

Clerk's Stamp



COURT FILE NUMBER BE03-568045

ESTATE NUMBER 24-1568045

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

APPLICANT IN THE MATTER OF THE BANKRUPTCY AND
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE PROPOSAL OF JOHN
KENNETH PURDY OTHERWISE KNOWN AS JACK
PURDY

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

Ray C. Rutman
Dentons Canada LLP
Barristers & Solicitors
2900, 101080 – 101 Street
Edmonton, AB T5J 3V5
Ph. (780) 423-7246 Fx. (780) 423-7276
File No.: 529227-7/RCR

Sworn on July 3, 2014

I, Harkirat Kaur, of the City of Edmonton, Province of Alberta, SWEAR AND SAY THAT:

1. I am a legal assistant employed by the law firm of Dentons Canada LLP, lawyers for Alvarez & Marsal Canada Inc., and as such have a personal knowledge of the matters hereinafter deposed to, except where stated to be based upon information and belief, and where so stated I do verily believe those matters to be true.
2. Alvarez & Marsal Canada Inc. has been named trustee in the proposal proceedings of John Kenneth Purdy otherwise known as Jack Purdy (the "Proposal Trustee").
3. Attached to my Affidavit and marked collectively as Exhibit "A" are copies of:
 - (a) a Notice of Application returnable July 9, 2014;
 - (b) the Affidavit of A. Kharajmi #1; and

- (c) the index for the Application record filed by the Applicants, Ladysmith & District Credit Union in the Supreme Court of British Columbia, Court File No. S13650.

(the "Application materials")

which I believe were filed in the British Columbia Supreme Court, action number S13650.

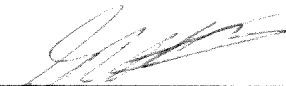
4. The Application Materials pertains to lands legally described as:

Port Alberni Assessment Area
Parcel Identifier: 008 428 565
The South ½ Of District Lot 51
Alberni District

(the "Meshers Road Lands")

5. Attached to this my Affidavit and marked as Exhibit "B" is a copy of title to the Meshers Road Lands.
6. Attached to my Affidavit and marked as Exhibit "C" is correspondence sent to Corinne Daniels, Assistant to Ray Rutman, from Andrew Bury, counsel for Ladysmith & District Credit Union (the "Credit Union").
7. I make this Affidavit in support of an Order directing that all remaining sale proceeds from the sale of the Meshers Road Lands, after payment of the first mortgage to the Credit Union and real estate commissions inclusive of GST, be paid to the Proposal Trustee.

SWORN BEFORE ME at Edmonton, Alberta
this 3rd day of July, 2014.



Commissioner for Oaths in and for the
Province of Alberta

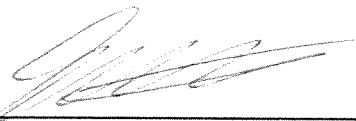
SUSY M. TRACE
BARRISTER AND SOLICITOR



HARKIRAT KAUR

This is Exhibit "A" referred to in the
Affidavit of HARKIRAT KAUR

Sworn before me this 3rd day
of July, 2014

A handwritten signature in black ink, appearing to read 'Susy M. Trace', is written over a horizontal line.

A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

SUSY M. TRACE
BARRISTER AND SOLICITOR



NO. S13650
DUNCAN REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

LADYSMITH & DISTRICT CREDIT UNION

PETITIONER(S)

AND:

**JOHN KENNETH PURDY
AND OTHERS**

RESPONDENT(S)

NOTICE OF APPLICATION

NAME(S) OF APPLICANT(S): Ladysmith & District Credit Union

TO: the Respondent(s)

TAKE NOTICE that an application will be made by the Petitioner to the Presiding Master at the Courthouse at 238 Government Street, Duncan, on July 9, 2014 at 9:45 a.m. for the Order set out in Part 1 below.

PART 1: ORDER(S) SOUGHT

1. an Order in the form of draft Order attached to this Notice of Application, approving a sale of the lands and premises which are the subject of this foreclosure proceeding (the "Property")

PART 2: FACTUAL BASIS

1. this is a foreclosure proceeding
2. the Petitioner holds a mortgage (the "Mortgage") of the Property
3. Order Nisi was made in this proceeding on August 10, 2011, and the redemption period expired on February 11, 2012
4. the Mortgage has not been redeemed

5. an Order was made in this proceeding on November 27, 2013, giving the Petitioner exclusive conduct of sale of the Property on November 27, 2013
6. the Petitioner listed the Property for sale with a realtor
7. the Petitioner has accepted an offer to purchase the Property, subject to Court approval

PART 3: LEGAL BASIS

1. the Petitioner will rely on Rules 13-2, 13-5 and 21-7

PART 4: MATERIALS TO BE RELIED ON

1. the Affidavit #1 of Azadeh Kharazmi made June 12, 2014

The Petitioner estimates that the Application will take 5 minutes.

This matter is within the jurisdiction of a Master.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;

- (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7 (9).

June 12, 2014

"Andrew Bury"

Signature of lawyer for the Petitioner

Andrew Bury

TO BE COMPLETED BY THE COURT ONLY

Order made

[] in the terms requested in paragraphs _____ of Part 1 of this Application

[] with the following and additional terms

Date _____

Signature of [] Judge [] Master

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ other matters concerning document discovery
- ☐ extend oral discovery
- ☐ other matters concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts
- ☒ other

PETITIONER(S)

RESPONDENT(S)

BEFORE) MASTER) JULY 9, 2014
))
))

2. on registration of a certified copy of this Order in the Victoria land title office together with a letter from the Petitioner's lawyers authorizing its registration, the Lands and all the right, title, interest, and equity of redemption in and to the Lands of the Petitioner and the Respondents and the heirs, executors, administrators, and assigns of the Petitioner and the Respondents and all persons claiming by, through, or under them shall be conveyed to and will vest in fee simple in the Purchaser, without further instrument of transfer, free and clear of all encumbrances and certificates of pending litigation of the Petitioner and the Respondents and all persons claiming by, through, or under them;

3. all persons claiming possession of the Lands or any portion thereof shall deliver vacant possession of the Lands to the Purchaser, and shall remove all personal property from the Lands, on or before 12:00 noon on August 9, 2014;

4. if any person fails to deliver vacant possession of the Lands to the Purchaser on or before 12:00 noon on August 9, 2014, then the Petitioner shall be at liberty to apply to the Registrar for a Writ of Possession, under Rule 13-2(13) and without further Order;

5. the proceeds of the Sale, less the usual conveyancing adjustments, shall be disbursed through the trust accounts of Gowling Lafleur Henderson LLP, or any other lawyer or notary that Gowling Lafleur Henderson LLP may authorize on their behalf, as follows;

- a) firstly, in payment of outstanding taxes, water and sewer rates, and interest and penalties thereon, owing with respect to the Lands;
- b) secondly, in payment of real estate commission owing with respect to the Sale, plus GST thereon;
- c) thirdly, to the Petitioner the amount due under the mortgage which is the subject of this proceeding;
- d) the balance, if any, to be paid into Court to the credit of this proceeding;

6. the Petitioner is at liberty, with the agreement of the Purchaser, to extend the completion date of the Sale up to 10 days;

7. the Petitioner is at liberty to apply for such further and other directions as may be necessary to carry out the full purport and effect of this Order;

8. the assessed costs of and in connection with this application are awarded to the Petitioner, at Scale A.

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

Signature of lawyer for the Petitioner
Andrew Bury

By the Court

Registrar

NO. S13650
DUNCAN REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

LADYSMITH & DISTRICT CREDIT
UNION

PETITIONER(S)

AND:

JOHN KENNETH PURDY
AND OTHERS

RESPONDENT(S)

**ORDER MADE AFTER APPLICATION
(ORDER APPROVING SALE)**

gowlings

GOWLING LAFLEUR HENDERSON LLP

Lawyers

P.O. Box 30

2300-550 Burrard Street

Vancouver, B.C. V6C 2B5

604-683-6498

Attention: Andrew Bury

AAB/azk
V108909

NO. S13650
DUNCAN REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

LADYSMITH & DISTRICT CREDIT UNION

PETITIONER(S)

AND:

JOHN KENNETH PURDY
AND OTHERS

RESPONDENT(S)

NOTICE OF APPLICATION

gowlings

GOWLING LAFLEUR HENDERSON LLP

Lawyers

P.O. Box 30

2300-550 Burrard Street

Vancouver, B.C. V6C 2B5

604-683-6498

Attention: Andrew Bury

AAB/azk

V108909



THIS IS THE 1ST AFFIDAVIT
OF AZADEH KHARAZMI IN THIS PROCEEDING
AND WAS MADE ON JUNE 12, 2014

NO. S13650
DUNCAN REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

LADYSMITH & DISTRICT CREDIT UNION

PETITIONER(S)

AND:

**JOHN KENNETH PURDY
AND OTHERS**

RESPONDENT(S)

AFFIDAVIT

I, Azadeh Kharazmi, of 2300 Bentall 5, 550 Burrard Street, Vancouver,
British Columbia, Paralegal, SWEAR THAT:

1. I am employed by Gowling Lafleur Henderson LLP ("Gowlings"), the lawyers for the Petitioner, and as such have personal knowledge of the facts and matters hereinafter deposed to except where they are stated to be on information and belief, in which case I verily believe them to be true.
2. This is a foreclosure proceeding.
3. The mortgage which is the subject of this proceeding (the "Mortgage") is a first financial charge registered against the lands and premises which are the subject of this proceeding (the "Property").
4. The Property is a house in Port Alberni.
5. Order Nisi was made herein on August 10, 2011, with a redemption period of six months that expired on February 11, 2012.

6. An Order was made herein on November 27, 2013, granting the Petitioner exclusive conduct of sale of the Property, on and after November 27, 2013.

7. The Petitioner listed the Property for sale in January , 2014 on an MLS basis with a local real estate agent and firm for \$425,000; then reduced the listing price to \$418,000; then reduced the listing price again to \$399,000.

8. Attached hereto and marked exhibit "A" to this my affidavit is a true copy of an appraisal (the "Appraisal") of the Property, estimating the value in February, 2014 at \$380,000.

9. Attached hereto and marked exhibit "B" to this my affidavit is a true copy of a marketing report from the Petitioner's listing agent.

10. Attached hereto and marked exhibit "C" to this my affidavit is a true copy of an offer (the "Offer") from Francois Michael Joseph Theoret and Viviane Carmen Marie Gagnon to purchase the Property for \$375,000.

11. The Petitioner has accepted the Offer, subject to the approval of this Honourable Court.

12. I am informed by Roberto Qualizza, an employee of the Petitioner, that the Offer is the best offer the Petitioner has received to purchase the Property.

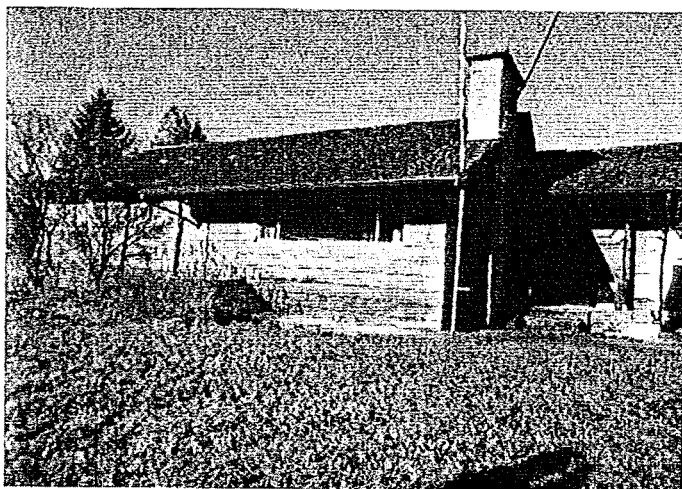
SWORN BEFORE ME at
Vancouver, British Columbia
on June 12, 2014

A Commissioner for taking Affidavits for British Columbia

ANNIE SIU-FUN YU
GOWLING LAFLEUR HENDERSON LLP
BARRISTER & SOLICITOR
550 BURRARD STREET - SUITE 2300
DENTAL 5 - VANCOUVER, B.C. V6C 2B5
(604) 683-6498

~~AZADEH KHARAZMI~~

APPRAISAL REPORT



OF THE LAND AND IMPROVEMENTS
LOCATED AT

8335 Meshers Road
Port Alberni, BC

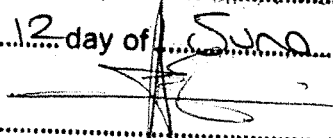
PREPARED FOR

Ladysmith & District Credit Union
Attn: Roberto Qualizza

This is Exhibit "A" referred to in the
affidavit of ARADEH KHARA2 M2
sworn before me at Vancouver
this 12 day of June 2014

PREPARED BY

C. O. Passmore
DAR, Certified Appraisal Reviewer
Benson Appraisals
CNAREA Licence #1042-14


A Commissioner for taking Affidavits
within British Columbia

Benson Appraisals
P.O. Box 938, Station A,
Nanaimo, BC V9R 5H0

The purpose of this appraisal report is to determine the market value, as defined in this appraisal report, of the subject land and improvements thereon located at 8335 Meshers Road Port Alberni, BC, in fee simple, for the function of mortgage financing.

Fee simple is an absolute fee, a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. It is an inheritable estate.

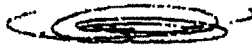
I have personally viewed the subject property on 02/07/2014 and have gathered and analyzed all the data obtained from the local real estate board, the Multiple Listing Service, the public record, and the appraiser's own files. I have further completed a sales comparison approach analysis and a cost approach analysis. Further, the appraiser has omitted the content of Standard Rule #1-4(c), with respect to an income analysis, in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) and with prior knowledge of the client.

It is my opinion the market value of the subject property as of 02/07/2014, is:

Three Hundred Eighty Thousand Dollars

\$380,000

THIS REPORT CONTAINS AND IS SUBJECT TO specific terminology descriptions, conditions, and special limitations which affect the stated opinion of market value, the use, and the intended user of the report. Please carefully read, and pay particular attention to all of these descriptions, conditions, and special limitations.



