 18988A

<b>SALES HISTORY</b>	ANALYSIS OF KNOWN CURRENT AGREEMENTS FOR SALE, OPTIONS, LISTINGS OR MARKETING OF THE SUBJECT: (minimum of one year) <u>An MLS search shows no listing or sales in the last 3 years. BC Assessment records show no transfers in the last three years.</u>
<b>EXPOSURE TIME</b>	ANALYSIS OF SALE TRANSFER HISTORY: (minimum of three years) <u>No transfers of the subject in 3 years according to BC Assessment records.</u>
<b>RECONCILIATION AND FINAL ESTIMATE OF VALUE</b>	ANALYSIS OF REASONABLE EXPOSURE TIME: <u>Reasonable exposure time is 30 to 90 days if listed correctly.</u>
<b>DEFINITIONS</b>	RECONCILIATION AND FINAL ESTIMATE OF VALUE: <u>The Direct Comparison Approach is the most reliable method of estimating market value, typically used by buyers and sellers of properties such as the subject. Final estimate is based on the Direct Comparison Approach only and utilizes a unit of comparison, price per acre.</u>
<b>SCOPE</b>	UPON REVIEWING AND RECONCILING THE DATA, ANALYSES AND CONCLUSIONS OF EACH VALUATION APPROACH, THE MARKET VALUE OF THE INTEREST IN THE SUBJECT PROPERTY AS AT <u>11/27/2014</u> (Effective Date of the Appraisal) IS ESTIMATED TO BE \$ <u>200,000</u> THIS REPORT WAS COMPLETED ON: <u>12/08/2014</u>
<b>DEFINITIONS</b>	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.
<b>SCOPE</b>	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.
<b>SCOPE</b>	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 (CUSPAP) 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 appraisal issue that is the focus of this engagement has been discussed and defined with the client, the work required to solve the issue planned, and the necessary market data acquired, analyzed and reconciled into an estimate of market value in a manner typically expected in a "form" report. The specific tasks and items necessary to complete this assignment include a summary of the following: <ol style="list-style-type: none"> <li>1. assembly and analysis of relevant information pertaining to the property being appraised, including listing and acquisition particulars if acquired within three years prior to the effective date of the appraisal;</li> <li>2. an inspection of the subject property and the surrounding area;</li> <li>3. assembly and analysis of pertinent economic and market data;</li> <li>4. an analysis of land use controls pertaining to the subject property;</li> <li>5. a summary discussion and statement of "Highest and Best Use", or most probable use;</li> <li>6. a discussion of the appraisal methodologies and procedures employed in arriving at the indications of value;</li> <li>7. inclusion of photographs, maps, graphics and addendum/exhibits when deemed appropriate; and</li> <li>8. reconciliation of the collected data into an estimate of market value or market value range as at the effective date of the appraisal.</li> </ol> All data considered appropriate for inclusion in the appraisal is, to the best of our knowledge, factual. Due to the type of property being appraised and the nature of the appraisal issue, the findings have been conveyed in this "form" format.
<b>SCOPE</b>	Other: <u>Unless otherwise stated, the subject property was inspected externally by the undersigned. Data contained within this report has been collected from various sources including but not limited to: the City of Penticton, the South Okanagan Real Estate Board, the Regional District and the British Columbia Assessment Authority. Additional data has been obtained through local realtors, contractors and appraisal files held at our office. Market data has been verified from information provided by the local real estate board and if not, a party associated with the transaction. A title search was not completed on the subject property. The final estimate of value assumes that there are no negative impacts to the subject property resulting from any right-of-ways or easements not visible or evident by the site visit.</u>

# RESIDENTIAL APPRAISAL REPORT

REFERENCE:

FILE NO.: 18988A

**ASSUMPTIONS AND LIMITING CONDITIONS AND EXTRAORDINARY ITEMS**

**ORDINARY ASSUMPTIONS & LIMITING CONDITIONS**

- The certification that appears in this appraisal report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA) and the following conditions:
- 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.
  - 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.
  - 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.
  - 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.
  - 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.
  - 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.
  - 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.
  - 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.
  - The analysis set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify client-supplied information, which we believed to be correct.
  - 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.
  - 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 and in accordance with the Personal Information Protection and Electronic Documents Act (PIPEDA).
  - 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.
  - 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 and the loan is insured, liability is extended to the mortgage 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 mortgages (other than the client) and the public through prospectus, offering memoranda, advertising, public relations, news, sales or other media.
  - This report form is the property of the Appraisal Institute of Canada (AIC) and for use only by AIC members in good standing. Use by any other person is a violation of AIC copyright. This appraisal report, its content and all attachments/addendums and their content are the property of the author who has signed this report (the author). The client, intended users and any appraisal facilitator are strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.
  - 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.
  - Where the intended use of this report is for financing or mortgage lending, and in accordance with the Office of the Superintendent of Financial Institutions Canada (OSFI) Residential Mortgage Underwriting Practices and Procedures B-20 (June 2012), it is the intended user's responsibility to grant mortgage loans on the basis of the borrower's demonstrated willingness and capacity to services his/her debt obligations.

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

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my impartial and unbiased professional analyses, opinions and conclusions;
- I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict of interest with respect to the parties involved with this assignment;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of value estimate, or a conclusion favouring the client;
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP);
- I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with the Canadian Uniform Standards of Professional Appraisal Practice;
- Except as herein disclosed, no one has provided significant professional assistance to the person(s) signing this report;
- As of the date of this report the undersigned has fulfilled the requirements of the Appraisal Institute of Canada Continuing Professional Development Program for members;
- The undersigned is (are all) members in good standing of the Appraisal Institute of Canada.

**CO-SIGNING AIC APPRAISER'S CERTIFICATION** If an AIC appraiser has co-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: 1313 Greyback Mountain Road CITY: Penticton PROVINCE: BC POSTAL CODE: V2A 8T3  
 LEGAL DESCRIPTION: Subsidy Lot 8, Plan KAP1190, DL 2711, LD 54

BASED UPON THE DATA, ANALYSES AND CONCLUSIONS CONTAINED HEREIN, THE MARKET VALUE OF THE INTEREST IN THE PROPERTY DESCRIBED,  
 AS AT 11/27/2014 (Effective date of the appraisal) IS ESTIMATED TO BE \$ 200,000

**APPRAISER**

SIGNATURE:   
 NAME: Keith MacPhail  
 AIC DESIGNATION (or Member Status): AIC Candidate Appraiser  
 DATE SIGNED: 12/08/2014  
 PERSONALLY INSPECTED THE SUBJECT PROPERTY:  YES  NO  
 DATE OF INSPECTION: 11/27/2014  
 LICENSE INFO: (where applicable) \_\_\_\_\_

CO-SIGNING AIC APPRAISER (if applicable)  
 SIGNATURE:   
 NAME: Don Stasuk, CRA  
 AIC DESIGNATION: CRA  
 DATE SIGNED: 12/08/2014  
 PERSONALLY INSPECTED THE SUBJECT PROPERTY:  YES  NO  
 DATE OF INSPECTION: Did not inspect  
 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.

**SOURCE OF DIGITAL SIGNATURE SECURITY:**

- ATTACHMENTS AND ADDENDA:  ADDITIONAL SALES  EXTRAORDINARY ITEMS  NARRATIVE  PHOTOGRAPHS  BUILDING SKETCH  
 MAPS  COST APPROACH  INCOME APPROACH  Comp. Map  Comp. Photos

# RESIDENTIAL APPRAISAL REPORT - ADDENDUM

REFERENCE:

FILE NO.: 18988A

<b>CLIENT</b>	CLIENT:	BMO / Sather Ranch Ltd. c/o Mike Street	<b>APPRAISER</b>	APPRaiser:	Keith MacPhail
	ATTENTION:	Mike Street		COMPANY:	Schoenne Appraisals Ltd.
	ADDRESS:	Penticton, B.C. V2A 8T3		ADDRESS:	101-144 Front Street Penticton, B.C. V2A 1H1
	E-MAIL:	boundarymachine@shawbiz.ca		E-MAIL:	keith@schoenne.com
	PHONE:	FAX:		PHONE:	250-492-5151      FAX: 250-492-5156



**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 one or more valuation approaches). 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 per your instructions the final estimate of value contained in this report is based on land only; no value has been given to outbuildings, equipment or the single family residence.**

**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

**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

PLOTMAP

Borrower: Mike Street  
Property Address: 1313 Greyback Mountain Road  
City: Penticton  
Lender: BMO / Sather Ranch Ltd. c/o Mike Street

File No.: 18988A  
Case No.:  
Prov.: BC  
P.C.: V2A 8T3



**Subject:** Fw: Schoenne Appraisals File #18988A-4/Sather Ranch Ltd./1313 Grayback Mountain Road, Penticton  
**From:** Boundary Machine (boundarymachine@shawbiz.ca)  
**To:** joesather\_realtor@yahoo.ca;  
**Date:** Monday, September 12, 2016 1:13 PM



Hi Joe,

I was thinking it might be worth getting a second appraisal so I called Inland Appraisers, here is his reply.

Mike

**From:** [David Bush](#)  
**Sent:** Monday, September 12, 2016 11:49 AM  
**To:** 'Boundary Machine'  
**Subject:** RE: Schoenne Appraisals File #18988A-4/Sather Ranch Ltd./1313 Grayback Mountain Road, Penticton

Hi Mike,

Thank you for forwarding me the December 2014 appraisal.

Given the intended use of the appraisal there are a number of issues that need appropriate consideration and investigation including in particular the highest and best use. It is a relatively unique property in terms of proximity to the City and therefore the research involved would be more than for a "typical" appraisal.

