

COURT FILE NUMBER 1401-12431
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT ACCESS MORTGAGE CORPORATION
(2004) LIMITED
RESPONDENT ARRES CAPITAL INC.

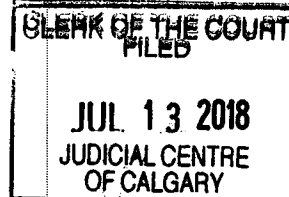
Clerk's Stamp

DOCUMENT **COMPENDIUM OF MATERIALS IN CONNECTION WITH THE
APPLICATION RETURNABLE ON SEPTEMBER 21, 2018 AT
10:00 A.M. BEFORE THE HONOURABLE JUSTICE C.M.
JONES**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT
McCarthy Tétrault LLP
Suite 4000, 421 7th Avenue SW
Calgary AB T2P 4K9
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DOCUMENTS

TAB	DOCUMENT	Page No.
1.	Application by Terrapin Mortgage Investment Corp., returnable on September 21, 2018, filed July 13, 2018	1
2.	Application by the Related Parties, returnable on September 21, 2018, filed July 13, 2018	7
3.	Amended and Restated Receivership Order, filed October 23, 2017	10
4.	Order (Directing Release of the Graybriar Funds and the Court Funds and Confirming the Receivership Charges), granted by the Honourable Madam Justice B.E.C. Romaine on June 4, 2018, filed June 5, 2018	26
5.	Order (Graybriar Funds Claims Process Order), granted by the Honourable Madam Justice B.E.C. Romaine on June 4, 2018, filed June 5, 2018	31
6.	Affidavit of Michael John Cassidy Ellis (aka Jake Ellis), sworn on July 12, 2018, filed July 13, 2018	48
7.	Transcript of Questioning of Michael John Cassidy Ellis on Affidavit sworn July 12, 2018, taken on July 25, 2018	317
8.	Responses to Undertakings of Michael John Cassidy Ellis	346
9.	Affidavit of Wes Serra, sworn on July 17, 2018, filed July 17, 2018	438
10.	Transcript of Questioning of Wesley Brent Serra on Affidavit sworn July 17, 2018, taken on July 25, 2018	545
11.	Responses to Undertakings of Wes Serra	569
12.	First Report of the Receiver, dated October 11, 2017, filed October 12, 2017	600
13.	Second Report of the Receiver, dated May 29, 2018, filed May 30, 2018	715
14.	Third Report of the Receiver, dated August 17, 2018, filed August 21, 2018	906
15.	Affidavit of David Murphy, sworn on August 17, 2018, filed August 17, 2018	931



COURT FILE NUMBER 1401-12431
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT ACCESS MORTGAGE CORPORATION (2004) LIMITED
RESPONDENT ARRES CAPITAL INC.
DOCUMENT **COMMERICAL LIST APPLICATION**

Bishop & McKenzie LLP
2200, 555 – 4th Avenue SW
Calgary, Alberta T2P 3E7
Attention: Kerry Lynn Okita
Telephone: (403) 237-5550
Fax No.: (403) 263-3423
File No.: 100672-003

NOTICE TO RESPONDENTS

This application is made against you. You are a Respondent.

The Applicant wishes to apply for an order approving their claim as a secured creditor.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date	September 21, 2018
Time	10:00 AM
Where	Calgary Courts Centre 601 – 5 th Street SW, Calgary, Alberta
Before Whom:	The Honourable Justice C.M. Jones

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. A declaration that:

- (a) Terrapin Mortgage Investment Corp. ("**Terrapin**") has a secured interest in the lands legally described as:

CONDOMINIUM PLAN 0827766
UNITS 48, 55, 68, AND 69
AND ALL THE APPLICABLE UNDIVIDED ONE TEN THOUSANDTH
SHARES IN THE COMMON PROPERTY

EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "**179 AB Units**") or the proceeds of sale therefrom; and

- (b) Terrapin has an equitable mortgage in the 179 AB Units or the proceeds of sale therefrom as a result of its a Memorandum of Mortgage made under the Land Titles Act dated the 5th day of February, 2014, (the "**Terrapin Mortgage**").

2. A declaration that:

- (a) The non-party applicants, namely Richcrooks Enterprises (2000) Ltd., Rickcrooks Holdings Ltd., 515476 Alberta Ltd., Demel Financial Corp., Greenmar Holdings Inc., Access Mortgage Investment Corporation (2004) Ltd., 4-A Professional Services Ltd., Tempest Management Inc., Hudson Principle Investments Ltd., Swartz Bros. Ltd., Christopher Schultz Consulting Inc., Curlew Finance, Paul Kornylo, Max Feldman, Sonya Smith, Norman Martin, Bernice Martin, R. Bruce Carson, Delores Carson, Leela Krishnomourthy, Margurite Mcritchie, Priti Gaur, Madhu Gaur, Wendy McKenna, Janet Lorraine Watson, Jim Watt, Gaston Rajakaruna, Shirley Rajakaruna, Gary Drefs, Robert Armstrong, Michael Kurtz, Kevin R. Pedersen, Susan Fine, Carol Kimyo Sekiya, Holly Sekiya, and Steven Ogg, (the "**Richcrooks Investors**"), have abandoned their stay of the Order Sale to Plaintiff, as granted by Master Breitkreuz on February 3, 2014 and as amended by Master Smart on February 7, 2014 (the "**Order Sale to Plaintiff**") have not appealed, set aside the Order Sale to Plaintiff or in any way pursued the allegations raised in the stay application heard before Justice Hillier on February 14, 2014; and
- (b) The Order Sale to Plaintiff shall be considered as having been registered on title to the 179 AB Units, thus transferring title to the 179 AB Units to 179 AB and allowing the registration of the Terrapin Mortgage.

3. An Order of the Court approving Terrapin's claim in the amount equal to the current amount outstanding on the Terrapin Mortgage as a secured creditor to the 179 AB Units or the proceeds of sale therefrom.

4. Such further and other relief as this Honourable Court may allow.

Grounds for making this application:

5. In Alberta Court of Queen's Bench Action Number 0903-17684 and 0903-17685, *Arres Capital Inc. v. Graybriar Land Company Ltd. and Graybriar Greens Inc.*, (the "**Foreclosure Action**"), Arres Capital Inc. ("**Arres**") was foreclosing lender in first place on a condominium development, known as Greybriar Greens. On February 3, 2014, Arres obtained the Order Sale to Plaintiff with respect to last seven condominium units.
6. 1798582 Alberta Ltd. ("**179 AB**") was transferred four of the seven remaining condominium units, the 179 AB Units. 179 AB obtained a mortgage from Terrapin, the Terrapin Mortgage. Terrapin advanced mortgage funds in reliance on the Order Sale to Plaintiff.
7. On February 14, 2014, prior to the registration of the transfer of land or the Terrapin Mortgage based on the Order Sale to Plaintiff, non-party applicants, the Richcrooks Investors, brought an emergency telephone application to stay the Order Sale to Plaintiff. This application was without notice to Terrapin or 179 AB. An interim stay order was granted by Justice Hillier (the "**Stay Order**") pending a full hearing on the matter.
8. The Richcrooks Investors represent 50% of the investors and 61% in value of the Arres mortgage in the Foreclosure Action. The remaining investors have taken no action with respect to the Order Sale to Plaintiff or otherwise.
9. The Stay Order was litigated before Justice Strekaf who ordered the following on September 15, 2014:
 - (a) The Richcrooks Investors application for an indefinite stay was dismissed; and
 - (b) The Richcrooks Investors were directed to:
 - (i) Provide an undertaking as to damages satisfactory to the Court; and
 - (ii) To apply to extend the time to appeal and appeal the Order Sale to Plaintiff or to apply to set aside the Order Sale to Plaintiff.
10. On December 17, 2014 by Justice Strekaf found the undertaking as to damages was insufficient and vacated the Stay Order.
11. The Richcrooks Investors appealed the December 17, 2014 order and the appeal was allowed on December 9, 2015.

12. The September 15, 2014 Order requiring the Richcrooks Investors to appeal or set aside the Order Sale to Plaintiff remains enforceable. However, the Richcrooks Investors have not pursued any application to appeal or set aside the Order Sale to Plaintiff as directed under the September 15, 2014 Order of Justice Strekaf.
13. The Richcrooks Investors have taken no steps to plead or pursue the allegations raised against Arres, 179 AB, Staci Serra, or Wes Serra at the time of the February 14, 2014 application for the Stay Order since the successful appeal of the December 17, 2014 Order or at all.
14. The remaining units, including 179 AB Units, were preserved and maintained by Terrapin, the party was responsible for the property management of the units by Consent Order.
15. The 179 AB Units were sold by Consent Order directing the judicial sale on the express term that the sales were entirely without prejudice to the positions or claims of any of the parties, such that the funds realized shall be effectively alternate, but equivalent security for the property. The proceeds are held specifically without prejudice to the position of Terrapin that the Order Sale to Plaintiff should have been registered, the property should have transferred pursuant to the terms of the Order Sale to Plaintiff, and the Terrapin Mortgage entered by 179 AB to Terrapin should have been registered on the 179 Units.
16. On or about October 23, 2017, Justice Romaine granted a standard Receivership Order in Action Number 1401-12431 (the "**Receivership Order**").
17. The Receiver has rejected Terrapin's claim within the Receivership.
18. Terrapin is the only party who has pursued a legal claim to the 179 AB Units and the sale proceeds therefrom.
19. Terrapin has participated in the litigation process, including consenting to manage the properties and facilitate the judicial sale of the 179 AB Units.
20. Terrapin has consented to the judicial sale of the 179 AB Units and its consent should not be used to disentitle Terrapin to the proceeds of sale therefrom.

21. The Richcrooks Investors, despite the September 15, 2014 Order and their allegations during the litigation of the Stay Order, have failed to take any steps to appeal or set aside the Order Sale to Plaintiff.
22. The Richcrooks Investors have failed to make any claim to the 179 AB Units, or to or advance their allegations against Arres or 179 AB with respect to the 179 AB Units at all.
23. The Richcrooks Investors should not be permitted to benefit from their inaction to the detriment of Terrapin.
24. It would be both a legal fallacy and inequitable to treat the Order Sale to Plaintiff as though it had been successfully appealed or set aside in the absence of any such adjudication by the Court.
25. Terrapin is an innocent party who relied on an Order Sale to Plaintiff, which had not been appealed or set aside, who has expended efforts on the maintenance and judicial sale of the 179 AB Units.

Material or evidence to be relied on:

26. The Affidavit of Michael Ellis, filed.

Applicable rules:

27. The Alberta Rules of Court.

Applicable Acts and regulations:

28. The *Bankruptcy and Insolvency Act*.

Any irregularity complained of or objection relied on:

29. None.

How the application is proposed to be heard or considered:

30. In person.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the Applicant what they want in your absence. You will be bound by any Order that the Court makes. If you

want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an Affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the Applicant.

COURT FILE NUMBER **1401-12431**

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT ACCESS MORTGAGE CORPORATION (2004)
LIMITED

RESPONDENT ARRES CAPITAL INC.
-and-

COURT FILE NUMBER **0903-17684 and 0903-17685**

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

RESPONDENT
(PLAINTIFF) ARRES CAPITAL INC.

NON-PARTICIPANTS
(DEFENDANTS) GRAYBRIAR LAND COMPANY LTD. And GRAYBRIAR
GREENS INC.

RESPONDENTS
(NON-PARTIES) RICHCROOKS ENTERPRISES (2000) LTD.,
RICHCROOKS HOLDINGS LTD., 515476 ALBERTA
LTD., DEMEL FINANCIAL CORP., GREENMAR
HOLDINGS INC., ACCESS MORTGAGE INVESTMENT
CORPORATION (2004) LIMITED, 4-A
PROFESSIONAL SERVICES LTD., TEMPEST
MANAGEMENT INC., HUDSON PRINCIPLE
INVESTMENTS LTD., SWARTZ BROS. LIMITED,
CHRISTOPHER SCHULTZ CONSULTING INC.,
CURLEW FINANCE, PAUL HORNYLO, MAX
FELDMAN, SONYA SMITH, NORMAN MARTIN,
BERNICE MARTIN, R. BRUCE CARSON, DELORES
CARSON, LEELA KRISHNOMOURTHY, MARGUERITE
MCRITCHIE, PRITI GAUR, MADHU GAUR, WENDY
MCKENNA, JANET LORRAINE WATSON, JIM WATT,
GASTO RAJAKARUNA, SHIRLEY RAJAKARUNA,
GARY DREFS, ROBERT ARMSTRONG, MICHAEL
KURTZ, MARLENE KURTZ, KEVEN R. PEDERSEN,
SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY
SEKIYA and STEVEN OGG

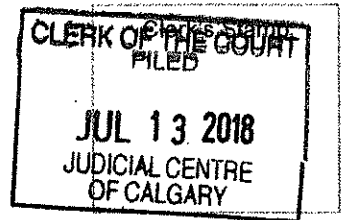
RESPONDENT
(INTERVENOR) TERRAPIN MORTGAGE INVESTMENT CORP.
RESPONDENT
(INTERESTED PARTY) 11798583 ALBERTA LTD.

-and-

COURT FILE NUMBER **1201-16440**

COURT COURT OF QUEEN'S BENCH

JUDICIAL CENTRE CALGARY



PLAINTIFFS

KENZIE FINANCIAL INVESTMENTS LTD., SHELLY BECK, THERESE F. DAEY, LINDA JAEFER, ANDREW LITTLE, LAURIE LITTLE, AGNES M. OBERG, STEVENT OGG, LESTER S. IKUTA, BRIAN SEKIYA, HOLLY SEKIYA, SANDRA SOMMER, MARION SOMMER, ALLAN SOMMER, STEVEN REILLY, SWARTS BROS LIMITED and CLARA MAE WOROSCHUK

DEFENDANTS ARRES CAPITAL INC. and WESLEY SERRA

THIRD PARTY DEFENDANTS

DOCUMENT **COMMERCIAL LIST APPLICATION**

**ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT**

DBH LAW
1200, 1015 – 4th Street S.W.
Calgary, Alberta T2R 1J4
Attention: Irfan Tharani
p. (403) 252-9937 f. (403) 263-8529
Solicitor's File No. 60347

NOTICE TO RESPONDENT(S)

This application is made against you. You are a respondent.
You have the right to state your side of this matter before the master/judge.
To do so, you must be in Court when the application is heard as shown below:

Date: September 21, 2018
Time: 10:00 a.m.
Where: Calgary Courts Centre
601 – 5th Street SW Calgary, Alberta
Before Whom: The Honourable Justice C.M. Jones

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. An Order declaring the Assignments made from Arres Capital Inc. to 875892 Alberta limited or Staci Serra or Stacia Serra or Wes Serra or Wesley Serra (the "Assignees"), valid and enforceable;
2. An order for costs of this Application; and
3. Any other remedy as deemed appropriate by the Court.

Grounds for making this application:

4. Alvarez & Marsal Canada Inc. (the "Receiver"), has drawn conclusions that are based upon incorrect facts and/or incorrect legal conclusions.

5. The Assignments made from Arres Capital Inc. to the Assignees are valid and enforceable.

Material or evidence to be relied on:

6. The Affidavit of Wesley Serra to be filed.
7. The pleadings and reports of the Receiver filed in this action.
8. Such and further and other material as counsel may advise and this Honourable Court may permit.

Applicable rules:

9. Part 6, Division 1 of the Alberta Rules of Court.

Applicable Acts and Regulations.

10. Bankruptcy and Insolvency Act, R.S.C. 1985, c B-3, as amended.

Any irregularity complained of or objection relied on:

11. None

How the application is proposed to be heard or considered:

12. Orally and with Affidavit evidence.

COURT FILE NUMBER 1401-12431
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY
 APPLICANT ACCESS MORTGAGE CORPORATION (2004) LIMITED
 RESPONDENT ARRES CAPITAL INC.
 DOCUMENT **AMENDED AND RESTATED RECEIVERSHIP ORDER**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
 McCarthy Tétrault LLP
 Suite 4000, 421 7th Avenue SW
 Calgary AB T2P 4K9
 Attention: Sean F. Collins / Walker W. MacLeod / Amelia Tritter
 Telephone: 403-260-3531 / 3710 / 3613
 Facsimile: 403-260-3501
 Email: scollins@mccarthy.ca / wmacleod@mccarthy.ca / atritter@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED: October 23, 2017
 LOCATION OF HEARING: Calgary, Alberta
 NAME OF JUDGE WHO MADE THIS ORDER: Justice B.E.C. Romaine

UPON the application of Alvarez & Marsal Canada Inc. (the "**Receiver**") in respect of the order issued in the within proceedings on February 13, 2015 and entered on July 26, 2017; **AND UPON** having read the Application, the first report of the Receiver, dated October 11, 2017 (the "**First Receiver's Report**"), and the Affidavit of Service of Katie Doran, filed; **AND UPON** hearing counsel for the Plaintiff, counsel for the Defendant and counsel for any other persons present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this Order and the First Receiver's Report is hereby abridged and service thereof is deemed good and sufficient.

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

Dated this 23 day of Oct, 2017


 for Clerk of the Court

APPOINTMENT

2. Pursuant to Part 9 of the *Civil Enforcement Act*, R.S.A. 2000, c. C-15, Alvarez & Marsal Canada Inc. is hereby appointed receiver, without security, of all of the property identified in Schedule "A" to this Order (the "**Exigible Property**").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Exigible Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Exigible Property and any and all proceeds, receipts and disbursements arising out of or from the Exigible Property;
 - (b) to receive, preserve and protect the Exigible Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Exigible Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
 - (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

- 3 -

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Exigible Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Exigible Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Exigible Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.
- (k) to market any or all the Exigible Property, including advertising and soliciting offers in respect of the Exigible Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- (l) to sell, convey, transfer, lease or assign the Exigible Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Exigible Property Security Act*, R.S.A. 2000, c. P-7 shall not be required;

- (m) to apply for any vesting order or other orders necessary to convey the Exigible Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Exigible Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Exigible Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Exigible Property against title to any of the Exigible Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its

instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Exigible Property in such Person's possession or control, shall grant immediate and continued access to the Exigible Property to the Receiver, and shall deliver all such Exigible Property (excluding Exigible Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.

5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all

access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Exigible Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Exigible Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8; and (ii) affect a Regulatory Body's investigation in respect of the debtor or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "Regulatory Body" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Exigible Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" (as defined in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("BIA")) and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any

registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and this Court directs that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Exigible Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net

of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("**WEPPA**").
14. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Exigible Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Exigible Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Exigible Property shall be entitled to continue to use the personal information provided to it, and related to the Exigible Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
 - (i) before the Receiver's appointment; or

- (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph 15(a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Exigible Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
 - (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
 - A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
 - (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or

- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

- 16. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Exigible Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, section 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

- 17. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Exigible Property, as security for such fees and disbursements, incurred both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Exigible Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to sections 14.06(7), 81.4(4) and 81.6(2) and 88 of the BIA.
- 18. The Receiver and its legal counsel shall pass their accounts from time to time.
- 19. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

- 20. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or

desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Exigible Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) and 88 of the BIA.

21. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
22. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
23. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.
24. In the event that the Exigible Property, or any proceeds, receipts and disbursements arising out of or from the Exigible Property, are insufficient to pay the Receiver's Charge or the accounts rendered by the Receiver from time to time relating to the performances of its duties and obligations pursuant to this Order, then and only then shall the Applicant and its successors and assigns be liable for payment of such funds to the Receiver.
25. The Applicant and the Receiver are granted leave of this Court to enter into whatever payment arrangements and/or engagement terms are jointly agreeable to each of them in respect of paragraph 24, above, but such payment arrangement or engagement terms shall be producible on the request of any of the parties to this Order.

ALLOCATION

26. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Exigible Property.

GENERAL

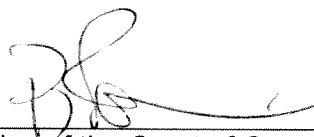
27. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
28. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.
29. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
30. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
31. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
32. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

BANKRUPTCY PROCEEDINGS

33. The Debtor is and remains authorized and empowered to pursue an appeal of the order issued on July 26, 2017 in Court File Number 25-094212 that adjudged the Debtor to be bankrupt (the "**Bankruptcy Order**").

FILING

34. The Receiver shall establish and maintain a website in respect of these proceedings at <https://www.alvarezandmarsal.com/arrescapital> and shall post there as soon as practicable:
- (a) all materials prescribed by statute or regulation to be made publically available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.



Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"**EXIGIBLE PROPERTY**

All of Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including any assets, undertakings and properties acquired by the Debtor after the date of this Order and all proceeds thereof. For greater certainty, and without limitation, the Exigible Property includes the Debtor's interest in (a) debts due to the Debtor either now or in the future and (b) causes of action.

SCHEDULE "B"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY THAT ALVAREZ & MARSAL CANADA INC., THE INTERIM RECEIVER AND RECEIVER (the "Receiver") of all of the assets, undertakings and properties of ARRES CAPITAL INC. appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "Court") dated the 23rd day of October, 2017 (the "Order") made in action number 1401-12431, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded daily on the _____ day of each month after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Exigible Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Exigible Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at ●.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Exigible Property) as authorized by the Order and as authorized by any further or other order of the Court.

The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

ALVAREZ & MARSAL CANADA INC., solely
in its capacity as Receiver of the Exigible
Property (as defined in the Order), and not in
its personal capacity

Per: _____

Name:

Title:

COURT FILE NUMBER 1401-12431
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY
 APPLICANT ACCESS MORTGAGE CORPORATION
 (2004) LIMITED



RESPONDENT ARRES CAPITAL INC.

- and -

COURT FILE NUMBER 0903-17684 and 0903-17685
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY

RESPONDENT (PLAINTIFF) ARRES CAPITAL INC.

NON-PARTICIPANTS (DEFENDANTS) GRAYBRIAR LAND COMPANY LTD. and GRAYBRIAR GREENS INC.

RESPONDENTS (NON-PARTIES) RICHCROOKS ENTERPRISES (2000) LTD., RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD., DEMEL FINANCIAL CORP., GREENMAR HOLDINGS INC., ACCESS MORTGAGE INVESTMENT CORPORATION (2004) LIMITED, 4-A PROFESSIONAL SERVICES LTD., TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ BROS. LIMITED, CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW FINANCE, PAUL KORYLO, MAX FELDMAN, SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE CARSON, DELORES CARSON, LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE, PRITI GAUR, MADHU GAUR, WENDY MCKENNA, JANET LORRAINE WATSON, JIM WATT, GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE KURTZ, KEVEN R. PEDERSEN, SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY SEKIYA and STEVEN OGG

RESPONDENT (INTERVENOR) TERRAPIN MORTGAGE INVESTMENT CORP.

RESPONDENT (INTERESTED PARTY) 1798583 ALBERTA LTD.