C. O. Passmore
DAR, Certified Appraisal Reviewer



APPRAISAL REPORT

C14004

| | | | |
|--|---|--|--|
| CLIENT(S): <u>Ladysmith & District Credit Union</u> | | APPRaiser: <u>C. O. Passmore</u> | |
| ADDRESS: Attn: <u>Roberto Qualizza</u> | | ADDRESS OF PROPERTY: <u>#107-30 Cavan Street</u> | |
| TEL: (<u>250</u>) <u>245-6373</u> | | Nanaimo, B.C. V9R 8K3 | |
| CITY: <u>Port Alberni</u> | | TEL: (<u>250</u>) <u>751-9203</u> | |
| PROVINCE: <u>BC</u> POSTAL CODE: <u></u> | | Benson Appraisals 250 245-7503 | |
| APPLICANT NAME: <u>Ladysmith & District Credit Union</u> | | | |
| LEGAL DESCRIPTION: <u>Part S 1/2, District Lot 51, Land District 1; PID: 008-428-585</u> | | | |
| MUNICIPALITY or DISTRICT: <u>Alberni-Clayoquot Regional District</u> | | | |
| ASSESSMENT: LAND | 333,000.00 | IMP | 44,600.00 |
| TOTAL | | 377,600.00 | TAXES \$ 1,362.18 |
| PURPOSE OF APPRAISAL: To estimate the market value | | YEAR 2013 | |
| INTENDED USER(S): <u>Ladysmith & District Credit Union</u> | | | |
| INTENDED USE OF APPRAISAL REPORT: <u>Financing</u> or <u>asset valuation</u> | | | |
| PROPERTY RIGHTS APPRAISED: Fee simple <input checked="" type="checkbox"/> Leasehold <input type="checkbox"/> Condominium <input type="checkbox"/> Co-operative <input type="checkbox"/> Other (Specify) <input type="checkbox"/> | | | |
| OCCUPIED BY: Owner <input checked="" type="checkbox"/> Tenant <input type="checkbox"/> Vacant <input type="checkbox"/> | | | |
| HIGHEST & BEST USE: <input checked="" type="checkbox"/> As is NOTE: IF HIGHEST & BEST USE IS NOT THE CURRENT USE - SEE COMMENTS | | | |
| NEIGHBOURHOOD DESCRIPTION | | | |
| NATURE OF DISTRICT | TREND OF DISTRICT | CONFORMITY OF SUBJ. | AVG. AGE OF PROPERTIES |
| RESIDENTIAL | IMPROVING | INFERIOR | IN NEIGHBOURHOOD: |
| <input checked="" type="checkbox"/> RURAL | <input checked="" type="checkbox"/> STABLE | <input checked="" type="checkbox"/> SIMILAR | new to 40+ YEARS |
| MIXED | DETERIORATING | SUPERIOR | AREA BUILT UP >20 % |
| | TRANSITIONAL | | |
| DISTANCE TO ELEMENTARY SCHOOL | bus | PUBLIC TRANSPORTATION | unavailable |
| TO SECONDARY SCHOOL | bus | SHOPPING FACILITIES | 7.5 km |
| | | DOWNTOWN | 9.5 km |
| PRICE RANGE IN NEIGHBOURHOOD \$ 250,000 to 650,000 | | | |
| SUMMARY: including VALUE TRENDS AND ADVERSE INFLUENCES IN AREA, if any (e.g. railroad tracks, commercial/industrial properties, major traffic arteries, etc.) | | | |
| The subject is located in a mature rural area in an area known as Beaver Creek approximately 7.5 km north of the Beaver Creek Market and 9.5 km north of downtown Port Alberni. Properties in the area comprise a diverse mix of housing styles, and the area is considered to have generally good market appeal. Most urban amenities are within reasonable access in near by Port Alberni, and no adverse influences are noted. Value for single family units and lots based on MLS report data for the Port Alberni area indicate property values have remained relatively stable over the past 12 months | | | |
| SITE DESCRIPTION | | | |
| SITE DIMENSIONS: <u>N/A</u> | | | |
| SITE AREA: <u>80.0 acres</u> SOURCE: <u>BCA</u> | | | |
| TOPOGRAPHY: <u>gently undulating</u> | | | |
| CONFIGURATION: <u>rectangular</u> | | | |
| ZONING: <u>A 2, Rural District</u> | | | |
| PAVED ROAD <input checked="" type="checkbox"/> TELEPHONE <input checked="" type="checkbox"/> SANITARY SEWER <input type="checkbox"/> | | | |
| GRAVEL ROAD <input checked="" type="checkbox"/> GAS <input checked="" type="checkbox"/> SEPTIC <input type="checkbox"/> | | | |
| SIDEWALK <input type="checkbox"/> MUNICIPAL WATER <input type="checkbox"/> STORM SEWER <input type="checkbox"/> | | | |
| CURBS <input type="checkbox"/> WELL-PRIVATE <input checked="" type="checkbox"/> OPEN DITCH <input type="checkbox"/> | | | |
| STREET LIGHTS <input type="checkbox"/> WELL-COMMUNAL <input type="checkbox"/> | | | |
| CABLEVISION <input checked="" type="checkbox"/> creek <input type="checkbox"/> | | | |
| DOES PRESENT USE CONFORM: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF NO, SEE COMMENTS. | | | |
| LANDSCAPING <input type="checkbox"/> EASEMENTS <input type="checkbox"/> DRIVEWAY <input type="checkbox"/> ELECTRICAL <input type="checkbox"/> | | | |
| CUSTOM <input type="checkbox"/> FAIR <input type="checkbox"/> UTILITY <input checked="" type="checkbox"/> PRIVATE <input type="checkbox"/> SINGLE <input type="checkbox"/> CONCRETE <input type="checkbox"/> UNDERGROUND <input type="checkbox"/> | | | |
| <input checked="" type="checkbox"/> GOOD <input type="checkbox"/> POOR <input type="checkbox"/> ACCESS <input type="checkbox"/> MUTUAL <input checked="" type="checkbox"/> DOUBLE <input type="checkbox"/> ASPHALT <input checked="" type="checkbox"/> OVERHEAD <input type="checkbox"/> | | | |
| AVERAGE <input type="checkbox"/> NONE <input type="checkbox"/> none known <input type="checkbox"/> NONE <input type="checkbox"/> gravel <input type="checkbox"/> | | | |
| COMMENT ON ANY POSITIVE/NEGATIVE FEATURES: (e.g. regarding conforming of zoning, effects of easements, etc.) The subject property is gently undulating, and has no known soil or drainage problems. The property is partly fenced with pasture areas in the front and treed and in a natural state at the rear. The property surrounding the residence appeared landscaped but unkempt. The property entails 80 acres which includes and Fawn Creek running through the property. There is a large barn in disrepair, covered shelter and chicken coop near the residence. A portion of the barn is on foundation and wired with the section of barn not on foundation collapsing. | | | |
| DESCRIPTION OF IMPROVEMENTS - EXTERIOR | | | |
| ESTIMATED YEAR BUILT: <u>1980's</u> | | EFFECTIVE AGE: <u>40</u> | |
| CONSTRUCTION COMPLETE: <u>yes</u> | | REMAINING ECONOMIC LIFE (Yrs) <u>15</u> | |
| PERCENTAGE COMPLETE: <u>100%</u> | | N/A | |
| GLA | BASEMENT | TYPE OF BUILDING | DESIGN |
| SOURCE <u>appraiser's measure</u> | FULL | <input checked="" type="checkbox"/> DETACHED | ONE-STOREY |
| 1st <u>1,352</u> | <input checked="" type="checkbox"/> PARTIAL | SEMI-DETACHED | SPLIT-LEVEL |
| 2nd | <input checked="" type="checkbox"/> CRAWL SPACE | ROW/TOWNHOUSE | 1 1/2 STOREY |
| 3rd | TOTAL AREA <u>1,178</u> | APARTMENT | 2-STOREY |
| TOTAL <u>1,352</u> | <input checked="" type="checkbox"/> SQ.FT. <u>SQ.M.</u> | | <input checked="" type="checkbox"/> bungalow |
| <input checked="" type="checkbox"/> SQ.FT. <u>SQ.M.</u> | EXTERIOR FINISH | ROOFING MATERIAL | OVERALL EXT. CONDITION |
| WINDOW SASH/GLAZING | CONCRETE | VINYL | ASPHALT SHINGLE |
| Alum. - single glazed | BRICK VENEER | METAL | WOOD SHINGLE |
| U.F.I. Apparent - No | STONE VENEER | | FIBERGLASS SHINGLE |
| | STUCCO | | |
| | <input checked="" type="checkbox"/> WOOD SIDING | 25 + | APPROX. AGE |
| DESCRIPTION OF IMPROVEMENTS - INTERIOR | | | |
| INSULATION | FLOORING | WALLS | CEILING |
| <input checked="" type="checkbox"/> CEILING | <u>dated</u> W/W CARPET | SHEET VINYL | |
| <input checked="" type="checkbox"/> WALLS | SOFTWOOD | VINYL TILE | |
| <input checked="" type="checkbox"/> BASEMENT | HARDWOOD | CERAMIC | <input checked="" type="checkbox"/> |
| CRAWL | <u>dated</u> LINOLEUM | | <input checked="" type="checkbox"/> |
| FLOOR PLAN | CLOSETS | BEDROOMS | BATHROOMS |
| GOOD | GOOD | LARGE | 2-Pc. |
| <input checked="" type="checkbox"/> AVERAGE | <input checked="" type="checkbox"/> AVERAGE | 3 | 3-Pc. |
| FAIR | FAIR | SMALL | 4-Pc. |
| POOR | POOR | | 5-Pc. |
| | | | FINISH |
| | | | GOOD |
| | | | AVERAGE |
| | | | POOR |
| | | | CUSTOM |
| | | | OVERALL INT. CONDITION |
| | | | GOOD |
| | | | AVERAGE |
| | | | FAIR |
| | | | POOR |

Client Reference No:

File No: C14004

| | | | | |
|---|--|--|--|--|
| FOUNDATION | PLUMBING LINES | ELECTRICAL | WATER HEATER | HEATING SYSTEM |
| <input checked="" type="checkbox"/> POURED CONCRETE | <input checked="" type="checkbox"/> COPPER | <input type="checkbox"/> FUSES | <input type="checkbox"/> GAS | <input checked="" type="checkbox"/> FORCED AIR |
| <input type="checkbox"/> CONCRETE BLOCK | <input checked="" type="checkbox"/> PVC OR PLASTIC | <input checked="" type="checkbox"/> BREAKERS | <input checked="" type="checkbox"/> ELECTRIC | <input type="checkbox"/> BASEBOARD |
| <input type="checkbox"/> CONCRETE SLAB | <input type="checkbox"/> GALVANIZED | | | <input type="checkbox"/> HOT WATER |
| <input type="checkbox"/> BRICK OR STONE | <input checked="" type="checkbox"/> PEX | RATED CAPACITY OF MAIN BREAKERS 100 AMPS | 38.5 gal CAPACITY | oil FUEL TYPE |
| BUILT-IN APPLIANCES/EXTRA FEATURES: | | | | |
| <input type="checkbox"/> STOVE | <input type="checkbox"/> VACUUM | <input type="checkbox"/> CENTRAL AIR | <input type="checkbox"/> SAUNA | <input type="checkbox"/> SOLARIUM |
| <input type="checkbox"/> OVEN | <input type="checkbox"/> GARBAGE DISPOSAL | <input type="checkbox"/> AIR CLEANER | <input type="checkbox"/> WHIRLPOOL | <input type="checkbox"/> SKYLIGHTS |
| <input type="checkbox"/> DISHWASHER 1 wd | <input type="checkbox"/> FIREPLACE(S) | <input type="checkbox"/> SECURITY SYSTEM | <input type="checkbox"/> SWIMMING POOL | <input type="checkbox"/> GARAGE OPENER |
| BASEMENT FINISHES, UTILITY: Part unfinished basement and a smaller over height crawl space area under the laundry room. | | | | |

GARAGES/CARPORTS: Open parking.

DECKS, PATIOS, OTHER IMPROVEMENT: Large deck at the rear in need of repair. Large barn and equipment shed in disrepair

COMMENTS: Building appearance, quality of construction, condition: The subject dwelling is an older bungalow style of house constructed of standard quality building materials. The home has a functional layout and dated interior with old flooring, cabinets and panel board walls. Several of the interior room ceilings have been drywalled. The subject appears to be adequately maintained and the property has a reasonable overall appearance. The roof appeared to be at the end of its useful life with interior leaking noted. The exterior is in need of painting. The basement concrete showed signs of seepage indicating drain tile requires replacement.

| ROOM ALLOCATION | | | | | | COST APPROACH | |
|-----------------|-------|--------|-------|--|-------|--|---------------------------|
| LEVEL: | FIRST | SECOND | THIRD | | BSMT. | SOURCE OF COST DATA: <input checked="" type="checkbox"/> MANUAL <input type="checkbox"/> LOCAL CONTRACTOR <input type="checkbox"/> OTHER | |
| ROOMS: | | | | | | LAND VALUE: rural acreage on septic | \$ 320,000 |
| ENTRANCE | 2 | | | | 1 | BUILDING | COST NEW DEPRECIATED COST |
| LIVING | 1 | | | | | COST: 1,352,00 @ \$ 132.00 | 178,464 |
| DINING | 1 | | | | | GARAGE: open parking | \$ |
| KITCHEN | 1 | | | | | BASEMENT FINISH: | |
| FULL BATH | 1 | | | | | full / unfinished | \$ |
| PART BATH | | | | | | OTHER EXTRAS drive, landscaping | \$ 4,000 |
| BEDROOM | 3 | | | | | site improvements, extras | \$ 10,000 |
| FAMILY | | | | | | deferred maintenance | \$ -20,000 |
| LAUNDRY | 1 | | | | | TOTAL REPLACEMENT COST: | 178,464 |
| OTHER(S) | | | | | 2 | LESS: ACCRUED DEPRECIATION 55% | 98,155 |
| | | | | | | INDICATED VALUE: | 394,309 |
| | | | | | | INDICATED VALUE FROM THE COST APPROACH | 394,300 |

| SALES COMPARISON APPROACH | | | | | | | |
|-------------------------------------|-----------------------------------|-----------------------------------|-----------|--|-----------|--------------------------------|-----------|
| ITEM | SUBJECT PROPERTY | COMPARABLE NO. 1 | | COMPARABLE NO. 2 | | COMPARABLE NO. 3 | |
| | | DESCRIPTION | \$ ADJUST | DESCRIPTION | \$ ADJUST | DESCRIPTION | \$ ADJUST |
| ADDRESS | 8335 Meshers Road Port Alberni | 8427 Meshers Road Port Alberni | | 8286 Beaver Creek Road Port Alberni | | 7444 Bell Road Port Alberni | |
| DATE OF SALE | | Nov/09/2011 | | Sep/17/2011 | | Apr/15/2011 | |
| SALES PRICE | | 500,000 | -35,000 | 450,000 | -31,000 | 360,000 | -25,000 |
| SITE | 80.0 acres | 71.0 acres | 9,000 | 40.23 acres | 40,000 | 37.0 acres | 43,000 |
| GLA | 1352 SqFt. | 1570 SqFt. | -15,300 | 1450 SqFt. | 0 | 881 SqFt. | 34,400 |
| EFF. AGE/COND | 40 effec / fair | 15 effec / average | -60,000 | 25 effec / average | -40,000 | 30 effec / average | -20,000 |
| DESIGN/APPEAL | bungalow | bungalow | | | | | |
| RMS/BEDS/BATHS | 7 / 3 / 1F | 11 / 4 / 2F | | 7 / 3 / 2F | -4,000 | 10 / 3 / 1H1F | -2,000 |
| BASEMENT | 1176 sq.ft. unfin. | 816 SqFt finished | -15,000 | crawl space | 10,000 | 912 sq.ft. finished | -25,000 |
| GARAGE/PARKING | open parking | open parking | | open parking | | single carport | -2,000 |
| Days on Mkt | | 104 | | 7 | | 18 | |
| Extras | average | average | | average | | average | |
| | old barn | none | | old barn | | none | 5,000 |
| | | | | second residence | -50,000 | | |
| ADJUSTED VALUES/NET ADJUSTED TOTALS | | 26.9% -23.3% | 383,700 | 38.9% -18.7% | 375,000 | 43.4% 2.3% | 368,400 |

CONCLUSIONS: While the comparable sale are dated they are considered the best available on which to provide a value for the subject. The market is seen to have declined 7% since the sale dates as such a time adjustment has been made in order to accommodate same. Sale #1 is considered the most similar the subject property due to site size.

