



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 NINTH REPORT

December 16th, 2009

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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.

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 is to support an Application to extend the Stay of Proceedings to March 1st, 2010.

2. **REVIEW OF THE OHDC AND GOLF CLUB COMBINED ESTIMATED
CASH FLOW TO MARCH 2ND, 2010**

- Attached as Exhibit "A" is a schedule that shows the combined projected cash flow for the period October 9th, 2009 to March 2nd, 2010.
- In the period to December 31st, 2009 it is projected there will be a cash flow shortage in excess of \$104,000.

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Okanagan Hills Development Corporation, Vineyard Homes at The Rise Ltd.,
The Golf Club at The Rise Ltd. and Y-K Projects Ltd.

- There will have to be an application to apply for funds from the sale of Lots estimated to close during the week of December 18th, 2009.
- In order to maintain operations as originally proposed by the Petitioners for the period January 1st, 2008 to March 2nd, 2010, there will be a need for a **further \$220,000** split more or less equally between the maintenance of The Golf Club and maintenance of OHDC.
- The projected funds requirement of \$220,000 in the period January 1st to March 2nd, 2010, **does not include** payments for the Petitioners legal and monitor expenses, as originally the Stay of Proceedings was not contemplated going longer than December 31, 2009.
- In order to fund the period January 1st to March 2nd, 2010, a further application for Debtor in Possession funding will have to be made and a revised cash flow submitted.

3. **MARKETING OF THE LANDS AND THE RISE (“the Property Sale”)**

- The Third Party Agreement to purchase The Lands reported in the Eighth Monitor's Report, did not proceed.
- Another offer was received, valued at approximately \$75,000,000 that would have paid out the secured creditors and seen substantial dividends to the unsecured creditors.
- This offer was accepted; the conditions precedent to the offer removed; a \$2,000,000 deposit was received by the Real Estate Agents representing the purchasers.
- Unfortunately, after the offer had been accepted by the Petitioners and other Stakeholders subject to Court approval, the \$2,000,000 deposit cheque, according to the Real Estate Agent representing the purchaser, was unable to be cashed.
- The Petitioners and other interested Stakeholders are endeavouring to bring the purchasers back to the table.

4. CONTROL OF THE PETITIONERS

- As a result of the uncertainties reported in the "Marketing of the Lands ..." section above, the most significant secured creditor, the ARRES Group, is negotiating with the principals of the Petitioners to take a more significant role in the development of the CCAA plan and any ultimate transaction.

5. 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 March 1st, 2010.

This concludes the Ninth Monitor's Report.

6. 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.

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The Golf Club at The Rise Ltd. and Y-K Projects Ltd.