- and -

COURT FILE NUMBER 1201-16440

I hereby certify this to be a true copy of the original
 Dated this Order day of June 2018
 for Clerk of the Court

COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFFS	KENZIE FINANCIAL INVESTMENTS LTD., SHELLY BECK, THERESE F. DALEY, LINDA JAEGER, ANDREW LITTLE, LAURIE LITTLE, AGNES M. OBERG, STEVEN OGG, LESTER S. IKUTA PROFESSIONAL CORPORATION, LESTER IKUTA, MICKEY IKUTA, BRIAN SEKIYA, HOLLY SEKIYA, SANDRA SOMMER, MARION SOMMER, ALLAN SOMMER, STEVEN REILLY, SWARTS BROS LIMITED and CLARA MAE WOROSCHUK
DEFENDANTS	ARRES CAPITAL INC. and WESLEY SERRA
THIRD PARTY DEFENDANTS	Y-K PROJECTS LTD., ALLEN BECK and SHELLY BECK
DOCUMENT	ORDER (Directing Release of the Graybriar Funds and the Court Funds and Confirming the Receivership Charges)
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McCARTHY TÉTRAULT LLP 4000, 421 – 7 th Avenue SW Calgary, AB T2P 4K9 Attention: Walker W. MacLeod / Pantelis Kyriakakis Telephone: 403-260-3710 / 3536 Facsimile: 403-260-3501 Email: wmacleod@mccarthy.ca / pkyriakakis@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED:	June 4, 2018
LOCATION OF HEARING:	Calgary, Alberta
NAME OF JUDGE WHO MADE THIS ORDER:	Justice B.E.C. Romaine

UPON the application of Alvarez & Marsal Canada Inc., in its capacity as the court-appointed receiver (the “**Receiver**”) of Arres Capital Inc. (the “**Debtor**”), pursuant to the order issued by the Honourable Madam Justice Strekaf under the *Civil Enforcement Act* (Alberta) (the “**CEA**”) on February 13, 2015, as subsequently amended and restated pursuant to the Order issued by the Honourable Madam Justice B.E.C. Romaine on October 23, 2017 (the “**Receivership Order**”), in the proceedings under Court File Number 1401-12431 (the “**Receivership Proceedings**”); **AND UPON** having read the Application, the Second Report of the Receiver, dated May 29, 2018 (the “**Second Receiver’s Report**”), and the

Affidavit of Service of Katie Doran, sworn on June 1, 2018, all filed (the "**Service Affidavit**");
AND UPON hearing counsel for the Receiver and counsel for any other persons present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of the Application and the Second Receiver's Report in the manner described in the Service Affidavit is good and sufficient and no persons other than those listed on the service list (the "**Service List**") attached as an exhibit to the Service Affidavit are entitled to receive notice of the Application or service of the Second Receiver's Report.
2. Any and all capitalized terms used herein and not otherwise defined are hereby given the meaning that such terms have under and pursuant to the Receivership Order.

RELEASE OF GRAYBRIAR FUNDS

3. The Clerk of the Court is hereby directed to pay out to the Receiver all funds and all interest accrued thereon (collectively, the "**Graybriar Court Funds**") held under Court File Numbers 0903-17684 and 0903-17685 (the "**Graybriar Actions**"), derived from the sale of the units (individually, a "**Unit**", collectively, the "**Units**") under Condominium Plan 0827766 (the "**Condo Plan**"), which Graybriar Court Funds are comprised of:
 - (a) all funds held by this Court and derived from the sale of Unit 48 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master K. Laycock granted on February 1, 2016;
 - (b) all funds held by this Court and derived from the sale of Unit 63 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master A. Robertson granted on March 10, 2016;
 - (c) all funds held by this Court and derived from the sale of Unit 65 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master J. Farrington granted on June 14, 2016;
 - (d) all funds held by this Court and derived from the sale of Unit 69 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master A. Robertson granted on August 25, 2017;

- (e) all funds held by this Court and derived from the sale of Unit 67 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master A. Robertson granted on November 1, 2017 and subsequently amended pursuant to an Amended Order of Master J.L. Mason granted on December 15, 2017; and,
- (f) all funds held by this Court and derived from the sale of Unit 68 and paid into Court, under the Graybriar Actions, pursuant to the Consent Order of Master J.L. Mason granted on December 15, 2017,

(collectively, the "**Graybriar Sale Approval Orders**").

- 4. Bishop & McKenzie LLP is hereby directed to pay to the Receiver all funds and all interest accrued thereon derived from the sale of Unit 55 of the Condo Plan (collectively, along with the Graybriar Court Funds, referred to as, the "**Graybriar Funds**").

RELEASE OF COURT FUNDS

- 5. The Clerk of the Court is hereby authorized, empowered, and directed to pay out to the Receiver the \$235,000 and all accumulated interest thereon (the "**Court Funds**") currently held under Court File Number 1201-16440 and paid into Court on February 14, 2014, pursuant to and in accordance with the Order of the Honourable Justice Wilkins issued on February 11, 2014.

CONFIRMATION OF RECEIVERSHIP CHARGES

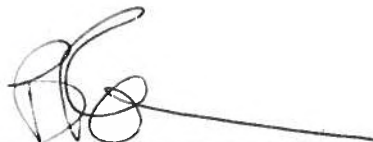
- 6. The Graybriar Funds and the Court Funds (collectively, the "**Funds**") are subject to each of the Receiver's Charge and the Receiver's Borrowings Charge. Each of the Receiver's Charge and the Receiver's Borrowing Charge shall form a first charge on the Funds in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person but subject to section 14.06(7), 81.4(4) and 81.6(2) and 88 of the *Bankruptcy and Insolvency Act* (Canada), and the Receiver is authorized and empowered to apply the Funds against current or future indebtedness owing on either the Receiver's Charge or the Receiver's Borrowing Charge, as applicable.

APPROVAL OF CONDUCT, FEES AND DISBURSEMENTS

7. The actions and conduct of the Receiver, as of the date of the Second Receiver's Report and based upon the evidence contained in the Second Receiver's Report, be and are hereby approved.
8. The interim accounts of the Receiver and its legal counsel, as summarized at paragraphs 65 and 66 of the Second Receiver's Report, be and are hereby approved.

GENERAL

9. Service of this Order on the persons comprising the Service List shall be by any of email, facsimile, courier, registered mail, regular mail, or personal delivery, and no other persons, other than those on the Service List, are entitled to be served with a copy of this Order.



J.C.C.Q.B.A.

COURT FILE NUMBER 1401-12431
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY
 APPLICANT ACCESS MORTGAGE CORPORATION
 (2004) LIMITED



RESPONDENT ARRES CAPITAL INC.
 DOCUMENT **ORDER (Graybriar Funds Claims Process Order)**
 ADDRESS FOR SERVICE McCARTHY TÉTRAULT LLP
 AND CONTACT 4000, 421 – 7th Avenue SW
 INFORMATION OF PARTY Calgary, AB T2P 4K9
 FILING THIS DOCUMENT Attention: Walker W. MacLeod / Pantelis Kyriakakis
 Telephone: 403-260-3710 / 3536
 Facsimile: 403-260-3501
 Email: wmacleod@mccarthy.ca /
 pkyriakakis@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED: June 4, 2018
 LOCATION OF HEARING: Calgary, Alberta
 NAME OF JUDGE WHO MADE THIS ORDER: Justice B.E.C. Romaine

UPON the application of Alvarez & Marsal Canada Inc., in its capacity as the court-appointed receiver (the "**Receiver**") of Arres Capital Inc. (the "**Debtor**"), pursuant to the order issued by the Honourable Madam Justice Strekaf under the *Civil Enforcement Act* (Alberta) (the "**CEA**") on February 13, 2015, as subsequently amended and restated pursuant to the Order issued by the Honourable Madam Justice B.E.C. Romaine on October 23, 2017 (the "**Receivership Order**"), in the proceedings under Court File Number 1401-12431 (the "**Receivership Proceedings**"); **AND UPON** having read the Application, the Second Report of the Receiver, dated May 29, 2018 (the "**Second Receiver's Report**"), and the Affidavit of Service of Katie Doran, sworn on June 1, 2018, all filed (the "**Service Affidavit**"); **AND UPON** hearing counsel for the Receiver and counsel for any other persons present;

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

Dated this 5 day of June 2018

for Clerk of the Court

IT IS HEREBY ORDERED AND DECLARED THAT:**DEFINED TERMS**

1. Capitalized terms used herein or not otherwise defined shall have the meaning ascribed hereto in the Claims Process attached as Appendix "A" hereto (the "**Claims Process**").

APPROVAL OF CLAIMS PROCESS

2. The Claims Process for determining any and all Claims in respect of the Graybriar Funds is hereby approved and the Receiver is authorized and directed to implement the Claims Process.
3. The form of Proof of Claim, Newspaper Notice, and Notice of Revision or Disallowance, all as set forth in the attached Appendix "B", Appendix "C", and Appendix "D", respectively, are approved.

CLAIMS BAR DATE

4. Any Creditor who has a Claim against the Graybriar Funds or against the Debtor in connection with such Graybriar Funds and who has not, as of the Claims Bar Date, submitted a Proof of Claim to the Receiver in respect of a Claim, in accordance with this Claims Process, shall be forever barred, estopped and enjoined from asserting such Claim against the Graybriar Funds and such Claim shall be forever extinguished, unless otherwise ordered by the Court.

NOTICE OF TRANSFEREES

5. If a Creditor or any subsequent holder of a Claim who has been acknowledged by the Debtor as the holder of the Claim transfers or assigns that Claim to another Person, the Receiver shall not be required to give notice to or to otherwise deal with the transferee or assignee of the Claim as the holder of such Claim unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been delivered to the Receiver. Thereafter, such transferee or assignee shall, for all purposes hereof, constitute the holder of such Claim and shall be bound by notices given and steps taken in respect of such Claim in accordance with the provisions of the Claims Process.

6. If a Creditor or any subsequent holder of a Claim who has been acknowledged by the Receiver as the holder of the Claim transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfers or assignments shall not create separate Claims and such Claims shall continue to constitute and be dealt with as a single Claim notwithstanding such transfers or assignments. The Receiver shall not, in each such case, be required to recognize or acknowledge any such transfers or assignments and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim provided such Creditor may, by notice in writing delivered to the Receiver, direct that subsequent dealings in respect of such Claim, but only as a whole, shall be dealt with by a specified Person and, in such event, such Person shall be bound by any notices given or steps taken in respect of such Claim with such Creditor in accordance with the provisions of the Claims Process.

NOTICE AND COMMUNICATION

7. Except as otherwise provided herein, the Receiver may deliver any notice or other communication to be given under this Order to Creditors or other interested Persons by forwarding true copies thereof by ordinary mail, courier, personal delivery, facsimile or email to such Creditors or Persons at the address last shown on the books and records of the Debtor, and that any such notice by courier, personal delivery, facsimile or email shall be deemed to be received on the next Business Day following the date of forwarding thereof, or, if sent by ordinary mail on the third Business Day after mailing within Alberta, the fifth Business Day after mailing within Canada, and the tenth Business Day after mailing internationally.
8. Any notice or other communication to be given under this Order by a Creditor to the Receiver shall be in writing in substantially the form, if any, provided for in this Order and will be sufficiently given only if delivered by registered mail, courier, email (in PDF format), personal delivery or facsimile transmission and addressed to:

Alvarez & Marsal Canada Inc., Receiver of Arres Capital Inc.
Attention: Bryan Krol
Alvarez & Marsal Canada Inc.
Bow Valley Square 4
Suite 1110, 250 6th Avenue SW
Calgary, Alberta, T2P 3H7
E mail: bkrol@alvarezandmarsal.com

Fax: 403-538-7551

9. In the event that the day on which any notice or communication required to be delivered pursuant to the Claims Process is not a Business Day then such notice or communication shall be required to be delivered on the next Business Day.

GENERAL

10. The Receiver is authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which Proofs of Claim are submitted, completed and executed and may, if satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of the Claims Process and this Order as to the submission, completion and execution of Proofs of Claim.
11. References in this Order to the singular shall include the plural, references to the plural shall include the singular and to any gender shall include the other gender.
12. Notwithstanding the terms of this Order, the Receiver or any interested Person may apply to this Court from time to time for such further order or orders as it considers necessary or desirable to amend, supplement or modify the Claims Process or this Order as the Receiver may seek advice and directions with respect to the administration of the Claims Process or the distribution of the Graybriar Funds or Proven Claims.
13. Service of this Order on the service list by email, facsimile, registered mail, courier, or personal delivery shall constitute good and sufficient service of this Order, and no Persons, other than those on the service list, are entitled to be served with a copy of this Order. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
14. Service of this Order on any party not attending this application is hereby dispensed with.



J.C.C.Q.B.A.

**APPENDIX "A" TO CLAIMS PROCESS ORDER
CLAIMS PROCESS**

DEFINITIONS

1. For purpose of this Claims Process the following terms shall have the following meanings:
 - (a) **"Business Day"** means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Calgary, Alberta;
 - (b) **"Claim"** means any right, interest or claim of any Person that may be asserted or made in whole or in part against, over, in or to any of the Graybriar Funds, in any capacity, whether or not asserted or made, including but not limited to in connection with any indebtedness, liability or obligation of any kind whatsoever of any Person, and any interest accrued thereon or costs payable in respect thereof, whether at law or in equity, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, any legal, statutory, equitable or fiduciary duty) or by reason of any equity interest, assignment, right of ownership, title to, trust or deemed trust (statutory, express, implied, resulting, constructive, equitable or otherwise) of, over, in or to the Graybriar Funds, and together with any enforcement costs or legal costs associated with any such claim, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, but shall not include Excluded Claims;
 - (c) **"Claims Bar Date"** means 5:00 p.m. (Mountain Time) on July 16, 2018 or such other date as may be ordered by the Court;
 - (d) **"Claims Package"** means the document package which shall include a Proof of Claim and such other materials as the Receiver considers necessary or appropriate;
 - (e) **"Claims Process"** means the procedures outlined herein in connection with the assertion of any Claim against the Debtor;

- (f) **"Claims Process Order"** means the Order pronounced by Justice B.E.C. Romaine of the Court of Queen's Bench of Alberta on June 4, 2018 approving this Claims Process;
- (g) **"Court"** means the Court of Queen's Bench of Alberta;
- (h) **"Creditor"** means any Person asserting a Claim;
- (i) **"Debtor"** means Arres Capital Inc.;
- (j) **"Excluded Claim"** means all Claims that are secured by either:
 - (i) the Receiver's Charge; or
 - (ii) the Receiver's Borrowing Charge;
- (k) **"Graybriar"** means Graybriar Land Company Ltd. and Graybriar Greens Inc.;
- (l) **"Graybriar Funds"** has the meaning ascribed to it in the Order (Directing Release of the Graybriar Funds and the Court Funds and Confirming the Receivership Charges) issued by the Justice B.E.C. Romaine on June 4, 2018 in Court File Number 1401-12431;
- (m) **"Graybriar Investors"** means the claims of the various persons who invested in the following mortgages: (i) a Mortgage, dated November 5, 2006, as granted by Graybriar to and in favour of the Debtor, as security for the repayment of \$2,8000,000; and, (ii) a Mortgage, dated August 15, 2007, as granted by Graybriar to and in favour of the Debtor, as security for the repayment of \$9,700,000;
- (n) **"Graybriar Sale Approval Orders"** has the meaning ascribed to it in the Order (Directing Release of the Graybriar Funds and the Court Funds and Confirming the Receivership Charges) issued by the Justice B.E.C. Romaine on June 4, 2018 in Court File Number 1401-12431;
- (o) **"Lien Claimants"** means any Person who had a builders' lien vested pursuant to any of the Graybriar Sale Approval Orders;

- (p) **"Newspaper Notice"** means the notice of the Claims Process to be published in the newspapers in accordance with the Claims Process in substantially the form attached to the Claims Process Order as Appendix "C";
- (q) **"Notice of Revision or Disallowance"** means the form sent by the Receiver revising or disallowing a Proof of Claim submitted by any Person, which notice shall be substantially in the form attached to the Claims Process Order as Appendix "D";
- (r) **"Person"** shall be broadly interpreted and includes an individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, corporation, unincorporated association or organization, syndicate, committee, the government or a country or any political subdivision thereof, or any agency, board, tribunal, commission, bureau, instrumentality or department of such government or political subdivision, or any other entity, however designated or constituted, and the trustees, executors, administrators, or other legal representatives of any individual;
- (s) **"Proof of Claim"** means the form setting forth a Creditor's Claim, which proof of claim shall be substantially in the form attached to the Claims Process Order as Appendix "B";
- (t) **"Proven Claim"** means the quantum and classification of the Claim of a Creditor as finally determined in accordance with the Claims Process, provided that a Proven Claim will be "finally determined" in accordance with the Claims Process when: (i) it has been accepted by the Receiver; (ii) the applicable time period for challenging a Notice of Revision or Disallowance issued by the Receiver has expired and the Creditor has not taken the steps required by this Claims Process to challenge such Notice or Revision as Disallowance; or (iii) any court of competent jurisdiction has made a determination with respect to the classification and quantum of the Claim and no appeal or motion for leave to appeal therefrom shall have been taken or served on either party, or if any appeal(s) or motion(s) for leave to appeal or further appeal shall have been taken therefrom or served on either party, any and all such appeal(s) or motion(s) shall have been dismissed, determined or withdrawn;

- (u) **"Receiver"** means Alvarez & Marsal Canada Inc., in its capacity as the Court appointed receiver and manager of the Debtor, and not in its personal capacity or corporate capacity;
- (v) **"Receiver's Borrowing Charge"** has the meaning ascribed to it in the Receivership Order;
- (w) **"Receiver's Charge"** has the meaning ascribed to it in the Receivership Order;
- (x) **"Receivership Order"** means the order issued by the Honourable Madam Justice Strekaf under the *Civil Enforcement Act* (Alberta) on February 13, 2015, as subsequently amended and restated pursuant to the Order issued by the Honourable Madam Justice B.E.C. Romaine on October 23, 2017;
- (y) **"Website"** means the website established by the Receiver and located at <https://www.alvarezandmarsal.com/arrescapital>.

NOTICE OF CLAIMS PROCESS

2. The Receiver shall cause a Claims Package to be sent to all Graybriar Investors and Lien Claimants by regular prepaid mail, courier, facsimile or email on or prior to June 8, 2018, 2018.
3. The Receiver shall cause the Claims Package to be posted on the Website on or prior to June 8, 2018.
4. The Receiver shall cause the Newspaper Notice to be published in a newspaper determined to be advisable to the Receiver, on or prior to June 22, 2018.
5. The Receiver shall cause a copy of a Proof of Claim to be sent to any Person requesting such material as soon as practicable.

PERSONS ASSERTING CLAIMS

6. Any other Person who has a Claim to, in or against the Graybriar Funds and who wishes to assert such Claim to, in or against the Graybriar Funds shall, on or before the Claims Bar Date, send a completed Proof of Claim to the Receiver setting out the classification and quantum of its Claim.

7. Any Person who fails to comply with Paragraph 6 of this Claims Process shall be forever barred, enjoined and estopped from asserting such Claim to, in or against the Graybriar Funds and such Claim shall be forever extinguished, except as otherwise may be ordered by the Court.

RESOLUTION OF CLAIMS

8. The Receiver shall review any Proof of Claim that is submitted to it on or before the Claims Bar Date and, subject to the terms of this Order, may accept, revise or disallow the Proof of Claim.
9. The Receiver may attempt to consensually resolve the classification or quantum of any Proof of Claim submitted by any Person prior to the Receiver accepting, revising or disallowing such Proof of Claim.
10. In the event that the Receiver elects to accept the quantum and classification of the Claim as set forth in the Proof of Claim, the Creditor shall have a Proven Claim in the quantum and with the classification specified in the Proof of Claim submitted by that Person.
11. In the event that the Receiver elects to revise or disallow the Proof of Claim, the Receiver shall send a Notice of Revision or Disallowance setting out the revision or disallowance of the Proof of Claim.
12. Any Person who wishes to dispute the Notice of Revision or Disallowance received from the Receiver shall, within fifteen days of receipt of the Notice of Revision or Disallowance from the Receiver, file an Application before the Court for the determination of its Claim.
13. Any Person who receives a Notice of Revision or Disallowance from the Receiver and who fails to comply with Paragraph 12 of this Claims Process shall be deemed to have accepted the classification and quantum of its Claim as set forth in the Notice of Revision or Disallowance, shall have a Proven Claim to the Graybriar Funds in the quantum and with the classification specified in the Notice of Revision or Disallowance and shall be forever barred, enjoined and estopped from challenging the classification and quantum of its Claim to the Graybriar Funds as set forth in the Notice of Revision or

Disallowance delivered to it by the Receiver, except as otherwise may be ordered by the Court.

CURRENCY OF CLAIMS

14. Any Claim set out in a Proof of Claim shall be denominated in Canadian dollars, failing which such Claim shall be converted to and shall constitute obligations in Canadian dollars and such calculation will be effected using the noon spot rate of the Bank of Canada as of the date of the Claims Process Order.

**APPENDIX "B" TO CLAIMS PROCESS ORDER
PROOF OF CLAIM AGAINST ARRES CAPITAL INC. (THE "DEBTOR") WITH RESPECT TO
THE GRAYBRIAR FUNDS**

(See Reverse for Instructions)

Regarding the claim of _____ (referred to in this form as "the creditor")
(name of creditor)

All notices or correspondence regarding this claim to be forwarded to the creditor at the following address:

Telephone: _____ Fax: _____

I, _____ residing in the _____
(name of person signing claim) (city, town, etc.)

of _____ in the Province of _____
(name of city, town, etc.)

Do hereby certify that:

1. ☐ I am the creditor

OR ☐ I am _____ of the
creditor.
(if an officer or employee of the company, state position or title)

2. I have knowledge of all the circumstances connected with the claim referred to in this form.

3.A The debtor was, as at the date hereof, and still is indebted to the creditor in the sum of \$ _____ as shown by the statement of account attached hereto. If a creditor's claim is to be reduced by deducting any counter claims to which the Debtor is entitled and/or amounts associated with the return of equipment and/or assets by the Debtor, please specify.

The statement of account must specify the vouchers or other evidence in support of the claim including the date and location of the delivery of all services and materials. Any claim for interest must be supported by contractual documentation evidencing the entitlement to interest.

B The indebtedness referred to in paragraph 4.A is in the following currency:

- 12 -

- ☐ Canadian Dollars
- ☐ United States Dollars
- 4.A ☐ **Trust claim.** \$ _____. In respect to the said debt, the creditor claims that the Debtor holds the Graybriar Funds in trust for its benefit:

Provide full particulars of the nature of the trust claim, including the nature of the equitable interest and any agreements or other records relevant thereto.

- B ☐ **Secured claim.** \$ _____. In respect of the said debt, the creditor holds assets of the Debtor valued at \$ _____ as security:

Provide full particulars of security, including the statement pursuant to which the security is claimed or the date on which the security was given and the value at which the creditor assesses the security together with the basis of valuation, and attach a copy of the security documents.

- C ☐ **Other claims.** \$ _____.

Dated at _____, this _____ day of _____, 2018.