INDICATED VALUE FROM THE SALES COMPARISON APPROACH \$ 380,000

FINAL DETERMINATION OF VALUE/COMMENT ON REASONABLE EXPOSURE TIME: While the sales are dated, sale #1 is very similar to the subject. Property values are seen to have declined somewhat since the date of the sales. The most weight in this analysis has been given to the Direct Comparison Approach, however, the market indication is well supported in this instance by the Cost Approach to value. Reasonable exposure time for a property of the subject's type and location is estimated at 90 to 120 days under current market conditions.

COMMENT ON AND ANALYZE ANY KNOWN SALES, LISTING OR OFFER TO PURCHASE ON THE SUBJECT PROPERTY OVER THE PAST THREE YEARS: (Include source of information.) The subject property was listed on the MLS listing service in Jul/30/2011 for an asking price of \$699,000 reduced Oct/30/2011 to \$495,000 reduced Sep/2012 to \$460,000 and further Feb/2013 to \$415,000 which expired May/31/2013. The property was re listed Jan/2014 at an asking price of \$425,000. There have been no known offers to date. There have been no sales of the subject property over the past three years.

AS A RESULT OF MY APPRAISAL AND ANALYSIS IT IS MY OPINION THAT THE MARKET VALUE OF THE SUBJECT PROPERTY AS OF 02/07/2014 IS \$ 380,000

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|--|---|--|---|
| <input checked="" type="checkbox"/> TITLE PAGE | <input checked="" type="checkbox"/> SKETCH ADDENDUM | <input checked="" type="checkbox"/> PHOTO ADDENDA | <input checked="" type="checkbox"/> Site Map |
| <input type="checkbox"/> REPORT PROFILE | <input checked="" type="checkbox"/> COMPS 4-5-6 | <input type="checkbox"/> NARRATIVE ADDENDUM | <input checked="" type="checkbox"/> Additional Photos |
| <input type="checkbox"/> GLA CALCULATIONS | <input checked="" type="checkbox"/> MAP ADDENDUM | <input checked="" type="checkbox"/> INVOICE FOR SERVICES | <input type="checkbox"/> Sales Photos |

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| APPRaiser | DESIGNATION | SUPERVISOR | DESIGNATION |
| SIGNATURE | VIEWED PROP. (DATE) | SIGNATURE | VIEWED PROP. (DATE) |
| NAME C. O. Passmore | 02/07/2014 | NAME | |
| Benson Appraisals | | | |

| SALES COMPARISON APPROACH | | | | | | | | |
|---|-----------------------------------|---------------------------------|------------|------------------------------------|------------|---|------------|--|
| ITEM | SUBJECT PROPERTY | COMPARABLE NO. 4 | | COMPARABLE NO. 5 | | COMPARABLE NO. 6 | | |
| | | DESCRIPTION | \$ ADJUST. | DESCRIPTION | \$ ADJUST. | DESCRIPTION | \$ ADJUST. | |
| ADDRESS | 8335 Meshers Road Port Alberni | 5335 Batty Road Port Alberni | | Lot 2 Debeaux Road Port Alberni | | Lot 2 Franklin River Road Port Alberni | | |
| DATE OF SALE | | Aug/27/2012 | | Aug/20/2013 | | May/30/2013 | | |
| SALE PRICE | | 410,000 | | 160,000 | | 220,000 | | |
| SITE | 80.0 acres | 35.87 acres/view | 35,000 | 25.10 acres | 85,000 | 38.32 acres | 44,000 | |
| SIZE GLA | 1352 SqFt. | 1490 SqFt. | -9,700 | | | | | |
| EFF. AGE/COND | 40 effec / fair | 35 effec / average | -20,000 | N/A lot / | | / | | |
| DESIGN&APPEAL | bungalow | bungalow | | N/A lot | | | | |
| RMS/BEDS/BATHS | 7 / 3 / 1F | 7 / 3 / 1F | | / / | | / / | | |
| BASEMENT | 1176 sq.ft. unfin. | 1490 SqFt unfin. | -15,000 | N/A lot | | | | |
| GARAGE/PARKING | open parking | single carport | -2,000 | N/A lot | | | | |
| Days on Mkt | | 129 | | | | | | |
| Extras | average | average | | | | | | |
| | old barn | none | 5,000 | | | | | |
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| ADJUSTED VALUES/NET ADJUSTED TOTALS | | 21.1% -1.5% | 403,300 | 40.6% 40.6% | 225,000 | 20.0% 20.0% | 264,000 | |
| CONCLUSIONS: Sale #4 inferior in site size superior in characteristics and location (nearer town). Superior in GLA, effective age and condition. It should be noted there have been recent sales of sites over 40 acres in the past 12 months other than one property sold which was a working farm and no considered relevant in this valuation. | | | | | | | | |
| Sale #5 & #6 are recent sales in the value of unimproved acreages. Sale #5 was originally listed at \$259,000 and sold a year later indicating the property may have sold at a considerable discount from market value. | | | | | | | | |
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GENERAL COMMENTS

For the purpose of this appraisal report, the highest and best use is defined as that legally permitted use for which there is a demand, and is most likely to produce the greatest net return, tangible or intangible, to the subject property, while utilizing the property as a whole. The subject property is residential and it is the opinion of the appraiser that this activity constitutes the highest and best use.

The income approach to value was not considered as no properties similar to the subject, in the subject market area, were predominately leased at the time of sale. It is therefore, impossible to determine a legitimate rent multiplier figure necessary in calculating a valid income approach value.

The appraiser assumes that all information describing the insulation, and the water and sewer systems supplied by the owner of other sources, is correct. This information was not verified by the appraiser.

Cost Data (If Applicable)

The cost approach calculations were based on current information published by the Marshall & Swift Company and were adjusted for geographical location, climatic conditions, seismic zones, and wind factors. Physical depreciation was calculated using the modified effective age/life method, utilizing Marshall and Swift handbook as a base. The accrued depreciation includes any applicable functional and external obsolescence. The land value was determined from an analysis of the most recent sales of similar but undeveloped land in the subject market area, and by the abstraction method utilizing the comparables incorporated in the sales comparison analysis.

Sales Comparison Data

The date of sale figures reflect the actual contract date of each comparable. The condition adjustment reflects both the incurable and the curable physical depreciation and was calculated by a comparison of the effective age of the subject's improvements to that of the respective comparable. The difference of the respective depreciation rates was then applied to the abstracted value of the improvements only. The gross living area adjustments reflect both size and room differences. These adjustments have been calculated by abstracting from the sales price of each comparable, the market value of all items which do not contribute to the actual Gross Living Area of the house itself. The residual was then divided by the size of the respective house to arrive at an average market value per square foot or meter. The values thus derived from each of the comparables were correlated with the depreciated cost of the subject to arrive at the actual adjustment rate utilized.

SPECIAL LIMITATIONS

This APPRAISAL REPORT has been prepared for the sole and exclusive use and benefit of Ladysmith & District Credit Union (hereinafter referred to as the client). Any use of this report by anyone other than the client or for any purpose or function other than the original intent, invalidates the findings and voids all results and or conclusions.

All analysis, opinions, and conclusions were developed, and this appraisal report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the code of ethics of the Canadian National Association of Real Estate Appraisers.

It is assumed that the utilization of land and any improvements thereon, are within the boundaries of the property lines of the described property and that there is no encroachment or trespass, unless otherwise stated in the appraisal report.

It is assumed that the subject property is in full compliance with all applicable Federal, State/Provincial, and local environmental regulations and laws unless otherwise stated in the appraisal report.

It is assumed that all required licenses, consents, or any required legislative or administrative authority from any local, State/Provincial, Federal, or private entity or organization, have been acquired and or renewed for any use upon which the value opinion in the appraisal report is based.

It is assumed that any lease encumbrances pertaining to the subject property are legally binding contracts between the lessee and the lessor and that all information transmitted to the appraiser concerning these lease contracts is accurate and correct. Although this appraisal report may include information concerning the physical improvements being appraised, including their adequacy and or condition, it should be understood that this information is provided only for use as a general guide in the valuation of the subject property and is not to be construed as a complete or detailed physical report. The observed condition of the roof, exterior walls, foundation, interior walls, floors, heating system, plumbing, insulation, electrical system, and any other of the mechanical system or physical components of the improvements is based on a casual viewing only. No detailed inspection was made. The improvements were not checked for current building code violations unless otherwise noted in the appraisal report. If such an inspection is required, the client is advised to retain the services of an expert in this field.

Comments: I have previously appraised this property within the three year period prior to this assignment. The appraisal was dated July/05/2012 under #C12042.

APPRAISER:

Signature: Name: C. O. PassmoreDesignation: DAR, Certified Appraisal ReviewerDate Signed: 02/12/2014

SUPERVISORY APPRAISER (only if required):

Signature: _____

Name: _____

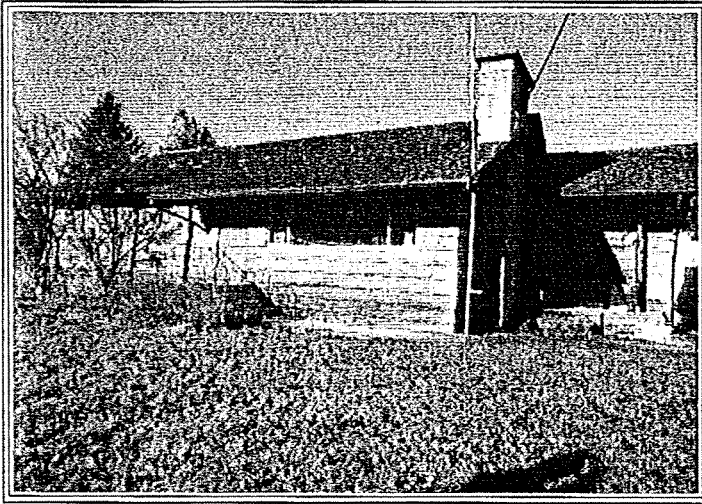
Designation: _____

Date Signed: _____

☐ DID ☐ DID NOT VIEW PROPERTY

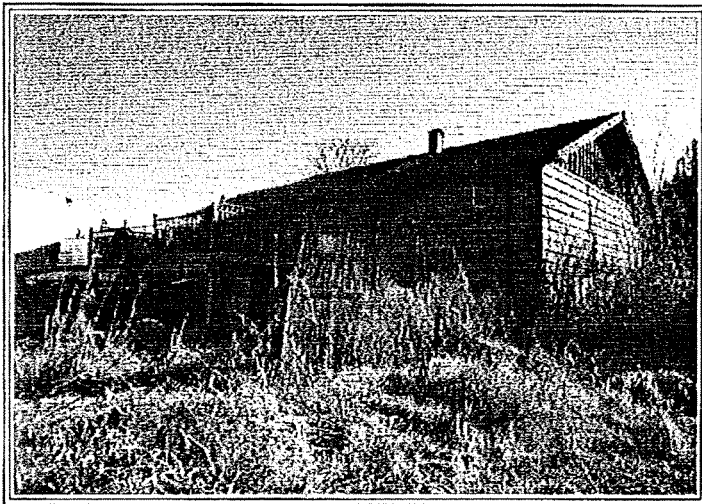
SUBJECT PROPERTY PHOTO ADDENDUM

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|---|-----------|------------------|
| Borrower: Ladysmith & District Credit Union | | File No.: C14004 |
| Property Address: 8335 Meshers Road | | Case No.: |
| City: Port Albeml | Prov.: BC | P.C.: |
| Lender: Ladysmith & District Credit Union | | |



FRONT VIEW OF
SUBJECT PROPERTY

Appraised Date: February 7, 2014
Appraised Value: \$ 380,000



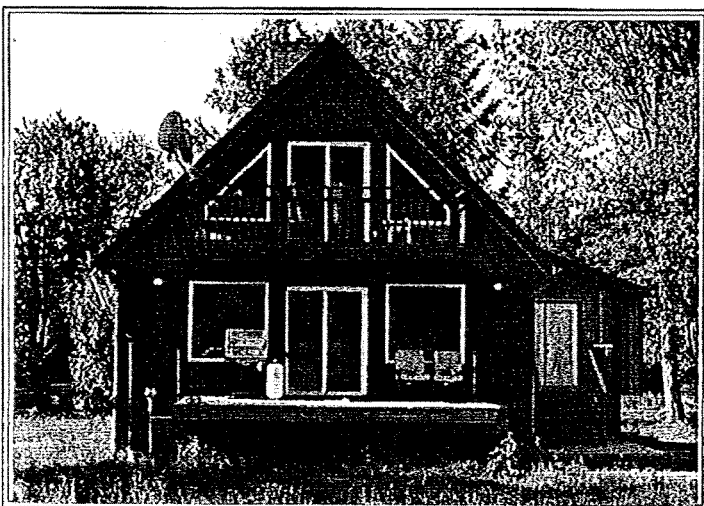
REAR VIEW OF
SUBJECT PROPERTY



STREET SCENE

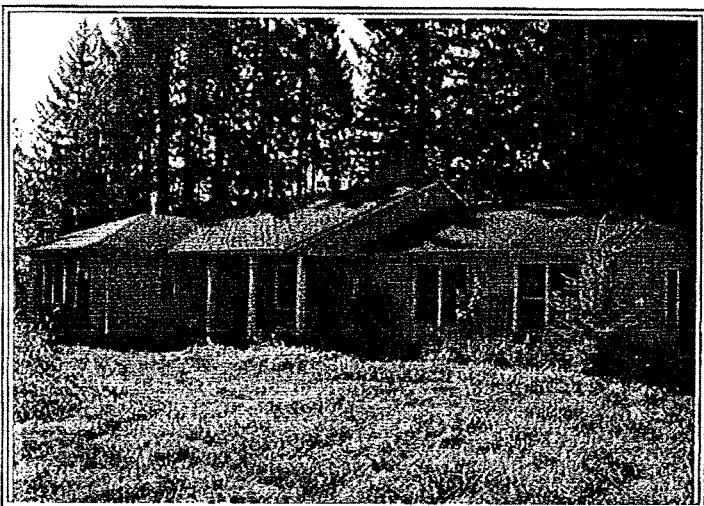
COMPARABLE PROPERTY PHOTO ADDENDUM

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|---|------------------|
| Borrower: Ladysmith & District Credit Union | File No.: C14004 |
| Property Address: 8335 Meshers Road | Case No.: |
| City: Port Alberni | Prov.: BC P.C.: |
| Lender: Ladysmith & District Credit Union | |