The fee would be \$1500 plus disbursements and GST. The disbursements would include a copy of the Title and any charges on Title that require investigation, and would likely run from \$20 to \$80. The fee would be payable at the time of the inspection.

I could not do the inspection until next week sometime, or possibly not until the last week of September. It would take anywhere from one to three weeks to complete the report.

Lastly, I have not conducted any review of the December 2014 report, however, my initial thought on reading the estimated market value is that it is highly likely that the estimated value from my report could be vastly higher. This of course cannot be determined without doing the appraisal. I only mention it because I anticipate you may be surprised by the difference between the two estimated values.

Please let me know if there are any questions, or if you would like me to proceed on the above basis.

Regards,

David E.W. Bush, AACI, P.App

Inland Appraisers Ltd.

208 Main Street

Penticton, BC V2A 5B2

250-493-6734 (Main)

250-493-7144 (Fax)

---

**From:** Boundary Machine [mailto:boundarymachine@shawbiz.ca]

**Sent:** Monday, September 12, 2016 10:50 AM

**To:** david@inlandappraisers.com

**Subject:** Fw: Schoenne Appraisals File #18988A-4/Sather Ranch Ltd./1313 Grayback Mountain Road, Penticton

Hi David,

Here is a copy of the appraisal we had done in December 2014. I can meet with you anytime for the on site inspection, or any other questions you may have.

Thank you.

Mike Street

Sather Ranch Ltd.

1335 Commercial Way

Penticton B.C.

V2A 3H4

Cell 250-462-0051

**From:** [Kim Hourston](#)

**Sent:** Monday, December 8, 2014 2:37 PM

**To:** [boundarymachine@shawbiz.ca](mailto:boundarymachine@shawbiz.ca)

**Subject:** Schoenne Appraisals File #18988A-4/Sather Ranch Ltd./1313 Grayback Mountain Road, Penticton

Hi Mike,

Please find the above noted report attached as a pdf file.

Kind regards,

**Kim Hourston**  
Schoenne Appraisals Ltd.  
101-144 Front Street  
Penticton, BC V2A 1H1  
250-492-5151

Visit our website: <http://www.schoenne.com>

Like us on Facebook: <http://www.facebook.com/schoenneappraisals>

Follow us on Twitter: <http://www.twitter.com/schoenneapp>

*Whether your appraisal needs are residential or commercial, industrial or agricultural, depreciation reports or replacement cost estimates, Schoenne Appraisals Ltd has qualified appraisers on staff that can service all your appraisal needs.*

*We appreciate your business and your referrals*

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No virus found in this message.

Checked by AVG - [www.avg.com](http://www.avg.com)

Version: 2014.0.4794 / Virus Database: 4235/8717 - Release Date: 12/11/14

PROOF OF CLAIM

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

MICHAEL NEIL STREET and  
MARIELLE JACQUEILINE ANGELLA BRULE

PLAINTIFFS

AND:

SATHER RANCH LTD. by its Court Appointed Receiver and  
Manager, C. Cheveldave & Associates Ltd.

DEFENDANTS

Please read the Instruction Letter carefully prior to completing this Proof of Claim. Please print legibly.

1. Full Legal Name of Creditor **Estate of the Late Oscar Sather** \_\_\_\_\_ (the "Creditor").
2. Full Mailing Address of the Creditor (*All notices and correspondence regarding your Claim will be forwarded to this address or to the e-mail address or facsimile address below if appropriate and applicable*):

**c/o Arlene Moser,  
Executor of the Estates of the Late Oscar & Connie Sather,  
14305 Prairie Valley Road,  
Summerland, B.C. V0H 1Z8**

3. Telephone Number: **c. 250-488-1278 r. 250-494-0450** \_\_\_\_\_
4. E-mail: **ronsduworkin@gmail.com** \_\_\_\_\_
5. Facsimile Number: **N/A** \_\_\_\_\_
6. Attention: **N/A** \_\_\_\_\_

CLAIM DETAILS

Amount of Claim (Canadian Dollars): \$449,576

THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:

1. I am a Creditor of Sather Ranch Ltd.
2. I have knowledge of all the circumstances concerning the Claim hereafter referred to.
3. Attached as Schedules to this Proof of Claim are:
  - (a) documents which establish the validity, amount and particulars of the Claim in Canadian Dollars;
  - (b) a description of the transaction or agreement giving rise or relating to the Claim; and
  - (c) copies of any documents evidencing security held for the Claim.

DATED at Summerland, B.C. this **29th** day of **March** **2021**.

Per: **Estate of the Late Oscar Sather, Executor of the Estate**  
*[Name of Creditor- please print]*

*Arlene Moser*  
*Signature of Creditor*

*Note: all relevant documentation on which you rely in making your claim must be attached to this Proof of Claim, as the validity of your claim will be determined solely on this Proof of Claim and attachments thereto. If the claim is disallowed for any reason, and you file an appeal of that disallowance, the appeal will be heard as a true appeal and your ability to introduce fresh or new evidence in support of your claim will be limited accordingly.*

**Schedules:**  
**(to be attached to Proof of Claim)**

**Schedule "A"**

A description of the basis on which the Claim arose is as follows (attach separate sheet if necessary):

In late 2016, Mike Street approached my Mother (Connie Sather) and I with an Offer on the 1/3<sup>rd</sup> portion of the 80 acres at 1313 Greyback Mountain Road, Penticton, BC, owned by the Estate of the Late Oscar Sather, administered by my Mother (Connie) and I (Arlene Moser, daughter of Oscar and Connie Sather). In our meeting with Mike Street, he stressed that the smell from the nearby Land Fill site was so strong that nobody would want to buy this property. Mike Street gave me a copy of a recent Appraisal of the property which put the current market value at \$200,000. After stressing all the negatives about the property, Mike Street convinced my Mom and I that the property wasn't worth more than the \$225,000 the was offering of which \$75,000 would be paid to my Father's Estate. Trusting Mike Street, I agreed to sell the property to Mike Street and/or Sather Ranch Ltd. What Mike Street didn't tell me was that he knew the property was worth several times more than what he was Offering (see email attached from his Appraiser). Only recently did I realize that Mike Street was dishonest and that he took advantage of my elderly Mother and I because of her age and inexperience with this type of property (farm land). Mike Street "conned" my Mother and my Father's Estate out of thousands of dollars, knowing the real market value at the time of the sale was many times more than what he claimed. This is a deliberate fraud by Mike Street and I believe that he should be charged with fraud for his actions.

**Schedule "B"**

The following documents are attached and support the basis for the Claim as described above, including any claim for interest or other charges:

- (i) Summary of Claim (amounts);
- (ii) Copy of the original Appraisal of 80 acres dated November 27, 2014, used by Mike Street to support his fraudulent claim;
- (iii) Copy of email dated September 12, 2016 from Appraiser David Bush advising Street on the much higher value of the property;
- (iv) Copy of Calculation of Amount Defrauded by Mike Street and his partner Marielle Brule;
- (v) Copy of Interest Calculation on the money owed by Mike Street and/or Sather Ranch Ltd. to my Dad's Estate;
- (vi) Estimated Damages to 80 acres up to February 2<sup>nd</sup> 2017 and estimated Legal Fees required to represent the Estate of the Late Oscar Sather in any court action against Mike Street, Marielle Brule and Sather Ranch Ltd.

**Schedule "C"**

The following documents are attached and support the basis for my claim that I hold security in respect of this Claim:

- (i)
- (ii)
- (iii)
- (iv)
- (v)
- (vi)
- (vii)

**Estate of the Late Oscar & Connie Sather**  
**SUMMARY OF CLAIM - SATHER RANCH LTD. &**  
**MIKE STREET and Marielle Brule**  
**as at March 2021**

Claim for 80 Acres defraud from Estate	\$302,364
Claim for Unpaid Interest Charges	\$72,212
Claim for Damaged Land (estimated)	\$50,000
Claim for Legal Fees (estimated)	<u>\$25,000</u>
<b>Total Claims by the Estate of Oscar &amp; Connie Sather</b>	<b><u>\$449,576</u></b>

# LAND APPRAISAL REPORT

File No. 18988A

Property Address <b>1313 Greyback Mountain Road</b> City <b>Penticton</b> Prov. <b>BC</b> Postal Code <b>V2A 8T3</b> Legal Description <b>Subsidy Lot 8, Plan KAP1190, DL 2711, LD 54</b> Owner/Occupant <b>n/a</b> Sale Price \$ <b>n/a</b> Date of Sale <b>n/a</b> Loan charges/concessions to be paid by seller \$ _____ R.E. Taxes \$ <b>25.95</b> Tax Year <b>2014</b> HOA \$/Mo. _____ Lender/Client <b>BMO / Sather Ranch Ltd. c/o Mike Street</b>	Census Tract _____ LENDER DISCRETIONARY USE Sale Price \$ _____ Date _____ Mortgage Amount \$ _____ Mortgage Type _____ Discount Points and Other Concessions _____ Paid by Seller \$ _____ Source _____ Map Reference _____ Property Rights Appraised <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Condominium (HUD/VA) <input type="checkbox"/> PUD
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<b>LOCATION</b> <input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input checked="" type="checkbox"/> Rural <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25% <b>GROWTH RATE</b> <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Slow <b>PROPERTY VALUES</b> <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining <b>DEMAND/SUPPLY</b> <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply <b>MARKETING TIME</b> <input type="checkbox"/> Under 3 Mos. <input checked="" type="checkbox"/> 3-6 Mos. <input type="checkbox"/> Over 6 Mos.	<b>NEIGHBOURHOOD ANALYSIS</b> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th></th> <th>Good</th> <th>Avg</th> <th>Fair</th> <th>Poor</th> </tr> <tr> <td>Employment Stability</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Convenience to Employment</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Convenience to Shopping</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Convenience to Schools</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Adequacy of Public Transportation</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Recreation Facilities</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Adequacy of Facilities</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Property Compatibility</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Protection from Detrimental Cond.</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Police &amp; Fire Protection</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>General Appearance of Properties</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Appeal to Market</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>		Good	Avg	Fair	Poor	Employment Stability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Convenience to Employment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Convenience to Shopping	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Convenience to Schools	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Adequacy of Public Transportation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Recreation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Adequacy of Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Protection from Detrimental Cond.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Police & Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	General Appearance of Properties	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Appeal to Market	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Note: Race or the racial composition of the neighbourhood are not considered reliable appraisal factors. COMMENTS: See Attached Addendum