Witness

Must be signed and witnessed

Instructions for Completing Proof of Claim Forms

In completing the attached form, your attention is directed to the notes on the form and to the following requirements:

Proof of Claim:

1. The form must be completed by an individual and not by a corporation. If you are acting for a corporation or other person, you must state the capacity in which you are acting, such as, "Credit Manager", "Treasurer", "Authorized Agent", etc., and the full legal name of the party you represent.
2. The person signing the form must have knowledge of the circumstances connected with the claim.
3. A. A Statement of Account containing details of claims, and if applicable, of the amount due in respect of property claims, and must be attached and marked Schedule "A". Any amounts claimed as interest should be clearly noted as being for interest.
B. Tick the appropriate currency.
4. The nature of the claim must be indicated by ticking the type of claim which applies. e.g.
—

Ticking (A) indicates the claim is a trust claim;

Ticking (B) indicates the claim is secured, such as a builders' lien, a mortgage, lease or other security interest, and the value of which the creditor assesses the security must be inserted, together with the basis of valuation. Details of each item of security held should be attached and submitted with a copy of the chattel mortgage, conditional sales contract, security agreement, etc.;

Ticking (C) indicates the claim is of a difference notice or type.

A creditor may have separate claims in different categories, in which case a separate claim form must be submitted for each claim.

5. The person signing the form must insert the place and date in the space provided, and the signature must be witnessed.

Send a copy of the completed Proof of Claim, by 5:00 pm (MST) on July 16, 2018, to the Receiver at the below addresses:

Alvarez & Marsal Canada Inc.
Attn: Bryan Krol
Bow Valley Square 4
Suite 1110, 250 6th Avenue SW
Calgary, Alberta, T2P 3H7
Email: bkrol@alvarezandmarsal.com
Fax: 403-538-7551

Additional information regarding the Debtor's proceedings, as well as copies of claims documents may be obtained at <https://www.alvarezandmarsal.com/arrescapital>. If there are any questions in completing the Proof of Claim, please contact Bryan Krol of Alvarez & Marsal Canada Inc. at 403-538-7523.

**APPENDIX "C" TO CLAIMS PROCESS ORDER
NEWSPAPER NOTICE**

**NOTICE TO CREDITORS OF ARRES CAPITAL INC. WITH CLAIMS IN, TO OR AGAINST
THE GRAYBRIAR FUNDS**

On October 23, 2017, Arres Capital Inc. (the "**Debtor**") applied for and received protection from its creditors under the *Bankruptcy and Insolvency Act* (the "**BIA**") by order of the Court of Queen's Bench of Alberta (the "**Court**") initially granted on February 13, 2015 and subsequently amended on October 23, 2017, wherein Alvarez & Marsal Canada Inc. was appointed as the receiver and manager (the "**Receiver**") of all of the Debtor's property, assets, and undertakings.

On June 4, 2018 the Court granted further orders establishing a process by which the identity and status of all creditors with claims to the Graybriar Funds (the "**Claims Process Order**"). A copy of the Claims Process Order may be viewed at <https://www.alvarezandmarsal.com/arrescapital>, or may be obtained by contacting the Receiver at 403-538-7523.

Pursuant to the Claims Process Order the Receiver was required, by July 16, 2018, to send a Claims Package to each known Graybriar Investor and Lien Claimant of the Debtor (the "**Notice to Creditor**").

ANY CREDITOR HAVING A CLAIM IN, TO OR AGAINST THE GRAYBRIAR FUNDS MUST FILE A PROOF OF CLAIM WITH THE RECEIVER IN THE PRESCRIBED FORM BEFORE 5:00 PM (MST) ON JULY 16, 2018. CLAIMS NOT PROVEN IN ACCORDANCE WITH THESE PROCEDURES SHALL BE DEEMED TO BE FOREVER BARRED AND EXTINGUISHED AND MAY NOT BE ADVANCED IN, TO OR AGAINST THE GRAYBRIAR FUNDS, EXCEPT AS MAY BE OTHERWISE ORDERED BY THE COURT.

All claims must be made in the prescribed "Proof of Claim" form together with the required supporting documentation and be received by the Receiver on or before the Claims Bar Date, being 5:00 pm (MST) on July 16, 2018.

The prescribed "Proof of Claim" form may be found at <https://www.alvarezandmarsal.com/arrescapital> or can otherwise be obtained by contacting:

Alvarez & Marsal Canada Inc.
Attn: Bryan Krol
Bow Valley Square 4
Suite 1110, 250 6th Avenue SW
Calgary, Alberta, T2P 3H7

Phone: 403-538-7523
Fax: 403-538-7551

Alvarez & Marsal Canada Inc., in its capacity
as Receiver of Arres Capital Inc.

**APPENDIX "D" TO CLAIMS PROCESS ORDER
NOTICE OF REVISION OR DISALLOWANCE FOR CLAIMS AGAINST ARRES CAPITAL
INC. (THE "DEBTOR") CONCERNING THE GRAYBRIAR FUNDS**

NOTICE OF REVISION OR DISALLOWANCE

TO: [NAME AND ADDRESS OF CREDITOR]

DATE:

PROOF OF CLAIM NO:

Take notice that Alvarez & Marsal Canada Inc., appointed the receiver and manager (the "**Receiver**") of all of the Debtor's property, assets, and undertakings pursuant to the Order initially granted on February 13, 2015 and subsequently amended on October 23, 2017 (the "**Receivership Order**"), has reviewed the Proof of Claim you submitted against the Debtor, as part of the Debtor's Claims Process pursuant to the order issued by the Court of Queen's Bench of Alberta on June 4, 2018 (the "**Claims Process Order**"). All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Claims Process Order.

The Receiver has revised your Proof of Claim as follows:

Classification: _____

Quantum: _____

IF YOU WISH TO DISPUTE THE REVISION OR DISALLOWANCE OF YOUR CLAIM AS SET FORTH HEREIN YOU MUST TAKE THE STEPS OUTLINED BELOW.

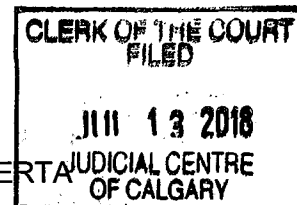
The Claims Process Order provides that if you disagree with the revision or disallowance of your claim as set out in this Notice of Revision or Disallowance, you must, within fifteen days of receipt of this Notice of Revision or Disallowance from the Receiver, file an application before the Court of Queen's Bench of Alberta for the determination of your Claim. If you fail to file an application before the Court of Queen's Bench of Alberta for the determination of your Claim in the timeframe specified herein you shall be deemed to have accepted the classification and quantum of your Claim as set forth in this Notice of Revision or Disallowance, shall have a Proven Claim in the quantum and with the classification specified in this Notice of Revision or Disallowance and shall be forever barred, enjoined and estopped from challenging the classification and quantum of its Claim as set forth in this Notice of Revision or Disallowance, except as otherwise may be ordered by the Court.

If you have any questions regarding the claims process or the attached materials, please contact Bryan Krol of Alvarez & Marsal Canada Inc. at 403-538-7523.

Dated the ____ day of _____, 2018 in Calgary, Alberta.

**Alvarez & Marsal Canada Inc., in its capacity
as Receiver of Arres Capital Inc.**

Per: _____



COURT FILE NUMBER 1401-12431

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT ACCESS MORTGAGE CORPORATION (2004) LIMITED

RESPONDENT ARRES CAPITAL INC.

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Bishop & McKenzie LLP
2200, 555 – 4th Avenue SW
Calgary, Alberta T2P 3E7
Attention: Kerry Lynn Okita
Telephone: (403) 237-5550
Fax No.: (403) 263-3423
File No.: 100672-003

Affidavit of Michael John Cassidy Ellis also known as Jake Ellis
Sworn on July 12, 2018

I, MICHAEL JOHN CASSIDY ELLIS, of the City of Vancouver, in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am a Vice President of Origin of TerraFund Financial Inc. TerraFund Financial Inc. is the exclusive mortgage agent for Terrapin Mortgage Investment Corp. ("**Terrapin**"). I have examined the records of the Plaintiff, and as such, can swear positively as to the facts and matters herein deposed, except where stated to be otherwise.
2. I have reviewed the Court filings in the following actions:
 - a. Arres Capital Inc. v. Graybriar Land Company Ltd. and Graybriar Greens Inc., Action Number 0903-17684 and 0903-17685 (the "**Foreclosure Action**") – Terrapin was granted intervenor status in the Foreclosure Action, attached hereto this my affidavit and marked as **Exhibit "A"** is a copy of the order;
 - b. Richcrooks Enterprizes (2000) Ltd. and Richcrooks Holdings Ltd. *et al.* v. Arres Capital Inc. and Wes Serra, Action Number 1301-10892 (the "**Richcrooks Action**") – Terrapin was granted intervenor status in the Richcrooks Action, attached hereto this my affidavit and marked as **Exhibit "B"** is a copy of the order;
 - c. Kenzie Financial Investments Ltd. *et al.* v. Arres Capital Inc. and Wes Serra, Action Number 1201-16440 (the "**Kenzie Action**") – Terrapin was granted intervenor status in the Kenzie Action, attached hereto this my affidavit and marked as **Exhibit "C"** is a copy of the order; and

- d. Terrapin Mortgage Investment Corp. v. 1798582 Alberta Ltd., Arres Capital, and Staci Serra (the "**Terrapin Action**").

and I have discussed these matters with my legal counsel, Bishop & McKenzie LLP, and verily believe the statements in this affidavit to be true.

I. THE PARTIES

3. Terrapin is a corporation registered to carry on business in the Province of Alberta. Attached hereto this my affidavit and marked as **Exhibit "D"** is a copy of the corporate registry of Terrapin Mortgage Investment Corp.
4. 1798582 Alberta Ltd. ("**179 AB**"), is a corporation registered to carry on business in the Province of Alberta. Attached hereto this my affidavit and marked as **Exhibit "E"** is a copy of the corporate registry of 1798582 Alberta Ltd.
5. Arres Capital Inc. ("**Arres**"), is a corporation registered to carry on business in the Province of Alberta and is currently subject to a Receivership Order noted in paragraph 75 of this my affidavit, respectively. Attached hereto this my affidavit and marked as **Exhibit "F"** is a copy of the corporate registry of Arres Capital Inc.
6. At all material times, Staci Serra was one of the two directors of 179 AB. The sole shareholder of 179 AB is 875892 Alberta Ltd. Staci Serra was the sole director and shareholder of 875892 Alberta Ltd.
7. At all material times, Wes Serra was the sole director of Arres. The sole shareholder of Arres is Arres Holding Inc. Wes Serra was the sole director and shareholder of Arres Holding Inc.
8. At all material times, Wes Serra and Staci Serra were married.

II. THE FORECLOSURE ACTION

9. Prior to 2006, Graybriar Land Company Ltd. owned lands being developed into condominium units. These condominium developments were known as Graybriar.
10. By a Memorandum of Mortgage made under the *Land Titles Act* dated the 15th day of August, 2007 (the "**Arres Mortgage**"), Graybriar Land Company Ltd. mortgaged to the Defendant, Arres, the Lands for securing payment of the principal sum of \$9,700,000.00, together with interest, payable both before and after maturity, default, and judgment.
11. On or about November 2008, Graybriar Land Company Ltd. defaulted under the Arres Mortgage.
12. On or about February 24 and March 5, 2009, Arres commenced two actions against Graybriar Land Company Ltd. These two actions were consolidated into one action referring to both action numbers and is the Foreclosure Action.

13. On or about March 8, 2010 and June 6, 2010, the Court ordered the registration of the condominium plan and development of the individual condominium units as well as a listing and sale of the individual condominium units, respectively. Following these orders, the condominium plan was registered, the individual condominium units were developed, listed and most were sold.
14. Four years later, in January 2014, seven condominium units remained unsold.
15. In or about January 2014, Arres applied within the Foreclosure Action for an Order for Sale to Plaintiff of the seven units, namely:

CONDOMINIUM PLAN 0827766
 UNITS 48, 55, 63, 65, 67, 68, AND 69
 AND ALL THE APPLICABLE UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

(the “**Remaining Units**”).

16. On or about February 3, 2014, Master Breitkreuz granted an Order for Sale to Plaintiff of the Remaining Units. On or about February 7, 2014, this Order was amended by Master Smart (the “**Order for Sale to Plaintiff**”). Attached hereto this my affidavit and marked as **Exhibit “G”** and **Exhibit “H”** are copies of the February 3, 2014, Master Breitkreuz Order for Sale to Plaintiff and of the February 7, 2014, Order Sale to Plaintiff amended by Master Smart, respectively.
17. The Order Sale to Plaintiff has not been set aside or appealed.

A. The Terrapin Mortgage on the 179 AB Units

18. In or about January 2014, 179 AB and Arres arranged to transfer four of the Remaining Units, namely units 48, 55, 68, and 69 to 179 AB (the “**179 AB Units**”). The terms of the agreement with respect to the transfer of the 179 AB Units from Arres to 179 AB are unknown to Terrapin.
19. In or about January 2014, 179 AB applied to Terrapin for a mortgage on the 179 AB Units. 179 AB represented to Terrapin that it had or would have good title to the 179 AB Units, and that it had the right to mortgage the 179 AB Units.
20. By way of a commitment letter on or about January 23, 2014, Terrapin agreed to loan 179 AB the sum of \$426,000.00 and 179 AB agreed to provide mortgage security over the 179 AB Units to Terrapin. Attached hereto this my affidavit and marked as **Exhibit “I”** is a copy of the January 23, 2014 commitment letter.
21. By a Memorandum of Mortgage made under the *Land Titles Act* dated the 5th day of February, 2014, (the “**Terrapin Mortgage**”), 179 AB mortgaged to Terrapin the 179 AB Units, namely:

CONDOMINIUM PLAN 0827766
 UNITS 48, 55, 68, AND 69
 AND ALL THE APPLICABLE UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS,

for securing payment of the principal sum of \$426,000.00, together with interest, payable both before and after maturity, default, and judgment. Attached hereto this my affidavit and marked as **Exhibit "J"** is a copy of the Terrapin Mortgage.

22. On or about February 12, 2014, Terrapin advanced funds in the amount of \$426,000.00 (the "**Terrapin Funds**") to counsel for 179 AB on trust conditions.
23. On or about February 13 and 14, 2014 counsel for 179 AB distributed the Terrapin Funds in the following manner:
 - a. \$235,000.00 was paid into Court in the Kenzie Action for the benefit of Arres;
 - b. \$138,444.61 was paid directly to 179 AB; and
 - c. Fees paid in the following amounts:
 - i. \$300.00 for title insurance to First Canadian Title Insurance;
 - ii. \$966.00 for estoppel certificates to Core Management Group;
 - iii. \$956.88 for outstanding condominium fees to Condominium Corporation 0827766;
 - iv. \$8,460.41 for outstanding property taxes to the Town of Stony Plain;
 - v. Payment to solicitors for 179 AB; and
 - vi. Payment to solicitors for Terrapin.
24. On or about February 14, 2014, counsel for 179 AB submitted documents to the Registrar of Land Title, directing:
 - a. the transfer of title of clear title of the 179 AB Units to 179 AB, including the discharge of the First Arres Mortgage and the Second Arres Mortgage, and the registration of the Terrapin Mortgage on the 179 AB Units; and
 - b. the transfer of clear title to Arres of the three Remaining Units.
25. The above noted documents included a certified copy of the Order for Sale to Plaintiff, correspondence directing the Registrar of Land Titles to transfer the 179 AB Units into the name of 179 AB and to register the Terrapin Mortgage against the 179 AB Units, and correspondence directing the Registrar of Land Titles to transfer the three Remaining Units to Arres. Both pieces of correspondence were authored by Wes Serra for Arres and on Arres letterhead. Attached hereto this my affidavit and marked as **Exhibit "K"** are copies of the two pieces of correspondence from Arres to the Land Titles Office.

26. The Registrar of Land Titles returned the registration package with a rejection notice directing that it required the correspondence to be authored by Arres' counsel and on Arres counsel's letterhead.

B. The Stay of the Order for Sale to Plaintiff

27. Also on or about February 14, 2014, an emergency telephone application was made by non-party Applicants, namely Richcrooks Enterprises (2000) Ltd., Rickcrooks Holdings Ltd., 515476 Alberta Ltd., Demel Financial Corp., Greenmar Holdings Inc., Access Mortgage Investment Corporation (2004) Ltd., 4-A Professional Services Ltd., Tempest Management Inc., Hudson Principle Investments Ltd., Swartz Bros. Ltd., Christopher Schultz Consulting Inc., Curlew Finance, Paul Kornylo, Max Feldman, Sonya Smith, Norman Martin, Bernice Martin, R. Bruce Carson, Delores Carson, Leela Krishnomourthy, Margurite Mcritchie, Priti Gaur, Madhu Gaur, Wendy McKenna, Janet Lorraine Watson, Jim Watt, Gaston Rajakaruna, Shirley Rajakaruna, Gary Drefs, Robert Armstrong, Michael Kurtz, Kevin R. Pedersen, Susan Fine, Carol Kimyo Sekiya, Holly Sekiya, and Steven Ogg (the "**Richcrooks Investors**").
28. The Rickcrooks Investors represent 50% of the investors and 61% in value of the Arres Mortgage.
29. The Richcrooks Investors alleged in the application that Arres did not have authority to obtain the Order for Sale to Plaintiff.
30. The Richcrooks Investors applied without notice to 179 AB or to Terrapin for a stay of the Order for Sale to Plaintiff.
31. On February 14, 2014, Justice S.D. Hillier granted an order temporarily staying the Order for Sale to Plaintiff pending further order of the Court (the "**Stay Order**"). Attached hereto this my affidavit and marked as **Exhibit "L"** is a copy of the Stay Order.
32. As a result of the Stay Order, title to the 179 AB Units was not transferred to 179 AB and the Terrapin Mortgage was not registered against title to the 179 AB Units.
33. Title to the 179 AB Units remained in the name of Graybriar Land Company Ltd. with the Arres Mortgage registered until such time as their judicial sale, as described in paragraphs 47, and 51 to 64.

C. The Reviews of the Stay Order

34. In the emergency stay application and subsequent application on the stay the Richcrooks Investors raised serious allegations against Arres, 179 AB, and Wes Serra.
35. The Stay Order has been the subject of multiple hearings before the Court of Queen's Bench.
36. On June 26, 2014, Justice Strekaf granted Terrapin intervenor status. The June 26, 2014 Order is attached as **Exhibit "A"** (paragraph 2.a).

37. On September 15, 2014, Justice Strekaf granted an order detailing the following:
- a. The Richcrooks Investors application for an indefinite stay is dismissed;
 - b. In order to continue the stay of the Order Sale to Plaintiff, the Richcrooks Investors must provide an undertaking as to damages satisfactory to the Court;
 - c. In order to continue the stay of the Order Sale to Plaintiff, the Richcrooks Investors must apply to appeal the Order Sale to Plaintiff, including applying to extend the appeal period, or apply to set aside the Order Sale to Plaintiff.

Attached hereto this my affidavit and marked as **Exhibit "M"** is a copy of the September 15, 2014 order.

38. On December 17, 2014, the Richcrooks Investors had failed to provide an Undertaking as to Damages satisfactory to the Court and as such, Justice Strekaf vacated the Stay Order. Attached hereto this my affidavit and marked as **Exhibit "N"** is a copy of the December 17, 2014 order.
39. The Richcrooks Investors appealed the December 17, 2014 order to the Court of Appeal. Attached hereto this my affidavit and marked as **Exhibit "O"** and **Exhibit "P"** are copies of the Civil Notice of Appeal and the Factum of the Appellants at Court of Appeal Action Number 1501-0006AC, respectively.
40. On January 23, 2015, an interim application was heard and granted by Justice McDonald. Attached hereto this my affidavit and marked as **Exhibit "Q"** is a copy of the January 23, 2015 decision of the Court of Appeal.
41. On December 9, 2015, the appeal was granted. Attached hereto this my affidavit and marked as **Exhibit "R"** and **Exhibit "S"** are copies of the decision of the Court of Appeal and the order of the Court of Appeal, respectively.

D. Richcrooks Investors Inaction Since December 2015

42. Since the decision of the Court of Appeal on December 9, 2015 and their direction to the Richcrooks Investors to "*move with dispatch*", the Richcrooks Investors have failed to pursue any application to appeal or set aside the Order Sale to Plaintiff as set out the in the September 15, 2014 Order.
43. The Richcrooks Investors have failed to take any action to establish or pursue a claim to the Remaining Units or the sale proceeds therefrom.
44. The Richcrooks Investors have failed to amend their Statement of Claim in Richcrooks Action to include any facts subsequent to November 2013 or to make any claim with respect to the Remaining Units, including the 179 AB Units, or any sale proceeds therefrom.

45. The Richcrooks Investors have failed to commence an action against Arres, Wes Serra, Staci Serra, or 179 AB with respect to the Order Sale to Plaintiff, the Remaining Units, and the transfer of the 179 AB Units from Arres to 179 AB, or the Terrapin Mortgage.
46. At this time, Terrapin is the only party who has claimed an interest in the 179 AB Units or the sale proceeds therefrom.

E. Sale of the Remaining Units

47. On or about February 28, 2014, unit 55, was sold to third party purchasers for the amount of \$269,900.00 by order of Master Smart ("**Order for Sale of Unit 55**") in the Foreclosure Action. The Order for Sale of Unit 55 directed the net sale proceeds to be held in trust pending further order of the Court with respect to the Stay Order. Attached hereto this my affidavit and marked as **Exhibit "T"** is a copy of Order for Sale of Unit 55.
48. The application and granting of the Order for Sale of Unit 55 were made without notice to or the consent of Terrapin.
49. On or about June 26, 2015, Master Prowse granted an Order transferring the proceeds of sale from Unit 55 to counsel for Terrapin and directing the proceeds shall be used to administer the property management of the Remaining Units ("**Property Management Order**"). Attached hereto this my affidavit and marked as **Exhibit "U"** is a copy of Property Management Order.
50. The Remaining Units were sold by judicial sale process on the express term that the sales were entirely without prejudice to the positions or claims of any of the parties, such that the funds realized shall be effectively alternate, but equivalent security for the property. The proceeds are held specifically without prejudice to the position of Terrapin that the Order Sale to Plaintiff should have been registered, the property should have transferred pursuant to the terms of the Order Sale to Plaintiff, and the Terrapin Mortgage entered by 179 AB to Terrapin should have been registered on the 179 Units.
51. On or about October 13, 2015, Justice R.A. Neufeld granted a Consent Judicial Listing Order allowing the Remaining Units to be sold with the proceeds of sale held in trust (the "**Judicial Listing Order**"). Attached hereto this my affidavit and marked as **Exhibit "V"** is a copy of Judicial Listing Order.
52. The December 9, 2015 decision of the Court of Appeal amended the Judicial Listing Order to have the proceeds of sale of the Remaining Units paid into Court in the Foreclosure Action as noted in **Exhibit "R"** (paragraph 41).
53. On or about February 10, 2016, Master Laycock granted an Order Confirming Sale and Vesting Title of unit 48 for the price of \$225,000 (the "Unit 48 Sale Order"). Attached hereto this my affidavit and marked as **Exhibit "W"** is a copy of the Unit 48 Sale Order.

