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NO. S-088739
VANCOUVER REGISTRY

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT,
R.S.C. 1985, c. C-36

AND

IN THE MATTER OF THE BUSINESS CORPORATIONS ACT,
R.S.A. 2000, c.B-9

AND

IN THE MATTER OF OKANAGAN HILLS DEVELOPMENT
CORPORATION, VINEYARD HOMES AT THE RISE LTD.,
THE GOLF CLUB AT THE RISE LTD. and Y-K PROJECTS
LTD.

(All referred to hereafter as "OHDC")

MONITOR'S ELEVENTH REPORT

April 27th, 2010

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EXHIBITS:

- “A” OHDC and Golf Club Combined Summary Actual Cash Flow
For the period January 16, 2010 to April 23, 2010.
- “B” OHDC Detail Actual Cash Flow for the period January 16, 2010 to April 23, 2010.
- “C” The Golf Club Detail Actual Cash Flow for the period January 16, 2010
to April 23, 2010.

1. INTRODUCTION

The Rise is a master planned community development with signature golf course property located within the boundaries of the City of Vernon, British Columbia. The properties are described in the Petition filed in the Supreme Court of British Columbia ("the Court") referred to below. For the purpose of this report we shall limit the description of the properties to:

1. "The Lands", being the properties slated for residential development by OHDC, and
2. The golf course referred to as "The Golf Club".

On December 15th, 2008 a Petition was filed in the Court for an order granting a stay of proceedings pursuant to the Companies Creditors Arrangement Act ("CCAA"). OHDC was the Petitioner. The Court granted the Order (the "Initial Order").

The First Monitor's Report was provided to the Court on December 23rd, 2008 ("the First Monitor's Report") for the purposes of providing information concerning the urgent need for Debtor in Possession Financing ("DIP").

On December 29th, 2008, an Order was made which provided that the Petitioners were authorized to borrow up to the sum of \$2,500,000 under a DIP credit facility.

The Second Monitor's Report was provided to the Court on January 29th, 2009, providing the Court information with respect to an application for an extension of the Stay of Proceedings provided for by the initial Order, and also providing information pertaining to the replacement of the DIP Financier.

The Third Monitor's report was provided to the Court on February 19th, 2009, recommending to the Court acceptance of the DIP Financing commitment.

The Fourth Monitor's Report was provided to the Court on June 17th, 2009, to update the Court on the financial status and other matters pertaining to OHDC and in support of an Application for further extension of the Stay of Proceedings for a period of 30 days.

In the Matter of the Companies' Creditors Arrangement Act re:
Okanagan Hills Development Corporation, Vineyard Homes at The Rise Ltd.,
The Golf Club at The Rise Ltd. and Y-K Projects Ltd.

The Fifth Monitor's Report was provided to the Court on July 17th, 2009 to update the Court on the financial status of OHDC and The Golf Club and in support of an application for a further extension of the Stay of Proceedings to August 24th, 2009. The report also set out the progress of the land boundary encroachment issues to be resolved between The Golf Club and The Lands.

The Sixth Monitor's Report was provided to the Court on August 16th, 2009 to update the Court on the financial status of OHDC and The Golf Club and in support of an application for a further extension of the Stay of Proceedings to September 24th, 2009.

The Seventh Monitor's Report was provided to the court on September 23rd, 2009 to update the Court on the financial status of OHDC and The golf Club and in support of an application for a further extension of the Stay of Proceedings to November 2, 2009.

The Eighth Monitor's Report was provided to the Court on October 30, 2009 to update the Court on the financial status of OHDC and The Golf Club and to support:

- an application for additional DIP financing of \$170,000.
- approval of the Court in respect to the disposition of \$300,000 from lot sale proceeds
- a further extension of the Stay of Proceedings to December 31, 2009.
- an application to approve use of surplus funds arising after repayment of the DIP financing to maintain minimal operations at The Golf Club and The Lands until a total sale is complete.

The purpose of the Ninth Monitor's Report was to support an Application to extend the Stay of Proceedings to March 1st, 2010.