<b>PRESENT LAND USE %</b> Single Family <b>20%</b> 2-4 Family _____ Multi-Family _____ Commercial _____ Industrial <b>5%</b> Vacant <b>75%</b>	<b>LAND USE CHANGE</b> Not Likely <input checked="" type="checkbox"/> Likely <input type="checkbox"/> In process <input type="checkbox"/> To: _____	<b>PREDOMINANT OCCUPANCY</b> Owner <input checked="" type="checkbox"/> Tenant <input type="checkbox"/> Vacant (0-5%) <input type="checkbox"/> Vacant (over 5%) <input type="checkbox"/>	<b>SINGLE FAMILY HOUSING</b> PRICE AGE \$(000) (yrs) <b>150 Low new</b> <b>1,000 High 70</b> Predominant <b>400 - 25 YRS</b>	<b>Topography</b> Generally sloping <b>Size</b> 80.3 acres <b>Shape</b> Irregular <b>Drainage</b> Appears typical <b>View</b> Partial lakeview <b>Landscaping</b> None <b>Driveway</b> Gravel access <b>Apparent Easements</b> See Plan
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Comments (Apparent adverse easements, encroachments, special assessments, slide areas, etc.): See Attached Addendum

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment, reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to, or more favorable than, the subject property, a minus (-) adjustment is made, thus reducing the indicated value of subject; if a significant item in the comparable is inferior to, or less favorable than, the subject property, a plus (+) adjustment is made, thus increasing the indicated value of the subject.

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	1313 Greyback Mtn Rd Penticton	102 Twin Lakes Road Kaleden/Okanagan Falls	Dewitte Rd & Mt. Baldy Rd. Rock Crk. & Area	DL 4086S Bridesville/Rock Cr.
Proximity to Subject			100± kms east	100± kms east
Sales Price	\$ n/a	\$ 115,000	\$ 140,000	\$ 100,000
Price/	\$ n/a	\$ 115,000	\$ 140,000	\$ 100,000
Data Source	Inspection	MLS® 150649	MLS® 141957	MLS 137200
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
Sales or Financing		n/a	n/a	n/a
Concessions		n/a	n/a	n/a
Date of Sale/Time	n/a	Aug 13/14	Mar 3/14	Mar 19/13
Location	Rural	Rural	Rural	rural
Site/View	Partial lakeview	Valley view/golf view	level usable	Valley view
Site size	80.3 acres	20.03 acres	41.00 acres	30.90 acres
Topography	Mixed/sloping	Similar	Superior/usable	Mixed
Services/Improvements	well/power	Similar/960sf shop	at lot line	500sf cabin, stg.
Adj. sale price/acre		\$4,500/acre (rnd)	\$3,400/acre (rnd)	\$2,500/acre (rnd)
Net Adj. (total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 25,000	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 0	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 25,000
Indicated Value of Subject		Gross: 21.7 Net: -21.7 \$ 90,000	Gross: 0.0 Net: 0.0 \$ 140,000	Gross: 25.0 Net: -25.0 \$ 75,000

Comments of Sales Comparison: See Attached Addendum

Comments and Conditions of Appraisal: The purpose and scope of this appraisal is to estimate current market value for the subject site as of the effective date of this appraisal report.

Final Reconciliation: The Direct Comparison Approach is the most reliable method of estimating market value, typically used by buyers and sellers of properties such as the subject. Final estimate is based on the Direct Comparison Approach only and utilizes a unit of comparison, price per acre.

I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE SUBJECT PROPERTY AS OF November 27, 2014 to be \$ 200,000

I (We) certify: that to the best of my (our) knowledge and belief, the facts and data used herein are true and correct; that I (we) personally inspected the subject property and inspected all comparable sales cited in this report; and that I (we) have no undisclosed interest, present or prospective therein.

Appraiser(s) Keith MacPhail, AIC Candidate Appraiser Review Appraiser Don Stasuiik, CRA  Did Not Inspect Property  Did Inspect Property



ADDENDUM

Borrower: Mike Street	File No.: 18988A
Property Address: 1313 Greyback Mountain Road	Case No.:
City: Penticton	Province: BC
Lender: BMO / Sather Ranch Ltd. c/o Mike Street	Postal Code: V2A 8T3

**Neighbourhood Comments**

Rural residential neighbourhood located just northeast of downtown Penticton along the eastern benches overlooking Okanagan Lake. The subject is located beyond the city limits approximately 5.5 km north of Penticton. The neighbourhood is characterized by good lake and valley views to the west. The abandoned Kettle Valley Railway (KVR) right-of-way, now part of the Trans Canada Trail, traverses the neighbourhood from north to south. The area consists of single family residences, hobby farms, orchards, and vineyards and the Campbell Mountain Landfill. The overall neighbourhood enjoys a good market acceptance.

**Site Comments**

The subject site is accessed by Greyback Mountain Road. The road access located on the southern portion of the site also bisects the property in an east-west direction parallel to the southern boundary along with a powerline. The subject lot is 80.3 acres in size and is rectangular in configuration. Approximately 50 acres are forested hillside and the remaining 30 acres is open rolling native grass land and homesite. Under current zoning the subject property is not able to be subdivided.

The subject is located directly east of the Campbell Mountain Landfill; at the time of the inspection the site was affected by odors from the landfill composting and by equipment noise also emanating from the landfill operations. The proximity to the landfill will result in purchaser resistance.

Topography is generally moderate to gentle upward sloping hillside from Greyback Mountain Road. The site also slopes downwards along the western boundary offering some views of Okanagan Lake. There is a leveled graded building site and a fenced and cross fenced area for livestock, this area is also improved with a manufactured home.

For the purpose of this land valuation the improvements are not considered in the estimated market value found below. The majority of the site is considered to have mild to moderate slopes which reduce the usable area of the site. Services located at the lot line include hydro. A septic system will be required. The site offers partial views of Okanagan Lake and the surrounding valley. Lot size is typical for the immediate area and the subject conforms to neighbouring properties.

**Comments on Sales Comparison**

An extensive search for comparables, offering similar characteristics as the subject in regards to size and highest and best use, resulted in a limited number of sales to select from; none of which were located in the subject's immediate neighbourhood. Therefore, sales from neighbourhoods similar to the subject have had to be selected for comparison purposes. The 4 comparables available are deemed to best reflect an estimated market value for the subject. Two active listings were also included for information purposes. A per acre unit of comparison has been selected to establish an estimated fair market value for the subject site.

"Units of comparison are used to adjust for differences in size by reducing a sale to a unit basis, so it can be compared with other similar sales and the subject. A useful unit is one that represents market behaviour, and this can sometimes vary from one market or submarket to another" (Basics of Real Estate Appraising Fourth Edition). Often when purchasers are considering rural large acre parcels a sale price per acre is considered, as is the case in this report. When considering a sale price per acre, one must also consider a Law of Diminishing Return which indicates the larger the unit, the lower the unit cost may be. This is typical for acreage type parcels of land, which is further supported by the Direct Comparison Approach.

The area real estate market within this submarket has remained relatively stable over the period between the comparable sale dates and the effective date of this appraisal report, therefore, no time adjustments are required.

Comparable #1, a 20.03-acre parcel improved with access, a detached 960sf workshop, carport and an old trailer indicates an adjusted sale price per acre of \$4,500 (rounded).

Comparable #2, a 41.0-acre parcel is reported to have no site improvements; it indicates an adjusted sale price per acre of \$3,400 (rounded).

Comparable #3, a 30.9-acre parcel improved with access and what is reported as a 500sf hunters cabin and a 20-foot shipping container indicates an adjusted sale price per acre of \$2,500 (rounded).

Comparable #4, an 80-acre parcel is reported to have no established access and no site improvements indicates an adjusted sale price per acre of \$1,700 (rounded).

The above sales when applied to the subject site results in a range of values as follows:

- Comparable #1 \$4,500 per/acre @ 80 Acres = \$ 360,000
- Comparable #2 \$3,400 per/acre @ 80 Acres = \$ 272,000
- Comparable #3 \$2,500 per/acre @ 80 Acres = \$ 200,000
- Comparable #4 \$1,700 per/acre @ 80 Acres = \$ 136,000

Comparable #1 at 20 acres represents a smaller parcel with superior site influences. Due to subdivision costs smaller sites will reflect in a higher per acre selling price. As such Comparable #1 is considered to be superior to the subject site and sets the upper range of value. Comparable # 2 represents a 40 acre site of lightly treed usable land with no adverse site influences. Given the smaller size and the superior site influences this sale is also considered to be superior. Comparable #3 offers similar terrain to that of the subject site with a mix of grassland and forest and hillside to level bench. This sale is impacted by an abandoned railway line but offers very good valley views. Comparable #4 is similar in size to that of the subject at 80 acres and offers similar topography and good views. It is recognized that this sale is a dated sale. An analysis of market data within the submarket indicates that although Comparable #4 is a dated sale property values have been relatively stable. Therefore, no adjustment for sale date was deemed to be required. Comparable #4 is a court ordered "forced sale" and as such it is considered to represent the lowest range of values for the subject site. The subject site has a superior location to that of Comparable #4 given the close proximity to Penticton. The subject also has superior lake views. However, between the lake view and the subject is the negative impact of the Campbell Mountain Landfill. In summary, given the site influences of the subject site it is considered to be superior to the per acre sale price of Comparable #4.