54. On or about March 11, 2016, the amount of \$200,584.38 was paid into Court with respect to the sale of unit 48. Attached hereto this my affidavit and marked as **Exhibit "X"** is a copy of the Money Paid into Court.
55. On or about March 10, 2016, Master Robertson granted an Order Confirming Sale and Vesting Title of unit 63 for the price of \$241,000 (the "Unit 63 Sale Order"). Attached hereto this my affidavit and marked as **Exhibit "Y"** is a copy of the Unit 63 Sale Order.
56. On or about April 14, 2016, the amount of \$198,649.51 was paid into Court with respect to the sale of unit 63. Attached hereto this my affidavit and marked as **Exhibit "Z"** is a copy of the Money Paid into Court.
57. On or about June 14, 2016, Master Farrington granted an Order Confirming Sale and Vesting Title of unit 65 for the price of \$240,000 (the "Unit 65 Sale Order"). Attached hereto this my affidavit and marked as **Exhibit "AA"** is a copy of the Unit 65 Sale Order.
58. On or about July 15, 2016, the amount of \$207,517.58 was paid into Court with respect to the sale of unit 65. Attached hereto this my affidavit and marked as **Exhibit "BB"** is a copy of the Money Paid into Court.
59. On or about August 25, 2017, Master Robertson granted an Order Confirming Sale and Vesting Title of unit 69 at the price of \$225,000 (the "Unit 69 Sale Order"). Attached hereto this my affidavit and marked as **Exhibit "CC"** is a copy of the Unit 69 Sale Order.
60. On or about October 13, 2017, the amount of \$200,175.17 was paid into Court with respect to the sale of unit 69. Attached hereto this my affidavit and marked as **Exhibit "DD"** is a copy of the Money Paid into Court.
61. On or about November 1, 2017, Master Robertson granted an Order Confirming Sale and Vesting Title of unit 67 for the price of \$225,000 (the "Unit 67 Sale Order"). Attached hereto this my affidavit and marked as **Exhibit "EE"** is a copy of the Unit 67 Sale Order.
62. On or about February 2, 2018, the amount of \$211,996.15 was paid into Court with respect to the sale of unit 67. Attached hereto this my affidavit and marked as **Exhibit "FF"** is a copy of the Affidavit of Accounting for unit 67 and 68.
63. On or about December 15, 2017, Master Mason granted an Order Confirming Sale and Vesting Title of unit 68 for the price of \$225,000 (the "Unit 68 Sale Order"). Attached hereto this my affidavit and marked as **Exhibit "GG"** is a copy of the Unit 68 Sale Order.
64. On or about February 2, 2018, the amount of \$211,177.96 was paid into Court with respect to the sale of unit 68, as noted in **Exhibit "GG"** (paragraph 54).
65. Following the final sale, a total of \$1,381,969.50 is currently held in trust, including \$1,230,100.75 held by the Court in the Foreclosure Action; and \$151,868.75 held by counsel for Terrapin. Attached hereto this my affidavit and marked as **Exhibit "HH"** and **Exhibit "II"** are copies of the Statements of Receipts and Disbursements and the Statement of Disbursements by Unit, respectively.

66. The following is the units allocation of the proceeds of sale by unit of funds held in trust:
- a. \$198,605.13 for Unit 48;
 - b. \$251,157.50 for Unit 55;
 - c. \$196,136.50 for Unit 63;
 - d. \$194,334.10 for Unit 65;
 - e. \$181,959.34 for Unit 67;
 - f. \$184,533.43 for Unit 68; and
 - g. \$175,294.90 for Unit 69.
67. Attached hereto this my affidavit and marked as **Exhibit “JJ”** is a copy of Proceeds of Sale with Unit Charges.
68. The proceeds of sale of the 179 Units total \$809,539.56 and include:
- a. \$198,605.13 for Unit 48;
 - b. \$251,106.10 for Unit 55;
 - c. \$184,533.43 for Unit 68; and
 - d. \$175,294.90 for Unit 69.
69. Terrapin claims its interest in the proceeds of sale of the 179 AB Units.

IV. THE TERRAPIN ACTION

70. Terrapin commenced an action against 179 AB., Arres, and Staci Serra in 2014. Attached hereto this my affidavit and marked as **Exhibit “KK”** is a copy of the Amended Statement of Claim, filed February 24, 2015.
71. Arres has not filed a Statement of Defence.
72. On or about November 9, 2015, Terrapin obtained consent judgement against Staci Serra in the amount of \$470,216.98 plus costs on a solicitor client basis in the Terrapin Action with leave to address solicitor client costs in the related actions. Attached hereto this my affidavit and marked as **Exhibit “LL”** is a copy of the Consent Judgement.
73. On or about May 20, 2016, Master Robertson ordered that Terrapin is entitled to solicitor client costs under the Terrapin Mortgage in the following related actions:
- a. The Foreclosure Action;
 - b. The Richcrooks Action; and
 - c. The Kenzie Action.
74. This order was upheld on appeal to Justice Horner on or about May 20, 2016.

- 10 -

V. ARRES RECEIVERSHIP PROCEEDINGS

75. On or about February 13, 2015, Justice Strekaf granted a Receivership Order in Action Number 1401-12431 (the "Receivership Order"). The Receivership Order; however, was not entered until July 26, 2017.
76. An Amended and Restated Receivership Order was granted by Justice Romaine on October 23, 2017 in the Receivership Action.


VI. TERRAPINS CLAIMS TO THE PROCEEDS OF SALE FROM THE 179 AB UNITS

77. Terrapin is the only party who has pursued a claim to the 179 AB Units and the sale proceeds therefrom.
78. Terrapin has participated in the litigation process, including consenting to manage the properties and facilitate the judicial sale of the 179 AB Units.
79. Terrapin has consented to the judicial sale of the 179 AB Units and its consent should not be used to disentitle Terrapin to the proceeds of sale therefrom.
80. The Richcrooks Investors, despite their allegations during the litigation of the Stay Order, have failed to take any steps to appeal or set aside the Order Sale to Plaintiff.
81. The Richcrooks Investors have also failed to make any claim with respect to the 179 AB Units, or to or advance their allegations against Arres or 179 AB with respect to the 179 AB Units at all.
82. The Richcrooks Investors should not be permitted to benefit from their inaction to the detriment of Terrapin.
83. I make this Affidavit in support of Terrapin's application.

SWORN BEFORE ME at the City of
Vancouver, in the Province of British
Columbia, this 12th day of July, 2018.


A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323


MICHAEL JOHN CASSIDY ELLIS,
also known as JAKE ELLIS

**Affidavit of Michael John Cassidy Ellis also known as Jake Ellis
Sworn on July 11 2018**

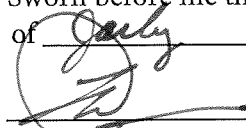
Index of Exhibits

Tab	Document
A	Consent Order - July 23, 2014
B	Order of Master J.L. Mason – February 9, 2017
C	Order of Justice J.J. Strekaf – July 23, 2014
D	Corporate Registry Search – Terrapin Mortgage Investment Corp.
E	Corporate Registry Search – 1798582 Alberta Ltd.
F	Corporate Registry Search – Arres Capital Inc.
G	Order - Sale to Plaintiff of Master W. Breitkreuz – February 3, 2014
H	Amended Order - Sale to Plaintiff of Master L.A. Smart – February 7, 2014
I	Commitment Letter – January 23, 2014
J	Terrapin Mortgage – February 5, 2014
K	Correspondences from Arres to the Land Titles Office – February 12, 2014
L	Order of Justice S.D. Hillier – February 14, 2014
M	Order of Justice J.J. Strekaf – September 15, 2014
N	Order of Justice J.J. Strekaf – December 17, 2014
O	Civil Notice of Appeal, Action No. 1501-006AC – filed January 6, 2015
P	Factum of the Appellants, Action No. 1501-0006AC – filed May 12, 2015
Q	Reasons for Decision of Justice J.D. Bruce McDonald – January 29, 2015
R	Memorandum of Judgment – December 16, 2015
S	Judgment Order – December 9, 2015
T	Order for Sale - Unit 55 – February 28, 2014
U	Order of Master J.T. Prowse, QC – June 26, 2015
V	Consent Order – October 13, 2015
W	Order Confirming Sale - Unit 48 – February 1, 2016
X	Money Paid into Court – filed March 11, 2016
Y	Order Confirming Sale - Unit 63 – March 10, 2016
Z	Money Paid into Court – filed April 14, 2016
AA	Order Confirming Sale - Unit 65 – June 14, 2016
BB	Money Paid into Court – filed July 15, 2016
CC	Order Confirming Sale - Unit 69 – August 25, 2017

DD	Money Paid into Court – filed October 13, 2017
EE	Order Confirming Sale - Unit 67 – November 1, 2017
FF	Affidavit of Accounting - Units 67 and 68 – January 31, 2018
GG	Order Confirming Sale - Unit 68 – December 15, 2017
HH	Statement of Receipts and Disbursements – October 31, 2017
II	Statement of Disbursements by Unit – August 2015 to February 2018
JJ	Proceeds of Sale with Unit Charges
KK	Amended Statement of Claim – filed February 24, 2015
LL	Consent Summary Judgment – November 9, 2015

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

Jake Elko
Sworn before me this 12 day
of July, 20 18.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL 604-687-1323

Exhibit A

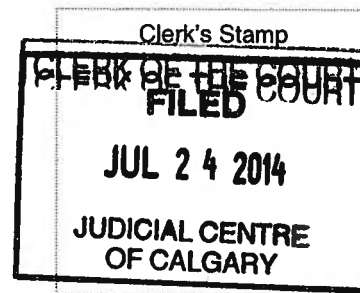
COURT FILE NUMBER 0903-17684 and 0903-17685

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

RESPONDENT (PLAINTIFF) ARRES CAPTIAL INC.

NON-PARTICIPANTS (DEFENDANTS) GRAYBRIAR LAND COMPANY LTD. AND GRAYBRIAR GREENS INC.



APPLICANTS (NON-PARTIES) RICHCROOKS ENTERPRISES (2000) LTD. AND RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD., DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC., ACCESS MORTGAGE INVESTMENT CORPORATION (2004) LIMITED., 4-A PROFESSIONAL SERVICES LTD., TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ BROS. LIMITED, CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW FINANCE, PAUL KORNLYO, MAX FELDMAN, SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE CARSON, DELORES CARSON, LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE, PRITI GAUR, MADHU GAUR, WENDY MCKENNA, JANET LORRAINE WATSON, JIM WATT, GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFFS, ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG

INTERVENOR TERRAPIN MORTGAGE INVESTMENT CORP.

DOCUMENT **CONSENT ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Bishop & McKenzie LLP
Barristers & Solicitors
1700, 530 – 8th Avenue SW
Calgary, Alberta, T2P 3S8
Attention: Kerry Lynn Okita
Phone: 403-237-5550
Fax: 403-263-3423
File No. 100672-003 (KLO/pw)

I hereby certify this to be a true copy of
the original order
Dated this 23 day of July, 2014
[Signature]
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED:

July 23, 2014

LOCATION WHERE ORDER WAS PRONOUNCED:

CALGARY, ALBERTA

NAME OF JUSTICE WHO MADE THIS ORDER:

J.J. STREKAF

UPON the application of the Terrapin Mortgage Investment Corp.; and UPON noting the Consent of all parties:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Terrapin Mortgage Investment Corp. is hereby granted intervenor status in the within action with respect to the following matters:
 - a. the application of the Non-Party Applicants relating to the Order of S.D Justice Hillier on February 14, 2014 (the "Stay Order") and all extensions thereto, and
 - b. the net sale proceeds of property held by Birdsell Grant Gardner LLP as directed in the Order granted by Master Smart on February 28, 2014.
2. Terrapin Mortgage Investment Corp. is granted the following parameters of participation in the above noted matters:
 - a. The ability to Question or Cross Examine any party to this action;
 - b. The ability to present new evidence to the Court;
 - c. The ability to bring Applications in the within action; and
 - d. The ability to advance arguments and issues not advanced by other parties.
3. Counsel may consent in counterpart and by facsimile or PDF format.


JUSTICE IN CHAMBERS

CONSENTED TO BY:
PELLETIER LAW

Per: 

Ryan P. Pelletier, counsel for
Arres Capital Inc.

CONSENTED TO BY:
SUGIMOTO AND COMPANY

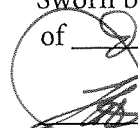
Per: 

Loran V. Halym, counsel for
The Applicants

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

Take Ellis

Sworn before me this 12 day
of July, 2018.



A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit B

COURT FILE NUMBER

1301-10892

COURT

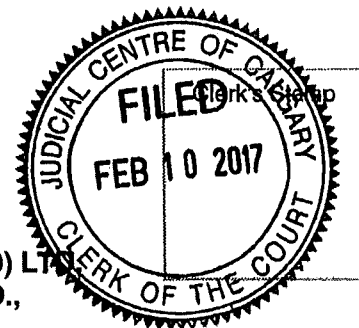
COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE

CALGARY

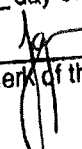
PLAINTIFFS
(RESPONDENTS)

**RICHCROOKS ENTERPRISES (2000) LTD.
AND RICHCROOKS HOLDINGS LTD.,
515476 ALBERTA LTD., DEMEL
FINANCIAL CORP, GREENMAR
HOLDINGS INC., ACCESS MORTGAGE
INVESTMENT CORPORATION (2004)
LIMITED., 4-A PROFESSIONAL SERVICES
LTD., TEMPEST MANAGEMENT INC.,
HUDSON PRINCIPLE INVESTMENTS LTD.,
SWARTZ BROS. LIMITED, CHRISTOPHER
SCHULTZ CONSULTING INC., CURLEW
FINANCE, PAUL KORNLYO, MAX
FELDMAN, SONYA SMITH, NORMAN
MARTIN, BERNICE MARTIN, R. BRUCE
CARSON, DELORES CARSON, LEEA
KRISHNOMOURTHY, MARGUERITE
MCRTCHIE, PRITI GAUR, MADHU GAUR,
WENDY MCKENNA, JANET LORRAINE
WATSON, JIM WATT, GASTON
RAJAKARUNA, SHIRLEY RAJAKARUNA,
GARY DREFFS, ROBERT ARMSTRONG,
MICHAEL KURTZ, MARLENE KURTZ,
KEVIN R. PEDERSEN, SUSAN FINE,
CAROL KIMIYO SEKIYA, HOLLY SEKIYA
AND STEVEN OGG**



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

Dated this 10 day of Feb., 2017


for Clerk of the Court

DEFENDANTS

**ARRES CAPITAL INC. and WESLEY
SERRA**

(APPLICANTS)

**TERRAPIN MORTGAGE INVESTMENT
CORP.**

DOCUMENT

ORDER

**ADDRESS FOR SERVICE
AND CONTACT INFORMATION
OF PARTY FILING THIS
DOCUMENT**

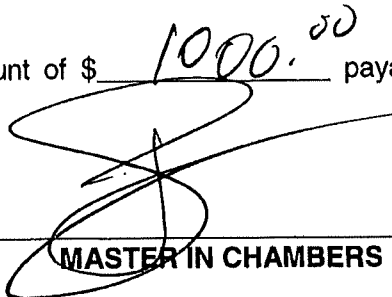
**Bishop & McKenzie LLP
Barristers & Solicitors
1700, 530 - 8th Avenue SW
Calgary, Alberta T2P 3S8
Telephone: 403-237-5550
Fax: 403-263-3423
Attention: Kerry Lynn Okita
File No. 100,672-003**

DATE ON WHICH ORDER WAS PRONOUNCED: FEBRUARY 9, 2017
LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY, ALBERTA
NAME OF MASTER WHO MADE THIS ORDER: J.L. Mason

UPON the application of the Terrapin Mortgage Investment Corp.; and UPON noting the consent of the Defendants; and UPON hearing the counsel for of all parties:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Terrapin Mortgage Investment Corp. is hereby granted intervenor status in the within action and is granted the following parameters of participation in the above noted matter:
 - a. The ability to Question or Cross Examine any party to this action;
 - b. The ability to present new evidence to the Court;
 - c. The ability to bring Applications in the within action; and
 - d. The ability to advance arguments and issues not advanced by other parties to the litigation.
2. Leave is granted to rely upon the Affidavit of Gregory Forrest, sworn on May 2, 2014, in Action Number 1903-17685 and 1903-17684 as evidence in this action.
3. Costs of the within Application in the amount of \$ 1000.00 payable by the Plaintiffs forthwith.


MASTER IN CHAMBERS

CONSENTED TO BY:
PELLETIER LAW

Per: _____
Ryan P. Pelletier,
counsel for Arres Capital Inc.

COURT FILE NUMBER 0903-17684 and 0903-17685

COURT COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE CALGARY

RESPONDENT ARRES CAPTIAL INC.
(PLAINTIFF)

NON-PARTICIPANTS GRAYBRIAR LAND COMPANY LTD. AND GRAYBRIAR
(DEFENDANTS) GREENS INC.

APPLICANTS RICHCROOKS ENTERPRISES (2000) LTD. AND
(NON-PARTIES) RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD.,
DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC.,
ACCESS MORTGAGE INVESTMENT CORPORATION
(2004) LIMITED., 4-A PROFESSIONAL SERVICES LTD.,
TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE
INVESTMENTS LTD., SWARTZ BROS. LIMITED,
CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW
FINANCE, PAUL KORNLYO, MAX FELDMAN, SONYA
SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE
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ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE
KURTZ, KEVIN R. PEDERSEN, SUSAN FINE, CAROL
KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG

INTERVENOR TERRAPIN MORTGAGE INVESTMENT CORP.

DOCUMENT **CONSENT ORDER**

ADDRESS FOR SERVICE Bishop & McKenzie LLP
AND CONTACT Barristers & Solicitors
INFORMATION OF PARTY 1700, 530 - 8th Avenue SW
FILING THIS DOCUMENT Calgary, Alberta, T2P 3S8
Attention: Kerry Lynn Okita
Phone: 403-237-5550
Fax: 403-263-3423
File No. 100672-003 (KLO/pw)

I hereby certify this to be a true copy of
the original gld
Dated this 27 day of July, 2014

[Signature]
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED:

July 23, 2014

LOCATION WHERE ORDER WAS PRONOUNCED:

CALGARY, ALBERTA

NAME OF JUSTICE WHO MADE THIS ORDER:

J.J. STREKAF

UPON the application of the Terrapin Mortgage Investment Corp.; and UPON noting the
Consent of all parties:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Terrapin Mortgage Investment Corp. is hereby granted intervenor status in the within action with respect to the following matters:
 - a. the application of the Non-Party Applicants relating to the Order of S.D Justice Hillier on February 14, 2014 (the "Stay Order") and all extensions thereto, and
 - b. the net sale proceeds of property held by Birdsell Grant Gardner LLP as directed in the Order granted by Master Smart on February 28, 2014.
2. Terrapin Mortgage Investment Corp. is granted the following parameters of participation in the above noted matters:
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 - b. The ability to present new evidence to the Court;
 - c. The ability to bring Applications in the within action; and
 - d. The ability to advance arguments and issues not advanced by other parties.
3. Counsel may consent in counterpart and by facsimile or PDF format.


 JUSTICE IN CHAMBERS

CONSENTED TO BY:
 PELLETIER LAW

Per: 

Ryan P. Pelletier, counsel for
 Arres Capital Inc.

CONSENTED TO BY:
 SUGIMOTO AND COMPANY

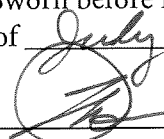
Per: 

Loran V. Halyn, counsel for
 The Applicants

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

Jake Ellis

Sworn before me this 12 day
of July, 20 18.



A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

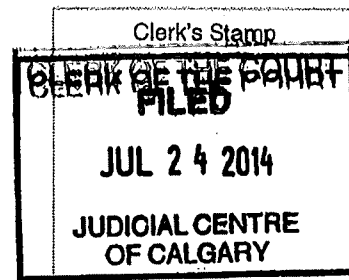
TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit C

COURT FILE NUMBER 1201-16440

COURT COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE CALGARY



APPLICANTS (PLAINTIFFS) KENZIE FINANCIAL INVESTMENTS LTD., SHELLY BECK, THERESE F. DALEY, LINDA JAEGER, ANDREW LITTLE, LAURIE LITTLE, AGNES M. OBERG, STEVEN OGG, LESTER S. IKUTA PROFESSIONAL CORPORATION, LESTER IKUTA, MICKEY IKUTA, BRIAN SEKIYA, HOLLY SEKIYA, SANDRA SOMMER, MARION SOMMER, ALLAN SOMMER, STEVEN REILLY, SWARTS BROS LIMITED and CLARA MAE WOROSCHUK

RESPONDENTS (DEFENDANTS) ARRES CAPITAL INC. and WESLEY SERRA

NON-PARTIES (THIRD PARTY DEFENDANTS) Y-K PROJECTS LTD., ALLAN BECK and SHELLY BECK

DOCUMENT

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

ORDER

Bishop & McKenzie LLP
Barristers & Solicitors
1700, 530 – 8th Avenue SW
Calgary, Alberta, T2P 3S8
Attention: Kerry Lynn Okita
Phone: 403-237-5550
Fax: 403-263-3423
File No. 100672-003 (KLO/pw)

I hereby certify this to be a true copy of
the original Order
Dated this 24 day of July, 2014
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: WEDNESDAY, JULY 23, 2014

LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY, ALBERTA

NAME OF JUSTICE WHO MADE THIS ORDER: J.J. STREKAF

UPON the application of the Terrapin Mortgage Investment Corp.; UPON noting the cross application of the Plaintiffs; AND UPON hearing counsel for the Plaintiff, Defendant, and Terrapin Mortgage Investment Corp.:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The Affidavit of G. Forrest, filed May 2, 2014, in action Nos. 0903-17685 and 09103-17684, is admitted within this action.
2. Terrapin Mortgage Investment Corp. is hereby granted intervenor status in the within action with respect to the issue of the \$235,000.00 held in Court.

3. Terrapin Mortgage Investment Corp. is granted the following parameters of participation in the above noted matter:

- a. The ability to present new evidence to the Court;
- b. The ability to advance arguments and issues not advanced by other parties; and
- c. The ability to bring Applications in the within action.

4. The cross application of the Plaintiffs ~~for release of funds is dismissed.~~ ^{is adjourned sine die pending the determination of the Stay Order in Action Numbers 0903-17684 and 0903-17685.}

✓ 5. Terrapin shall be awarded \$1,000.00 in costs.

6. Other costs claims arising out of today's application can be dealt with at a later date. ✓

JUSTICE IN CHAMBERS

This is Exhibit "D" referred
to in the Affidavit of

Steve Eller
Sworn before me this 12 day
of July, 2018.

[Signature]
A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL 604-687-1323

Exhibit D

4/12/2018

Government of Alberta ■ Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2018/04/12
 Time of Search: 10:50 AM
 Search provided by: BISHOP & MCKENZIE, CALGARY

Service Request Number: 28819117
 Customer Reference Number: 100672-003/jp

Corporate Access Number: 2118560859

Legal Entity Name: TERRAPIN MORTGAGE INVESTMENT CORP.