The purpose of the Tenth Monitor's Report is to support an Application to extend the Stay of Proceedings to April 30th, 2010.

The purpose of the Eleventh Monitor's Report is to support an Application to extend the Stay of Proceedings to May 28th, 2010, to finalize a Plan of Arrangement to be presented to all creditors.

2. **REVIEW OF THE OHDC AND GOLF CLUB COMBINED ACTUAL
CASH FLOW TO APRIL 23rd, 2010**

Attached as Exhibit "A" is a schedule that shows the combined actual cash flow for the period January 16th, 2010 to April 23rd, 2010.

- In the period to April 23, 2010 the cash flow shortage was financed by advances of \$447,000 received from the ARRES Group.
- As at April 23, 2010, cash on hand was \$109,000 in OHDC and \$79,000 in The Golf Club.
- The Golf Club opened the weekend of April 3, 2010 (Easter), and since that date has generated \$116,000 gross revenue up to April 23, 2010.
- In the period January 16, 2010 to April 23, 2010, the Golf Club collected outstanding receivables of \$16,000.
- Of the \$447,000, The Golf Club has received \$285,000 (\$79,000 cash on hand) to finance the winter costs and the opening on April 3, 2010, inclusive of \$100,000 for inventory. \$30,000 was invested in turf maintenance for the 2010 season.
- OHDC incurred expenditures of \$262,000, inclusive of Payroll of \$75,000, GST Remittances or Lot sales of \$89,000, and Operating Costs of \$59,000.
- In addition, OHDC received the net proceeds of the aborted sale of the show home, Lot 20, being \$125,000, which was received in the month of April, 2010.
- BDC continues to express no willingness to fund any of the ongoing operations of The Golf Club.

3. **ENCROACHMENT BY THE LANDS ON THE GOLF CLUB AND VIS A VERSA**

- Legal counsel for BDC reports that they have received new consultant reports pertaining to the encroachments and are finalizing BDC's approach to establishing their claim for an 18-Hole Golf Course. This proposition becomes

moot in the event that the secured creditor and ARRES can settle on an amount to be paid to BDC, security for same, and a method of realization satisfactory to BDC. It is probable that an ultimate security package may have to be devised.

4. **ADVANCE OF FUNDS BY THE ARRES GROUP**

- The ARRES Group received approximately \$2,310,000, resulting from the sales of 16 Lots, after repayment of the DIP Financing.
- The ARRES Group has advanced to-date, \$447,000 of the above money by arrangement and consent of the ARRES Group Mortgage Holders.
- The Monitor has been informed that the ARRES Group will be seeking a further DIP Order that will prime the ARRES security shortly.

5. **MARKETING OF THE LANDS AND THE RISE ("the Property Sale")**

- There are no Third Party Agreements to purchase The Lands. There continue to be interested parties.

6. **CANADA REVENUE AGENCY**

- The Monitor has had discussions with tax accountants pertaining to the Canada Revenue Agency ("CRA") claims and is advised that refiling of tax returns are contemplated that may mitigate the CRA claims.

7. **PLAN OF ARRANGEMENT**

- The Petitioners are contemplating filing a Plan of Arrangement, based on input of the principle secured creditor, ARRES Capital, which will have the following components:

In the Matter of the Companies' Creditors Arrangement Act re:
Okanagan Hills Development Corporation, Vineyard Homes at The Rise Ltd.,
The Golf Club at The Rise Ltd. and Y-K Projects Ltd.

a. BDC

- i. BDC will be paid an agreed amount (agreed between ARRES and BDC), in priority from sale of lots that are subject to ARRES security.
- ii. BDC reports initial unease at this suggestion, in that there is no specific security or a pre-determined cash repayment plan, and have raised the question as to the priority of such sales over funds necessary for continued operations of The Golf Club and/or the marketing efforts of The Rise. In the event that BDC accepts the aforementioned approach, with sufficient security consideration attached, then the whole encroachment issue becomes a non-issue.