ADDENDUM

Borrower: Mike Street		File No.: 18988A
Property Address: 1313 Greyback Mountain Road		Case No.:
City: Penticton	Province: BC	Postal Code: V2A 8T3
Lender: BMO / Sather Ranch Ltd. c/o Mike Street		

The active listings provided in the comparables sales grid as Comparable #5 and #6 would be considered direct competition to the subject site if the subject were to be listed for sale on the MLS system. They have been included for information on the local listings market. Lot 1 Sheep Creek Road represents a listing where it has been reported that the seller is motivated and the property has been priced accordingly. This site offers a non-serviced 80 acres of land with similar topography. Due to servicing costs, the subject site is considered to be superior to Comparable #5 which is being offered at \$2,200 per/acre.

The comparables available reflect an adjusted range of values from a low of \$1,700/acre to a high of \$4,500/acre. Given subjects good proximity to the City of Penticton and the negative impact of the landfill, a lower range value of \$2,500 per acre has been selected to best represent the subject's estimated market value.

Final estimate of market value: 80.0 acres @ \$2,500 per acre = \$200,000 (rounded)

# RESIDENTIAL APPRAISAL REPORT

REFERENCE:

FILE NO.: 18988A

**SALES HISTORY** ANALYSIS OF KNOWN CURRENT AGREEMENTS FOR SALE, OPTIONS, LISTINGS OR MARKETING OF THE SUBJECT: (minimum of one year) An MLS search shows no listing or sales in the last 3 years. BC Assessment records show no transfers in the last three years.

ANALYSIS OF SALE TRANSFER HISTORY: (minimum of three years) No transfers of the subject in 3 years according to BC Assessment records.

**EXPOSURE TIME** ANALYSIS OF REASONABLE EXPOSURE TIME: Reasonable exposure time is 30 to 90 days if listed correctly.

**RECONCILIATION AND FINAL ESTIMATE OF VALUE** RECONCILIATION AND FINAL ESTIMATE OF VALUE: The Direct Comparison Approach is the most reliable method of estimating market value, typically used by buyers and sellers of properties such as the subject. Final estimate is based on the Direct Comparison Approach only and utilizes a unit of comparison, price per acre.

UPON REVIEWING AND RECONCILING THE DATA, ANALYSES AND CONCLUSIONS OF EACH VALUATION APPROACH, THE MARKET VALUE OF THE INTEREST IN THE SUBJECT PROPERTY AS AT 11/27/2014 (Effective Date of the Appraisal) IS ESTIMATED TO BE \$ 200,000

THIS REPORT WAS COMPLETED ON: 12/08/2014

**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 (CUSPAP) 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 appraisal issue that is the focus of this engagement has been discussed and defined with the client, the work required to solve the issue planned, and the necessary market data acquired, analyzed and reconciled into an estimate of market value in a manner typically expected in a "form" report.

The specific tasks and items necessary to complete this assignment include a summary of the following:

1. assembly and analysis of relevant information pertaining to the property being appraised, including listing and acquisition particulars if acquired within three years prior to the effective date of the appraisal;
2. an inspection of the subject property and the surrounding area;
3. assembly and analysis of pertinent economic and market data;
4. an analysis of land use controls pertaining to the subject property;
5. a summary discussion and statement of "Highest and Best Use", or most probable use;
6. a discussion of the appraisal methodologies and procedures employed in arriving at the indications of value;
7. inclusion of photographs, maps, graphics and addendum/exhibits when deemed appropriate; and
8. reconciliation of the collected data into an estimate of market value or market value range as at the effective date of the appraisal.

All data considered appropriate for inclusion in the appraisal is, to the best of our knowledge, factual. Due to the type of property being appraised and the nature of the appraisal issue, the findings have been conveyed in this "form" format.

**Other:** Unless otherwise stated, the subject property was inspected externally by the undersigned. Data contained within this report has been collected from various sources including but not limited to: the City of Penticton, the South Okanagan Real Estate Board, the Regional District and the British Columbia Assessment Authority. Additional data has been obtained through local realtors, contractors and appraisal files held at our office. Market data has been verified from information provided by the local real estate board and if not, a party associated with the transaction. A title search was not completed on the subject property. The final estimate of value assumes that there are no negative impacts to the subject property resulting from any right-of-ways or easements not visible or evident by the site visit.

# RESIDENTIAL APPRAISAL REPORT

REFERENCE:

FILE NO.: 18988A

ASSUMPTIONS AND LIMITING CONDITIONS AND EXTRAORDINARY ITEMS

**ORDINARY ASSUMPTIONS & LIMITING CONDITIONS**

- The certification that appears in this appraisal report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA) and the following conditions:
- 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.
  - 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.
  - 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.
  - 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.
  - 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.
  - 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.
  - 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.
  - 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.
  - The analysis set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify client-supplied information, which we believed to be correct.
  - 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.
  - 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 property 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 and in accordance with the Personal Information Protection and Electronic Documents Act (PIPEDA).
  - 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.
  - 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 and the loan is insured, liability is extended to the mortgage 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.
  - This report form is the property of the Appraisal Institute of Canada (AIC) and for use only by AIC members in good standing. Use by any other person is a violation of AIC copyright. This appraisal report, its content and all attachments/addendums and their content are the property of the author who has signed this report (the author). The client, intended users and any appraisal facilitator are strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.
  - 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.
  - Where the intended use of this report is for financing or mortgage lending, and in accordance with the Office of the Superintendent of Financial Institutions Canada (OSFI) Residential Mortgage Underwriting Practices and Procedures B-20 (June 2012), it is the intended user's responsibility to grant mortgage loans on the basis of the borrower's demonstrated willingness and capacity to service his/her debt obligations.

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

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my impartial and unbiased professional analyses, opinions and conclusions;
- I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict of interest with respect to the parties involved with this assignment;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of value estimate, or a conclusion favouring the client;
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP);
- I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with the Canadian Uniform Standards of Professional Appraisal Practice;
- Except as herein disclosed, no one has provided significant professional assistance to the person(s) signing this report;
- As of the date of this report the undersigned has fulfilled the requirements of the Appraisal Institute of Canada Continuing Professional Development Program for members;
- The undersigned is (are all) members in good standing of the Appraisal Institute of Canada.

**CO-SIGNING AIC APPRAISER'S CERTIFICATION** If an AIC appraiser has co-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: 1313 Greyback Mountain Road CITY: Penticton PROVINCE: BC POSTAL CODE: V2A 8T3  
 LEGAL DESCRIPTION: Subsidy Lot 8, Plan KAP1190, DL 2711, LD 54

BASED UPON THE DATA, ANALYSES AND CONCLUSIONS CONTAINED HEREIN, THE MARKET VALUE OF THE INTEREST IN THE PROPERTY DESCRIBED,  
 AS AT 11/27/2014 (Effective date of the appraisal) IS ESTIMATED TO BE \$ 200,000

**APPRAISER**

SIGNATURE:   
 NAME: Keith MacPhail  
 AIC DESIGNATION (or Member Status): AIC Candidate Appraiser  
 DATE SIGNED: 12/08/2014  
 PERSONALLY INSPECTED THE SUBJECT PROPERTY:  YES  NO  
 DATE OF INSPECTION: 11/27/2014  
 LICENSE INFO: (where applicable) \_\_\_\_\_

CO-SIGNING AIC APPRAISER (if applicable)   
 SIGNATURE: \_\_\_\_\_  
 NAME: Don Stasuk, CRA  
 AIC DESIGNATION: CRA  
 DATE SIGNED: 12/08/2014  
 PERSONALLY INSPECTED THE SUBJECT PROPERTY:  YES  NO  
 DATE OF INSPECTION: Did not inspect  
 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.