Legal Entity Status: Active
 Extra-Provincial Type: Other Prov/Territory Corps
 Registration Date: 2014/10/24 YYYY/MM/DD
 Date Of Formation in Home Jurisdiction: 2007/03/01 YYYY/MM/DD
 Home Jurisdiction: BRITISH COLUMBIA
 Home Jurisdiction CAN: BC0783995

Primary Attorney:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code
PRITCHARD	PRESCOTT	J.	MCCAFFERY MUDRY PRITCHARD LLP	1510, 736 6TH AVENUE SW	CLAGARY	ALBERTA	T2P3T7

Head Office Address:

Street: SUITE 990 - 1040 WEST GEORGIA STREET
 City: VANCOUVER
 Province: BRITISH COLUMBIA
 Postal Code: V6E4H1
 Country: CANADA

Holding Shares In:

Legal Entity Name

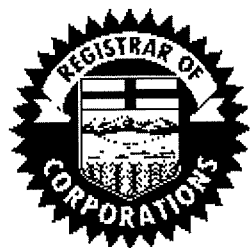
4/12/2018

RAILTOWN DEVELOPMENT CORP.

Other Information:**Filing History:**

List Date (YYYY/MM/DD)	Type of Filing
2014/10/24	Register Extra-Provincial Profit / Non-Profit Corporation
2016/08/16	Change Attorney
2016/08/16	Change Attorney

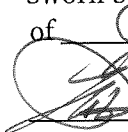
This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.



This is Exhibit "E" referred
to in the Affidavit of

Jake Ellis

Sworn before me this 12 day
of July, 2018.



A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit E

4/12/2018

Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2018/04/12
Time of Search: 10:51 AM
Search provided by: BISHOP & MCKENZIE, CALGARY

Service Request Number: 28819126
Customer Reference Number: 100672-003/jp

Corporate Access Number: 2017985827

Legal Entity Name: 1798582 ALBERTA LTD.

Legal Entity Status: Struck

Struck Off Date: 2017/07/02

Alberta Corporation Type: Numbered Alberta Corporation

Registration Date: 2014/01/27 YYYY/MM/DD

Registered Office:

Street: 204, 1324 - 11TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T3C 0M6

Directors:

Last Name: RIZVI
First Name: FAUZIA
Street/Box Number: 204, 1324 - 11 AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T3C 0M6

Last Name: SERRA
First Name: STACI
Street/Box Number: 204, 1324 - 11TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T3C 0M6

4/12/2018

Voting Shareholders:

Legal Entity Name: 875892 ALBERTA LTD.
Corporate Access Number: 208758920
Street: 204, 1324 - 11TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2C 0M6
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SCHEDULE "A" ATTACHED HERETO
Share Transfers Restrictions: NO RESTRICTIONS
Min Number Of Directors: 1
Max Number Of Directors: 5
Business Restricted To: NO RESTRICTIONS
Business Restricted From: NO RESTRICTIONS
Other Provisions: SEE OTHER PROVISIONS ELECTRONIC ATTACHMENT

Other Information:**Last Annual Return Filed:**

File Year	Date Filed (YYYY/MM/DD)
2015	2015/05/05

Outstanding Returns:

Annual returns are outstanding for the 2018, 2017, 2016 file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2014/01/27	Incorporate Alberta Corporation
2014/02/05	Name/Structure Change Alberta Corporation
2014/09/18	Change Director / Shareholder

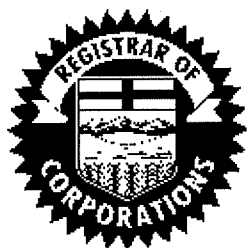
4/12/2018

2015/05/05	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2017/03/02	Status Changed to Start for Failure to File Annual Returns
2017/07/02	Status Changed to Struck for Failure to File Annual Returns

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2014/02/05
Other Rules or Provisions	ELECTRONIC	2014/02/05


This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.



This is Exhibit "F" referred
to in the Affidavit of

Take Elliot

Sworn before me this 12th day
of July, 2018.



A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit F

4/12/2018

Government of Alberta ■ Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2018/04/12
Time of Search: 10:51 AM
Search provided by: BISHOP & MCKENZIE, CALGARY

Service Request Number: 28819134
Customer Reference Number: 100672-003/jp

Corporate Access Number: 206899353
Legal Entity Name: ARRES CAPITAL INC.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 1996/05/28 YYYY/MM/DD
Date of Last Status Change: 2013/10/23 YYYY/MM/DD

Registered Office:
Street: C/O PELLETIER LAW, #3300, 205 - 5 AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 2V7

Records Address:
Street: C/O PELLETIER LAW, #3300, 205 - 5 AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 2V7

Directors:

Last Name: SERRA
First Name: WESLEY
Street/Box Number: 126 SPRING VALLEY WAY SW
City: CALGARY
Province: ALBERTA
Postal Code: T3H 5H1

4/12/2018

Voting Shareholders:

Legal Entity Name: ARRES HOLDINGS INC.
Corporate Access Number: 2014816629
Street: C/O PELLETIER LAW, #3300, 205 - 5 AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 2V7
Percent Of Voting Shares: 100

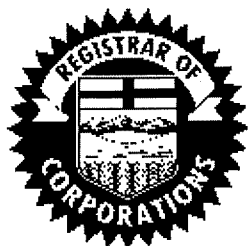
Other Information:**Last Annual Return Filed:**

File Year	Date Filed (YYYY/MM/DD)
2017	2017/09/20

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2013/09/03	Status Changed to Start for Failure to File Annual Returns
2015/05/22	Change Address
2017/09/20	Enter Annual Returns for Alberta and Extra-Provincial Corp.

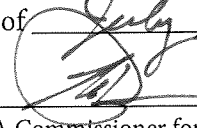
This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.



This is Exhibit " G " referred
to in the Affidavit of

John Ellis

Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit G

COURT FILE NUMBER 0903 17685
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE EDMONTON
 PLAINTIFF ARRES CAPITAL INC.
 DEFENDANTS GRAYBRIAR LAND COMPANY LTD. and
 GRAYBRIAR GREENS INC.
 DOCUMENT ORDER – SALE TO PLAINTIFF

Clerk's Stamp

ADDRESS FOR
 SERVICE AND
 CONTACT DUNCAN CRAIG LLP
 Lawyers Mediators
 2800 Scotia Place
 INFORMATION OF 10060 Jasper Avenue
 PARTY FILING THIS Edmonton, Alberta T5J 3V9
 DOCUMENT

Lawyer: DOUGLAS P. GAHN, QC
 Telephone: (780) 441-4304
 Fax: (780) 969-6370
 Email dpgahn@dcllp.com
 File Number: 20-166013

DATE ON WHICH ORDER WAS PRONOUNCED: February 3, 2014

LOCATION WHERE ORDER WAS PRONOUNCED: EDMONTON, ALBERTA

NAME OF MASTER WHO MADE THIS ORDER: W. Breitkreuz

UPON THE APPLICATION of the Plaintiff; AND UPON the Court determining that it is not necessary to attempt a public sale of the secured property; AND UPON HEARING Counsel for the Plaintiff; AND UPON

WB ✓ X no one appearing for the Defendants
 _____ hearing from the Defendants
 _____ hearing from Counsel for the Defendants

IT IS HEREBY ORDERED AND DECLARED THAT:

1. In this Order the secured property is the following:

CONDOMINIUM PLAN 0827766
 UNIT 48
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766
 UNIT 55
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766
 UNIT 63
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766
 UNIT 65
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766
 UNIT 67
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766
 UNIT 68
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766
 UNIT 69
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

2. The mortgage described in the Statement of Claim is a valid and enforceable mortgage over the secured property.
3. The Plaintiff's offer to purchase the secured property as follows:
 - a) Unit 48 for \$250,000.00,
 - b) Unit 55 for \$275,000.00;
 - c) Unit 63 for \$266,000.00;
 - d) Unit 65 for \$270,000.00;
 - e) Unit 67 for \$270,000.00;
 - f) Unit 68 for \$270,000.00; and
 - g) Unit 69 for \$265,000.00

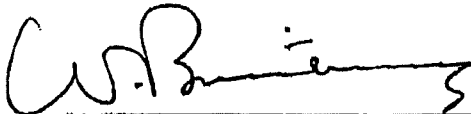
be and is hereby approved and accepted.

4. The Plaintiff is not required to pay the purchase price into Court but may set off the purchase price against the amount outstanding under the mortgage.
5. The Registrar of Land Titles shall cancel the existing Certificate of Title to the secured property and issue a new Certificate of Title in the name of Arres Capital Inc., 204, 1324 - 11 Ave SW, Calgary, Alberta, T3C 0M6 the Plaintiff (or such other transferee as

directed by the Plaintiff's Counsel in correspondence sent to the Registrar of Land Titles at the time this Order is submitted for registration) free and clear from the Plaintiff's Mortgage Number «Reg_Number» and all subsequent encumbrances but subject to:

a) n/a.

6. If the secured property is or becomes vacant then the Plaintiff is entitled to immediate possession. If the secured property is not vacant then the Defendants, any tenants, and any other occupants, shall deliver up to the Plaintiff vacant possession of the secured property thirty (30) days after service of this Order upon them. Service of this Order may be made on the occupants by posting same to the main entrance door to the secured property. A Civil Enforcement Agency has authority thirty (30) days after service of this Order has been effected, to evict any occupant of the secured property.
7. The requirement for service of documents prior to entry of this Order, set out in Rule 9.35(1)(a), is hereby waived.
8. The Registrar of Land Titles shall comply with this Order forthwith notwithstanding Section 191(1) of the *Land Titles Act*.
9. With respect to the annexed Statement of Secured Indebtedness:
 - a) where nothing is claimed with respect to a listed category, the word "nil" shall be inserted opposite, and
 - b) where amounts are claimed for any of Items 4 through 12, documents substantiating such claims shall be provided in Affidavit form to the assessment officer for review prior to the entry of this Order.



MASTER IN CHAMBERS

This is Exhibit " 4 " referred
to in the Affidavit of

Jake Ellis

Sworn before me this 12 day
of July, 2018.

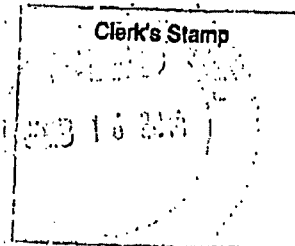


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit H

COURT FILE NUMBER 0903 17685
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE EDMONTON
 PLAINTIFF ARRES CAPITAL INC.
 DEFENDANTS GRAYBRIAR LAND COMPANY LTD. and
 GRAYBRIAR GREENS INC.
 DOCUMENT **AMENDED ORDER - SALE TO PLAINTIFF**



ADDRESSES FOR
 DEFENDANTS
 DUNCAN CRAIG LLP
 Lawyers Mediators
 2800 Scotia Place
 10060 Jasper Avenue
 Edmonton, Alberta T5J 3V9

Lawyer: DOUGLAS P. GAHN, QC
 Telephone: (780) 441-4304
 Fax: (780) 969-6370
 Email: dpgahn@dcclp.com
 File Number: 20-166013

DOCUMENT

WHICH ORDER WAS PRONOUNCED:

February 3, 2014

LOC. WHERE ORDER WAS PRONOUNCED:

EDMONTON, ALBERTA

NAME OF MASTER WHO MADE THIS ORDER:

L.A. Smart.

UPON THE APPLICATION of the Plaintiff; AND UPON the Court determining that it is not necessary to attempt a public sale of the secured property; AND UPON HEARING Counsel for the Plaintiff; AND UPON

- X no one appearing for the Defendants
 _____ hearing from the Defendants
 _____ hearing from Counsel for the Defendants

THIS IS EXHIBIT " B "
 referred to in the Affidavit of
SHAYE SARUVATARI
 Sworn before me this 14
 day of FEB 2014
TAIMUR R. AKBAR
 A COMMISSIONER FOR OATHS
 IN AND FOR THE PROVINCE OF ALBERTA

IT IS HEREBY ORDERED AND DECLARED THAT:

1. In this Order the secured property is the following:

CONDOMINIUM PLAN 0827766
 UNIT 48
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766
 UNIT 55
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

TAIMUR R. AKBAR
 BARRISTER & SOLICITOR

CONDOMINIUM PLAN 0827766
 UNIT 63
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766
 UNIT 65
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766
 UNIT 67
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766
 UNIT 68
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766
 UNIT 69
 AND 83 UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

2. The mortgage described in the Statement of Claim is a valid and enforceable mortgage over the secured property.
3. The Plaintiff's offer to purchase the secured property as follows:
 - a) Unit 48 for \$250,000.00,
 - b) Unit 55 for \$275,000.00;
 - c) Unit 63 for \$266,000.00;
 - d) Unit 65 for \$270,000.00;
 - e) Unit 67 for \$270,000.00;
 - f) Unit 68 for \$270,000.00; and
 - g) Unit 69 for \$265,000.00

be and is hereby approved and accepted.

4. The Plaintiff is not required to pay the purchase price into Court but may set off the purchase price against the amount outstanding under the mortgage.
5. The Registrar of Land Titles shall cancel the existing Certificate of Title to the secured property and issue a new Certificate of Title in the name of Arres Capital Inc., 204, 1324 - 11 Ave SW, Calgary, Alberta, T3C 0M6 the Plaintiff (or such other transferee as

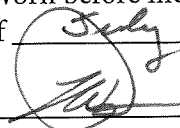
directed by the Plaintiff's Counsel in correspondence sent to the Registrar of Land Titles at the time this Order is submitted for registration) free and clear from the Plaintiff's Mortgage Number 072 008 561 and all subsequent encumbrances but subject to:

- a) n/a.
6. If the secured property is or becomes vacant then the Plaintiff is entitled to immediate possession. If the secured property is not vacant then the Defendants, any tenants, and any other occupants, shall deliver up to the Plaintiff vacant possession of the secured property thirty (30) days after service of this Order upon them. Service of this Order may be made on the occupants by posting same to the main entrance door to the secured property. A Civil Enforcement Agency has authority thirty (30) days after service of this Order has been effected, to evict any occupant of the secured property.
7. The requirement for service of documents prior to entry of this Order, set out in Rule 9.35(1)(a), is hereby waived.
8. The Registrar of Land Titles shall comply with this Order forthwith notwithstanding Section 191(1) of the *Land Titles Act*.
9. With respect to the annexed Statement of Secured Indebtedness:
 - a) where nothing is claimed with respect to a listed category, the word "nil" shall be inserted opposite, and
 - b) where amounts are claimed for any of items 4 through 12, documents substantiating such claims shall be provided in Affidavit form to the assessment officer for review prior to the entry of this Order.

MASTER IN CHAMBERS

This is Exhibit "I" referred
to in the Affidavit of

Jack Ellis
Sworn before me this 12th day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit I

TERRAFUND

January 23, 2014

Company to be incorporated
c/o Arres Group of Companies
#204, 1234 - 11 Ave SW
Calgary, AB T3C 0M6
Via Email

THIS IS EXHIBIT "C" REFERRED TO IN THE
AFFIDAVIT OF Michael John Cassidy Ellis also known as Jake Ellis
SWORN BEFORE ME THIS 5th DAY
OF June A.D., 2015
A NOTARY PUBLIC IN AND FOR THE PROVINCE OF British Columbia

ATTENTION: Mr. Wes Serra

Dear Sirs/Mesdames:

RE: First Mortgage Financing
#504, 703, 1004, 1101 Graybriar Greens, Stony Plain, AB

We are pleased to advise you that your application for a loan to be secured by the above-referenced properties has been approved upon the terms and conditions set forth below. The terms, conditions and covenants set forth in this commitment letter shall remain in full force and effect following the execution and delivery of the Security described below until repayment of the Loan Amount ("Loan"), interest thereon and all other amounts described herein or in the Security documents.

1. Lender

Terrapin Mortgage Investment Corp. and/or assignees.

2. Borrower

To be incorporated.

3. Guarantor

Staci Serra.

4. Loan Amount

\$425,000

TERRAFUND FINANCIAL INC.

Suite 2298 - Four Bentall Centre, 1055 Dunsmuir Street, PO Box 49213, Vancouver, B.C. Canada, V7X 1K8
Tel: (604) 684-8394 • Fax: (604) 684-8232

5. Commitment Fee

\$13,000 will be deemed earned, due and payable to the Lender upon acceptance of this commitment letter. The Lender agrees to accept \$6,500 with the commitment letter and deduct the balance of said commitment fee from the initial advance of loan proceeds.

6. Term

The Loan shall mature July 31, 2015.

7. Interest Rate

The Prime Rate as charged from time to time by HSBC Bank Canada plus 3.0% per annum (minimum 8.0%) until January 31, 2015, and thereafter to maturity interest will be charged at the Prime Rate as charged from time to time by HSBC Bank Canada plus 9.0% per annum (minimum 14.0%). Interest owing will be compounded monthly. The various fees hereunder and the interest rate are based on an expected repayment of the entire Loan by January 31, 2015 (the "Expected Repayment Date"). To compensate the Lender for:

- (a) loss of ability to earn additional annualized fee income on the principal amount of the Loan after the Expected Repayment Date of approximately 3.0% per annum;
- (b) the increased risk to the Lender of the Loan being outstanding after the Expected Repayment Date; and
- (c) the risk to the Lender of fixed rates rising substantially after the date hereof and the Lender not being able to reinvest its money after the Expected Repayment Date at such higher rates;

the Loan shall bear interest from the Expected Repayment Date at the Prime Rate as charged from time to time by HSBC Bank Canada plus 9.0% per annum (minimum 14.0%).

8. Interest Reserve

The Borrower must provide to the Lender, concurrently with the funding of the Loan, a deposit in the amount of \$25,000 to be held by the Lender as an interest reserve and from which the Lender may pay interest as it accrues and in which the Lender shall have a security interest. The Borrower shall execute and deliver to the Lender a Deposit Agreement prepared in the form approved by the Lender. Upon depletion of said interest reserve, the Borrower shall make all interest payments from their own resources.

9. Repayment

The Borrower shall pay the Lender interest only, calculated at the rate aforesaid, payable monthly on the first day of each and every month commencing on the first day of the month

TERRAFUND

Page 3 of 9

immediately following the initial funding of any portion of the Loan. The principal balance of the Loan and any accrued interest outstanding shall become due and be paid upon the expiration of the Term, unless sooner due pursuant to the terms hereof or the terms of any of the Security documents. Any payments not received by the first of each month will be charged \$100 per month. \$100 will be charged for each N.S.P. payment received. Any and all payments, including full repayment, must be received at the offices of the Lender by 12:00 noon in order to be credited on the date received. Interest not paid when due shall be added to the outstanding principal amount of the Loan and interest calculated at the rate aforesaid shall be charged thereon.

10. Loan Processing and Administration Fee

The Borrower shall pay to the Lender a Loan Processing and Administration Fee. The Loan Processing and Administration Fee is deemed to be earned, due and payable at the time of the initial advance of any portion of the Loan but the Lender agrees to defer payment of the fee and collect it upon discharge or the initial partial discharges of its mortgage charging the subject property or its subdivided lots. The fee is \$1,000 (\$250 per unit). This fee shall be secured by the mortgage in addition to the principal amount of \$425,000 and all other amounts described therein.

11. Fees

The Fees collected by or payable to the Lender shall be its property as consideration for the time, effort and expense incurred by it in the review and administration of documents and financial statements, and the Borrower acknowledges and agrees that the determination of these costs is not feasible and that the fees set out in this commitment letter represent a reasonable estimate of such costs.

12. Prepayment

The Loan may be prepaid in whole or in part without notice or bonus provided the Lender has received a minimum of \$8,500 in interest under the Loan.

13. Security

- (a) i) a first mortgage charge and general assignment of rents and/or leases on the Borrower's freehold interest in 4 fourplex units located at #504, 703, 1004, 1101 Graybriar Greens which are legally described as:

504 Graybriar Greens - Plan 0827766 Unit 48
 703 Graybriar Greens - Plan 0827766 Unit 55
 1004 Graybriar Greens - Plan 0827766 Unit 68
 1101 Graybriar Greens - Plan 0827766 Unit 69

The lands and premises hereinbefore described are hereinafter collectively called the "Lands".

TERRAFUND

Page 4 of 9

- (b) property specific general security agreement creating a security interest in favour of the Lender in all of the Borrower's present and after acquired personal property in, on or used in connection with the Lands;
- (c) assignment of any sales deposits;
- (d) deposit agreement;
- (e) at the cost of the Borrower, the Lender will obtain a policy of title insurance as to the Lands from First Canadian Title and insuring the Lender only;
- (f) environmental warranty and indemnity agreement in favour of the Lender executed by the Borrower and the Guarantor(s);
- (g) any other security deemed necessary by the Lender's solicitor.

All security shall be in a form approved by the Lender and its solicitor.

14. Purpose of the Loan and Allocation of Funds

The Loan will be used to provide an equity takeout on the Lands.

15. Representations and Warranties

The Borrower and each Guarantor represents and warrants to the Lender that all financial and other information provided to the Lender in connection with the Loan is true and accurate and that the Lender's offer of the Loan is made in reliance on the truth and accuracy of such information.

16. Partial Discharges

Partial discharges of the individual units will be provided upon payment of \$212,500 per unit to the Lender.

17. Due on Sale/Approval of Ownership

The Security shall provide that upon the change of control of the Borrower or the sale, conveyance, transfer or disposition of the legal or beneficial interest in the Lands or any portion thereof or the interest of the Borrower in the Lands without the prior written consent of the Lender, which consent may be unreasonably withheld, the loan, together with all accrued and unpaid interest and all other monies secured by the Security, shall become due and payable at the option of the Lender.

18. Encumbrancing

TERRAFUND

The Borrower covenants and agrees not to create or permit to exist any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest or other financial encumbrance against the Lands or any portion thereof (other than encumbrances permitted by the Lender in writing).

19. Syndication

The Lender shall have the right to assign a portion of the Loan and the security to another lender or lenders at any time and the security may be registered in the name of the Lender and such other lenders or any of them. The Borrower shall execute such acknowledgements and other instruments as may be required in this behalf. The Borrower consents to the Lender providing to any proposed syndicated lender or investor all financial or other information regarding the Borrower, the Guarantor and the Lands. The Borrower and Guarantor waive any and all rights they may have to prohibit such disclosure including but not limited to any right to privacy.

20. Non-Merger

The terms, conditions and covenants of the Borrower and the Guarantor(s) set forth herein shall survive and remain in full force and effect following the execution and delivery of the Security and any other agreements described herein.