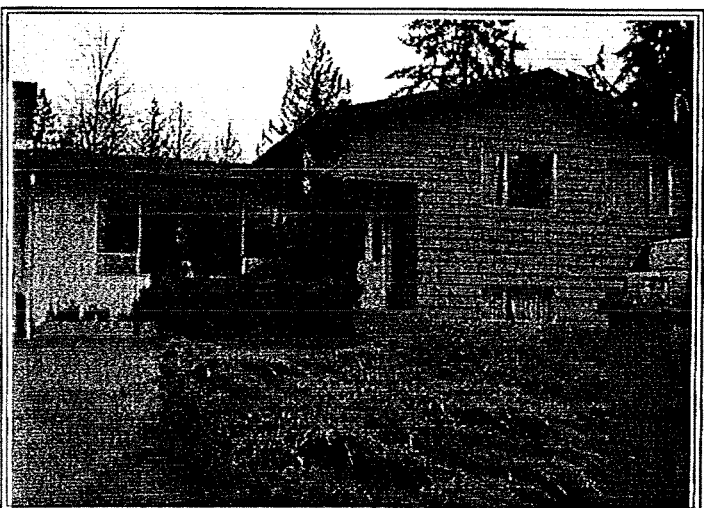
COMPARABLE SALE #1

8427 Meshers Road
Port Alberni
Sale Date: Nov/08/2011
Sale Price: \$ 500,000



COMPARABLE SALE #2

8286 Beaver Creek Road
Port Alberni
Sale Date: Sep/17/2011
Sale Price: \$ 460,000

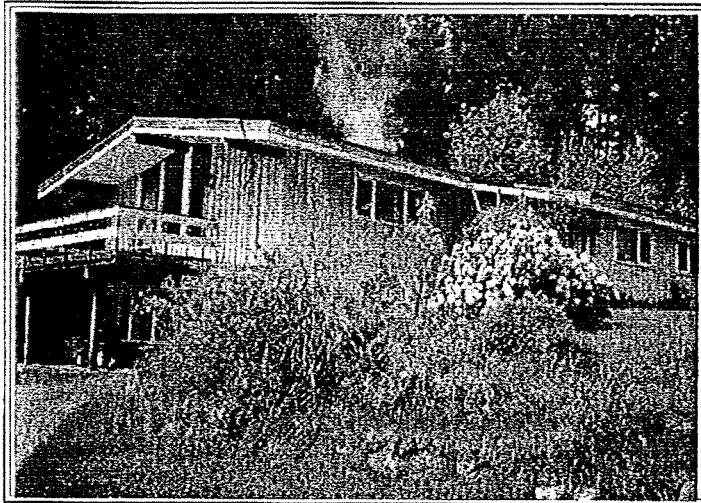


COMPARABLE SALE #3

7444 Bell Road
Port Alberni
Sale Date: Apr/15/2011
Sale Price: \$ 360,000

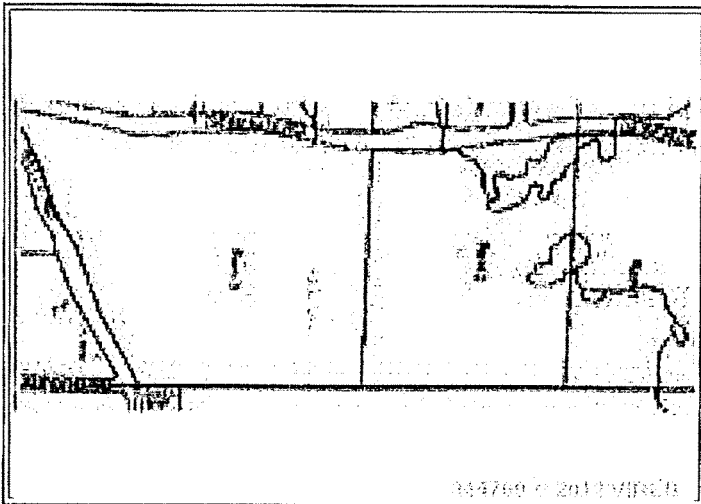
COMPARABLE PROPERTY PHOTO ADDENDUM

| | |
|---|------------------|
| Borrower: Ladysmith & District Credit Union | File No.: C14004 |
| Property Address: 8335 Meshers Road | Case No.: |
| City: Port Alberni | Prov.: BC P.C.: |
| Lender: Ladysmith & District Credit Union | |



COMPARABLE SALE #4

5335 Batty Road
Port Alberni
Sale Date: Aug/27/2012
Sale Price: \$ 410,000



COMPARABLE SALE #5

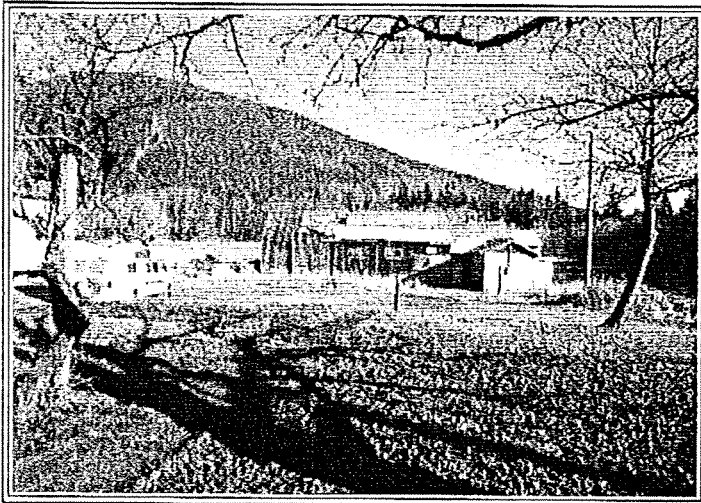
Lot 2 Debeaux Road
Port Alberni
Sale Date: Aug/20/2013
Sale Price: \$ 180,000



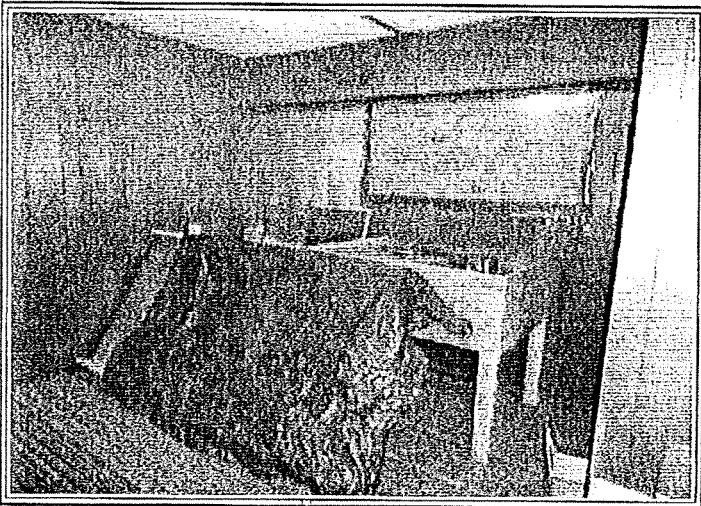
COMPARABLE SALE #6

Lot 2 Franklin River Road
Port Alberni
Sale Date: May/30/2013
Sale Price: \$ 220,000

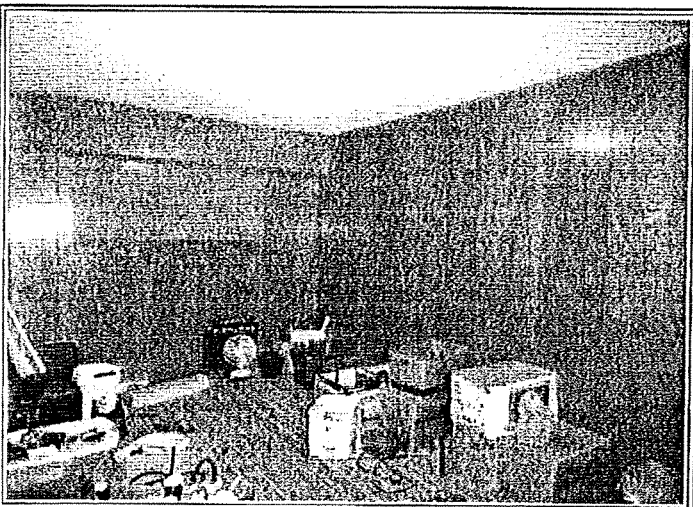
| | |
|---|------------------|
| Borrower: Ladysmith & District Credit Union | File No.: C14004 |
| Property Address: 8335 Meshers Road | Case No.: |
| City: Port Alberni | Prov.: BC P.C.: |
| Lender: Ladysmith & District Credit Union | |



Barn

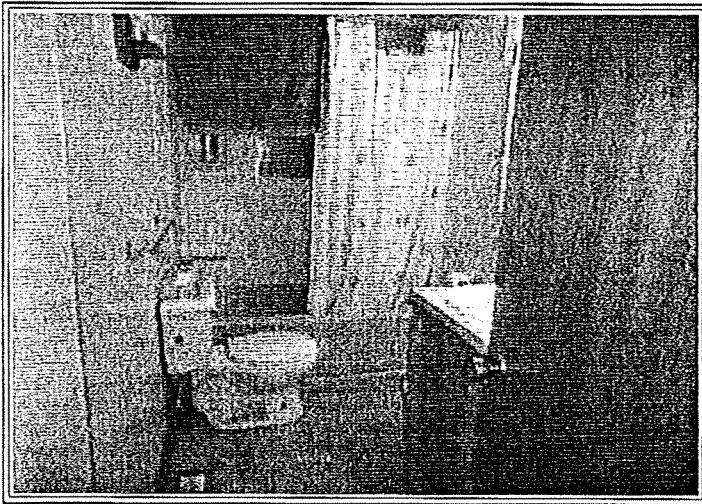


Bedroom

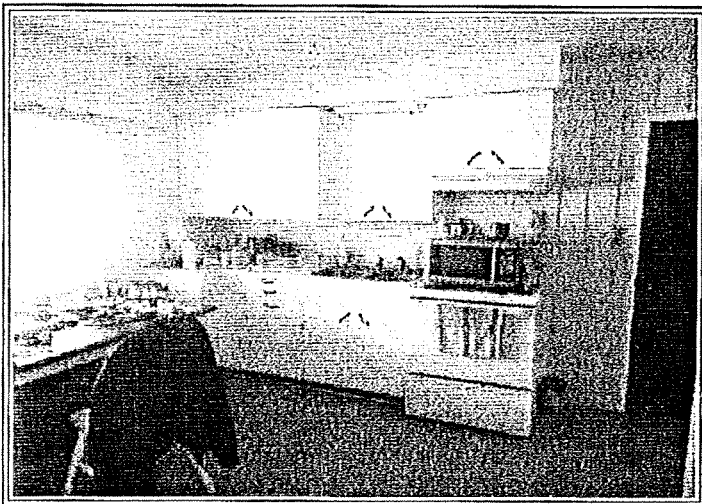


Bedroom

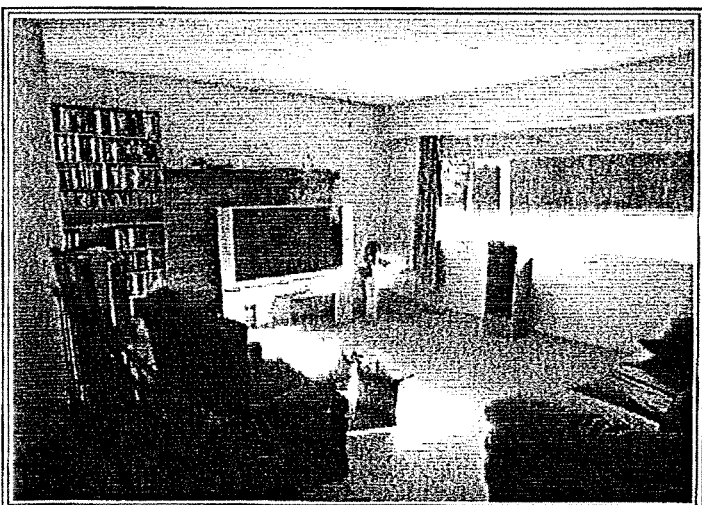
| | |
|---|------------------|
| Borrower: Ladysmith & District Credit Union | File No.: C14004 |
| Property Address: 8335 Meshers Road | Case No.: |
| City: Port Alberni | Prov.: BC P.C.: |
| Lender: Ladysmith & District Credit Union | |



Bath

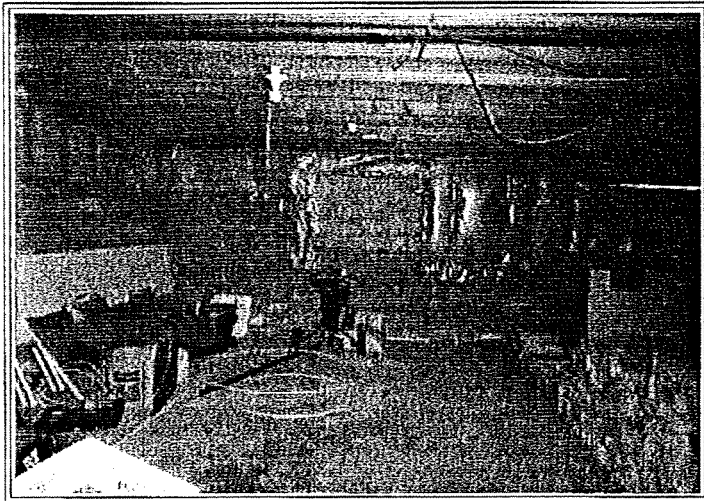


Kitchen

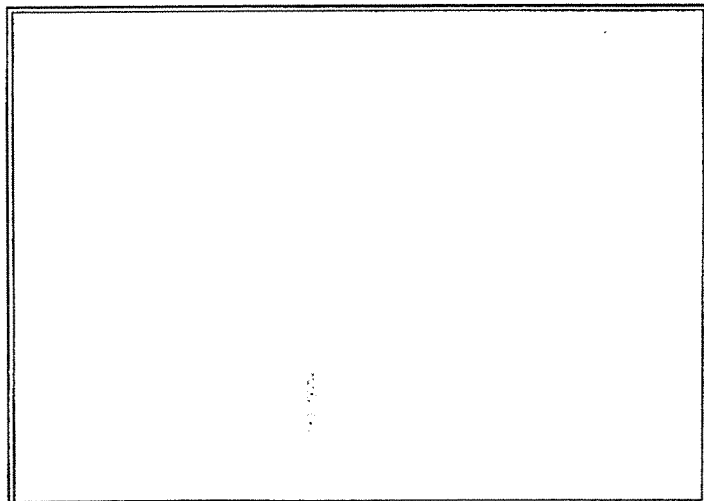
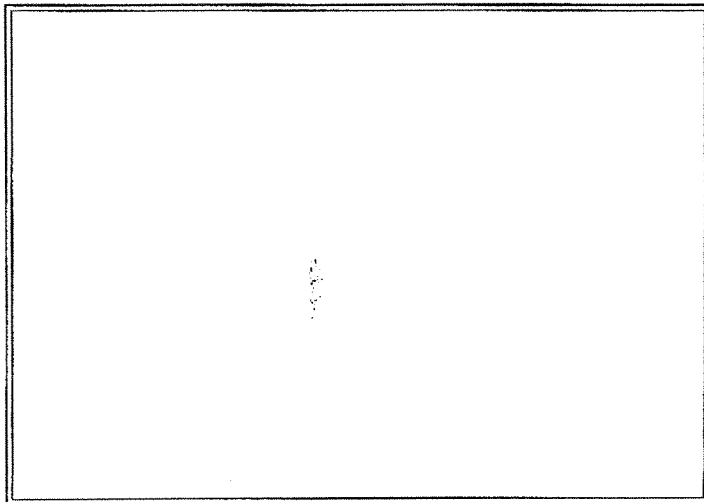