**SOURCE OF DIGITAL SIGNATURE SECURITY:**

- ATTACHMENTS AND ADDENDA:  ADDITIONAL SALES  EXTRAORDINARY ITEMS  NARRATIVE  PHOTOGRAPHS  BUILDING SKETCH  
 MAPS  COST APPROACH  INCOME APPROACH  Comp. Map  Comp. Photos

# RESIDENTIAL APPRAISAL REPORT - ADDENDUM

REFERENCE:

FILE NO.: 18988A

<b>CLIENT</b>	CLIENT: <b>BMO / Sather Ranch Ltd. c/o Mike Street</b>	<b>APPRAISER</b>	APPRAISER: <b>Keith MacPhail</b>	
	ATTENTION: <b>Mike Street</b>		COMPANY: <b>Schoenne Appraisals Ltd.</b>	
	ADDRESS: <b>Penticton, B.C. V2A 8T3</b>		ADDRESS: <b>101-144 Front Street</b>	
	E-MAIL: <b>boundarymachine@shawbiz.ca</b>		ADDRESS: <b>Penticton, B.C. V2A 1H1</b>	
	PHONE: _____ FAX: _____		E-MAIL: <b>keith@schoenne.com</b>	
			PHONE: <b>250-492-5151</b> FAX: <b>250-492-5156</b>	



**Appraisal Institute  
of Canada**

**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 one or more valuation approaches). 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 per your instructions the final estimate of value contained in this report is based on land only; no value has been given to outbuildings, equipment or the single family residence.**

**EXTRAORDINARY ITEMS ADDENDUM**

**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

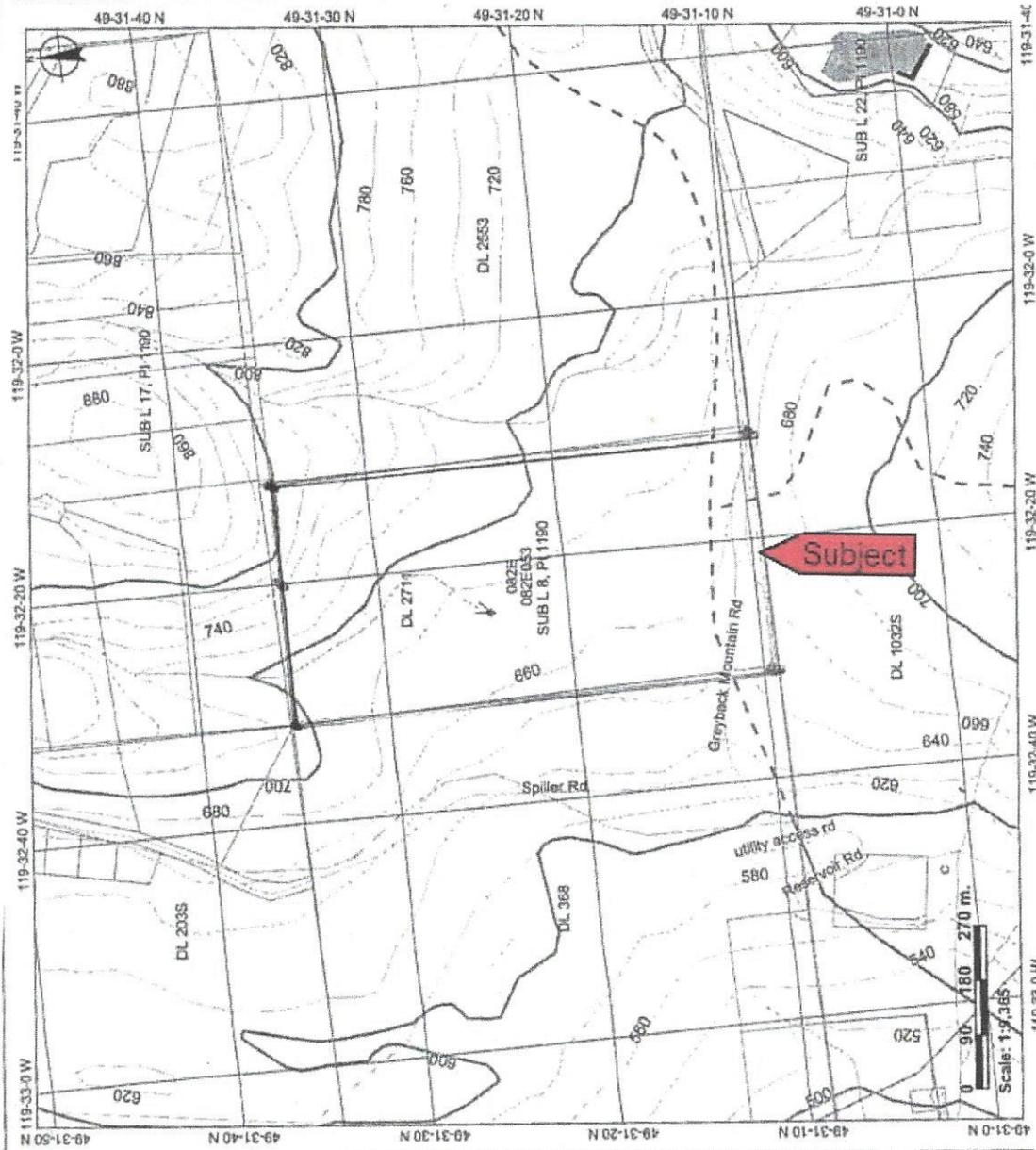
**JURISDICTIONAL EXCEPTION**

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

PLOT MAP

Borrower: Mike Street  
Property Address: 1313 Greyback Mountain Road  
City: Penticton  
Lender: BMO / Sather Ranch Ltd. c/o Mike Street  
File No.: 18988A  
Case No.:  
Prov.: BC  
P.C.: V2A 8T3



**Subject:** Fw: Schoenne Appraisals File #18988A-4/Sather Ranch Ltd./1313 Grayback Mountain Road, Penticton  
**From:** Boundary Machine (boundarymachine@shawbiz.ca)  
**To:** joesather\_realtor@yahoo.ca;  
**Date:** Monday, September 12, 2016 1:13 PM

SR  
APPRAISAL

Hi Joe,

I was thinking it might be worth getting a second appraisal so I called Inland Appraisers, here is his reply.

Mike

**From:** [David Bush](#)  
**Sent:** Monday, September 12, 2016 11:49 AM  
**To:** 'Boundary Machine'  
**Subject:** RE: Schoenne Appraisals File #18988A-4/Sather Ranch Ltd./1313 Grayback Mountain Road, Penticton

Hi Mike,

Thank you for forwarding me the December 2014 appraisal.

Given the intended use of the appraisal there are a number of issues that need appropriate consideration and investigation including in particular the highest and best use. It is a relatively unique property in terms of proximity to the City and therefore the research involved would be more than for a "typical" appraisal.

The fee would be \$1500 plus disbursements and GST. The disbursements would include a copy of the Title and any charges on Title that require investigation, and would likely run from \$20 to \$80. The fee would be payable at the time of the inspection.

I could not do the inspection until next week sometime, or possibly not until the last week of September. It would take anywhere from one to three weeks to complete the report.

Lastly, I have not conducted any review of the December 2014 report, however, my initial thought on reading the estimated market value is that it is highly likely that the estimated value from my report could be vastly higher. This of course cannot be determined without doing the appraisal. I only mention it because I anticipate you may be surprised by the difference between the two estimated values.

Please let me know if there are any questions, or if you would like me to proceed on the above basis.

Regards,

David E.W. Bush, AACI, P.App

Inland Appraisers Ltd.

208 Main Street

Penticton, BC V2A 5B2

250-493-6734 (Main)

250-493-7144 (Fax)

**From:** Boundary Machine [mailto:boundarymachine@shawbiz.ca]

**Sent:** Monday, September 12, 2016 10:50 AM

**To:** david@inlandappraisers.com

**Subject:** Fw: Schoenne Appraisals File #18988A-4/Sather Ranch Ltd./1313 Grayback Mountain Road, Penticton

Hi David,

Here is a copy of the appraisal we had done in December 2014. I can meet with you anytime for the on site inspection, or any other questions you may have.

Thank you.

Mike Street

Sather Ranch Ltd.

1335 Commercial Way

Penticton B.C.

V2A 3H4

Cell 250-462-0051

**From:** [Kim Hourston](#)

**Sent:** Monday, December 8, 2014 2:37 PM

**To:** [boundarymachine@shawbiz.ca](mailto:boundarymachine@shawbiz.ca)

**Subject:** Schoenne Appraisals File #18988A-4/Sather Ranch Ltd./1313 Grayback Mountain Road, Penticton

Hi Mike,

Please find the above noted report attached as a pdf file.

Kind regards,

**Kim Hourston**

Schoenne Appraisals Ltd.

101-144 Front Street

Penticton, BC V2A 1H1

250-492-5151

Visit our website: <http://www.schoenne.com>

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*Whether your appraisal needs are residential or commercial, industrial or agricultural, depreciation reports or replacement cost estimates, Schoenne Appraisals Ltd has qualified appraisers on staff that can service all your appraisal needs.*

*We appreciate your business and your referrals*

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No virus found in this message.

Checked by AVG - [www.avg.com](http://www.avg.com)

Version: 2014.0.4794 / Virus Database: 4235/8717 - Release Date: 12/11/14

# CALCULATION OF AMOUNT DEFRAUDED

Sather, Estate of Palmer & Estate of Oscar Sather to Sather Ranch Ltd.

**Sale/Purchase of 80 acres: PL: 1190 DL:2711 Sub Lot 8**

**Accepted Offer Date: January 2017**

**Sale Date: February 2, 2017**

<b>Street's Appraised Value:</b>	<b>\$215,000</b>
<b>Street Offer - Paid</b>	<b>\$225,000</b>
<b>Estimated Market Value at Purchase Date:</b>	<b><u>\$1,133,000</u></b>
<b>Under Paid</b>	<b><u>\$908,000</u></b>
<b>Estate of the Late Oscar Sather</b>	<b>\$302,364 33.3%</b>
<b>Estate of the Late Palmer Sather</b>	<b><u>\$605,636 66.7%</u></b>
<b>Total Under Paid</b>	<b><u>\$908,000</u></b>
<b>Sold Price February 2, 2021</b>	<b>\$1,600,000</b>
<b>Estimated Annual Increase in Value</b>	<b>\$100,000 2017</b>
	<b>\$100,000 2018</b>
	<b>\$100,000 2019</b>
	<b>\$100,000 2020</b>
	<b><u>\$67,000 2021</u></b>
<b>Total Estimated Increase in Value</b>	<b><u>\$467,000</u></b>
<b>Estimated Actual Value February 2, 2017</b>	<b><u>\$1,133,000</u></b>

# Estate of the Late Oscar Sather

## ***INTEREST CALCULATION***

Debtor: Sather Ranch Ltd. and/or Mike Street & Marielle Brule

Debt: **\$302,364**

Period: February 2, 2017 to February 2, 2021 (4 years)

Commercial Lending Rate: **5.5%**

	<b>Interest</b>	<b>Accumulated Balance</b>
2017 to 2018	\$16,630	\$318,994
2018 to 2019	\$17,545	\$336,539
2019 to 2020	\$18,510	\$355,048
2020 to 2021	\$19,528	\$374,576
	<u>\$72,212</u>	

**Appendix 4**

**Receiver's Notices of Disallowance of Claims**

**NOTICE OF DISALLOWANCE**

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

MICHAEL NEIL STREET and  
MARIELLE JACQUEILINE ANGELLA BRULE

PLAINTIFFS

AND:

SATHER RANCH LTD. by its Court Appointed Receiver and  
Manager, C. Cheveldave & Associates Ltd.