b. ARRES

- i. The ARRES mortgage funders will be grouped into classes reflecting priority of the mortgages.
- ii. The priority will be reflected by the issuance of various Classes of Preferred Shares to be redeemed from the sale of Lots.

c. GENERAL CREDITORS

- i. The general unsecured creditors, including Lien Claimants, will receive a dividend of approximately \$0.5 on the dollar.
- ii. The dividend will be secured with an allocation of Lots of sufficient value to support the dividend of \$0.5.
- iii. Additional deliberation and discussion is taking place as to Terms and Conditions that would be relevant to "Founding Golf Club Members", "Golf Club Members", and "Compliance Depositors".

The Monitor has been advised that the Petitioners are currently working through tax and corporate issues to enable a successful Plan to be delivered.

8. CONCLUSION

- The Monitor is of the opinion that the Petitioners have acted and are continuing to act in good faith and with due diligence, and that the Monitor supports an extension of the Stay to May 28^h, 2010.

RESTRICTIONS

In the course of conducting our duties including the writing of this report, we have relied entirely on information supplied by management. We did not conduct procedures necessary to enable us to express an opinion on the financial information contained in this report in accordance with Generally Accepted Auditing Standards. Nor have we conducted a formal valuation of the operating subsidiaries of the Company. Projected financial information and the assumptions on which it is based are solely the responsibility of the company. Since the assumptions relate to the future they may be affected by unforeseen events, we can express no opinion as to how closely the forecasts will correspond to actual results.

Further, since the projections and calculations are based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur and the variances may be material. Accordingly, we express no assurance as to whether the projections or calculated estimated realizations will be achieved.


This concludes the Eleventh Monitor's Report. Should there be any questions or comments in connection with this report or in connection with any aspect of these proceedings and the Monitor's role therein, please contact either Mr. George Abakhan or Mr. Philip McCourt at (604) 689-4255 or by facsimile at (604) 689-4277.

Yours truly,

ABAKHAN & ASSOCIATES INC.

In its capacity as Monitor of Okanagan Hills Development Corporation,
Vineyard Homes at the Rise Ltd., The Golf Club at the Rise Ltd. and
Y-K Projections Ltd., and not in its personal capacity.

Per:


George Abakhan, CA-CIRP
President

GA/ss

EXHIBIT " A "

OHDC AND GOLF COMBINED SUMMARY

	Actual Jan 29 10	Actual Feb 12 10	Actual Feb 26 10	Actual Mar 12 10	Actual Mar 26 10	Actual Apr 9 10	Actual Apr 23 10	Total Actual Jan 16 10 to Apr 23 10
Opening book balance	<u>(127,958)</u>	<u>(243,190)</u>	<u>(262,726)</u>	<u>(283,311)</u>	<u>(349,567)</u>	<u>(447,720)</u>	<u>(566,565)</u>	<u>(15,614)</u>
Receipts OHDC	849	17,851	-	25	-	-	125,612	144,337
Receipts GOLF	819	5,413	567	1,315	7,985	37,163	78,770	132,032
Total Receipts	<u>1,668</u>	<u>23,264</u>	<u>567</u>	<u>1,340</u>	<u>7,985</u>	<u>37,163</u>	<u>204,382</u>	<u>276,369</u>
Expenditures OHDC	103,717	20,914	12,631	43,994	34,671	22,710	22,939	261,576
Expenditures GOLF	13,183	21,886	8,521	23,602	71,467	133,298	67,971	339,928
Total Expenditures	<u>116,900</u>	<u>42,800</u>	<u>21,152</u>	<u>67,596</u>	<u>106,138</u>	<u>156,008</u>	<u>90,910</u>	<u>601,504</u>
NET CASH FLOW	<u>(115,232)</u>	<u>(19,536)</u>	<u>(20,585)</u>	<u>(66,256)</u>	<u>(98,153)</u>	<u>(118,845)</u>	<u>113,472</u>	<u>(325,135)</u>
Closing book balance before funding transfers	<u>(243,190)</u>	<u>(262,726)</u>	<u>(283,311)</u>	<u>(349,567)</u>	<u>(447,720)</u>	<u>(566,565)</u>	<u>(453,093)</u>	<u>(340,749)</u>
Transfers from DIP Financing	82,292	-	-	-	-	-	-	82,292
Advances by the ARRES Group	65,000	26,000	52,000	25,000	225,000	47,000	7,444	447,444
	<u>147,292</u>	<u>26,000</u>	<u>52,000</u>	<u>25,000</u>	<u>225,000</u>	<u>47,000</u>	<u>7,444</u>	<u>529,736</u>
Closing book balance after funding transfers	<u>16,446</u>	<u>22,910</u>	<u>54,325</u>	<u>13,069</u>	<u>139,916</u>	<u>68,071</u>	<u>188,987</u>	<u>188,987</u>
Made up as follows:								
Cash OHDC	(9,576)	899	34,630	2,761	11,890	(680)	109,437	
Cash GOLF	26,022	22,011	19,695	10,308	128,026	68,751	79,550	
	<u>16,446</u>	<u>22,910</u>	<u>54,325</u>	<u>13,069</u>	<u>139,916</u>	<u>68,071</u>	<u>188,987</u>	