Living Room

| | | |
|---|-----------|------------------|
| Borrower: Ladysmith & District Credit Union | | File No.: C14004 |
| Property Address: 8335 Meshers Road | | Case No.: |
| City: Port Alberni | Prov.: BC | P.C.: |
| Lender: Ladysmith & District Credit Union | | |



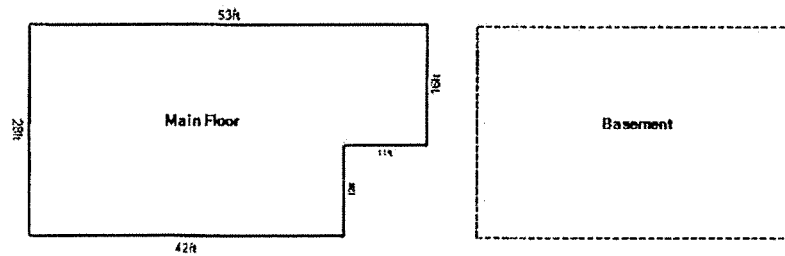
Basement



FLOORPLAN

| | | |
|---|-----------|------------------|
| Borrower: Ladysmith & District Credit Union | | File No.: C14004 |
| Property Address: 8335 Meshers Road | | Case No.: |
| City: Port Alberni | Prov.: BC | P.C.: |
| Lender: Ladysmith & District Credit Union | | |

Sketch



16 ft

| Living Area | | Area Calculation | | | |
|------------------------------|---------------------|------------------|--------|--------|--|
| Living Floor | 1352 m ² | Main Floor | | | |
| Nonliving Area | 1176 m ² | 16ft x 11ft | 0.60 = | 88 ft | |
| Basement | | 12ft x 42ft | 0.60 = | 252 ft | |
| Total Living Area (rounded): | 1262 m ² | 44 ft x 43 ft | 0.41 = | 424 ft | |
| | | | 0.30 = | 588 ft | |

LOCATION MAP

Borrower: Ladysmith & District Credit Union

File No.: C14004

Property Address: 8335 Meshers Road

Case No.:

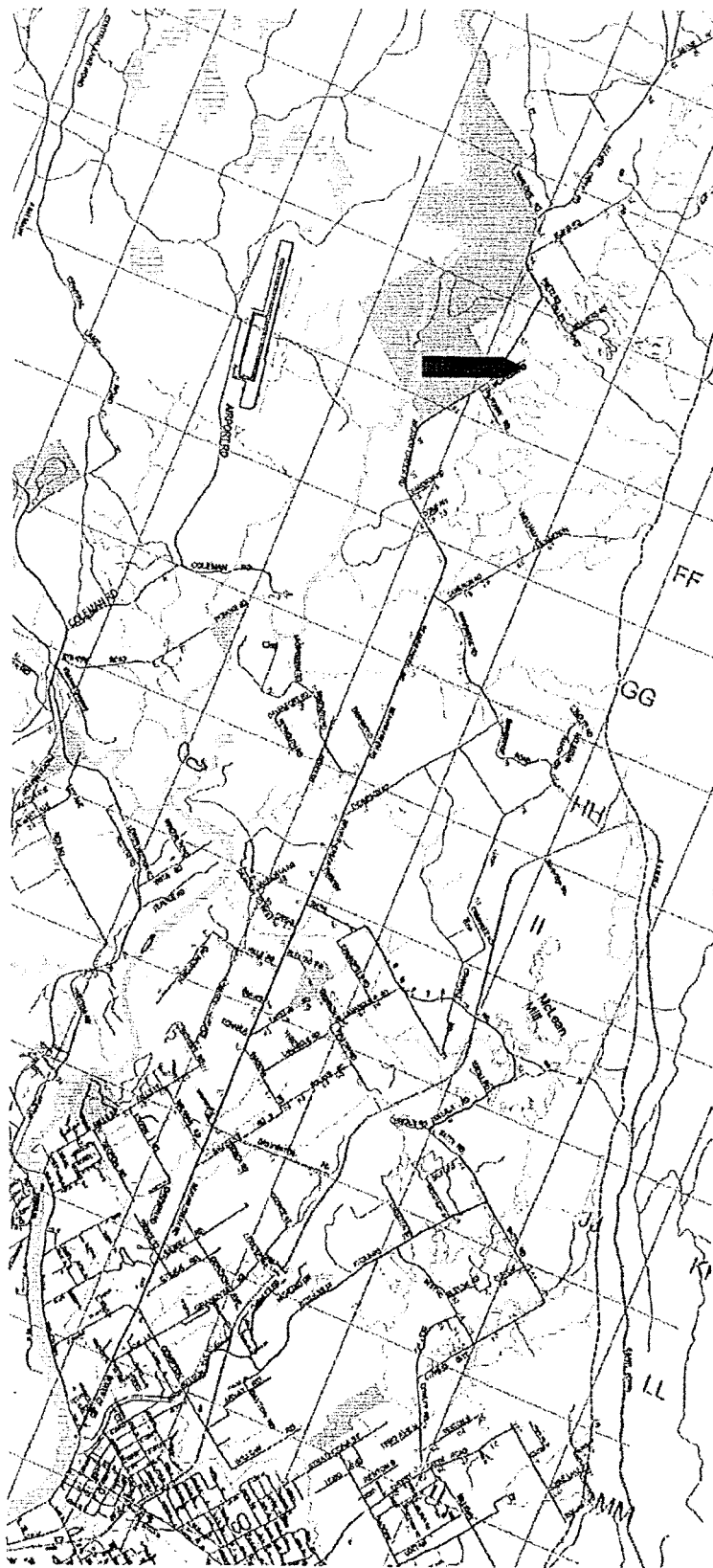
City: Port Alberni

Prov.:

BC

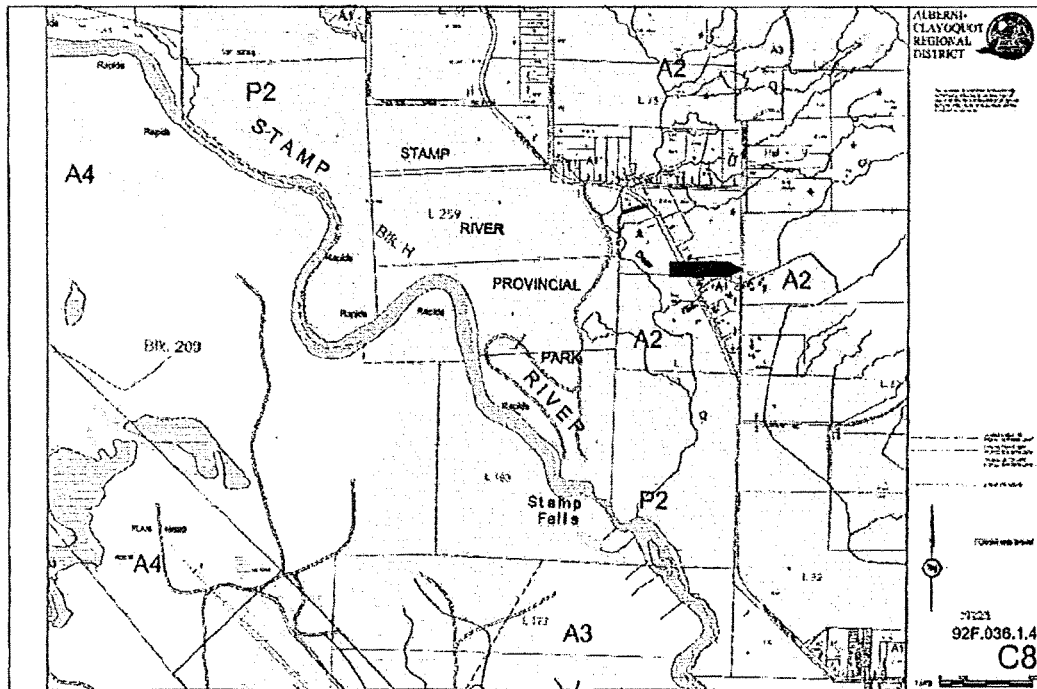
P.C.:

Lender: Ladysmith & District Credit Union



SITE MAP

| | |
|---|------------------|
| Borrower: Ladysmith & District Credit Union | File No.: C14004 |
| Property Address: 8335 Meshers Road | Case No.: |
| City: Port Alberni | Prov.: BC P.C.: |
| Lender: Ladysmith & District Credit Union | |



Borrower: Ladysmith & District Credit Union

File No.: C14004

Property Address: 8335 Meshers Road

Case No.:

City: Port Alberni

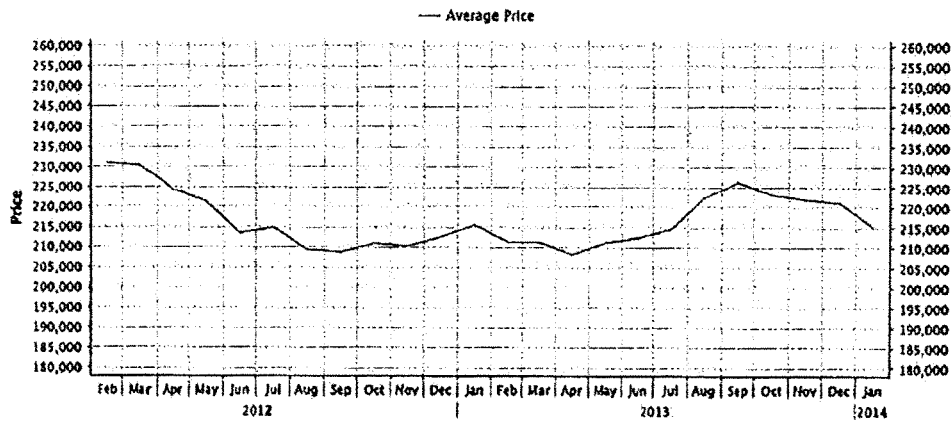
Prov.: BC

P.C.:

Lender: Ladysmith & District Credit Union

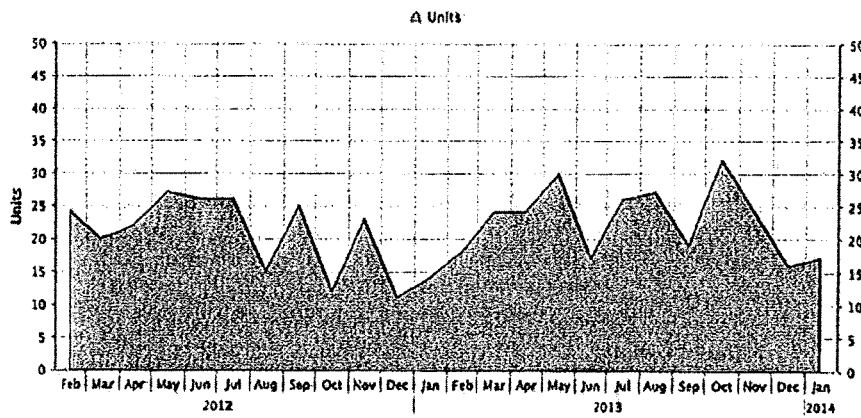
Port Alberni / West Coast as at January 31, 2014

Cumulative Residential Average Single Family Sale Price



NOTE: Figures are based on a "rolling total" from the past 12 months - i.e. 12 months to date instead of the calendar "year to date".

Single Family Units Reported Sold





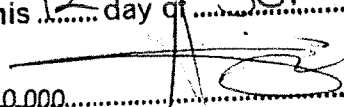
KENT KNELSON PERSONAL REAL ESTATE CORPORATION
#1-3179 BARONS ROAD NANAIMO BC V9T 5W5
250.760.1066 P | 250.760.1077 F

May 28, 2014

COURT REPORT FOR – 8335 Meshers Rd. Pt. Alberni, B.C.
By Listing Agent Kent Knelson, Century 21 Harbour Realty Ltd.

1. January 8, 2014 – Property listed for sale on MLS by Court Order Duncan Registry for \$425,000 with Century 21 Harbour Realty Ltd.
2. The property had been listed previously by the mortgagor with 5 other realtors since December 16, 2001 at prices from 1,000,000 to as low as \$415,000.
3. Listing History with Century 21 Harbour Realty Ltd.
 - January 8, 2014 – listed at \$425,000
 - February 21, 2014 – Price reduced to \$418,000
 - April 3, 2014 – Price reduced to \$399,000
4. Marketing:
 - The property, throughout its listing, has been on the MLS website through the Vancouver Island Real Estate Board.
 - It was advertised continuously on www.mls.ca, www.century21.ca, and, www.kentknelson.com.
 - A title search was obtained and available for interested parties.
 - Pictures were taken of the property for advertising purposes and posting on the website.
 - The listing was advertised numerous times in the Real Estate Weekly newspaper
5. Inquiries – 25
6. Showings – 23 booked showings and numerous unauthorized individuals or parties who showed up on the property without notice.
7. Offer Number One:
 - February 5, 2014 – Offer presented by Kent Knelson for \$350,000
 - Offer rejected by the bank as too low
8. Offer Number Two:
 - March 28, 2014 – Offer presented by Kent Knelson for \$350,000
 - Counter offer from LDCU at \$400,000
 - No further counter back from Buyer
9. Offer Number Three:
 - April 2, 2014 – Offer presented by Kent Knelson for \$320,000

This is Exhibit " 3 " referred to in the
affidavit of AZADEH KHAKA2M?
sworn before me at Vancouver
this 12 day of June, 2014


A Commissioner for taking Affidavits
within British Columbia.

- Counter offer from LDCU at \$400,000
- Subsequent counters from Buyer and LDCU as follows \$350,000 (B); 385,000 (LDCU); 365,000 (B); 380,000 (LDCU); 370,000 (B); 375,000 LDCU
- Offer accepted

10. Offer collapsed due to very low appraisal of the subject property (\$220,000)

11. Offer Number Four:

- May 22, 2014 – Subject free offer resubmitted by previous Buyer
- Offer accepted for \$375,000

12. It is the writer's opinion that the accepted offer of \$375,000 should proceed to Court for consideration and competing offers. There are at least 7 realtors with interested clients. The property has been on the market with Century 21 Harbour Realty Ltd. since January 8, 2014. The home and land are in very rough condition and will require considerable money and effort to bring them back to good condition. This is reflected in the accepted price.

13. Every effort will be made to ensure that all interested parties are notified once a court date is determined. I am continuing to market and advertise the property to attract as many interested parties as possible.

Please feel free to contact me if there is anything further that you require from me.