21. Conditions Precedent to Advance of Funds

As conditions to be fulfilled prior to funding all or any portion of the Loan, the Lender and/or the Lender's solicitor shall review and be satisfied, in their absolute discretion, with the form and content of the following:

- (a) all materials submitted or required in connection with the application for credit, the Lands and the assets charged as security for the loan;
- (b) all security and title to all assets charged under the Security;
- (c) the shareholders of the Borrower must be approved by the Lender;
- (d) subordination and postponement agreements with any prior or subsequent lenders. Any borrowing from such prior or subsequent lenders must have been approved by the Lender at the time of borrowing;
- (e) the mortgage document shall contain a non-transfer clause;
- (f) credit reports on the personal Guarantor(s). Acceptance of this commitment shall signify authorization for the Lender to perform such credit investigations as necessary;
- (g) current signed and dated net worth statement for the personal Guarantor(s) in the

TERRAFUND

Page 6 of 9

original:

- (h) current financial statements for the Borrower and any corporate Guarantor;
- (i) names, residential addresses, principal occupations for the past five years, and office held within the Borrower for all officers and directors of the Borrower;
- (j) incorporation date and location of the Borrower;
- (k) confirmation of the area of the mortgaged property;
- (l) confirmation that the property tax accounts for all secured properties are current and in good standing;
- (m) confirmation all strata fees are current;
- (n) confirmation that the title to 126 Spring Valley Way SW, Calgary, AB is in the guarantor's name;
- (o) satisfactory evidence shall have been delivered demonstrating that insurance, with an acceptable insurance company, is in full force and effect, for the full insurable value of the improvements on the Lands, with extended risks, including loss of income provisions, with loss shown payable to Terrapin Mortgage Investment Corp., PO Box 49214, Suite 2200 – Four Bentall Centre, 1055 Dunsmuir Street, Vancouver, BC V7X 1K8, and the policy is subject to the IBC Standard Form of Mortgage Clause. Please refer to the attached "Schedule B" for details of the insurance requirements;
- (p) the Lender will require the insurance coverage as aforesaid be reviewed and approved by its insurance consultants. The cost of such review shall be for the account of the Borrower and will be deducted from the initial advance of the Loan;
- (q) current appraisals with a transmittal letter sent directly from the appraiser addressed to the Lender stating that it can rely on the appraisal for mortgage lending purposes;
- (r) confirmation that the Project is complete and has received all governmental approvals for occupancy;
- (s) final inspection. The Borrower is to pay a non-refundable inspection fee of \$800 to cover the costs relating to such inspections;
- (t) deposit for registration/filing of all security instruments or filing documents and receipt of satisfactory past filing searches showing no changes or encumbrances of any nature or kind except only as may have been consented to by the Lender;
- (u) general terms and conditions as per Schedule "A" attached.

TERRAFUND

Page 7 of 9

22. Registration and Advance

At the option of the Lender this commitment may be cancelled if the Security documents are not registered and the funds not advanced on or before March 15, 2014. In the event of such cancellation the Lender's obligations hereunder shall cease and any outstanding fees payable to the Lender shall immediately become due and be paid.

23. Solicitor

Our solicitor for this transaction is Mr. Terence G. Lidster of the firm Bonden Ladner Gervais (1900, 520 - 3rd Ave SW, Calgary AB T2P 0R3, telephone 403-232-9573, facsimile 403-266-1395).

Please provide the following information:

Borrower's Solicitor:

Ryan Pelletier

Address: 350, 444 5TH AVE SW, CALGARY

Tel/Fax: 403 407 2630 403 407 2601 (F.)

24. Funding

The Borrower shall provide the Lender with written notice as to the date funds shall be required. Such notice must provide a minimum of three (3) business days between the time the Lender receives the notice and the requested funding date. Provided that the Lender's funds are available on the funding date, interest shall commence as of that date, whether or not funds have been advanced, and whether or not they are subsequently advanced.

Any advance to any single source (trade contractor, supplier, government agency, etc.) where the amount is equal to or greater than \$50,000 must be disbursed directly to the intended source either from the Borrower's solicitor's trust account on an undertaking or from our solicitor's trust account. Prior to each advance, the Borrower is to provide the Lender with a list of payables.

25. Draw Processing Fee

A Draw Processing Fee of \$250 per draw is payable and will be deducted from each advance of any portion of the Loan.

26. Costs

The Borrower will be responsible for all costs associated with this contemplated transaction, including legal, appraisal, inspection, environmental and insurance consultant's and other costs incidental to the Loan, the drawing of the security documents and advancing the funds thereunder.

TERRAFUND

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Page 8 of 9

27. Acceptance

Kindly indicate your acceptance by returning one executed copy of this letter to our office by 5:00 p.m. on Wednesday January 29, along with the \$6,500 deposit, payable to Terrapin Mortgage Investment Corp., and \$800 inspection fee, payable to TerraFund Financial Inc., otherwise this offer, at the option of the Lender, will expire.

The attached further terms and conditions in Schedule "A" and Schedule "B" form an integral part of this commitment letter.

Yours very truly,

TERRAFUND FINANCIAL INC.

David J. Posnikoff

M.J. (Jake) Ellis

We hereby agree to accept the Loan on the terms and conditions as set out herein and agree to pay all costs incurred by TerraFund Financial Inc. and Terrapin Mortgage Investment Corp. whether or not the Loan is made.

Agreed to and accepted this 17 day of January, 2014

Borrower

Company to be incorporated

1798582 Alberta Ltd.

Per:

Authorized Signatory

Guarantor

Per:

Shaf Serra

TERRAFUND

Page 9 of 9

BORROWER/GUARANTOR INFORMATION

Please provide the following information (should additional space be required, please attach a schedule):

BORROWER:

Name:

Address:

Telephone:

Incorporation Date/Location:

Officers and Directors

Name:

Office held:

Residential Address:

Principal Occupation(s)
for the past five years:

Name:

Office held:

Residential Address:

Principal Occupation(s)
for the past five years:**GUARANTORS:**

Name:

Address (residence):

Telephone:

Occupation:

Social Insurance No.:

Staci Serra

126 SPRING VALLEY WAY S.W.

Business 4035126345 Residence 4032463486

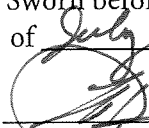
Entrepreneur Employer STET LASTHOUT LOUNGE

TERRAFUND

This is Exhibit "J" referred
to in the Affidavit of

Take Ellis

Sworn before me this 12 day
of July, 2018.



A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit J

THIS IS EXHIBIT "D" REFERRED TO IN THE
 AFFIDAVIT OF MICHAEL JOHN CASTROY ELLES ALSO
 KNOWN AS JALCE ELLES
 SIGNED BY
TERRAPIN MORTGAGE INVESTMENTS INC. BEFORE ME THIS 15 DAY
OF June A.D., 20 15
MORTGAGE
 A NOTARY PUBLIC IN AND FOR THE PROVINCE OF British Columbia

1798582 ALBERTA LTD., (hereinafter individually and collectively referred to as the "Mortgagor")
 being registered as owner(s) of an estate in fee simple in possession of that piece of land situated in the Province of
 Alberta described as follows:

CONDOMINIUM PLAN 0827766
 UNITS 48, 55, 68 AND 69
 AND ALL THE APPLICABLE UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON
 PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

which together with the buildings, improvements and fixtures thereon are hereinafter referred to as the "Land");

IN CONSIDERATION of the Mortgagee deferring the payment of its Loan Processing and Administration Fee and the sum of \$426,000.00 of lawful money of Canada, being the principal sum lent to the Mortgagor by **TERRAPIN MORTGAGE INVESTMENT CORP.**, having an office at 2298, 1055 Dunsmuir Street, P.O. Box 49213, Vancouver, B.C., V7X 1K8, (hereinafter referred to as the "Mortgagee") or otherwise owed to the Mortgagee by the Mortgagor, the receipt of which sum the Mortgagor does hereby acknowledge, HEREBY COVENANTS WITH the Mortgagee as follows:

PAYMENTS

1. The Mortgagor will pay to the Mortgagee at its said office or at such other place as the Mortgagee may direct, in lawful money of Canada, the sum of \$426,000.00 as follows:

Until and including January 31, 2015 interest at a variable rate per annum equal at all times to the greater of 8.0% per annum, calculated monthly not in advance or 3.0% above the prime interest rate (as hereinafter defined) of the HSBC Bank Canada in effect from time to time, calculated monthly not in advance and thereafter interest at a variable rate per annum equal at all times to the greater of 14.0% per annum, calculated monthly not in advance or 9.0% above the prime interest rate (as hereinafter defined) of the HSBC Bank Canada in effect from time to time, calculated monthly not in advance, all rates as well after as before maturity, default and judgment, on the principal monies remaining unpaid from time to time on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and compounded monthly not in advance as well after as before maturity, default and judgment (which interest rate is sometimes hereinafter referred to as the "Mortgage Rate") and computed from and including the respective dates of such advances, which interest shall become due and be paid in monthly instalments on the first day of the month next following the first advance and on the first day of each and every month thereafter, and in addition, at the option of the Mortgagee, may be deducted from each subsequent advance, and the balance, if any, of the aforesaid interest on advances shall become due and be paid at the same time as is hereinafter provided for payment of principal.

The said Bank's prime rate means the annual rate of interest announced from time to time by the said Bank, Main Branch, Calgary, Alberta as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada and designated as "prime". A Certificate of a Vice-President of the said Bank shall be conclusive evidence of the said Bank's prime rate from time to time. In the event that the said Bank's prime rate is either increased or decreased from time to time while monies are owing by the Mortgagor hereunder, then the interest rate payable hereunder shall be increased or decreased accordingly. If for any reason the prime interest rate cannot be established for any period then such rate for such period shall be deemed to be the prime interest rate in effect immediately prior to such period of time.

The principal sum of the advances and all other outstanding sums shall become due and be paid in full on July 31, 2015.

OVERDUE INTEREST

2. The Mortgagor will pay to the Mortgagee interest as aforesaid in the manner aforesaid on the said sum or on so much thereof as shall have been advanced by the Mortgagee or which shall from time to time remain unpaid at the Mortgage Rate, and all interest on becoming overdue shall be forthwith treated (as to payment of interest thereon) as principal and shall bear compound interest at the Mortgage Rate as well after as before maturity of this mortgage, both before and after default, and both before and after judgment under this mortgage until paid, and shall be payable at the times, in the manner, and at the place hereinbefore provided for payment of interest, and all such interest and compound interest shall be a charge on the Land. In the event of nonpayment of any of the moneys hereby secured at the times herein set for payment thereof the Mortgagor will, so long as any part thereof remains unpaid, including after judgment, pay interest at the Mortgage Rate from day to day on the same.

AMENDMENTS

3. In the event the monies advanced hereunder are not advanced by the Date for Adjustment of Interest, if any, then the Mortgagee may, at its sole option, amend any or all of the date for adjustment of interest, the date of the first payment and the date of the final payment herein, by notice in writing to the Mortgagor and/or by way of an amending agreement which agreement the Mortgagor agrees to execute promptly and return to the Mortgagee's solicitor.

RENEWALS

4. In the event that the Mortgagee shall agree to renew or extend the term of this mortgage, such renewal or extension (and the rate of interest, term, instalment and other stipulations of such renewal or extension) shall be binding upon the Mortgagor, its successors in title and assigns, and all subsequent mortgages, encumbrances and other interests in or of the mortgaged premises (subsequent to this mortgage and together hereinafter called "Subsequent Encumbrances"), and shall take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by caveat at the applicable Land Titles Office and whether or not the rate of interest payable or payment amortization period applicable during the renewal or extension term is greater than or less than the rate or amortization stipulated in this mortgage. The Mortgagor shall, forthwith on request therefor by the Mortgagee, provide to the Mortgagee, at the Mortgagor's expense, all such postponements and other assurances as the Mortgagee may require to ensure the foregoing binding effect and priority. All renewals (if any) shall be done at the Mortgagor's expense (including without limitation payment of Mortgagee's legal expenses on a solicitor-and-his-own-client basis). In the event the Mortgagor herein is a corporation, no such renewal or extension, even if made by a successor in title to the Mortgagor named herein and whether or not the Mortgagor shall consent thereto, shall in any way release or abrogate or render unenforceable the covenants or obligations of the Mortgagor named herein, which shall continue notwithstanding such renewal or extension and shall apply to this mortgage as renewed or extended.

PREPAYMENT

5. The Mortgagor when not in default hereunder may prepay the principal in whole or in part at any time without notice, bonus or penalty provided the Mortgagee has received a minimum of \$8,500.00 interest under this mortgage.

TAXES

6. Subject as hereinafter in this paragraph provided, the Mortgagor will pay when and as the same fall due all taxes, rates, liens, charges, encumbrances or claims which are or may be or become charges or claims against the Land or premises thereon or on this mortgage or on the Mortgagee in respect of this mortgage; provided that in respect of municipal taxes, school taxes, local improvements charges and all taxes and levies made or assessed in lieu of real property taxes (hereinafter together referred to as "taxes");

- (a) the Mortgagee may deduct from time to time, from advances of moneys under this mortgage, amounts sufficient to pay the taxes which have become due and payable or will have become due and payable and are unpaid from time to time as advances are made;

- (b) the Mortgagor shall in each year during the currency hereof at the request of the Mortgagee pay to the Mortgagee in equal monthly instalments, such amounts as the Mortgagee may estimate as being the annual taxes next becoming due and payable, the said monthly instalments to be paid with and in addition to the monthly instalments of interest and principal due and payable under this mortgage, and the Mortgagor shall also pay to the Mortgagee before the due date of the current annual taxes such additional sums as may be requisite to enable the Mortgagee to pay out of such monthly instalments and additional payments, the whole amount of the annual taxes on or before the due date thereof;
- (c) notwithstanding the foregoing provisions, the Mortgagee may deduct from any advance or advances of the moneys secured by this mortgage, an amount or amounts, estimated by the Mortgagee, which together with the ensuing monthly payments by the Mortgagor to the Mortgagee on account of taxes as estimated by the Mortgagee, will be sufficient to fully pay and discharge such taxes as may be levied following the date that the first monthly instalment is due hereunder. If the taxes in respect of which such deduction is to be made are not yet due and payable when advances are made hereunder, the Mortgagee may estimate the amount of such taxes, which estimate shall be deemed to be the amount of such taxes for the purpose of such deduction. If the amount of taxes that are levied exceed the estimated amount, then such excess shall forthwith become due and payable by the Mortgagor to the Mortgagee in addition to the other payments herein provided to be made;
- (d) notwithstanding the foregoing, where the period between the date that the first monthly instalment is due hereunder and the next following due date for taxes is less than one year, the Mortgagee may at its option and as an alternative to or in addition to deduction of tax payment moneys from advances, require the Mortgagor to pay (and the Mortgagor shall pay accordingly) to the Mortgagee in equal monthly instalments during such period and during the next succeeding twelve-month period, an amount estimated by the Mortgagee to be sufficient to pay, on or before the expiration of the said succeeding twelve-month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said succeeding twelve-month period expires; and the Mortgagor shall also pay to the Mortgagee forthwith on demand the amount, if any, by which the actual taxes exceed such estimated amount;
- (e) so long as the Mortgagor is not in default under any covenant or agreement contained in this mortgage, the Mortgagee shall apply such deduction and payments on the taxes as they become due, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly, nor to pay the same in advance of the due date for payment of the same. Provided however, that if (before any sum or sums so paid to the Mortgagee shall have been so applied) there shall be default by the Mortgagor in respect of any payment of principal, interest or other amount as herein provided, the Mortgagee may, at its option, apply such sum or sums in or towards payment of the principal, interest and/or other amount in default;
- (f) in default of the payment by the Mortgagor of moneys for taxes as aforesaid, then the Mortgagee may pay such taxes. The Mortgagee may also pay any liens, charges and encumbrances which may be charged against the Land. All moneys expended by the Mortgagee for any of such purposes together with interest thereon at the Mortgage Rate shall be added to the principal moneys hereby secured, and repaid by the Mortgagor to the Mortgagee forthwith, and until repaid shall be a charge on the Land;
- (g) if the Land or any part thereof becomes subject to sale or forfeiture for nonpayment of taxes while any sum remains unpaid under this mortgage, the Mortgagee may acquire title and rights of the purchaser at any sale, or the rights of any other person or corporation becoming entitled on or under any such forfeiture, or the Mortgagee may pay, either in its own name or in the Mortgagor's name or on the Mortgagor's behalf, any and all sums necessary to be paid to redeem the Land so sold or forfeited, and to re-vest the Land in the Mortgagor, and the Mortgagor hereby nominates and appoints the Mortgagee agent of the Mortgagor to pay such moneys on the Mortgagor's behalf and in the Mortgagor's name, and any moneys so expended by the Mortgagee shall be repaid by the Mortgagor forthwith and until repaid shall be a charge on the Land, or in the alternative the

Mortgagee shall have the right to bid on and purchase the Land at any tax sale of the same and shall thereupon become the absolute owner thereof;

- (h) the Mortgagor shall transmit to the Mortgagee all tax bills and other notices affecting the imposition of taxes forthwith after receipt of same by the Mortgagor, and the Mortgagor authorizes the Mortgagee to obtain any tax or assessment information concerning the Land directly from the municipal taxing authority having jurisdiction over the Land;
- (i) the Mortgagor shall if required by the Mortgagee, enroll in the taxing authority's tax instalment payment plan.

INSURANCE

7. (a) The Mortgagor will at the Mortgagor's expense, forthwith insure or cause to be insured, and during the continuance of this security keep insured in favour of the Mortgagee, each and every building on or which may hereafter be erected or placed on the Land, and all plate glass, equipment and machinery of the Mortgagor therein, thereon or used in connection therewith, and the contents thereof to the extent that they are the property of the Mortgagor (in this clause severally referred to as the "Mortgaged Premises") against such risks or perils as the Mortgagee may require or consider expedient, which may include without limitation, loss or damage by fire, wind-storm, hail, lightning, explosion, riot, earthquake, impact by aircraft or vehicles, smoke damage and, to the extent applicable, against loss or damage caused by the explosion of any steam boiler or other object generating or operated by steam, any closed circulation hot water heating system, any pressure vessel system and any air conditioning system, by the escape of water from any sprinkler system or other piping within or operated upon the Land. All such insurance shall be with extended coverage and replacement cost endorsements and in such amounts, all as the Mortgagee may reasonably require, to their full insurable value or sufficient to protect the Mortgagee and the Mortgagor from becoming co-insurers in respect of any loss, in each case with an insurance company or companies acceptable to the Mortgagee. The Mortgagor will not do or suffer anything whereby the said policy or policies may be vitiated, and will pay all premiums and sums of money necessary for such purposes as the same become due. The Mortgagor also covenants that it will during the continuance of this security as required by the Mortgagee maintain general public liability and property damage insurance against claims for personal injury, death or property damage occurring in or about the Mortgaged Premises, such insurance to afford protection in such amounts as the Mortgagee may from time to time reasonably require.
- (b) If any portion of the Land is now, or at any time during the term hereof rented or leased by the Mortgagor to any tenant or tenants, the Mortgagor shall, at the option of the Mortgagee, keep the Land insured in a form and wording satisfactory to the Mortgagee, against loss of rental income in an amount as the Mortgagee may from time to time require.
- (c) The Mortgagor shall put in place and provide the Mortgagee with evidence of such other types of insurance as may be reasonably required from time to time by the Mortgagee or as required under any commitment letter for the loan and such insurance shall be in a form and wording satisfactory to the Mortgagee.
- (d) All such contracts of insurance shall be carried with licensed insurers and shall, except for the general public liability and property damage insurance, show loss payable to the Mortgagee, as the Mortgagee's interest may appear, and shall have attached thereto and forming a part thereof a mortgage clause approved by the Mortgagee. The Mortgagor will forthwith deliver to the Mortgagee the policy or policies or certificate or certificates of insurance and, prior to their due date when requested by the Mortgagee, evidence proving payment of the premiums and renewal premiums therefor.
- (e) The Mortgagor will forthwith on the happening of any loss or damage, at its expense furnish all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance moneys. If the Mortgagor shall neglect to keep any of the Land or the Mortgaged Premises insured as aforesaid, or to deliver such policy or policies, certificate or certificates and

evidence proving payment of premiums or renewal premiums when requested by the Mortgagee, or to produce to the Mortgagee at least ten days before the termination of such insurance evidence of the renewal thereof, the Mortgagee shall, without reference to the Mortgagor, be entitled (but shall not be obliged) to insure the Land, or any part thereof, and for such amount or amounts as the Mortgagee may from time to time deem expedient, and the amount of any premiums paid by the Mortgagee shall bear interest at the Mortgage Rate and until repaid, shall be added to the amount hereby secured and be a charge upon the Land.

- (f) If any cheque issued by an insurer in complete or partial settlement of an insurance claim pursuant to the coverages above other than the coverage for general public liability insurance is given, sent or delivered to the Mortgagor or the solicitor or agent of the Mortgagor, then the Mortgagor shall cause such cheque to be delivered to the Mortgagee forthwith and if any such cheque is made payable to the Mortgagor alone or jointly to the Mortgagor and another or others, then the Mortgagor shall forthwith endorse and deliver such cheque over to the Mortgagee, and the Mortgagor does hereby constitute the Mortgagee as the Mortgagor's true and lawful attorney to receive and endorse any such cheque for and on behalf of the Mortgagor.
- (g) All moneys received by virtue of such policy or policies of insurance may at the option of the Mortgagee either be applied forthwith in or towards substantially rebuilding, reinstating or repairing the improvements on the Land or in or towards the payment of principal and interest or other moneys secured by this mortgage (whether or not the same are then due) in such manner as the Mortgagee shall from time to time determine, or may be paid in full or in part to the Mortgagor or its successors-in-title or its assigns, or may be applied or paid partly in one way and partly in another, as the Mortgagee may determine.

PAYMENT METHOD

8. The Mortgagor shall from time to time as required, provide a signed pre-authorized withdrawal form or forms directed to the bank or financial institution at which the Mortgagor regularly keeps a chequing account, in such form and manner so as to enable the Mortgagee to receive payments of the instalments of principal and interest and/or the Mortgagee's estimate of the monthly instalment for property taxes due hereunder, from the Mortgagor's account with such bank or financial institution. In the alternative, the Mortgagee may at its exclusive option and from time to time, require the Mortgagor to (and if so required the Mortgagor shall) provide the Mortgagee with a series of twelve post-dated cheques to cover such monthly payments for any consecutive twelve month period during the term hereof. Any payments received by the Mortgagee which are payable on a non-judicial day on or after receipt thereof, shall be credited to the mortgage account on the next judicial day thereafter.

CONSTRUCTION

9. In the event that this mortgage is a building or construction mortgage, it is the intention of the parties hereto that:

- (a) the building or buildings being erected or to be erected on the Land form part of the security for the full amount of the moneys secured by this mortgage;
- (b) all advances on this mortgage are to be made from time to time in the future in accordance with the progress of construction of such building or buildings or upon its or their completion and occupation;
- (c) the Mortgagor will promptly commence construction and will construct the building, buildings, and other improvements on the Land in accordance with plans and specifications which have been or which may hereafter be approved by the Mortgagee, in accordance with applicable building codes, in accordance with the Mortgagee's construction standards, and will carry on diligently and continually to completion the construction of the said building, buildings, and other improvements, and will complete such construction in compliance with the requirements of all municipal and other governmental authorities, laws, by-laws or regulations and will, when so required by the Mortgagee, supply the Mortgagee with evidence or confirmation from any such municipal or governmental authority of such compliance;

- (d) in the event that any such building, buildings and other improvements now or hereafter in the course of construction remain unfinished and without any work being done for a period of 15 consecutive days, except for reasons beyond the control of the Mortgagor or in the event construction of the project shall be delayed for any reason whatsoever (including without limitation damage or destruction by fire) so that completion of the project cannot be accomplished within a reasonable time, the Mortgagee may enter the Land and do all work necessary to protect the same from deterioration and to complete the construction in such manner as the Mortgagee may see fit, and any moneys expended by the Mortgagee pursuant to this subclause shall be a charge on the Land and bear interest at the Mortgage Rate and shall be deemed to constitute part of the mortgage moneys;
- (e) the Mortgagee shall be entitled, at the expense of the Mortgagor, to inspect all aspects of the construction and make tests of materials, and the Mortgagor will not cover any portion of the construction work requiring inspection by the Mortgagee until the Mortgagee has inspected the same, and the Mortgagor shall forthwith remedy and carry out again any work which does not conform to the Mortgagee's reasonable requirements;
- (f) the Mortgagee shall not be obliged to hold back loan proceeds to provide the lien fund or other protection to the Mortgagor under the *Builders' Lien Act* of Alberta; provided that if the Mortgagee holds back loan proceeds in a manner similar to the way the said Act provides for an owner to make holdbacks then, notwithstanding such holdbacks by the Mortgagee, such holdbacks shall not constitute the lien fund under the said Act and the Mortgagee shall not be a Mortgagee authorized by the owner to disburse money secured by a mortgage as referred to in the said Act.