DEFENDANT

.

To: The Estate of the Late Palmer E. Sather (the “**Claimant**”)

Pursuant to the Claims Process, C. Cheveldave & Associates Ltd. (the “**Receiver**”), in its capacity of court appointed receiver of Sather Ranch Ltd., hereby gives you notice that your Proof of Claim dated March 29, 2020 has been reviewed and the Receiver has disallowed your Claim for the following reasons.

There has been no information provided that demonstrates that there is a debtor-creditor relationship between Sather Ranch Ltd. (“**SRL**”) and the Claimant.

Based on the information set out in the Schedules to the Proof of Claim (the “**Claim Details**”) provided to the Receiver, the underlying basis of the Claim is an alleged fraud by one of the Plaintiffs – Michael Neil Street (“**Street**”) in connection with the purchase of lands located at 1313 Greyback Mountain Road in Penticton, BC (the “**Ranch**”) by SRL. In addition, the Claim Details allege that Street committed theft with respect to certain equipment and cattle. Furthermore, the Claimant also claims amounts for interest, legal fees and “damage to land”.

SRL was beneficially owned 50% each by Street and Joseph Sather (“**Joe**”), Palmer Sather’s son. At all relevant times, both Joe and Street were directors of SRL. It is further understood that Joe and his sister Carol Sather-Byman each held powers of attorney for Palmer Sather and as such owed Palmer Sather (“**Palmer**”) a duty of care, including the duty to act honestly and in good faith and to act in the best interest of Palmer.

It is the Receiver's understanding that, based upon the information in the Proof of Claim, neither the allegation of fraud nor the allegation of theft have been reported to the applicable law enforcement agencies, no criminal charges have been laid, and neither allegation has been proven in court.

The Claim Details assert the allegations of fraud and theft against Street (not SRL). If those allegations are only made against Street (and not SRL), then the Claim must be disallowed as the Claims Process herein only involves the determination of claims against SRL.

To the extent the Receiver is to consider those claims as against SRL (i.e. that Street acted in his capacity as a director of SRL), then the Claimant fails to address Joe's involvement or the duties Joe owed to Palmer. The Claimant does not allege that Joe participated or acquiesced to the alleged fraud and theft. The Claimant fails to reconcile Joe's duties to his father and his duties to the SRL. If the allegations are properly advanced against SRL, then those allegations necessarily impugn the conduct of Joe as a director of SRL. The Claimant, however, makes no criticism of Joe's conduct herein. That omission calls into question the merits of the Claim.

SRL purchased the Ranch pursuant to the terms of a contract of purchase and sale dated November 4, 2016 between Palmer Sather, the Estate of Oscar Sather, and Constance Sather as vendors and SRL as purchaser (the "**Contract**"). Pursuant to the Contract, the sale was to complete on January 3, 2017. The Receiver understands the sale did complete and that SRL operated the cattle ranch business on the property from January 3, 2017.

Palmer was a party to the Contract and Palmer, or his attorneys Carol and Joe, were aware of the ranching operations by SRL on the property after the Ranch was acquired.

The claims appear to be statute barred by the *Limitation Act*. As noted, SRL purchased or otherwise acquired the subject assets on or about January 3, 2017 and operated the ranching operations therefrom thereafter. Palmer, through his attorney, was a party to the transaction and thus his estate was aware of its terms. Accordingly, any claim arising from the transfer would be statute barred if it was not commenced after January 3, 2019 (i.e. more than 2 years after the transaction completed). The claims are thus statute barred.

**Claim for 80 Acres Fraud:**

The claim asserted is not recognized or recoverable at law. Even if it was, as noted above, the claim is statute barred and not supported by evidence.

Palmer sold his interest in the Ranch pursuant to the terms of the Contract he entered with SRL.

The claim asserts that SRL did not pay fair market value for the Ranch. There is no obligation recognized at law that requires a purchaser to pay fair market value. The parties are free to negotiate and agree upon any amount of consideration. SRL paid the purchase price in the Contract, and thus wholly discharged its obligations under the Contract.

In negotiations, there is no duty of care owed by a prospective purchaser to accurately represent to the seller the fair market value of the subject property. Each party has a duty to take care of their own interest and cannot rely upon the counterparty to do so.

If Street (on behalf of SRL) did in fact make a representation as to the value of the Ranch before Palmer (or his attorney) entered into the Contract, then Palmer (or his attorney) could not rely reasonably on any such representation. In negotiations, a vendor cannot reasonably rely upon representations as to value made by the prospective purchaser.

Finally, as it pertains to the allegation that the sale was below fair market value, there is no admissible evidence or expert evidence establishing what the fair market value was at the time of the transaction. The information contained on the schedule titled "Calculation of Amount Defrauded" (amount of \$605,636) is unsubstantiated. There is no supporting information that substantiates the calculation of the alleged "underpayment". No information was provided to support the amounts claimed as "Estimated Annual Increase In Value". The amounts claimed as "Estimated Annual Increase In Value" are arbitrary but in any event would require expert evidence as to the value, which evidence has not been provided. Consequently, even if the Claimant had established an enforceable cause of action, it has not established any damages that would be payable in connection with that claim.

#### **Claim for Unpaid Interest Charges:**

The claim asserted is not recognized or recoverable at law. The Claimant has not identified any contractual, statutory or other basis by which the Claimant is entitled to interest at the rate claimed or at any rate. The amount claimed of \$144,641 is unsubstantiated and not supported by any evidence or documents.

#### **Claim for Palmer's Equipment**

The Claimant alleges that Street stole certain equipment belonging to Palmer. To the extent the Receiver is to consider those claims as against Street in his capacity as a director of SRL and thus properly advanced against SRL, the Claimant has not established this claim on its merits.

First, as noted above, any such claim became statute barred in or about January 2019.

Second, the fact that Joe (Palmer's son and his power of attorney) never objected to the SRL's use of those assets prior to the receivership herein supports the inference that SRL had the right and entitlement to that property. SRL's financial statements and capital asset ledger information provide that SRL owned various equipment pieces, tools, supplies, etc. The SRL financial statements and financial transactions were approved annually by the shareholders. There is no indication that any of the directors or shareholders objected to the financial statements or financial transactions.

Third, the amount claimed of \$50,340 is not supported by evidence to establish that was the market value of each item as at the date of the alleged theft. The claim for damages is thus not substantiated or supported by evidence.

Fourth, the objective documentary evidence supports the inference that SRL purchased those assets and was lawfully entitled to be in possession of, use and eventually sell them. The Contract specifically included: storage sheds, pumphouse, wells, power poles, fencing, and miscellaneous equipment. This supports that the equipment in question was included in the purchase of the Ranch. The failure of the Claimant to disclose and distinguish the personal property acquired pursuant to the terms of the Contract from those subject to its Claim herein is a serious impediment to the claim.

### **Claim for Missing/Stolen Cattle**

The Claimant alleges that Street stole cattle belonging to Palmer. To the extent the Receiver is to consider those claims as against Street in his capacity as a director of SRL and thus properly advanced against SRL, the Claimant has not established this claim on its merits.

As noted above, any such claim became statute barred in or about January 2019.

In addition, the evidentiary foundation to establish this claim would require tracing the livestock records of Palmer and of SRL. While the Claim Details refer to "tracing records of livestock owned by [Palmer], no such records were provided in support of the claim. There were no detailed inventory records, cattle tag records, or any other documentation or evidence provided to substantiate the cattle count information alleged in the Claim Details.

Further, as noted above, the shareholders approved the financial statements (which includes cattle inventory). Prior to the receivership, there is no information that indicates that Joe objected to the financial statements or financial transactions. As noted, Joe is both Palmer's son and one of his attorneys. Where Palmer's estate makes no allegation of wrongdoing against Joe,

the Receiver reasonably expects that Joe would have objected to and identified any cattle, or their proceeds, that belonged to his father and not to SRL.

Finally, the amount claimed of \$198,000 is unsubstantiated. There is no supporting information or evidence to substantiate the average price of \$1,800 per head that is used in the calculation.

Based on the information and documents provided and assuming the claim is not statute barred, there is no basis upon which to conclude that any of Palmer's cattle were converted by SRL, nor is there any evidentiary basis to conclude what the value of any such cattle would be.

**Claim for Damaged Land**

The claim asserted is not recognized or recoverable at law. The Claimant has not identified any contractual, statutory or other basis by which the Claimant is entitled to compensation for any such alleged damage. The Claim is vague. The Claimant fails to identify both the affected property and the alleged damage.

The amount claimed of \$100,000 is unsubstantiated. There is no information provided concerning damage incurred and the cost of damage.