Sincere Regards,

Kent Knelson
Kent Knelson Personal Real Estate Corporation

This is Exhibit " E " referred to in the
affidavit of AZADEH KAMLAZADEH

sworn before me at Vancouver

this 12 day of June, 2014

A Commissioner for taking Affidavits
within British Columbia
THE CANADIAN
BAR ASSOCIATION
British Columbia Branch
PAGE 1 of 7 PAGES



CONTRACT OF PURCHASE AND SALE

BROKERAGE: RE/MAX Ocean Pacific Realty (Crtny) DATE: May 22, 2014
ADDRESS: 2230A CLIFFE AVE Courtenay PC: V9N 2L4 PHONE: 250-334-9900
PREPARED BY: JOAN SMILLIE MLS# NO: 367390

| | |
|---|---------------------------------------|
| SELLER: <u>LADYSMITH AND DISTRICT CREDIT UNIT</u> | BUYER: <u>Francois Theoret</u> |
| SELLER: _____ | BUYER: <u>Viviane Gagnon</u> |
| ADDRESS: <u>8335 MESHERS ROAD</u> | ADDRESS: <u>4010 South Island Hwy</u> |
| PORT ALBERNI PC: <u>V9Y 8N4</u> | Royston, BC PC: <u>V0R 2V0</u> |
| PHONE: _____ | PHONE: <u>250-331-3261</u> |
| RESIDENT OF CANADA <input checked="" type="checkbox"/> NON-RESIDENT OF CANADA | OCCUPATION: _____ |
| as defined under the <i>Income Tax Act</i> . | |

PROPERTY:

8335 MESHERS ROAD

UNIT NO. ADDRESS OF PROPERTY

PORT ALBERNI

V9Y 8N4

CITY/TOWN/MUNICIPALITY

POSTAL CODE

008428565

PID

OTHER PID(S)

THE SOUTH 1/2 OF DISTRICT LOT 51, ALBERNI DISTRICT

LEGAL DESCRIPTION

The Buyer agrees to purchase the Property from the Seller on the following terms and subject to the following conditions:

1. PURCHASE PRICE: The purchase price of the Property will be _____
Three Hundred Seventy-Five Thousand
DOLLARS \$375,000.00 (Purchase Price)
2. DEPOSIT: A deposit of \$2,000.00 which will form part of the Purchase Price, will be paid within 24 hours of acceptance unless agreed as follows:
Within 48 hours of acceptance (excluding Sundays & Statutory Holidays)

All monies paid pursuant to this section (Deposit) will be paid in accordance with section 10 or by uncertified cheque except as otherwise set out in this section 2 and will be delivered in trust to RE/MAX Ocean Pacific Realty Inc. Courtenay and held in trust in accordance with the provisions of the *Real Estate Services Act*. In the event the Buyer fails to pay the Deposit as required by this Contract, the Seller may, at the Seller's option, terminate this Contract. The party who receives the Deposit is authorized to pay all or any portion of the Deposit to the Buyer's or Seller's conveyancer (the "Conveyancer") without further written direction of the Buyer or Seller, provided that: (a) the Conveyancer is a Lawyer or Notary; (b) such money is to be held in trust by the Conveyancer as stakeholder pursuant to the provisions of the *Real Estate Services Act* pending the completion of the transaction and not on behalf of any of the principals to the transaction; and (c) if the sale does not complete, the money should be returned to such party as stakeholder or paid into Court.

INITIALS

8335 MESHERS ROAD
PROPERTY ADDRESS

PORT ALBERNI

V9Y 8N4

PAGE 2 of 7 PAGES

3. **TERMS AND CONDITIONS:** The purchase and sale of the Property includes the following terms and is subject to the following conditions:

The attached addendum[s] are incorporated into and form part of this contract.

The Buyer[s] are aware they may be responsible for paying a Property Purchase Tax of 1% on the 1st \$200,000 and 2% on the balance.

Each condition, if so indicated is for the sole benefit of the party indicated. Unless each condition is waived or declared fulfilled by written notice given by the benefiting party to the other party on or before the date specified for each condition, this Contract will be terminated thereupon and the Deposit returnable in accordance with the *Real Estate Services Act*.

4. **COMPLETION:** The sale will be completed on 10 Days after court approval, yr. 2014
(Completion Date) at the appropriate Land Title Office.

5. **POSSESSION:** The Buyer will have vacant possession of the Property at _____ m. on
1 Day after completion, yr. 2014 (Possession Date) OR, subject to the following existing tenancies, if any:

6. **ADJUSTMENTS:** The Buyer will assume and pay all taxes, rates, local improvement assessments, fuel utilities and other charges from, and including, the date set for adjustments, and all adjustments both incoming and outgoing of whatsoever nature will be made as of 10 Days after court approval, yr. 2014 (Adjustment Date).

7. **INCLUDED ITEMS:** The Purchase Price includes any buildings, improvements, fixtures, appurtenances and attachments thereto, and all blinds, awnings, screen doors and windows, curtain rods, tracks and valances, fixed mirrors, fixed carpeting, electric, plumbing, heating and air conditioning fixtures and all appurtenances and attachments thereto as viewed by the Buyer at the date of inspection, INCLUDING:

AS IS WHERE IS

BUT EXCLUDING: _____

8. **VIEWED:** The Property and all included items will be in substantially the same condition at the Possession Date as when viewed by the Buyer on AS IS WHERE IS, yr. _____
9. **TITLE:** Free and clear of all encumbrances except subsisting conditions, provisos, restrictions exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favour of utilities and public authorities, existing tenancies set out in Clause 5, if any, and except as otherwise set out herein.
10. **TENDER:** Tender or payment of monies by the Buyer to the Seller will be by certified cheque, bank draft, cash or Lawyer's/Notary's or real estate brokerage's trust cheque.
11. **DOCUMENTS:** All documents required to give effect to this Contract will be delivered in registrable form where necessary and will be lodged for registration in the appropriate Land Title Office by 4 pm on the Completion Date.


INITIALS

PROPERTY ADDRESS

12. **TIME:** Time will be of the essence hereof, and unless the balance of the cash payment is paid and such formal agreements to pay the balance as may be necessary is entered into on or before the Completion Date, the Seller may, at the Seller's option, terminate this Contract, and, in such event, the amount paid by the Buyer will be non-refundable and absolutely forfeited to the Seller in accordance with the *Real Estate Services Act*, on account of damages, without prejudice to the Seller's other remedies.
13. **BUYER FINANCING:** If the Buyer is relying upon a new mortgage to finance the Purchase Price, the Buyer, while still required to pay the Purchase Price on the Completion Date, may wait to pay the Purchase Price to the Seller until after the transfer and new mortgage documents have been lodged for registration in the appropriate Land Title Office, but only if, before such lodging, the Buyer has: (a) made available for tender to the Seller that portion of the Purchase Price not secured by the new mortgage, and (b) fulfilled all the new mortgagee's conditions for funding except lodging the mortgage for registration, and (c) made available to the Seller, a Lawyer's or Notary's undertaking to pay the Purchase Price upon the lodging of the transfer and new mortgage documents and the advance by the mortgagee of the mortgage proceeds pursuant to the Canadian Bar Association (BC Branch) (Real Property Section) standard undertakings (the "CBA Standard Undertakings").
14. **CLEARING TITLE:** If the Seller has existing financial charges to be cleared from title, the Seller, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Purchase Price, but in this event, the Seller agrees that payment of the Purchase Price shall be made by the Buyer's Lawyer or Notary to the Seller's Lawyer or Notary, on the CBA Standard Undertakings to pay out and discharge the financial charges, and remit the balance, if any, to the Seller.
15. **COSTS:** The Buyer will bear all costs of the conveyance and, if applicable, any costs related to arranging a mortgage and the Seller will bear all costs of clearing title.
16. **RISK:** All buildings on the Property and all other items included in the purchase and sale will be, and remain, at the risk of the Seller until 12:01 am on the Completion Date. After that time, the Property and all included items will be at the risk of the Buyer.
17. **PLURAL:** In this Contract, any reference to a party includes that party's heirs, executors, administrators, successors and assigns; singular includes plural and masculine includes feminine.
18. **REPRESENTATIONS AND WARRANTIES:** There are no representations, warranties, guarantees, promises or agreements other than those set out in this Contract and the representations contained in the Property Disclosure Statement if incorporated into and forming part of this Contract, all of which will survive the completion of the sale.
19. **PERSONAL INFORMATION:** The Buyer and the Seller hereby consent to the collection, use and disclosure by the Brokerages and by the managing broker(s), associate broker(s) and representative(s) of those Brokerages (collectively the "Licensee(s)") described in Clause 20, the real estate boards of which those Brokerages and Licensees are members and, if the Property is listed on a Multiple Listing Service®, the real estate board that operates the Multiple Listing Service®, of personal information about the Buyer and the Seller:
- A. for all purposes consistent with the transaction contemplated herein;
 - B. if the Property is listed on a Multiple Listing Service®, for the purpose of the compilation, retention and publication by the real estate board that operates the Multiple Listing Service® and other real estate boards of any statistics including historical Multiple Listing Service® data for use by persons authorized to use the Multiple Listing Service® of that real estate board and other real estate boards;
 - C. for enforcing codes of professional conduct and ethics for members of real estate boards; and
 - D. for the purposes (and to the recipients) described in the brochure published by the British Columbia Real Estate Association entitled *Working With a REALTOR®*.


INITIALS

8335 MESHERS ROAD
PROPERTY ADDRESS

PORT ALBERNI

V9Y 8N4

PAGE 4 of 7 PAGES

20. AGENCY DISCLOSURE: The Seller and the Buyer acknowledge having received, read and understood the brochure published by the British Columbia Real Estate Association entitled *Working With a REALTOR®* and acknowledge and confirm as follows:

A. the Seller has an agency relationship with

KENT KNELSON

who is licensed in relation to Century 21 Harbour Realty Ltd.

DESIGNATED AGENT/LICENSEE

BROKERAGE

B. the Buyer has an agency relationship with

JOAN SMILLIE

who is licensed in relation to RE/MAX Ocean Pacific Realty (Crtay)

DESIGNATED AGENT/LICENSEE

BROKERAGE

C. the Buyer and the Seller have consented to a limited dual agency relationship with

DESIGNATED AGENT/LICENSEE

who is/are licensed in relation to

BROKERAGE

having signed a Limited Dual Agency Agreement dated

If only (A) has been completed, the Buyer is acknowledging no agency relationship. If only (B) has been completed, the Seller is acknowledging no agency relationship.

21. ACCEPTANCE IRREVOCABLE (Buyer and Seller): The Seller and the Buyer specifically confirm that this Contract of Purchase and Sale is executed under seal. It is agreed and understood that the Seller's acceptance is irrevocable, including without limitation, during the period prior to the date specified for the Buyer to either:

A. fulfill or waive the terms and conditions herein contained; and/or

B. exercise any option(s) herein contained.

22. THIS IS A LEGAL DOCUMENT. READ THIS ENTIRE DOCUMENT AND INFORMATION PAGE BEFORE YOU SIGN.

23. OFFER: This offer, or counter-offer, will be open for acceptance until 5 o'clock p.m. on May 22, 2014 (unless withdrawn in writing with notification to the other party of such revocation prior to notification of its acceptance), and upon acceptance of the offer, or counter-offer, by accepting in writing and notifying the other party of such acceptance, there will be a binding Contract of Purchase and Sale on the terms and conditions set forth.

X
WITNESS

BUYER



Francois Theoret

PRINT NAME

X
WITNESS

BUYER



Viviane Gagnon

PRINT NAME

24. ACCEPTANCE: The Seller (a) hereby accepts the above offer and agrees to complete the sale upon the terms and conditions set out above, (b) agrees to pay a commission as per the Listing Contract, and (c) authorizes and instructs the Buyer and anyone acting on behalf of the Buyer or Seller to pay the commission out of the proceeds of sale and forward copies of the Seller's Statement of Adjustments to the Cooperating/Listing Brokerage, as requested forthwith after completion.

Seller's acceptance is dated May 22, 2014

X
WITNESS

SELLER



LADYSMITH AND DISTRICT

PRINT NAME

X
WITNESS

SELLER



LADYSMITH AND DISTRICT

PRINT NAME

*FREC represents Personal Real Estate Corporations

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BC2087 REV. DA NOV 2013

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WEB Forms Jan 2014

CONTRACT OF PURCHASE AND SALE INFORMATION ABOUT THIS CONTRACT

THIS INFORMATION IS INCLUDED FOR THE ASSISTANCE OF THE PARTIES ONLY. IT DOES NOT FORM PART OF THE CONTRACT AND SHOULD NOT AFFECT THE PROPER INTERPRETATION OF ANY OF ITS TERMS.

1. **CONTRACT:** This document, when signed by both parties, is a legally binding contract. READ IT CAREFULLY. The parties should ensure that everything that is agreed to is in writing.
2. **DEPOSIT(S):** Section 28 of the *Real Estate Services Act* requires that money held by a brokerage in respect of a real estate transaction for which there is an agreement between the parties for the acquisition and disposition of the real estate be held by the brokerage as a stakeholder. The money is held for the real estate transaction and not on behalf of one of the parties. If a party does not remove a subject clause, the brokerage requires the written agreement of both parties in order to release the deposit. If both parties do not sign the agreement to release the deposit, then the parties will have to apply to court for a determination of the deposit issue.
3. **COMPLETION:** (Clause 4) Unless the parties are prepared to actually meet at the Land Title Office and exchange title documents for the Purchase Price, it is, in every case, advisable for the completion of the sale to take place in the following sequence:
 - (a) The Buyer pays the Purchase Price or down payment in trust to the Buyer's Lawyer or Notary (who should advise the Buyer of the exact amount required) several days before the Completion Date and the Buyer signs the documents.
 - (b) The Buyer's Lawyer or Notary prepares the documents and forwards them for signature to the Seller's Lawyer or Notary who returns the documents to the Buyer's Lawyer or Notary.
 - (c) The Buyer's Lawyer or Notary then attends to the deposit of the signed title documents (and any mortgages) in the appropriate Land Title Office.
 - (d) The Buyer's Lawyer or Notary releases the sale proceeds at the Buyer's Lawyer's or Notary's office.

Since the Seller is entitled to the Seller's proceeds on the Completion Date, and since the sequence described above takes a day or more, it is strongly recommended that the Buyer deposits the money and the signed documents AT LEAST TWO DAYS before the Completion Date, or at the request of the Conveyancer, and that the Seller delivers the signed transfer documents no later than the morning of the day before the Completion Date.

While it is possible to have a Saturday Completion Date using the Land Title Office's Electronic Filing System, parties are strongly encouraged NOT to schedule a Saturday Completion Date as it will restrict their access to fewer lawyers or notaries who operate on Saturdays; lenders will generally not fund new mortgages on Saturdays; lenders with existing mortgages may not accept payouts on Saturdays; and other offices necessary as part of the closing process may not be open.