OHDC DETAILS

	Actual 29-Jan-10	Actual Feb 12 10	Actual Feb 26 10	Actual Mar 12 10	Actual Mar 26 10	Actual Apr 9 10	Actual Apr 23 10	Total Actual Jan 16 10 Total Apr 23 10
Opening book balance	(130,893)	(269,212)	(284,737)	(303,006)	(359,875)	(575,746)	(635,316)	(130,893)
Receipts								
Non Refundable Deposits							125,297	125,297
GST Collected/Refunds	-							-
Other	849	17,851		25			315	19,040
Refund of Interest from DIP Financier								-
ADVANCES FROM ARRES	65,000	26,000	52,000	25,000	225,000	47,000	7,444	447,444
(ADVANCES FROM ARRES)	(65,000)	(26,000)	(52,000)	(25,000)	(225,000)	(47,000)	(7,444)	(447,444)
DIP FINANCING - NET TRANSFERS	82,292							82,292
(DIP FINANCING)	(82,292)							(82,292)
Total receipts	849	17,851	-	25	-	-	125,612	144,337
Essential Payments								
OHDC Payroll - Gross	9,728	9,951	9,515	10,047	10,204	9,513	12,328	71,286
GWL Benefits	259	1,092		1,092		1,092		3,535
WCB Payments			103					103
GST Remittances	89,146							89,146
Monitor								-
Legal	378				12,748	1,681	588	15,395
Total Essential Payments	99,511	11,043	9,618	11,139	22,952	12,286	12,916	179,465
Operating Costs								
Bank Charges	162		119	25	1,927	31	113	2,377
Computer & System Support		167	130		130	985	991	2,403
Insurance & New Home Warr		350		19,912				20,262
Office Supplies		237		241	31	1,582	59	2,150
Postage & Courier				42		25	75	142
Property Taxes							6,514	6,514
Strata Fees BVSL/Watermark		1,189		299	890	299		2,677
Telephone	1,256		427	792	435		869	3,779
Utilities - DC	396	90	6	90	684		90	1,356
Utilities - Showhomes	(48)	(119)						(167)
Vehicle Fuel & Repairs			630	630			20	1,280
Travel, Meals & Other Admin	1,537	717		2,419	987	165	124	5,949
Professional & Consulting Fees				672	5,270		930	6,872
Marketing		165	1,484	208	1,365			3,222
Total Operating Costs	3,303	2,796	2,796	25,330	11,719	3,087	9,785	58,816
Existing Lease & Finance Costs								
Leases - Office Equipment	262	375		637		637		1,911
Vehicle Lease								-
Loan payments to HSBC		6,700		6,700		6,700		20,100
Total Existing Lease & Finance Costs	262	7,075	-	7,337	-	7,337	-	22,011
Discretionary Payments								
Compliance Deposits & Hydro Seeding								-
Janitorial & Security	641		217	188			238	1,284
Home Deficiencies & SH 20 Lien								-
Contingencies								-
Total Discretionary Payments	641	-	217	188	-	-	238	1,284
TOTAL CASH PAYMENTS	103,717	20,914	12,631	43,994	34,671	22,710	22,939	261,576
NET CASH FLOW	(102,868)	(3,063)	(12,631)	(43,969)	(34,671)	(22,710)	102,673	(117,239)
TRANSFERS (TO) From GOLF	(35,451)	(12,462)	(5,638)	(12,900)	(181,200)	(36,860)		(284,511)
RESTRICTED FUNDS TRANSFER								
Closing book balance	(269,212)	(284,737)	(303,006)	(359,875)	(575,746)	(635,316)	(532,643)	(532,643)