**Claim for Legal Fees**

The claim asserted is not recognized or recoverable at law. The claimant has not identified any contractual, statutory or other basis by which SRL is required to compensate the Claimant for legal fees. Further there is no evidence or documents establishing that the Claimant incurred \$50,000 in legal fees.

\* \* \* \* \*

Subject only to an appeal of this disallowance being successfully brought by you in full compliance with the provisions of the Claims Process Order, including the prescribed time for any appeal to be filed, your claim will be allowed as follows:

<b>Name of Creditor</b>	<b>Amount Claimed</b>	<b>Amount Allowed</b>
The Estate of the Late Palmer E. Sather	\$1,148,617	\$0

DATED at Kamloops, British Columbia, this 12<sup>th</sup> day of April, 2021.

C. Cheveldave & Associates Ltd.  
Receiver and Manager of Sather Ranch  
Ltd., and not in its personal capacity

Per:



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Authorized Signatory

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***If you wish to appeal this Notice of Disallowance you must file a Notice of Application and supporting Affidavit by the deadline provided for in the Claims Process Order, A copy of which is available on the Receiver's website at <https://cheveldave.ca/engagements>.***

**NOTICE OF DISALLOWANCE**

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

MICHAEL NEIL STREET and  
MARIELLE JACQUEILINE ANGELLA BRULE

PLAINTIFFS

AND:

SATHER RANCH LTD. by its Court Appointed Receiver and  
Manager, C. Cheveldave & Associates Ltd.

DEFENDANT

.

To: The Estate of the Late Oscar Sather (the “**Claimant**”)

Pursuant to the Claims Process, C. Cheveldave & Associates Ltd. (the “**Receiver**”), in its capacity of court appointed receiver of Sather Ranch Ltd., hereby gives you notice that your Proof of Claim dated March 29, 2020 has been reviewed and the Receiver has disallowed your Claim for the following reasons:

The Claim was submitted by Arlene Moser, in her capacity as the Executor of the Estate of her father Oscar Sather. The proof of claim must be signed by the Creditor who upon signing certifies the information specified in the proof of claim form and the Claim the Details. Ms. Moser did not sign the Proof of Claim as required thereby rendering the certificate of the facts defective. Had the Receiver been inclined to accept a part of the Claim, it would have requested this defect to be remedied. The Receiver has considered and adjudicated the Claim as if the Claim was signed and thus properly submitted to it. For the reasons set out herein, the Claim has been disallowed.

There has been no information provided that demonstrates that there is a debtor-creditor relationship between Sather Ranch Ltd. (“**SRL**”) and the Claimant.

Based on the information set out in the Schedules to the Proof of Claim (the “**Claim Details**”) provided to the Receiver, the underlying basis of the Claim is an alleged fraudulent misrepresentation or fraud by one of the Plaintiffs – Michael Neil Street (“**Street**”) in connection

with the purchase of lands located at 1313 Greyback Mountain Road in Penticton, BC (the “**Ranch**”) by SRL.

It is the Receiver’s understanding that, based upon the information in the Proof of Claim, the allegation of fraudulent misrepresentation or fraud was not reported to the applicable law enforcement agencies, no criminal charges have been laid, and the allegations have not been proven in court.

The Claim Details assert the allegations of fraudulent misrepresentation against Street (not SRL). If those allegations are only made against Street (and not SRL), then the Claim must be disallowed as the Claims Process herein only involves the determination of claims against SRL.

SRL purchased the Ranch pursuant to the terms of a contract of purchase and sale dated November 4, 2016 between Palmer Sather, the Estate of Oscar Sather, and Constance Sather as vendors and SRL as purchaser (the “**Contract**”). Pursuant to the Contract, the sale was to complete on January 3, 2017. The Receiver understands the sale did complete and that SRL operated the cattle ranch business on the property from January 3, 2017.

The Claimant was a party to the Contract.

The claim appears to be statute barred by the *Limitation Act*. As noted, SRL purchased the Ranch on or about January 3, 2017. The Claimant, through his attorney, was a party to the transaction and thus his estate was aware of its terms. Accordingly, any claim arising from the transfer would be statute barred if it was not commenced after January 3, 2019 (i.e. more than 2 years after the transaction completed). The claim is thus statute barred.

**Claim for 80 Acres Defrauded from Estate:**

The claim asserted is not recognized or recoverable at law. Even if it was, as noted above, the claim is statute barred and not supported by evidence.

The Claimant sold his interest in the Ranch pursuant to the terms of the Contract he entered with SRL.

The claim asserts that SRL did not pay fair market value for the Ranch. There is no obligation recognized at law that requires a purchaser to pay fair market value. The parties are free to negotiate and agree upon any amount of consideration. SRL paid the purchase price in the Contract, and thus wholly discharged its obligations under the Contract.

In negotiations, there is no duty of care owed by a prospective purchaser to accurately represent to the seller the fair market value of the subject property. Each party has a duty to take care of their own interest and cannot rely upon the counterparty to do so.

If Street (on behalf of SRL) did in fact make a representation as to the value of the Ranch before the Claimant (or his attorney) entered into the Contract, then the Claimant (or his attorney) could not rely reasonably on any such representation. In negotiations, a vendor cannot reasonably rely upon representations as to value made by the prospective purchaser.

Finally, as it pertains to the allegation that the sale was below fair market value, there is no admissible evidence or expert evidence establishing what the fair market value was at the time of the transaction. The information contained on the schedule titled "Calculation of Amount Defrauded" (amount of \$302,364) is unsubstantiated. There is no supporting information that substantiates the calculation of the alleged "underpayment". No information was provided to support the amounts claimed as "Estimated Annual Increase In Value". The amounts claimed as "Estimated Annual Increase In Value" are arbitrary but in any event would require expert evidence as to the value, which evidence has not been provided. Consequently, even if the Claimant had established an enforceable cause of action, it has not established any damages that would be payable in connection with that claim.

#### **Claim for Unpaid Interest Charges:**

The claim asserted is not recognized or recoverable at law. The Claimant has not identified any contractual, statutory or other basis by which the Claimant is entitled to interest at the rate claimed or at any rate. The amount claimed of \$72,212 is unsubstantiated and not supported by any evidence or documents.

#### **Claim for Damaged Land**

The claim asserted is not recognized or recoverable at law. The Claimant has not identified any contractual, statutory or other basis by which the Claimant is entitled to compensation for any such alleged damage. The Claim is vague. The Claimant fails to identify both the affected property and the alleged damage.

The amount claimed of \$50,000 is unsubstantiated. There is no information provided concerning damage incurred and the cost of damage.

**Claim for Legal Fees**

The claim asserted is not recognized or recoverable at law. The claimant has not identified any contractual, statutory or other basis by which SRL is required to compensate the Claimant for legal fees. Further there is no evidence or documents establishing that the Claimant incurred \$25,000 in legal fees.

\* \* \* \* \*

Subject only to an appeal of this disallowance being successfully brought by you in full compliance with the provisions of the Claims Process Order, including the prescribed time for any appeal to be filed, your claim will be allowed as follows:

Name of Creditor	Amount Claimed	Amount Allowed
The Estate of the Late Oscar Sather	\$449,576	\$0

DATED at Kamloops, British Columbia, this 12<sup>th</sup> day of April, 2021.

C. Cheveldave & Associates Ltd.  
Receiver and Manager of Sather Ranch  
Ltd., and not in its personal capacity

Per:



\_\_\_\_\_  
Authorized Signatory

*If you wish to appeal this Notice of Disallowance you must file a Notice of Application and supporting Affidavit by the deadline provided for in the Claims Process Order, A copy of which is available on the Receiver's website at <https://cheveldave.ca/engagements>.*

**Appendix 5**

**Email from Counsel for Related Party Claims Regarding  
Process and Time Estimate**

## Scott Andersen (2546) - 4Flr

---

**From:** Steven Dvorak <SDvorak@davidsonlawyers.ca>  
**Sent:** Tuesday, May 4, 2021 9:23 AM  
**To:** Johnson, Daniel; Scott Andersen (2546) - 4Flr  
**Cc:** Cecil Cheveldave (ctcheveldave@telus.net)  
**Subject:** RE: Sather Ranch - Hearing of Related Party Claims [BLG-DOCUMENTS.FID7792800]

[THIS MESSAGE ORIGINATED FROM OUTSIDE OUR FIRM]

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I have to disagree with the suggestion that the applicants not make preliminary oral submissions in support of their respective claims, or provide concluding oral submissions. That is a fundamental right and not one we are prepared to waive. Moreover, the Notices of Application were not prepared with that truncated process in mind, and therefore don't adequately frame the issues to be addressed.

Making submissions will add 1.5 days to this estimate; I suggest we book 10 days in total.

### Steven Dvorak

Partner  
Direct: 250-275-4495  
Email: SDvorak@davidsonlawyers.ca

**DAVIDSON**  
LAWYERS LLP

3009 28th Street, Vancouver BC V1T 4Z7  
Office 250-542-1177 | Fax 250-542-1105

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Our public office hours are 8:30 AM to 4 PM, daily, though our staff and lawyers will continue to be available through email or by phone in the usual manner. Contact details for all lawyers are available on our website [www.davidsonlawyers.ca](http://www.davidsonlawyers.ca). Our staff can be reached by calling 250-542-1177 and by then following the prompts. Thank you.

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**From:** Johnson, Daniel <DaJohnson@blg.com>  
**Sent:** Tuesday, May 4, 2021 9:14 AM  
**To:** scott.andersen@lawsonlundell.com; Steven Dvorak <SDvorak@davidsonlawyers.ca>

**Cc:** Cecil Cheveldave (ctcheveldave@telus.net) <ctcheveldave@telus.net>  
**Subject:** RE: Sather Ranch - Hearing of Related Party Claims [BLG-DOCUMENTS.FID7792800]

Scott and Steven,

Following on your respective notes below, Mr. Sather's preference is that this matter be heard by the Court.