CONDOMINIUM

10. In the event the Land is or becomes a condominium within the *Condominium Property Act*, the Mortgagor further covenants with the Mortgagee that:

- (a) The Mortgagor will comply with, observe and perform all provisions of the *Condominium Property Act*, its regulations and the by-laws, rules and regulations of the condominium corporation from time to time in force, and will ensure that the condominium corporation complies with the insurance provisions in the said Act.
- (b) The Mortgagor shall pay on or before the due dates thereof, each and every assessment, contribution, charge, fine or levy made by or on behalf of the condominium corporation in respect of the unit(s) charged hereunder (hereinafter collectively called "Assessments"). If the Mortgagor fails to pay the Assessments, on or before their due date, such failure shall constitute default hereunder and shall entitle the Mortgagee to exercise any and all remedies available to the Mortgagee in the event of default hereunder. Upon default under this paragraph and notwithstanding any other right or action of the condominium corporation or the Mortgagee, the Mortgagee may pay the Assessments, and any Assessments so paid, together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the monies payable hereunder, and shall bear interest at the rate aforesaid from the date expended until paid and such amounts and interest shall be payable on demand to the Mortgagee and shall be a charge on the Land.
- (c) The Mortgagor hereby irrevocably authorizes the Mortgagee to apply at any time and from time to time to the condominium corporation for certification of the amount and manner in which any assessment is payable and the extent to which such Assessment has been paid.
- (d) The Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the Mortgagor's rights which now exist or may hereafter come into existence to vote at meetings of the condominium corporation, provided that, if the Mortgagee is not present in person or by proxy, or if present does not wish to vote, then the Mortgagor may exercise his voting right without further authority.
- (e) If for any reason whatsoever the Mortgagor has the right to vote at any meeting of the condominium corporation it shall, if directed by the Mortgagee, vote in such manner as the

Mortgagee directs with respect to each and every matter to be voted on and the Mortgagor covenants to execute any documents requested by the Mortgagee, including, proxies if required, in order to give effect to the foregoing assignment of voting rights.

- (f) If requested by the Mortgagee, at least five days prior to each and every general meeting of the condominium corporation, the Mortgagor shall deliver to the Mortgagee written notice of each such meeting specifying the place, date, hour and purpose of the meeting and in addition, immediately upon receipt of the same shall deliver to the Mortgagee true copies of the by-laws, rules and regulations of the condominium corporation from time to time in force, all notices, minutes, resolutions, accounts, financial statements and other documents relating to the financial statements and to the affairs of the condominium corporation as the Mortgagor may from time to time receive notwithstanding the foregoing the Mortgagor shall ensure that the Mortgagee has notice of any meeting which will consider the termination of the condominium corporation or an amendment to the by-laws.
- (g) The Mortgagor does hereby irrevocably assign unto the Mortgagee any lease or rights to occupy any parking space or spaces demised to or reserved or designated for exclusive use by the Mortgagor and any lease or rights to exclusive use of any common property or special privileges in respect thereof granted to the Mortgagor.
- (h) Upon default herein and notwithstanding any other right or action of the condominium corporation or the Mortgagee, the Mortgagee may distrain for arrears of any Assessment paid by it and such distraint shall not result in the Mortgagee being a Mortgagee in possession.
- (i) In the event this mortgage is a blanket mortgage against more than one of the condominium units, it may not be discharged in part or in whole during the term of the mortgage. In particular the Mortgagor or its successors may not obtain a discharge of this mortgage against any particular unit by payment of a pro-rata share of the mortgage or by any other means whatsoever. The Mortgagor agrees not to sell or transfer condominium units while the blanket mortgage is registered and any such transaction shall be deemed a breach of covenant unless and until the Mortgagee has consented thereto. This prohibition does not apply if there is a specific partial prepayment clause contained elsewhere herein.

RESTRICTION ON TRANSFER

11. In the event that portions of the mortgage loan proceeds are to be advanced from time to time, the Mortgagor shall not convey, transfer, mortgage, alienate, or otherwise encumber the Land nor allow the Land to be encumbered, until the full amount of the mortgage loan proceeds hereby secured shall have been advanced or until such time as it is determined that no further mortgage loan proceeds will be advanced; and any such dealing with the Land shall be deemed a breach of covenant unless and until the Mortgagee has expressly consented thereto.

ADVANCES

12. Neither the execution nor the registration nor the acceptance of this mortgage, nor the advance of part of the money secured hereby, shall bind the Mortgagee to advance the said principal sum or any unadvanced portion thereof notwithstanding the provisions of the loan approval or commitment letter issued by the Mortgagee with respect to this mortgage, but nevertheless this mortgage shall take effect forthwith on the execution of these presents, and if the principal sum or any part thereof shall not be advanced at the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf of the Mortgagor at any future date or dates, and the amount of such advances then so made together with interest at the Mortgage Rate shall be secured hereby.

SUBROGATION

13. In the event that the mortgage moneys advanced hereunder or any part thereof, are applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights and stand in the position of and be entitled to all the equities of the party so paid off whether such charge or encumbrance has or has not been discharged; and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this mortgage or of any claim so paid off, shall be final and binding on the Mortgagor.

WASTE

14. All erections and improvements fixed or otherwise now on or hereafter put upon the Land, including but without limiting the generality of the foregoing, all fences, heating, plumbing, air conditioning, ventilation, lighting and water heating equipment, built-in cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, and all apparatus and equipment appurtenant thereto, and if part of the Land consists of an apartment building all stoves, refrigerators, clothes washers and dryers, garburators and dishwashers, located in the apartment building and owned by the Mortgagor, are and shall, in addition to all other fixtures thereon, be and become and shall be deemed to be fixtures and form part of the realty and of the security and are included in the expression the "Land"; and that the Mortgagor will not commit or permit any act of waste thereon; and that the Mortgagor will at all times during the continuance of this security, repair, maintain, restore, amend, keep, make good, finish, add to and put in order the same; and in the event of any loss or damage thereto or destruction thereof, the Mortgagee may give notice to the Mortgagor to repair, rebuild, replace or reinstate the same within a time to be determined by the Mortgagee and to be stated in such notice; and upon the Mortgagor's failure to repair, rebuild, replace or reinstate within such time, such failure shall constitute a breach of covenant hereunder and thereupon the mortgage moneys shall, at the option of the Mortgagee, become immediately due and payable without any demand by the Mortgagee upon the Mortgagor.

ALTERATIONS

15. The Mortgagor shall not make or permit to be made, any additions or alterations to the Land without the written consent of the Mortgagee; and the Mortgagor shall not use the Land nor permit the Land to be used, without the written consent of the Mortgagee, for a purpose other than that disclosed to the Mortgagee in the application for this mortgage.

INSPECTIONS

16. The Mortgagee or agent of the Mortgagee may, at any time, enter upon the Land to inspect the Land and buildings thereon.

PLACE OF PAYMENT

17. All moneys whether principal, interest, or any other moneys payable to the Mortgagee under the terms of this mortgage shall be payable, in lawful money of Canada, to the Mortgagee at its address hereinbefore stated, or such other place as may be designated by the Mortgagee from time to time.

CROSS-DEFAULT

18. In the event the Mortgagee requires other agreements, documents, mortgages, chattel mortgages, security agreements, assignments of rentals, assignments of leases or any other securities (herein referred to collectively as "Such Other Securities") in connection with this mortgage loan or as a condition precedent to the advance of the loan proceeds or any portion thereof, then the Mortgagor shall provide the Mortgagee such of Such Other Securities as may be required by the Mortgagee in form and content satisfactory to the Mortgagee. Default under this mortgage shall constitute default under any of Such Other Securities as may have been granted to the Mortgagee, and default under any of Such Other Securities granted to the Mortgagee shall constitute default hereunder, and the Mortgagee may, upon default under any thereof pursue its remedies separately under each of Such Other Securities and this mortgage, or jointly all together, or jointly one with any other or others of Such Other Securities and this mortgage, without any of the rights and remedies of the Mortgagee not so pursued merging therewith or with any action or judgment with respect thereto.

SUBSTITUTE MORTGAGE

19. In the event that this mortgage is granted by the Mortgagor in replacement of or in substitution for another mortgage granted by the Mortgagor to the Mortgagee (the "earlier mortgage") with respect to the Land, then the Mortgagee shall be entitled (notwithstanding that the mortgage account numbers for the earlier mortgage and this mortgage are the same and notwithstanding that the Mortgagee does nothing more than note on its file that this mortgage is in replacement of or substitution for the earlier mortgage) to advance under this mortgage, by way of

internal transfer of mortgage accounts, the amount owing under the earlier mortgage, and upon such internal transfer of mortgage accounts it shall be deemed that the amount thereby transferred as aforesaid, is advanced hereunder.

RELEASE OF SECURITY

20. The Mortgagee may at any time release any part or parts of the Land or any other security or any surety for payment of all or any part of the moneys herein secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the said moneys or any part thereof, either with or without any consideration therefor, without being accountable for the value of any such consideration or for any moneys except those actually received by the Mortgagee, and without thereby releasing any other part of the Land or any other securities or covenants, it being specifically agreed that notwithstanding any such release, the Land, securities and covenants remaining unreleased shall stand charged with the whole of the moneys hereby secured, and no person shall have the right to require the mortgage moneys to be apportioned.

WAIVER

21. No extension of time, waiver, or other indulgence given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor, any guarantor, or any other person liable for payment of the moneys hereby secured.

USE OF MONEY

22. The Mortgagee shall not be charged with any moneys receivable or collectible out of the Land or otherwise, except those actually received; and all revenue of the Land received or collected by the Mortgagee from any source other than payment by the Mortgagor may, at the option of the Mortgagee, be used in maintaining or insuring or improving the Land, or in payment of taxes or other charges against the Land, or applied on the mortgage account, and the Mortgagee may (at its option) retain such moneys received or collected, in suspense account and shall not be under any liability to pay interest on any sums in suspense account; and the Mortgagee shall not, by reason of the collection of any moneys receivable or collectible out of the Land, be deemed to be a Mortgagee in possession.

LIABILITY OF MORTGAGOR

23. Notwithstanding any sale or other dealings by the Mortgagor with the Land, or any part thereof, the Mortgagor together with any other party who is or becomes liable under this mortgage, shall continue to be liable under this mortgage until all monies secured by this mortgage have been repaid in full notwithstanding the assumption of the mortgage by any party, with or without the consent of the Mortgagee or the Mortgagor, and notwithstanding any amendment, modification, renewal or extension of this mortgage (including, without restriction, any increase or decrease in the interest rate, amortization period, monthly payments or term of this mortgage) which takes place after such sale or an assumption has occurred with or without the consent of the Mortgagor or any other party.

ATTORNMEN

24. For better securing the punctual payment of the said mortgage moneys, the Mortgagor hereby attorns and becomes tenant to the Mortgagee of the Land at a monthly rental equivalent to the monthly instalments secured hereby, the same to be paid on such day appointed for the payment of instalments; and if any judgment, execution or attachment shall be issued against any of the goods or lands of the Mortgagor or if the Mortgagor shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* of Canada as amended, or shall take the benefit of any statute relating to bankruptcy or insolvent debtors, then such rental shall, if not already payable, be payable immediately thereafter. The legal relation of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor, but neither this clause nor anything done by virtue hereof, shall render the Mortgagee a Mortgagee in possession or accountable for any moneys except those actually received. The Mortgagee may at any time after default hereunder enter upon the Land, or any part thereof, and determine the tenancy hereby created without giving the Mortgagor any notice to quit.

RECORDS

25. If the Mortgagor derives income from the Land, the Mortgagor will maintain full and correct books and records showing in detail the earnings and expenses of the Land, and will permit the Mortgagee and its representatives to examine the said books and records and all supporting vouchers and data at any time and from time to time upon request by the Mortgagee, and at any time and from time to time will furnish the Mortgagee at its request within thirty days of such request, a statement showing in detail all such earnings and expenses since the last such statement, verified by statutory declaration of the Mortgagor, or the chief executive officer of the Mortgagor, if the Mortgagor is a corporation.

ASSIGNMENT OF LEASES AND RENTS

26. If the Land or any portion thereof now or at any time hereafter produces rental revenue or is intended to produce rental revenue, then the Mortgagor hereby assigns, transfers and sets over unto the Mortgagee all leases already in existence, and those to be created in the future, including any guarantees in respect thereof, and all rents due or accruing due or at any time hereafter to become due under all leases or tenancies, present and future, now existing or at any time hereafter made in respect of the Land or any part thereof, to have and to hold unto the Mortgagee until all moneys owing and all obligations of the Mortgagor in respect of this mortgage have been fully paid and fulfilled, subject to the following terms and conditions:

- (a) whenever the Mortgagor is in default under any of the provisions of this mortgage, the Mortgagee shall be entitled to give notice to the tenants of the Land or any portion thereof to pay the rent to the Mortgagee and the Mortgagee may collect the rents and revenues thereof, and distrain in the name of the Mortgagor for the same;
- (b) the Mortgagee may give good and sufficient receipts and discharges for rents received;
- (c) the Mortgagee may apply the rentals collected by it towards arrears and maturing payments of interest and principal under this mortgage, then towards the payment of taxes, insurance, heating, repairs, renovations and upkeep and other expenses or carrying charges connected with the Lands;
- (d) where any discretionary powers hereunder are vested in the Mortgagee or its agents, the same may be exercised by any officer, investment manager or manager of the Mortgagee, or its appointed agents, as the case may be;
- (e) the Mortgagee shall under no circumstances become a Mortgagee in possession, or liable to account to the Mortgagor or credit the Mortgagor with any moneys on account of the mortgage except those which shall come into its hands, and subject to all deductions and payments made out of the rentals received from the Land as herein provided;
- (f) the Mortgagee may exercise the rights conferred upon it under this clause without the formal appointment of a receiver under other provisions of this mortgage and without the necessity of first commencing legal proceedings with respect to the Mortgagor's default giving rise to the Mortgagee's right to give notice to tenants under this clause;
- (g) whenever any and all defaults under this mortgage have been cured after the exercise by the Mortgagee of its rights under this clause, the Mortgagor may resume collection of the rentals until further default has occurred, whereupon the Mortgagee may re-exercise its rights hereunder, and thereafter at any time such default occurs;
- (h) the Mortgagor shall not at any time during the existence of this mortgage assign, pledge or hypothecate any lease, leases, or tenancies, now or hereafter existing in respect of the Land or the rents or revenues due or to become due thereunder, or any part thereof, other than to the Mortgagee; nor shall the Mortgagor grant any general assignment of book debts which would cover such rentals;
- (i) the Mortgagor shall not hereafter collect more than two months rental in advance;

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- (j) neither the taking of this assignment nor anything done in pursuance hereof shall make the Mortgagee liable in any way, as landlord or otherwise, for the performance of any covenants, obligations and liabilities under the said leases or tenancies or any of them;
- (k) the exercise of this clause or of any collateral security with respect to rentals shall not entitle the Mortgagor to redeem this mortgage.

RECEIVER

27. It is declared and agreed that at any time and from time to time when there shall be default under the provisions of this mortgage, the Mortgagee may at such time and from time to time and with or without entry into possession of the Land or any part thereof, appoint a receiver or a manager or a receiver and manager of the Land or any part thereof and of the rents and profits thereof and with or without security, and may from time to time remove any receiver and appoint another in his stead and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor. Such appointment may be made at any time either before or after the Mortgagee shall have entered into or taken possession of the Land or any part thereof. Upon the appointment of any such receiver or receivers from time to time, the following provisions shall apply:

- (a) the statutory declaration of an officer of the Mortgagee as to default under the provisions of this mortgage, shall be conclusive evidence thereof;
- (b) every such receiver shall be the irrevocable agent or attorney of the Mortgagor for the collection of all rents falling due in respect of the Land or any part thereof, whether in respect of any tenancies created in priority to these presents or subsequent thereto;
- (c) every such receiver may, in the discretion of the Mortgagee and by writing under its corporate seal, be vested with all or any of the powers and discretions of the Mortgagee;
- (d) the Mortgagee may from time to time, by such writing fix the remuneration of every such receiver who shall be entitled to deduct the same out of the rents from the Land or from the proceeds of the judicial sale of the Land;
- (e) every such receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Mortgagor and in no event the agent or attorney of the Mortgagee, and the Mortgagee shall not in any way be responsible for any acts or omissions (including negligence, misconduct or misfeasance) on the part of any such receiver;
- (f) the appointment of every such receiver by the Mortgagee shall not incur or create any liability on the part of the Mortgagee to the receiver in any respect, and such appointment or anything which may be done by any such receiver or the removal of any such receiver or the termination of any such receivership shall not have the effect of constituting the Mortgagee a Mortgagee in possession in respect of the Land or any part thereof;
- (g) every such receiver shall from time to time have the power to rent any portion of the Land which may become vacant, for such term and subject to such provisions as he may deem advisable or expedient, and in so doing every such receiver shall act as the attorney or agent of the Mortgagor and he shall have authority to execute under seal any lease of such portion of the Land in the name of and on behalf of the Mortgagor, and the Mortgagor undertakes to ratify and confirm whatever any such receiver may do in respect of the Land;
- (h) every such receiver shall have full power to complete any unfinished construction upon the Land with the intent that the Land and the buildings thereon when so completed shall be a complete structure as represented by the Mortgagor to the Mortgagee for the purpose of obtaining this mortgage loan;
- (i) every such receiver shall have full power to manage, operate, amend, repair, alter or extend the Land or any part thereof in the name of the Mortgagor for the purpose of securing the payment of rental from the Land or any part thereof;

- (j) no such receiver shall be liable to the Mortgagor to account for moneys or damages other than cash received by him in respect of the Land or any part thereof, and out of such cash so received every such receiver shall, subject to the approval of the Mortgagee, in the following order, pay:
- (i) his remuneration aforesaid;
 - (ii) all payments including, without limitation, costs as between solicitor and his own client made or incurred by him in connection with the management, operation, amendment, repair, alteration or extension of the Land or any part thereof;
 - (iii) interest, principal and other moneys which may from time to time, be or become charged upon the Land in priority to these presents, and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect to the Land or any part thereof;
 - (iv) to the Mortgagee, all interest due or falling due under these presents and the balance to be applied upon principal due and payable and secured by these presents;
 - (v) into a reserve account in the name of the receiver, an appropriate sum of money as a reserve fund for unusual, emergency or lump sum payments or expenses with respect to the Land; and
 - (vi) any surplus thereafter remaining in the hands of every such receiver after payments made as aforesaid, to the Mortgagor;
- (k) save as to claims for an accounting under subclause (j) of this clause, the Mortgagor hereby releases and discharges the Mortgagee and every such receiver from every claim of every nature which may arise or accrue to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by the Mortgagee or any such receiver under the provisions of this clause, unless such claim be the direct and proximate result of dishonesty or gross neglect;
- (l) the power of sale, foreclosure and any other remedies of the Mortgagee may be exercised either before, concurrent with, during, or after the appointment of any receiver hereunder.

INSOLVENCY

28. If the Mortgagor shall commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* of Canada, become bankrupt or insolvent or shall be subject to the provisions of the *Bankruptcy and Insolvency Act* of Canada, or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors, or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, the same shall constitute a breach of covenant and default herein.

RIGHTS OF MORTGAGEE

29. The Mortgagor further covenants and agrees with the Mortgagee that in the event of default being made in any of the covenants, agreements, provisos or stipulations expressed or implied herein:

- (a) the Mortgagee may, at the expense of the Mortgagor and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenants, agreements, provisos or stipulations;
- (b) the Mortgagee may at such time or times as the Mortgagee may deem necessary and without the concurrency of any person, enter upon the Land and may make such arrangements for completing the construction, repairing or putting in order of any buildings or other improvements on the Land, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Land as the Mortgagee may deem expedient; all reasonable costs, charges and expenses, including allowances for the time and services of any employee of the Mortgagee or other person appointed

for the above purposes, shall be forthwith payable to the Mortgagee and shall be a charge upon the Land and shall bear interest at the Mortgage Rate until paid;

- (c) the Mortgagee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the Land, and a solicitor to examine and report upon the title to the same;
- (d) the Mortgagee or agent of the Mortgagee may enter into possession of the Land and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the Land, or any part thereof, for such terms and periods and at such rents as the Mortgagee shall think proper; and the power of sale hereunder may be exercised either before or after and subject to any such demise or lease;
- (e) it shall and may be lawful for and the Mortgagor does hereby grant full power, right and license to the Mortgagee to enter, seize and distrain upon the Land, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the Land or any part thereof, as much of the mortgage moneys as shall from time to time be or remain in arrears and unpaid, together with costs, charges and expenses attending such levy or distress, as in like cases of distress for rent;
- (f) the Mortgagee shall be entitled forthwith to take such proceedings to obtain repayment of the moneys and interest payable to the Mortgagee hereunder and to realize on its security under this mortgage by foreclosing the same or by whatever other action it may by law be entitled to do;
- (g) the Mortgagee shall be entitled, after giving seven clear days notice of its intention (which notice may run concurrent with the notice period required pursuant to the *Land Titles Act* in respect of notice of intention to file a certificate in respect of the power of attorney) to sell and dispose of the Land (by public auction and/or private contract) with or without entering into possession of the same; and all remedies competent may be resorted to; and all the rights, powers and privileges granted to or conferred upon the Mortgagee under and by virtue of any statute or by this mortgage may be exercised; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the Land hereunder, and the Mortgagee may sell, transfer and convey any part of the Land on such terms of credit, or part cash and part credit, secured by contract or agreement for sale or mortgage, or otherwise, as shall in the opinion of the Mortgagee be most advantageous, and for such price as can reasonably be obtained therefor; and in the event of a sale on credit, or part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, the Mortgagee is not to be accountable for or charged with any moneys until the same shall be actually received in cash; and the sales may be made from time to time of any portion or portions of the Land to satisfy interest or parts of the principal overdue, leaving the principal or parts thereof to run with interest payable as aforesaid; and the Mortgagee may make stipulations as to the title or evidences or commencement of title or otherwise as the Mortgagee shall deem proper; and the Mortgagee may buy in or rescind or vary any contract for sale of the Land and any resale thereof; and on any sale or release, the Mortgagee shall not be answerable for loss occasioned thereby; and for any of such purposes the Mortgagee may make and execute all agreements and assurances that the Mortgagee shall deem advisable or necessary; and in case any sale held by the Mortgagee under and by virtue of the laws of the Province of Alberta under the power of sale herein contained should prove abortive the Mortgagee may take foreclosure proceedings in respect of the Land in accordance with the provisions of the laws of the Province of Alberta in that behalf; and in the event of any deficiency on account of the moneys secured by this mortgage remaining due to the Mortgagee after realizing all the Land, then Mortgagor will pay to the Mortgagee on demand the amount of such deficiency with interest at the Mortgage Rate both before and after judgment; and the proceeds of any sale hereunder shall be applied as above provided for or in payment of moneys payable under this mortgage and costs on a solicitor and his own client basis, the balance, if any, to be paid to the Mortgagor; (any notice required to be given may be delivered to either the Land, the Mortgagor's residence or place of business, or the last known address of the Mortgagor);
- (h) the whole of the mortgage moneys shall, at the option of the Mortgagee, become due and payable;

- (i) the Mortgagee may, except as specifically provided, exercise each of the foregoing powers without notice to the Mortgagor.