Before DIP & ARRES Funding

GOLF DETAILS	Actual Jan 29 10	Actual Feb 12 10	Actual Feb 26 10	Actual Mar 12 10	Actual Mar 26 10	Actual Apr 9 10	Actual Apr 23 10	Total Actual Jan 15 to Apr 23 10
Opening book balance	2,935	26,022	22,011	19,695	10,308	128,026	68,751	2,935
Receipts								
Golf Club Revenue	819	5,413	567	1,315	7,985	37,163	78,770	132,032
Total receipts	819	5,413	567	1,315	7,985	37,163	78,770	132,032
Essential Payments								
Golf Payroll - Gross	6,183	15,516	6,435	11,213	21,197	33,797	43,677	138,018
GWL Benefits		562		562		1,810		2,934
WCB Payments	1,030		20			724	271	2,045
Total Essential Payments	7,213	16,078	6,455	11,775	21,197	36,331	43,948	142,997
Operating Costs								
Association Fees								-
Bank Charges	809	23	(160)	976	166	214	52	2,080
Computer & System Support		618		618		730	(491)	1,475
Diesel Fuel for Generator								-
Insurance				42		15		57
Miscellaneous								-
Office Supplies	51		49		480	85	251	916
Postage & Courier	11	124		27	43	30	30	265
Property Taxes								-
Repairs & Mtce								-
Strata Fees - Serviced Lots								-
Telephone	1,585	1,215		388	1,134	74	426	4,822
Travel re Golf Show								-
Utilities - Office	182			291	1,780			2,253
Utilities - Showhomes				449	657			1,106
Vehicle Fuel	(508)	449	383			644	108	1,076
Generator, Fuel, Security, Other	259	571		29	3,012	56	3,714	7,641
Professional & Consulting Fees				777			205	982
Marketing	26			548	7,711	(892)		7,393
Total Operating Costs	2,415	3,000	272	4,145	14,983	956	4,295	30,066
Existing Lease & Finance Costs								
Leases - Trailers, GPS, Tent, Genset	1,451	2,808		5,086	1,451	2,808		13,604
Vehicle & Equipment Leases (Bobcat, Dodge, Ford)	2,085		1,794	516	761	796	1,278	7,230
Total Existing Lease & Finance Costs	3,536	2,808	1,794	5,602	2,212	3,604	1,278	20,834
Discretionary Payments								
Golf, Food & Beverage Supplies					3,650	92,152	11,392	107,194
Turf Maintenance & Course Repairs	19			2,080	26,625	935	1,308	30,967
Contingencies (10% Essentials, Operating & Leases)					2,800	(680)	5,750	7,870
Total Discretionary Payments	19	-	-	2,080	33,075	92,407	18,450	146,031
Total Cash Payments	13,183	21,886	8,521	23,602	71,467	133,298	67,971	339,928
NET CASH FLOW WEEKLY	(12,364)	(16,473)	(7,954)	(22,287)	(63,482)	(96,135)	10,799	(207,896)
TRANSFERS FROM (TO) OHDC	35,451	12,462	5,638	12,900	181,200	36,860		284,511
Closing book balance	26,022	22,011	19,695	10,308	128,026	68,751	79,550	79,550