4. **POSSESSION:** (Clause 5) the Buyer should make arrangements through the real estate licensee for obtaining possession. The Seller will not generally let the Buyer move in before the Seller has actually received the sale proceeds. Where residential tenants are involved, Buyers and Sellers should consult the *Residential Tenancy Act*.
5. **TITLE:** (Clause 9) It is up to the Buyer to satisfy the Buyer on matters of zoning or building or use restrictions, toxic or environmental hazards, encroachments on or by the Property and any encumbrances which are staying on title before becoming legally bound. It is up to the Seller to specify in the Contract if there are any encumbrances, other than those listed in Clause 9, which are staying on title before becoming legally bound. If you as the Buyer are taking out a mortgage, make sure that title, zoning and building restrictions are all acceptable to your mortgage company. In certain circumstances, the mortgage company could refuse to advance funds. If you as the seller are allowing the Buyer to assume your mortgage, you may still be responsible for payment of the mortgage, unless arrangements are made with your mortgage company.
6. **CUSTOMARY COSTS:** (Clause 15) In particular circumstances there may be additional costs, but the following costs are applicable in most circumstances:

Costs to be Borne by the Seller

Lawyer or Notary Fees and Expenses:
- attending to execution documents.
Costs of clearing title, including:
- discharge fees charged by encumbrance holders,
- prepayment penalties.
Real Estate Commission (plus GST).
Goods and Services Tax.

Costs to be Borne by the Buyer

Lawyer or Notary Fees and Expenses:
- searching title,
- investigating title, *WJ*
- drafting documents.
Land Title Registration fees. *FT*
Survey Certificate (if required).
Costs of Mortgage, including:
- mortgage company's Lawyer/Notary.
- appraisal (if applicable)
- Land Title Registration fees.
Fire Insurance Premium.
Sales Tax (if applicable).
Property Transfer Tax.
Goods and Services Tax.

7. **RISK:** (Clause 18) The Buyer should arrange for insurance to be effective on the earlier of the Completion Date or the date the Seller receives the proceeds of sale, or the date the Seller vacates the property.
8. **FORM OF CONTRACT:** This Contract of Purchase and Sale is designed primarily for the purchase and sale of freehold residences. If your transaction involves:
 - a house or other building under construction
 - a lease
 - a business
 - an assignment
 - other special circumstances (including the acquisition of land situated on a First Nations reserve)

Additional provisions, not contained in this form, may be needed, and professional advice should be obtained. A Property Disclosure Statement completed by the Seller may be available.



THE CANADIAN
BAR ASSOCIATION
8144 Columbia Street

CONTRACT OF PURCHASE AND SALE ADDENDUM

MLS# NO: 367390

DATE: May 22, 2014

PAGE 6 of 7 PAGES

RE: ADDRESS 8335 MESHERS ROAD PORT ALBERNI VOY 8N4
LEGAL DESCRIPTION: THE SOUTH 1/2 OF DISTRICT LOT 51, ALBERNI DISTRICT
PID 008428565 OTHER PID(S) _____

FURTHER TO THE CONTRACT OF PURCHASE AND SALE DATED MAY 22, 2014
MADE BETWEEN Francois Theoret Viviane Gagnon AS BUYER, AND
LADYSMITH AND DISTRICT CREDIT UNIO AS SELLER AND COVERING
THE ABOVE-MENTIONED PROPERTY, THE UNDERSIGNED HEREBY AGREE AS FOLLOWS:

The Buyer acknowledges and is aware of all of the following conditions, and hereby removes all of the following conditions:

FINANCING: Subject to a first mortgage being made available to the Buyer(s) at lending rates satisfactory to the Buyer from a lender of their choice.

SURVEY: The Seller(s) will provide a copy of their survey certificate to the Buyer(s) if available. Subject to the Buyer(s) approving the survey certificate OR receiving a satisfactory explanation of Title Insurance and confirmation from their lawyer/notary that their lender will accept Title Insurance in lieu of a Survey.

TITLE SEARCH: The Seller(s) will provide a current title search of this property. Subject to the Buyer approving the attached copy of the title search results against the presence of any charge or other feature, whether registered or not, that reasonably may adversely affect the property's use or value. If this condition is waived or declared fulfilled, the attached copy of the title search result will be incorporated into and form a part of this contract and the Buyer acknowledges and accepts, despite any other provision in this contract, that upon completion they will receive title containing any non-financial charge set out in this copy of the title search.

PROPERTY DISCLOSURE: Subject to the Buyer(s) approving the Property Disclosure Statement. If approved, such statement will be incorporated into and form part of this contract.

INSURANCE: Subject to the Buyer obtaining approval for fire/property insurance, on terms and at rates, satisfactory to the Buyer.

X
WITNESS
X
WITNESS
X
WITNESS
X
WITNESS

BUYER
BUYER
SELLER
SELLER

Francois Theoret
PRINT NAME
Viviane Gagnon
PRINT NAME
LADYSMITH AND DISTRICT CR
PRINT NAME

PRINT NAME

*VIREB represents Personal Real Estate Corporation

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BC2005 REV MAR/12

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VERBAm 01 MAR/2012



VIREB

VIRGILIO REAL ESTATE COMPANY
AN ASSOCIATION OF REALTORS



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION



THE CANADIAN
BAR ASSOCIATION
B.C. Real Estate Branch

CONTRACT OF PURCHASE AND SALE ADDENDUM

MLS# NO.: 367390

DATE: May 22, 2014

PAGE 7 of 7 PAGES

| | | |
|--|----------------|------------------------|
| RE: ADDRESS 8335 MESHERS ROAD | PORT ALBERNI | V9V 8N4 |
| LEGAL DESCRIPTION: THE SOUTH 1/2 OF DISTRICT LOT 51, ALBERNI DISTRICT | | |
| PID 008428565 OTHER PID(S) | | |
| FURTHER TO THE CONTRACT OF PURCHASE AND SALE DATED May 22, 2014 | | |
| MADE BETWEEN Francois Theoret | Viviane Gagnon | AS BUYER, AND |
| LADYSMITH AND DISTRICT CREDIT UNIO | | AS SELLER AND COVERING |
| THE ABOVE-MENTIONED PROPERTY, THE UNDERSIGNED HEREBY AGREE AS FOLLOWS: | | |

HOME/PROPERTY INSPECTION: Subject to the Buyer's, at their expense, obtaining, reviewing and approving the following independent inspection reports against deficiencies, problems or defects with the structures, systems and major included items which would prevent them from functioning as intended; which reasonably may adversely affect the property's use or value; could constitute a significant safety risk (meaning a real & present danger); are in need of immediate repair and would have an estimated cumulative cost of repair in excess of \$2000.00

- (a) a general home inspection by a BC Certified Building Inspector licensed through CAHPI (Canadian Assn of Home & Property Inspectors)
- (b) a Roof Inspection by an independent roofing company
- (c) a WETT inspection for any chimneys, and wood burning inserts/woodstoves
- (d) a septic report concerning the operational function and condition of the sewage system, and compliance with the Sewerage System Regulation. The sellers acknowledge that the septic inspector will need to uncover the septic tank in order to gain access to the tank in order to complete this test. The Seller[s] will allow access to the property upon reasonable notice for the purpose of these various inspections and agree (1) that the Buyer[s] may attend the property upon completion of the inspections, with or without their realtor, to review the results with the inspectors and (2) consent to the Buyer[s] giving a copy of any inspection report to a lending institution or insurance company if required for financing/insurance purposes.

IT IS STRONGLY RECOMMENDED that PRIOR TO SUBJECT REMOVAL the Buyer[s] receive independent professional advice from their lawyer/notary/accountant regarding the contents of this offer, a review of any charges registered against the title and confirmation that the Survey Certificate that will meet with their lending institutions approval for financing purposes and that any permanent structures are within the required set-backs according to the zoning OR that the Buyers will be able to obtain Title Insurance and an explanation of how Title Insurance works.

The parties agree that reproduction of signatures and initials by fax or e-mail will be treated as originals.

This contract replaces & supercedes any previous contract between the Buyer and Seller for the subject property.

| | | | | |
|---|---------|---|------------------------------------|------------|
| X | WITNESS | <i>Francois Theoret</i> | FRANCOIS THEORET | PRINT NAME |
| X | WITNESS | <i>Viviane Gagnon</i> | VIVIANE GAGNON | PRINT NAME |
| X | WITNESS | <i>LADYSMITH AND DISTRICT CREDIT UNIO</i> | LADYSMITH AND DISTRICT CREDIT UNIO | PRINT NAME |
| X | WITNESS | | | PRINT NAME |

*PREO represents Personal Real Estate Corporation

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BC2005 REV MAR12

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WEBForms® Mar/2012

**SCHEDULE "A" TO CONTRACT OF PURCHASE AND SALE
FOR THE PROPERTY DESCRIBED IN THE ATTACHED CONTRACT OF
PURCHASE AND SALE (THE "PROPERTY")**

The following terms replace, modify, and where applicable override the terms of the attached contract of purchase and sale (the "Contract"). Where any conflict arises between the terms of this Schedule "A" and the Contract, the terms of Schedule "A" will apply.

The references in Schedule "A" to specific clauses in the Contract are references to the clause numbers in the contract of purchase and sale used by the Real Estate Board of Greater Vancouver (the "Real Estate Board Contract"). If the Contract attached hereto has different clause numbers than the Real Estate Board Contract the terms of Schedule "A" will apply with the necessary changes and with equal effect to the equivalent clauses of the Contract, notwithstanding the different clause numbers.

All references to the "Seller" in the Contract and in Schedule "A" will be read as references to Ladysmith & District Credit Union ("Ladysmith").

1. Clause 21 of the Contract is deleted, and replaced by the following:

The acceptance of this offer by Ladysmith is pursuant to a Court Order made in a foreclosure proceeding in the Supreme Court of British Columbia (the "Foreclosure") and not as seller or owner of the Property. The acceptance of this offer by Ladysmith is subject to the approval of the Supreme Court of British Columbia (the "Court") and will become effective from the time an Order is made by the Court approving this offer. The Buyer acknowledges and agrees that the date of the application for that Order will be at the sole discretion of Ladysmith. The Buyer also acknowledges and agrees that Ladysmith's obligations in connection with this offer, until it is approved by the Court, are limited to pulling this offer before the Court. Thereafter, Ladysmith is subject to the jurisdiction and discretion of the Court to entertain other offers and to any further Orders the Court may make regarding the Property. Given Ladysmith's position and Ladysmith's relationship to other parties in the Foreclosure, Ladysmith may be compelled to advocate that the Court consider other offers in order to obtain the highest price for the Property. Ladysmith gives no undertaking to advocate the acceptance of this offer. In that regard, the Buyer must make its own arrangements to support this offer in Court.

The Buyer acknowledges and agrees that Ladysmith can disclose the amount of this offer, once accepted, to any person.

The Buyer acknowledges and agrees that the normal and accepted practice of the Court on an application for an Order approving a sale, when faced with more than one bid, is to then direct all bidders (including the original bidder) to each forthwith submit a final bid in a one round judicial sealed bid auction. The Buyer agrees to this procedure, without limitation in any way.

If the Court vacates, sets aside or varies an Order approving this offer for any reason whatsoever (except any willful misconduct of Ladysmith), then Ladysmith shall not be liable to the Buyer or any other person in any way whatsoever, in connection therewith.

2. Clause 9 of the Contract is deleted, and replaced by the following:

"Title: Free and clear of all encumbrances of the parties to the Foreclosure, in accordance with an Order of the Court (the "Vesting Order") except: subsisting conditions, provisions, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favour of utilities and public authorities, existing tenancies, and except as otherwise set out herein."

3. This offer may be terminated at any time before the Court makes an Order approving this offer if the mortgage which is the subject of the Foreclosure is redeemed or refinanced, or if Ladysmith determines in its sole discretion that it is inadvisable to present this offer to the Court, and Ladysmith will then have no further obligations or liability to the Buyer under this Contract. This condition is for the sole benefit of Ladysmith.

This offer may be terminated at any time prior to the completion date if any Order of the Court or other Court of competent jurisdiction renders the completion impossible or inadvisable, and in that event Ladysmith will have no further obligations or liability to the Buyer under the Contract. This condition is for the sole benefit of Ladysmith.

4. Clause 9 of the Contract is amended by adding the following, and Clause 14 of the Contract is deleted, and replaced by the following:

"If there are existing registered financial charges to be paid under the terms of the Order, Ladysmith may wait to pay such existing financial charges until immediately after receipt of the purchase money, but in this event the Buyer may pay the purchase money to Ladysmith's lawyer in trust, on undertakings to pay those financial charges in accordance with the Order."

The Canadian Bar Association (BC Branch) (Real Property Section) standard undertakings (the "CBA Standard Undertakings") are of no application whatsoever, to the Contract or a sale of the Property by Ladysmith.

5. Clause 10 of the Contract is deleted, and replaced by the following:

"Tender or payment of monies by the Buyer to the Seller will be by certified lawyer's or notary's trust cheque only."

6. Clauses 7 and 8 of the Contract are deleted and replaced by the following:

"The Property includes real property only, and no personal property. The Buyer is purchasing the Property and, if applicable, any interest in a strata corporation and its property (the "Strata Property") on a strictly "as is, where is" basis, as of the time of actual possession. Without limiting the generality of the foregoing, the Buyer acknowledges that Ladysmith has not made, and will not make, any warranty or representation relating to the Property or to any Strata Property, including any warranty or representation as to environmental condition, size, dimensions, fitness, design or condition for any particular purpose, quality, or the existence of any defect, whether latent or patent, including any defect relating to water penetration or water leakage. The Buyer waives any right to a site profile or any other report under the B.C. *Environmental Management Act* or any other statute."

7. Clause 12 of the Contract is deleted, and replaced by the following:

"Time will be of the essence hereof, and unless the balance of the cash payment is paid on or before the Completion Date, Ladysmith may at Ladysmith's option, either terminate or reaffirm the Contract, and the deposit will be non-refundable and absolutely forfeited to Ladysmith, without prejudice to Ladysmith's other rights and remedies."

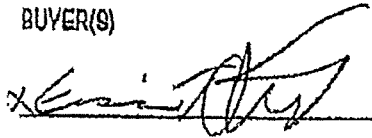
8. No property condition disclosure statement concerning the Property forms part of the Contract, whether or not such a statement is attached to the Contract.

9. If the Property is a "new home" (as defined in the *BC Homeowner Protection Act*) the Buyer will provide the Homeowner Protection Office (the "HPO"), prior to approval of this offer by the Court, with evidence satisfactory to the HPO that the Buyer or the Buyer's residential builder has arranged or will arrange coverage for the Property by home warranty insurance provided by a home warranty provider. The obligation of Ladysmith to complete a sale of the Property to the Buyer is conditional on the Buyer complying with the foregoing.

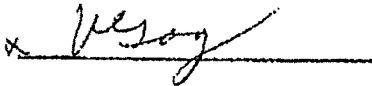
10. Ladysmith is not required to provide the Buyer with a Form F, a Form B, or any other documents with relation to the Strata Property.