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

OHDC AND GOLF COMBINED SUMMARY

	Actual 09-Oct-09	Actual 23-Oct-09	Actual 06-Nov-09	Actual 20-Nov-09	Actual 04-Dec-09	Forecast 18-Dec-09	Forecast 31-Dec-09	Forecast 18-Dec-09	Forecast 31-Dec-09	Forecast Jan 8 10	Forecast Jan 22 10	Forecast Feb 5 10	Forecast Feb 19 10	Forecast Mar 5 10	Forecast Sep 26 09 to Mar 2 10
Opening book balance	222,651	181,410	180,779	132,608	176,338	105,506	8,006	222,651	(104,281)	(149,638)	(193,263)	(237,520)	(281,145)	(281,145)	222,651
Receipts OHDC & GOLF	128,417	58,258	7,950	12,039	-	-	-	204,662	-	-	-	-	-	-	204,662
Refund of interest from DIP Financier	128,417	58,258	7,950	80,602	-	-	-	80,602	-	-	-	-	-	-	80,602
Total Receipts	256,834	116,516	15,900	92,641	-	-	-	285,264	-	-	-	-	-	-	285,264
Total Essential Payments	97,869	50,974	35,474	126,922	40,950	79,050	109,387	540,318	24,275	21,275	21,275	21,275	21,275	21,275	649,691
Total Operating Costs	43,236	6,192	9,467	42,940	10,950	10,950	1,900	125,635	2,250	16,350	16,350	4,150	16,350	4,150	168,785
Total Existing Lease & Finance Costs	9,917	3,464	9,700	6,277	12,932	1,500	-	43,690	12,832	-	-	12,832	-	12,832	82,106
Total Discretionary Payments	18,646	(3,743)	1,480	22,772	6,500	6,000	1,000	52,665	6,000	6,000	6,000	6,000	6,000	6,000	82,665
TOTAL CASH PAYMENTS	169,658	56,887	56,121	199,911	70,832	97,500	112,287	762,196	45,357	43,625	43,625	44,257	43,625	44,257	983,317
NET CASH FLOW	(41,241)	(631)	(48,171)	(106,270)	(70,832)	(97,500)	(112,287)	(478,932)	(45,357)	(43,625)	(43,625)	(44,257)	(43,625)	(44,257)	(686,063)
Closing book balance before additional DIP financing	181,410	180,779	132,608	26,338	105,506	8,006	(104,281)	(254,281)	(149,638)	(193,263)	(237,520)	(281,145)	(325,402)	(325,402)	(475,402)
Additional DIP Financing (Less Financing Fee)	-	-	170,000	(20,000)	-	-	-	170,000	(20,000)	-	-	-	-	-	150,000
Net Proceeds of DIP Funds Advanced	-	-	150,000	-	-	-	-	150,000	-	-	-	-	-	-	150,000
Closing book balance after DIP financing*	181,410	180,779	132,608	178,338	105,506	8,006	(104,281)	(104,281)	(149,638)	(193,263)	(237,520)	(281,145)	(325,402)	(325,402)	(325,402)
CUMULATIVE DIP FINANCING	2,255,715	1,129,664	(415,368)	(1,715,368)	(1,300,000)	-	104,281	-	-	-	-	-	-	-	150,000
ADDITIONAL DIP FINANCING FEE	906,509	1,573,743	-	-	-	-	-	-	-	-	-	-	-	-	-
LOT SALE PROCEEDS TO DIP	12,864	28,711	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP FINANCIER LEGAL FEES	892,645	1,545,032	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Net Proceeds of Additional Lot Sales (excluding sale of MH 13)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PROPOSED LOT SALE UTILIZATION TO COVER CASH FLOW DEFICIENCY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP FINANCING BALANCE**	1,361,070	(415,368)	(415,368)	(1,715,368)	(1,611,087)	-	-	-	-	-	-	-	-	-	-
*Made up as follows:	44,842	140,726	-	-	-	-	-	-	-	-	-	-	-	-	-
AAI In Trust	20,124	68,412	-	-	-	-	-	-	-	-	-	-	-	-	-
OHDC	116,644	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Golf	-	(70,800)	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserve for GST	181,410	176,338	-	-	-	-	-	-	-	-	-	-	-	-	-

EXHIBIT "A"

**Surplus funds will be subject to Court order and direction.
 Expenditures beyond December 18, 2009 cannot be made without Court approval.
 Expenditures for the period December 31, 2009 to March 2, 2010 estimated to be \$221,000 (without legal costs) will also require Court approval.