With respect to process, given that the parties' positions and the particulars of the claims are already set out in the various notices of application and replies, I don't see the need for more than cross-examination on the affidavits, followed by argument. With respect to cross-examination, we expect to require 4 days total for cross-examination of Mr. Street, Ms. Brule, and Ms. Gosling. As with Mr. Dvorak, we may need a half-day for re-direct, pending further direction.

For argument, we propose written argument to be filed shortly after the conclusion of the evidentiary portion of the hearing, possibly with an attendance before the presiding judge to answer any questions. I expect the latter could be accomplished in one half-day.

To summarize, the process would unfold roughly as follows:

- a) Street cross-examination of Mr. Sather – 2 days
- b) Re-Direct of Mr. Sather – ½ day
- c) Sather cross-examination of Street group – 4 days
- d) Re-Direct of Street Group affiants – ½ day
- e) Questions on Argument – 1/2 day

Based on the above, 7 1/2 days would be required to complete the process.

Best,  
Dan J.

**Daniel B.R. Johnson (he/him)**

**Partner**

T 403.232.9507 | [dajohnson@blg.com](mailto:dajohnson@blg.com)

Centennial Place, East Tower, 1900, 520 – 3rd Ave. SW, Calgary, AB, Canada T2P 0R3

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**From:** [scott.andersen@lawsonlundell.com](mailto:scott.andersen@lawsonlundell.com) <[scott.andersen@lawsonlundell.com](mailto:scott.andersen@lawsonlundell.com)>

**Sent:** Thursday, April 29, 2021 9:51 AM

**To:** 'Steven Dvorak' <[SDvorak@davidsonlawyers.ca](mailto:SDvorak@davidsonlawyers.ca)>; Johnson, Daniel <[DaJohnson@blg.com](mailto:DaJohnson@blg.com)>

**Cc:** Cecil Cheveldave ([ctcheveldave@telus.net](mailto:ctcheveldave@telus.net)) <[ctcheveldave@telus.net](mailto:ctcheveldave@telus.net)>

**Subject:** RE: Sather Ranch - Hearing of Related Party Claims

[External / Externe]

Steve,

Thank you for the email below.

I will wait to hear from Dan as to Mr. Sather's position on mode and timing.

In response to your question, the Receiver did receive two arm's length claims, but both have been disallowed. They will be addressed in the Receiver's Report that will be finalized once we have heard from Dan as to his clients' position on process and timing.

Regards,

Scott R. Andersen | Partner  
Lawson Lundell LLP  
D 250.979.8546 | 604.631.9220 | M 250.300.7720 | F 604.641.2801

---

**From:** Steven Dvorak <[SDvorak@davidsonlawyers.ca](mailto:SDvorak@davidsonlawyers.ca)>  
**Sent:** Wednesday, April 28, 2021 4:55 PM  
**To:** Scott Andersen (2546) - 4Flr <[scott.andersen@lawsonlundell.com](mailto:scott.andersen@lawsonlundell.com)>; Johnson, Daniel <[DJohnson@blg.com](mailto:DJohnson@blg.com)>  
**Cc:** Cecil Cheveldave ([ctcheveldave@telus.net](mailto:ctcheveldave@telus.net)) <[ctcheveldave@telus.net](mailto:ctcheveldave@telus.net)>  
**Subject:** RE: Sather Ranch - Hearing of Related Party Claims

[THIS MESSAGE ORIGINATED FROM OUTSIDE OUR FIRM]

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Scott and Dan;

- A. First, our clients would prefer to have the Related Party Claims determined through arbitration, conducted by a sole arbitrator pursuant to the Vancouver Arbitration Centre Domestic Arbitration Rules (the "**Rules**"). We would propose that:
1. the commencement date be May 3, 2021, and the parties (i.e. the Street group and the Sather group) each pay ½ of the fees;
  2. the Notices of Application stand as the Notices to Arbitrate, and the Responses stand as the Response to Notice to Arbitrate;
  3. the Arbitrator be appointed pursuant to Rule 8;
  4. the Affidavits stand as direct evidence in the Arbitration, subject to directions from the Arbitrator; and
  5. the Arbitration process be conducted substantially in accordance with the process contemplated under the Claims Process Order, as supplemented by any directions provided by the Arbitrator.
- B. If those terms are not acceptable, and if we cannot agree upon alternative terms for arbitration of the Claims, the following will clarify our time estimates for the court applications:
1. The presentation of all claims made by the Street group will require 2 days.
  2. The cross examination of Mr. Sather will, we expect, consist of two parts, but should proceed concurrently. First, Mr. Sather will be cross examined on his various affidavits sworn to date in response to the claims made by the Street group. Second, Mr. Sather will be cross examined

on his various affidavits sworn in support of his claims and those of AMX. We anticipate that Mr. Sather will be under cross examination for a total of two days.

3. Depending upon the decider's rules for the process, we may require up to half a day for re-direct.
4. I would expect that a further half day will be required for closing submissions on behalf of the Street group.
5. In total, we should allow 5 days for the Street group's processes.

Finally, can you confirm that no claims, other than Related Party Claims, were submitted by the Claims Bar Date?

Thanks;

**Steven Dvorak**

Partner

Direct: 250-275-4495

Email: [SDvorak@davidsonlawyers.ca](mailto:SDvorak@davidsonlawyers.ca)

**DAVIDSON**  
**LAWYERS LLP**

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[davidsonlawyers.ca](http://davidsonlawyers.ca)

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**From:** [scott.andersen@lawsonlundell.com](mailto:scott.andersen@lawsonlundell.com) <[scott.andersen@lawsonlundell.com](mailto:scott.andersen@lawsonlundell.com)>

**Sent:** Tuesday, April 27, 2021 8:09 AM

**To:** Steven Dvorak <[SDvorak@davidsonlawyers.ca](mailto:SDvorak@davidsonlawyers.ca)>; Johnson, Daniel <[DaJohnson@blg.com](mailto:DaJohnson@blg.com)>

**Cc:** Cecil Cheveldave ([ctcheveldave@telus.net](mailto:ctcheveldave@telus.net)) <[ctcheveldave@telus.net](mailto:ctcheveldave@telus.net)>

**Subject:** Sather Ranch - Hearing of Related Party Claims

Counsel,

As required by paragraph 18 of the claims process order, the Receiver is preparing a report to the court regarding the claims received and to seek directions, address any procedural issues (including whether the Receiver needs to participate in the hearing) and finally to assist in the scheduling of the hearing of the Related Party Claims.

I am writing to you to ask that you confirm your client's preference as to the adjudicator (judge or arbitrator) and to confirm how much time you think will be required for the hearing assuming all of the Related Party Claims are heard together by the same decision maker.

Paragraph 20 of the claims process order enables the applicants and respondents to agree to have the claims determined by an arbitrator of their choosing. Is that something you wish to consider? Or alternatively, please confirm if your client's preference is that the Related Party Claim be heard by the Court.

As to the time required, I would appreciate your input as to the amount of time we should reserve for the hearing of these applications. The following time estimates have been provided in the Notices of Application and Application Responses.

#### Application of Boundary Machine Ltd.

- Applicant's time estimate: 2 days
- Respondents' time estimate: 3 days
- Witnesses to be Cross Examined:
  - o Mike Street (8 hours)
  - o Marielle Brule (4 hours)
  - o Terry Gosling (2 hours)

#### Application of Marielle Brule

- Applicant's time estimate: 2 days
- Respondents' time estimate: 3 days
- Witnesses to be Cross Examined:
  - o Mike Street (8 hours)
  - o Marielle Brule (4 hours)
  - o Terry Gosling (2 hours)

#### Application of Profectus Financial Inc.

- Applicant's time estimate: 2 days
- Respondents' time estimate: 3 days
- Witnesses to be Cross Examined:
  - o Mike Street (8 hours)
  - o Marielle Brule (4 hours)
  - o Terry Gosling (2 hours)

#### Application of Mike Street

- Applicant's time estimate: 2 days
- Respondents' time estimate: 3 days
- Witnesses to be Cross Examined:
  - o Mike Street (8 hours)
  - o Marielle Brule (4 hours)
  - o Terry Gosling (2 hours)

#### Application of AMX Real Estate Inc. and Joseph Sather.

- Applicant's time estimate: 1 hour
- Respondents' time estimate: 3 days
- Witnesses to be Cross Examined: Joseph Sather

- Witnesses to be Cross Examined:
  - o Mike Street (8 hours)
  - o Marielle Brule (4 hours)
  - o Terry Gosling (2 hours)

Adding the above estimates up would require 15 court days. I assume that they are to be heard together such that your intent may have been that 3 days is required. I suspect that estimate, however, may be low. For that reason, I am writing to ask that you consider further the amount of court time required as if we were scheduling a trial and to set out exactly what you anticipate you would need for your submissions (as applicant and respondent) and for cross examinations you wish to conduct so that we can get a better time estimate for the hearing as a whole.

I look forward to hearing from you at your earliest convenience.

Thank you,



**SCOTT R. ANDERSEN** | Partner  
D 250.979.8546 | 604.631.9220 | M 250.300.7720 | F 604.641.2801 | E [scott.andersen@lawsonlundell.com](mailto:scott.andersen@lawsonlundell.com)  
**LAWSON LUNDELL LLP** Suite 403, 460 Doyle Avenue, Kelowna, BC V1Y 0C2  
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