11. Clause 5 of the Contract is modified, by adding the following:
- a) Possession will be by operation of and pursuant to the terms of the Order.
 - b) No adjustments, including but not limited to adjustments for rents or security deposits, will be made to the purchase price on account of any tenancies.
 - c) If any occupant of the Property does not vacate the Property by the possession date, then Ladysmith will apply for a Writ of Possession and instruct a Court Bailiff to deliver possession to the Buyer. This is Ladysmith's only obligation as regards possession. Ladysmith will not be liable to the Buyer or any other person in any way whatsoever (apart from Ladysmith's obligation to apply for a Writ of Possession and instruct a Court Bailiff). If possession cannot be delivered to the Buyer on the possession date. The Buyer acknowledges that considerable time is often required, to obtain Writs of Possession. Ladysmith will not be responsible for removing any personal property left on or about the Property, by any occupant of the Property or otherwise.
12. The Vesting Order will describe the Buyer exactly as the Buyer appears at the upper right on the first page of the Contract, so the Buyer as described at the upper right on the first page of the Contract will appear as the owner of the Property after completion of a sale of the Property. Ladysmith will not be bound by any term in the Contract describing the Buyer otherwise, or allowing the Buyer to complete the sale with a different name.
13. The Seller makes no representations or warranties whatsoever to the Buyer, regarding the residency of the owner(s) of the Property.
14. The Buyer is responsible for paying GST (if any).

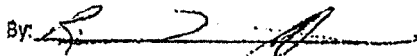
BUYER(S)

x 

Date: April 02, 2014

x 

LADYSMITH & DISTRICT CREDIT UNION

By: 

Date: April 02, 2014

CONTRACT OF PURCHASE AND SALE ADDENDUM

MLST NO. 367390

(WFF) 12 June 2014

PAGE 1 OF 2 PAGES

| | | | |
|--|--|---|------------------------|
| RE ADDRESS <u>8111 Metcalfe Road</u> | | Port Albert, O.C. | V9Y 8M4 |
| LEGAL DESCRIPTION <u>The South 1/2 of District Lot 31, Alberni District</u> | | | |
| PID <u>008-428-553</u> | | OTHER PID(S) | |
| FURTHER TO THE CONTRACT OF PURCHASE AND SALE DATED <u>22 May 2014</u> | | | |
| MADE BETWEEN <u>FRANÇOIS THÉRIOT</u> | | <u>Viviane Gagnon</u> | AS BUYER, AND |
| <u>Ladymark and District Credit Union</u> | | | AS SELLER AND COVERING |
| THE ABOVE-MENTIONED PROPERTY. THE UNDERSIGNED HEREBY AGREE AS FOLLOWS: | | | |
| TO CHANGE COMPLETION, POSSESSION, AND ADJUSTMENT DATES TO 30 DAYS AFTER COURT APPROVAL. | | | |
| | | | |
| X <u>[Signature]</u> BUYER X <u>[Signature]</u> BUYER X <u>[Signature]</u> WITNESS X <u>[Signature]</u> WITNESS | | X <u>FRANÇOIS THÉRIOT</u> BUYER X <u>[Signature]</u> BUYER X <u>[Signature]</u> SELLER X <u>[Signature]</u> SELLER | |
| | | X <u>Viviane Gagnon</u> PRINT NAME X <u>Ladymark and District Credit Union</u> PRINT NAME | |

NO. S13650
DUNCAN REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

LADYSMITH & DISTRICT CREDIT
UNION

PETITIONER(S)

AND:

JOHN KENNETH PURDY
AND OTHERS

RESPONDENT(S)

AFFIDAVIT

gowlings

GOWLING LAFLEUR HENDERSON LLP

Lawyers
P.O. Box 30
2300-550 Burrard Street
Vancouver, B.C. V6C 2B5
604-683-6498
Attention: Andrew Bury

AAB/azk
V108909

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

LADYSMITH & DISTRICT CREDIT UNION

PETITIONER(S)

AND:

JOHN KENNETH PURDY
ARMAC INVESTMENTS LTD.
HER MAJESTY THE QUEEN IN RIGHT OF BRITISH COLUMBIA
HER MAJESTY THE QUEEN IN RIGHT OF CANADA
THE TENANTS OF THE PREMISES

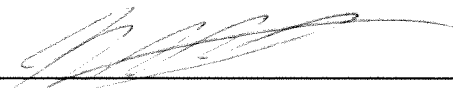
RESPONDENT(S)

INDEX FOR APPLICATION RECORD

| <u>Item</u> | <u>Tab</u> |
|---|------------|
| Notice of Application, with draft Order | 1 |
| Affidavit #1 of Azadeh Kharazmi | 2 |
| Order Nisi | 3 |
| Order for conduct of sale | 4 |

This is Exhibit "B" referred to in the
Affidavit of HARKIRAT KAUR

Sworn before me this 3rd day
of July, 2014



A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

SUSY M. TRACE
BARRISTER AND SOLICITOR

TITLE SEARCH PRINT

2014-05-14, 09:28:27

Requestor: eldorwal

Folio/File Reference:

****CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN******Land Title District**

Land Title Office

VICTORIA

VICTORIA

Title Number

From Title Number

EP50081

EK116252

Application Received

2000-06-20

Application Entered

2000-06-21

Registered Owner in Fee Simple

Registered Owner/Mailing Address:

JOHN KENNETH PURDY, BUSINESSMAN
1250 WEST HASTINGS STREET,
VANCOUVER, BC
V6E 2M4**Taxation Authority**

PORT ALBERNI ASSESSMENT AREA

Description of Land

Parcel Identifier:

008-428-565

Legal Description:

THE SOUTH 1/2 OF DISTRICT LOT 51, ALBERNI DISTRICT

Legal NotationsTHIS CERTIFICATE OF TITLE MAY BE AFFECTED BY THE AGRICULTURAL LAND
COMMISSION ACT; SEE AGRICULTURAL LAND RESERVE PLAN NO. 1, DEPOSITED
26.04.1974**Charges, Liens and Interests**

Nature:

EXCEPTIONS AND RESERVATIONS

Registration Number:

M76300

Registered Owner:

ESQUIMALT AND NANAIMO RAILWAY COMPANY

Remarks:

A.F.B. 9.693.7434A

67606G;

SECTION 172(3)

FOR ACTUAL DATE AND TIME OF REGISTRATION

SEE ORIGINAL GRANT FROM E & N RAILWAY COMPANY

TITLE SEARCH PRINT

2014-05-14, 09:28:27

Requestor: eldorwal

Folio/File Reference:

Nature: MORTGAGE
Registration Number: EP50082
Registration Date and Time: 2000-06-20 14:01
Registered Owner: LADYSMITH & DISTRICT CREDIT UNION

Nature: MORTGAGE
Registration Number: EP50083
Registration Date and Time: 2000-06-20 14:02
Registered Owner: ARMAC INVESTMENTS LTD.
INCORPORATION NO. 40671
Transfer Number: ET37403

Nature: JUDGMENT
Registration Number: ET58782
Registration Date and Time: 2002-05-30 12:26
Registered Owner: HER MAJESTY THE QUEEN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWED BY EW38663
RENEWED BY FA30643
RENEWED BY FB153862

Nature: JUDGMENT
Registration Number: ET124218
Registration Date and Time: 2002-10-31 11:54
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA

Nature: JUDGMENT
Registration Number: EW38663
Registration Date and Time: 2004-04-01 12:56
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWAL OF ET58782

Nature: JUDGMENT
Registration Number: EW141571
Registration Date and Time: 2004-10-21 09:42
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA

Nature: JUDGMENT
Registration Number: FA30643
Registration Date and Time: 2006-03-13 11:26
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWAL OF ET58782

TITLE SEARCH PRINT

2014-05-14, 09:28:27

Requestor: eldorwal

Folio/File Reference:

Nature: JUDGMENT
Registration Number: FA122979
Registration Date and Time: 2006-10-12 09:23
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA

Nature: JUDGMENT
Registration Number: FB153862
Registration Date and Time: 2008-03-12 11:46
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWAL OF ET58782
RENEWED BY FB333587

Nature: JUDGMENT
Registration Number: FB211243
Registration Date and Time: 2008-09-15 11:57
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA

Nature: JUDGMENT
Registration Number: FB292038
Registration Date and Time: 2009-08-19 10:08
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
AS TO THE INTEREST OF ARMAC INVESTMENTS LTD.
OF EP50083 (SEE ET37403)

Nature: JUDGMENT
Registration Number: FB295832
Registration Date and Time: 2009-09-02 10:14
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
AS TO THE INT. OF ARMAC INVESTMENTS LTD.
IN MORTGAGE EP50083
RENEWED BY FB422811

Nature: JUDGMENT
Registration Number: FB314269
Registration Date and Time: 2009-11-20 12:13
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWED BY FB440886

TITLE SEARCH PRINT

2014-05-14, 09:28:27

Requestor: eldorwal

Folio/File Reference:

Nature: JUDGMENT
Registration Number: FB321721
Registration Date and Time: 2009-12-30 09:19
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWED BY FB440887

Nature: JUDGMENT
Registration Number: FB333587
Registration Date and Time: 2010-03-02 11:24
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWAL OF FB153862
RENEWED BY FB450574

Nature: JUDGMENT
Registration Number: FB351185
Registration Date and Time: 2010-06-03 12:21
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWAL OF FB193760

Nature: JUDGMENT
Registration Number: FB369983
Registration Date and Time: 2010-08-31 15:23
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWAL OF FB211243
RENEWED BY FB460762

Nature: JUDGMENT
Registration Number: FB422811
Registration Date and Time: 2011-07-12 13:52
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWAL OF FB295832
AS TO THE INT. OF ARMAC INVESTMENTS LTD.
IN MORTGAGE EP50083
RENEWED BY FB469491

Nature: CERTIFICATE OF PENDING LITIGATION
Registration Number: FB425654
Registration Date and Time: 2011-07-26 14:57
Registered Owner: LADYSMITH AND DISTRICT CREDIT UNION

TITLE SEARCH PRINT

2014-05-14, 09:28:27

Requestor: eldorwal

Folio/File Reference:

Nature: JUDGMENT
Registration Number: FB440886
Registration Date and Time: 2011-10-28 11:29
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWAL OF FB314269
RENEWED BY FB474472

Nature: JUDGMENT
Registration Number: FB440887
Registration Date and Time: 2011-10-28 11:29
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWAL OF FB321721
RENEWED BY FB474473

Nature: JUDGMENT
Registration Number: FB450574
Registration Date and Time: 2012-02-03 14:01
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: RENEWAL OF FB333587
RENEWED BY FB477032

Nature: JUDGMENT
Registration Number: FB460762
Registration Date and Time: 2012-08-15 14:09
Registered Owner: THE CROWN IN RIGHT OF BRITISH COLUMBIA
Remarks: RENEWAL OF FB369983

Nature: JUDGMENT
Registration Number: FB469491
Registration Date and Time: 2013-06-21 13:46
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWAL OF FB422811
AS TO THE INTEREST OF ARMAC INVESTMENTS LTD.
IN MORTGAGE EP50083

Nature: JUDGMENT
Registration Number: FB474472
Registration Date and Time: 2013-10-24 14:05
Registered Owner: THE CROWN IN RIGHT OF CANADA
Remarks: INTER ALIA
RENEWAL OF FB440886

TITLE SEARCH PRINT

2014-05-14, 09:28:27

Requestor: eldorwal

Folio/File Reference:

| | |
|-----------------------------|-----------------------------------|
| Nature: | JUDGMENT |
| Registration Number: | FB474473 |
| Registration Date and Time: | 2013-10-24 14:05 |
| Registered Owner: | THE CROWN IN RIGHT OF CANADA |
| Remarks: | INTER ALIA RENEWAL OF FB440887 |

| | |
|-----------------------------|------------------------------|
| Nature: | JUDGMENT |
| Registration Number: | FB476987 |
| Registration Date and Time: | 2014-01-30 14:25 |
| Registered Owner: | THE CROWN IN RIGHT OF CANADA |
| Remarks: | INTER ALIA |

| | |
|-----------------------------|-----------------------------------|
| Nature: | JUDGMENT |
| Registration Number: | FB477032 |
| Registration Date and Time: | 2014-02-03 10:53 |
| Registered Owner: | THE CROWN IN RIGHT OF CANADA |
| Remarks: | INTER ALIA RENEWAL OF FB450574 |

Duplicate Infeasible Title

NONE OUTSTANDING

Transfers

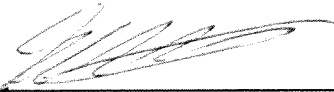
NONE

Pending Applications

NONE

This is Exhibit "C" referred to in the
Affidavit of HARKIRAT KAUR

Sworn before me this 3rd day
of July, 2014



A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

SUSY M. TRACE
BARRISTER AND SOLICITOR

Kaur, Harkirat

From: Bury, Andrew <Andrew.Bury@gowlings.com>
Sent: 2-Jul-14 10:11 AM
To: Daniels, Corinne
Cc: Tim Reid (treid@alvarezandmarsal.com);
okonowalchuk@alvarezandmarsal.com; Rutman, Ray;
ctaylor@taylorlawservices.com; Schultz, Jordan
Subject: RE: Ladysmith & District Credit Union v. Purdy and Others

Ray

I cannot confirm what you ask me to. At the very least, I suspect the second mortgagee would not be pleased.

The form of Order attached to my client's Notice of Application provides that the balance be paid into Court, subject to further Order. That is the normal term. If you want something else, I suspect you should apply for such. If you do, and the Order you seek allows my client's first mortgage to be paid on completion of the sale, then my client will take no position with respect to your application.

Jack Purdy is (with respect) an incredible revenue generator for the legal profession. I believe the first time I was in the Court of Appeal (over 30 years ago) was a Jack Purdy matter...

Andrew Bury
Partner
T 604-443-7615
gowlings.com

From: Daniels, Corinne [<mailto:corinne.daniels@dentons.com>]
Sent: July-02-14 8:15 AM
To: Bury, Andrew
Cc: Tim Reid (treid@alvarezandmarsal.com); okonowalchuk@alvarezandmarsal.com; Rutman, Ray;
ctaylor@taylorlawservices.com; Schultz, Jordan
Subject: Ladysmith & District Credit Union v. Purdy and Others

Please find attached a letter with respect to the above matter.

 Corinne Daniels
Legal Assistant

D +1 780 423 7247
corinne.daniels@dentons.com
Website

Dentons Canada LLP
2900 Manulife Place, 10180 - 101 Street Edmonton, AB T5J 3V5 Canada

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July 2, 2014

File No.: 529227-7

Gowlings
550 Burrard Street, Suite 2300
Bentall 5
Vancouver BC V6C 2B5

Attention: Andrew Bury


Daer Sir:

RE: Ladysmith & District Credit Union v. Purdy and others
Your File: V108909

Please be advised that we are the solicitors for Alvarez & Marsal Canada Inc. in its capacity as Proposal Trustee of John Kenneth Purdy. We have for your reference a copy of your Application and supporting material in Court File No. S13650 Dungan Registry in the Supreme Court of British Columbia between Ladysmith & District Credit Union Limited and Mr. Purdy.

The Proposal Trustee does not object to your application on the sale provided that the net proceeds after payment to Ladysmith & District Credit Union Limited of the amount outstanding pursuant to its mortgage inclusive of costs, real estate commissions and any normal and reasonable closing costs is paid to the Proposal Trustee. Please confirm that this is agreed to and that such course will be followed.

Yours truly,
Dentons Canada LLP



Ray C. Rutman

RCR/cd

cc: Alvarez & Marsal Canada Inc./Att: Tim Reid and Orest Konowalchuk
cc: Taylor Law Office/Att: Conan Taylor
cc: Jordan Schultz