GOLF DETAILS

	Actual 09-Oct-09	Actual 23-Oct-09	Actual 06-Nov-09	Actual 20-Nov-09	Forecast 04-Dec-09	Forecast 18-Dec-09	Forecast 31-Dec-09	Total for Period Sep 26 09 to Dec 31 09	Forecast Jan 8 10	Forecast Jan 22 10	Forecast Feb 5 10	Forecast Feb 19 10	Forecast Mar 5 10
Opening book balance	87,577	116,644	128,306	80,981	38,000	20,018	10,468	87,577	1,081	(17,726)	(29,851)	(49,658)	(61,783)
Receipts													
Golf Club Revenue	128,145	55,381	7,950	11,503	-	-	-	202,979	-	-	-	-	-
Total receipts	128,145	55,381	7,950	11,503	-	-	-	202,979	-	-	-	-	-
Essential Payments													
Golf Payroll - Gross	(141)	35,939	21,485	14,846	7,000	7,000	7,000	93,129	7,500	7,500	7,500	7,500	7,500
GWL Benefits	1,163	-	1,186	-	1,050	1,050	1,387	5,836	1,125	1,125	1,125	1,125	1,125
WCB Payments	-	-	-	17,586	-	-	-	17,586	1,500	-	-	-	-
Total Essential Payments	1,022	35,939	22,671	32,432	8,050	8,050	8,387	116,551	10,125	8,625	8,625	8,625	8,625
Operating Costs													
Association Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Charges	5,045	53	2,131	-	100	-	-	7,329	100	-	100	-	100
Computer & System Support	942	-	-	824	300	-	-	2,066	300	-	300	-	300
Diesel Fuel for Generator	6,200	-	-	-	-	-	-	6,200	-	-	-	-	-
Insurance	-	-	-	-	-	-	250	250	250	-	250	-	250
Miscellaneous	-	-	-	80	96	-	-	176	-	-	-	-	-
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage & Courier	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs & Mice	-	-	-	-	-	-	250	250	250	-	250	-	250
Strata Fees - Serviced Lots	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	457	-	20	57	650	-	-	1,184	650	-	650	-	650
Travel re Golf Show	-	-	-	-	1,500	-	-	1,500	-	-	-	-	-
Utilities - Office	-	-	-	-	250	-	-	250	-	-	-	-	-
Utilities - Showhomes	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Fuel	1,300	642	1,335	503	-	-	-	1,335	-	-	-	-	-
Generator, Fuel, Security, Other	2,699	7,364	4,144	11,026	-	-	-	25,233	-	-	-	-	-
Professional & Consulting Fees	-	-	-	244	-	-	-	244	-	-	-	-	-
Marketing	187	-	1,051	1,476	-	-	-	2,714	-	2,500	2,500	2,500	2,500
Total Operating Costs	16,830	8,059	8,761	14,228	2,800	500	-	48,731	1,550	2,500	4,050	2,500	4,050
Existing Lease & Finance Costs													
Leases - Trailers, GPS, Tent, Genset	-	-	1,391	2,363	4,483	700	-	8,937	700	-	700	-	700
Vehicle & Equipment Leases (Bobcat, Dodge, Ford)	2,580	2,073	-	1,794	5,432	-	-	11,879	5,432	-	5,432	-	5,432
Total Existing Lease & Finance Costs	2,580	3,464	2,363	6,277	6,132	-	-	20,816	6,132	-	6,132	-	6,132
Discretionary Payments													
Golf, Food & Beverage Supplies	5,335	2,128	719	1,476	-	-	-	9,658	-	-	-	-	-
Turf Maintenance & Course Repairs	9,671	(2,491)	781	73	-	-	-	8,014	-	-	-	-	-
Contingencies (10% Essentials, Operating & Leases)	(1,380)	(3,380)	-	-	1,000	1,000	1,000	(1,740)	1,000	1,000	1,000	1,000	1,000
Total Discretionary Payments	13,646	(3,743)	1,480	1,549	1,000	1,000	1,000	15,932	1,000	1,000	1,000	1,000	1,000
Total Cash Payments	34,078	43,719	35,275	54,484	17,982	9,550	9,387	202,030	18,807	12,125	19,807	12,125	19,807
NET CASH FLOW WEEKLY	94,067	11,662	(27,325)	(42,981)	(17,982)	(9,550)	(9,387)	949	(18,807)	(12,125)	(19,807)	(12,125)	(19,807)
TRANSFERS FROM (TO) OHDC	(65,000)	-	(20,000)	-	-	-	-	(85,000)	-	-	-	-	-
Closing book balance	116,644	128,306	80,981	38,000	20,018	10,468	1,081	3,526	(17,726)	(29,851)	(49,658)	(61,783)	(81,590)

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