ATTORNEY

30. As further assurance to the rights and remedies granted by the Mortgagor to the Mortgagee herein, the Mortgagor, as the registered owner of the Land hereby irrevocably appoints the Mortgagee on its own behalf or any receiver or manager or receiver and manager appointed by the Mortgagee attorney on behalf of the Mortgagor to sell, lease, mortgage, transfer, or convey the Land in accordance with the provisions of this mortgage and to execute all instruments, and do all acts, matters and things that may be necessary for carrying out the powers hereby given and for the recovery of all rents and sums of money that may become or are now due or owing to the Mortgagor in respect of the Land, and for the enforcement of all contracts, covenants or conditions binding on any lessee or occupier of the Land or on any other person in respect of it, and for the taking and maintaining possession of the Land, and for protecting it from waste, damage, or trespass.

JUDGMENT

31. The taking of a judgment on any of the covenants or agreements herein contained shall not operate as a merger thereof or affect the Mortgagee's rights to interest at the Mortgage Rate and at the times herein provided. Further, any and all such judgments shall provide for interest thereon to be computed at the Mortgage Rate in the same manner as herein provided until the judgment shall have been fully paid and satisfied and, without limiting the generality of the foregoing, the Mortgagee shall be entitled to receive interest at the Mortgage Rate on all moneys payable to the Mortgagee under this mortgage, after any judgment has been rendered with respect to this mortgage until such judgment is fully satisfied.

EXPENSES

32. All expenses, fees, charges or payments incurred, expended or paid by the Mortgagee (whether with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise) with respect to the following matters, that is to say:

- (a) all solicitors', inspectors', valuers' and surveyors' fees and expenses for drawing and registering this mortgage and for examining the Land and the title thereto, and for making or maintaining this mortgage and any collateral security hereto a charge subject only to the prior encumbrances acceptable to the Mortgagee;
- (b) all sums which the Mortgagee may advance for insurance premiums, property taxes, or rates;
- (c) any unpaid amount due to the Mortgagee for application fees or renewal fees;
- (d) all sums which the Mortgagee may expend in payment of prior liens, charges, encumbrances or claims charged or to be charged against the Land or on this mortgage or against the Mortgagee in respect of this mortgage;
- (e) all sums which the Mortgagee may expend in maintaining, repairing, restoring or completing the construction on the Land;
- (f) the cost of inspecting, leasing, managing or improving the Land, including the price or value of any goods of any sort or description supplied for use on the Land;
- (g) all sums paid to a receiver of the Land;
- (h) the cost of exercising or enforcing or attempting to exercise or enforce any right, power, remedy or purpose hereunder provided or implied, and including an allowance for the time, work and expenses of the Mortgagee or any agent or employee of the Mortgagee, for any purpose provided for herein; and

- (i) the Mortgagee's solicitors' costs as between solicitor and his own client incurred or paid by the Mortgagee as a result of any default hereunder or under any other security for this loan, or of endeavouring to collect with or without suit any money payable hereunder, or of taking, recovering or keeping possession of the Land, and generally in any other proceedings, matter or thing taken or done to protect or realize this security or any other security for this loan;

together with interest thereon at the Mortgage Rate, are deemed secured hereby and shall be or constitute a charge or charges against the Land, and all such moneys shall be repayable to the Mortgagee on demand, or if not demanded, then with the next ensuing instalment except as herein otherwise provided, and all such sums together with interest thereon and all other moneys payable by the Mortgagor under this mortgage shall be deemed to constitute part of the mortgage moneys and are included in the principal secured hereby.

COVENANTS

33. The Mortgagor further covenants and agrees with the Mortgagee that the Mortgagor:
- (a) has a good title to the Land;
 - (b) has the right to mortgage the Land;
 - (c) on default the Mortgagee shall have quiet possession of the Land, free from all encumbrances except for such encumbrances as are now registered on the title;
 - (d) will execute such further assurances of the Land as may be requisite;
 - (e) has done no act to encumber the Land except for such encumbrances as are now registered on the title.

EXPROPRIATION

34. The Mortgagor hereby assigns to the Mortgagee, any proceeds which may become due and payable to the Mortgagor by an expropriating authority upon an expropriation of the Land or the proceeds of any condemnation, eminent domain or like proceeding or the sale in lieu of or in reasonable anticipation thereof of the whole or any part of the Land, or any portion thereof. The Mortgagor is aware of the provisions of sections 49 and 52 of the *Expropriation Act*, and any amendments thereto, and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof and hereby agrees to pay to the Mortgagee the difference, if any, between all monies secured by the mortgage at the date of the expropriation and the compensation paid to the Mortgagee by the expropriating authority plus interest at the rate provided for herein on such difference. The Mortgagor shall forward to the Mortgagee, copies of any documentation relating to an expropriation or a proposed expropriation of the Land or any portion thereof, forthwith upon receipt of the said documentation by it and shall execute and deliver any further or additional documentation which the Mortgagee in its sole discretion deems necessary to effect the above assignment or which is requested by the expropriating authority. For the purposes of this clause, the "date of the expropriation" shall mean the date that the Mortgagor ceases to be the registered owner of Land, or any portion thereof, and the "expropriating authority" shall mean the Crown or any individual or entity empowered to acquire lands by expropriation. Notwithstanding anything to the contrary contained herein, if the Mortgagor or the Mortgagee receives a notice of intention to expropriate in relation to the Land, or any portion thereof, at the option of the Mortgagee, the whole of the outstanding balance secured under this mortgage at the date of the expropriation, shall immediately become due and payable in like manner and to all intents and purposes as if the time for payment of the said balance had fully come and expired. If any or all of the Land is expropriated, it is agreed that the proceeds from any such expropriation shall be paid directly to the Mortgagee in priority to the claims of any other party. Service of a copy of this mortgage on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to the Mortgagee, in accordance with the terms of the assignment contained herein.

PRIOR MORTGAGES

35. The Mortgagor hereby covenants to perform and observe and satisfy all the terms, covenants and conditions to be performed and observed by the Mortgagor under the terms of any prior mortgages, agreements for

sale or other charges (hereinafter called the "prior mortgage") registered against the title to the Land. It is expressly agreed and understood by the Mortgagor that in the event of default by the Mortgagor under any of the terms of any prior mortgage, then at the option of the Mortgagee the Mortgagor shall be deemed to be in default of the terms of this mortgage. The Mortgagee may at its option make any payment or cure any default under the prior mortgage and any amount or amounts so paid together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the moneys payable hereunder, shall bear interest at the rate aforesaid from the date expended until paid, shall be payable with interest as aforesaid forthwith by the Mortgagor to the Mortgagee without demand and shall be a charge on the Land and the Mortgagee shall have the same rights and remedies to enforce payment thereof as it would have in the event of default in payment of other moneys payable hereunder.

SEVERABILITY

36. In the event any clause or part of a clause herein is invalid or unenforceable for any reason, then such clause or part of a clause shall be severable from this mortgage and not affect the validity or enforceability of any other part of this mortgage.

SUCCESSORS AND ASSIGNS

37. When the context makes it possible, the word "Mortgagee" wherever it occurs in this mortgage, shall include the successors and assigns of the Mortgagee, and the word "Mortgagor" shall include heirs, executors, administrators, successors and assigns of the Mortgagor, and the word "person" shall include any body corporate or politic; and that words in the singular include the plural, and that words in plural include the singular, and words importing the masculine gender include the feminine; and that if there is more than one entity comprising the Mortgagor all covenants herein contained and implied are to be construed as joint and several; and that heirs, executors, administrators, successors and assigns of any party executing this mortgage are jointly and severally bound by the covenants, provisos and agreements herein contained or implied.

DISCHARGE

38. The Mortgagee shall have a reasonable time after payment of the mortgage moneys in full within which to prepare and execute a discharge of this mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor.

LAW

39. This mortgage is made pursuant to the *Land Titles Act* of Alberta and any amendments thereto and shall be construed in accordance with the laws of the Province of Alberta.

CHARGE

40. For the better securing to the Mortgagee the repayment in the manner aforesaid of the principal sum and interest and other moneys hereby secured the Mortgagor does hereby mortgage and charge to the Mortgagee all of the Mortgagor's estate and interest in the Land.

COMMITMENT LETTER

41. The parties agree that the accepted terms and conditions of the Mortgagee's commitment letter dated January 23, 2014, shall survive funding of this loan and continue to be in full force and effect after said funding. Default by the Mortgagor of any of the terms or requirements contained in the commitment letter shall constitute a default hereunder. In the event there is a conflict between the terms and conditions of this mortgage and the said commitment letter as amended, then this mortgage shall take precedence. There will be no conflict if the terms and conditions of the said commitment letter should enlarge or clarify the terms and conditions of this mortgage.

HAZARDOUS SUBSTANCES

42. (a) The Mortgagor represents, covenants and warrants to and in favour of the Mortgagee that:
- (i) neither the Mortgagor, nor, to the best knowledge of the Mortgagor, any other person has ever caused or permitted any Hazardous Substances to be placed, held, located or disposed of on, under or at the Lands, save and except as disclosed to the Mortgagee in writing;
 - (ii) it shall not allow any Hazardous Substances to be placed, held, located or disposed of on, under or at the Lands without the specific and unequivocal prior written consent of the Mortgagee which consent may be arbitrarily or unreasonably withheld;
 - (iii) it shall not allow the Lands to be utilized in any manner in contravention of any applicable laws intended to protect the environment, including without limitation, laws respecting the disposal and emission of Hazardous Substances;
 - (iv) to the extent that Hazardous Substances are, with the Mortgagee's consent as aforesaid, placed, held, located or disposed of on, under or at the Lands in accordance with the terms hereof, the Mortgagor shall:
 - (A) comply with, or cause to be complied with, all applicable laws and regulations relating to the use, storage and disposal of the Hazardous Substances; and
 - (B) at the request of the Mortgagee, provide evidence to the Mortgagee of compliance with all applicable laws and regulations, such evidence to include inspection reports and such tests as the Mortgagee may reasonably require, all at the expense of the Mortgagor;
 - (v) without restricting the generality of the foregoing, in the event that gasoline or other storage tanks are located under or on the Lands, the Mortgagor shall:
 - (A) maintain and repair such storage tanks in a manner such that they do not leak or interfere with the environment;
 - (B) at the request of the Mortgagee, assign any warranties or guarantees received from the manufacturer or installer of such storage tanks in favour of the Mortgagee as additional security.
- (b) "Hazardous Substances" means any substance which is hazardous to persons or property and includes, without limiting the generality of the foregoing:
- (i) radioactive materials;
 - (ii) explosives;
 - (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant;
 - (iv) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
 - (A) endangers the health, safety or welfare of persons or the health of animal life;
 - (B) interferes with normal enjoyment of life or property; or

- (C) causes damage to plant life or to property;
 - (v) toxic substances including, without restriction, urea formaldehyde foam insulation, asbestos and poly-chlorinated biphenyls; and
 - (vi) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority having jurisdiction over the Mortgagor, the Mortgagee or the Lands.
- (c) The Mortgagor hereby indemnifies and saves harmless the Mortgagee, its officers, directors, employees, agents and shareholders and its successors and assigns from and against any and all losses, liabilities, damages, costs (including without limitation legal costs on a solicitor and his own client basis) and expenses of any kind whatsoever including, without limitation:
- (i) the costs of defending, counter-claiming or claiming against third parties in respect of any action or matter including legal fees, costs and disbursements on a solicitor and his own client basis and at all court levels;
 - (ii) any cost, liability or damage arising out of a settlement of any action entered into by the Mortgagee with or without the consent of the Mortgagor; and
 - (iii) the costs of repair, clean-up or restoration paid by the Mortgagee and any fines levied against the Mortgagee;

which at any time or from time to time may be paid, incurred or asserted against the Mortgagee, as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release, of Hazardous Substances from the Lands either onto any lands (including the Lands), into the atmosphere or into any water. This indemnification shall survive the satisfaction, release or enforcement of the mortgage or any collateral security and the full repayment of the mortgage monies.

- (d) The Mortgagor agrees to promptly comply with all statutes, regulations and ordinances, and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, storage, treatment, control, removal or cleanup of regulated or Hazardous Substances, in, on or under the Land or in, on or under any adjacent property that becomes contaminated with regulated or Hazardous Substances as a result of construction, operations or other activities on, or the contamination of, the Land, or incorporated in any improvements thereof. The Mortgagee may, but shall not be obligated to, enter upon the Land and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and the Mortgagor shall reimburse the Mortgagee on demand for full amount of all costs and expenses incurred by the Mortgagee in connection with such compliance activities.

DUE ON SALE

43. The principal sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, become due and payable in full if the Land or any part thereof or interest therein (whether legal or beneficial) is, without the prior consent in writing of the Mortgagee (which consent may be unreasonably withheld) sold, transferred, conveyed or otherwise similarly disposed of to a party not approved of in writing by the Mortgagee, or if the Mortgagor enters into an agreement to effect any of the foregoing to such an unapproved party whether by registered or unregistered instrument and whether for valuable or nominal consideration (and if the Mortgagor is a corporation, any change in control of the corporation shall constitute such a disposition); provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part; and provided further that the acceptance by the Mortgagee of any instalment payment or other payment under this mortgage from any entity other than the Mortgagor shall not constitute a waiver by the Mortgagee of its rights under this clause, nor a consent by the Mortgagee of any such sale or disposal of the Land as above described; and provided further that if the Mortgagee gives its consent to any such sale or disposition as above described, it may do so upon such conditions as it may in its uncontrolled discretion decide upon including, without limiting the generality of the foregoing, the execution and delivery (by any intended transferee or successor in whole

or in part of the Mortgagor's title to the Land) of an agreement in the Mortgagee's form whereby such transferee or successor assumes all covenants and obligations of the Mortgagor under this mortgage and all other security documents given by the Mortgagor with respect to this mortgage loan. The Mortgagee may require that such purchaser, transferee or assignee pay an assumption fee to the Mortgagee to compensate the Mortgagee for its time and effort hereunder and the non-payment of such assumption fee shall also be considered to be a default under this mortgage. A sale contemplated under a specific partial prepayment clause contained elsewhere herein shall not be subject to the terms hereof.

SUBSEQUENT FINANCING

44. The principal sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, become due and payable in full if the Land or any part thereof or interest therein is, without the prior consent in writing of the Mortgagee mortgaged or similarly charged; provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part.

RE-ADVANCES

45. It is the intention of the Mortgagor and Mortgagee that the Mortgagee may wish to make advances and re-advances to the Mortgagor up to an aggregate outstanding balance at any time of the principal sum lent as set out aforesaid. Accordingly, this mortgage shall be deemed to be a revolving line of credit mortgage within the meaning of, and shall take priority in accordance with the provisions dealing with same in the *Land Titles Act* of Alberta. This mortgage is and shall be a continuing security to the Mortgagee for the repayment of all present and future amounts owing in respect of the principal sum lent. Any portion of the principal may be advanced or re-advanced by the Mortgagee in one or more sums at any future date or dates and the amount of such advances and re-advances when so made shall be secured by this mortgage and be repayable with interest as aforesaid and this mortgage shall be deemed to be taken as security for the ultimate balance of the monies hereby secured, but none of the execution and the registration of this mortgage and the advance in part of any monies by the Mortgagee shall bind the Mortgagee to advance any unadvanced portion thereof. This mortgage shall not be void if the principal sum secured hereby has been repaid in full, if such ability to borrow continues to be available to the Mortgagor. This mortgage shall be void only when the principal sum secured hereby has been repaid in full and the Mortgagee gives written notice to the Mortgagor that the Mortgagor will not be allowed to borrow further monies and there has been performance of all covenants, provisos and conditions herein contained. Notwithstanding that this mortgage is deemed to be a revolving line of credit mortgage there shall be no right of prepayment except as provided, if at all, elsewhere in this mortgage.

GENERAL

46. The Mortgagor agrees with the Mortgagee as follows:

- (a) to comply with the terms and conditions of the commitment letter or mortgage approval and this mortgage at all times;
- (b) to maintain adequate insurance coverage as outlined in the commitment letter or mortgage approval as would other prudent owners of similar property, and satisfactory to the Mortgagee and its legal counsel;
- (c) to maintain the Land in a sound state of repair at all times as would other prudent owners of similar property;
- (d) to allow the Mortgagee and its appointees to have access to the property at all reasonable times;
- (e) to pay the Mortgagee any late payment or nsf fee provided for in the commitment letter;
- (f) to provide postdated cheques as required by the commitment letter;

- (g) at the Mortgagee's request, to deliver or cause to be delivered to the Mortgagee promptly such information about the financial condition and operation with respect to the Land as the Mortgagee may request from time to time;
- (h) any and all payments, including full repayment, must be received at the offices of the Mortgagee by 12:00 noon in order to be credited on the date received, failing which they are to be credited on the next banking day.

STATEMENTS

47. The Mortgagor will provide to the Mortgagee upon request, such financial and supporting data as the Mortgagee may require, reflecting all material information with respect to the status and operation of the project on the Land. Additionally the Mortgagor shall, within 120 days after each fiscal year end of the Mortgagor, provide to the Mortgagee current financial statements, prepared and certified by a chartered accountant acceptable to the Mortgagee, which statements shall include a balance sheet and a statement of income and expenditures with supporting notes and schedules, together with an unaudited statement by the Mortgagor segregating the operation of the project on the Land. The Mortgagor shall upon the request of the Mortgagee ensure that any guarantors of the mortgage debt provide sworn personal net worth statements to the Mortgagee.

PARTIAL DISCHARGES

48. The Mortgagor shall be entitled to a partial discharge of all or any of the units upon a written request for the same provided that all of the following conditions are satisfied; namely:

- (a) the Mortgagor shall not be in default hereunder;
- (b) the Mortgagor shall pay the Loan Processing and Administration Fee as set out in clause 10 of the loan commitment letter; and
- (c) the Mortgagee shall receive \$212,500.00 per unit.

IN WITNESS WHEREOF the Mortgagor has duly executed these presents on the 5 day of February, 2014.

1798582 ALBERTA LTD.

Per: 

Per: _____

This is Exhibit "K" referred
to in the Affidavit of

Jack Ellis

Sworn before me this 12 day
of July, 2018.



A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL 604-687-1323

Exhibit K

Arres Capital Inc.
Suite 204, 1324-11th Avenue SW
Calgary, AB T3C 0M6 Canada
Tel: 403-261-9955 Fax: 403-264-9954
arrescapital.com

ARRES
We Provide The Best Real Estate Solutions

"B"

February 12, 2014

To: registrar of land titles

Further to the order of the learned Mather Breitkeruz, pronounce February 3rd 2014 and submitted for registration concurrent with this letter, please accept this letter as your authority pursuant of paragraph 5 above noted order to transfer title units 63,65 and 67 of condominium Plan 0827766 to Arres Capital Inc of #204 1324 11 Avenue SW Calgary Alberta , T3C0M6

Per: Wes Serra

Director

THIS IS EXHIBIT " B
referred to in the Affidavit of
Gregory J. Forest
Sworn before me this 2
day of July A.D. 2014
Karen Ann Bradley
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
A NOTARY PUBLIC

KAREN ANN BRADLEY

A Commissioner for Oaths in and for the
Province of Alberta

My Commission Expires: September 10, 2014

Arres Capital Inc.
Suite 204, 1324-11th Avenue SW
Calgary, AB T3C 0M6 Canada
Tel: 403-261-9955 Fax: 403-264-9954
arrescapital.com



We Provide Unique Financial Solutions

February 12, 2014

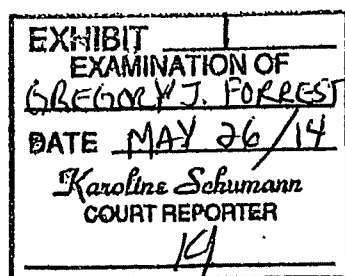
To: registrar of land titles

Further to the order of the learned Mather Breitkeruz, pronounce February 3rd 2014 and submitted for registration concurrent with this letter, please accept this letter as your authority pursuant of paragraph 5 above noted order to transfer title units 48,,55 68 and 69 of condominium Plan 0827766 to 1798582 Alberta Ltd of #204 1324 11 Avenue SW Calgary Alberta, T3C0M6

A handwritten signature in black ink, appearing to read "Wes Serra".

Per: Wes Serra

Director



This is Exhibit " L " referred
to in the Affidavit of

John Ellis

Sworn before me this 12th day
of July, 20 18.



A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit L

02/18/2014 18:34 Sugimoto Calgary

(FAX)403 735 1712

P.002/004

CLERK'S STAMP

COURT FILE NUMBER 0903-17685 and 0903-17684

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFFS ARRES CAPITAL INC.

DEFENDANTS GRAYBRIAR LAND COMPANY LTD. and GRAYBRIAR
GREENS INC.

DOCUMENT ORDER

ADDRESS FOR SERVICE SUGIMOTO & COMPANY
AND CONTACT Barristers & Solicitors
INFORMATION OF PARTY 204, 2635 - 37th Avenue NE
FILING THIS DOCUMENT Calgary, Alberta T1Y 5Z6
Taimur (Ty) Akbar
Phone: (403) 219-4211; Fax: (403) 291-4099
File: 15146

DATE ON WHICH ORDER WAS PRONOUNCED: February 14, 2014

NAME OF JUSTICE WHO MADE THIS ORDER: S. D. Hillier

LOCATION WHERE THIS ORDER WAS MADE: EDMONTON

UPON hearing from Counsel for Arres Capital Inc. in the within Actions as well as in Action No. 1301-10892 ; AND UPON hearing from Counsel for the Applicants, being the Plaintiffs in Action No. 1301-10892 (the "Applicants" and the "Related Action"); AND UPON being advised that the within Defendants are not a party to this Application or this Order;

IT IS HEREBY ORDERED THAT:

1. The time for service of materials for the hearing of the Application for this Order is abridged.
2. The land relevant to this Order is as follows:

CONDOMINIUM PLAN 0827766

UNIT 48

AND 83 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON
PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766

UNIT 55

AND 83 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON
PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766

UNIT 63

AND 83 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON
PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766

UNIT 65

AND 83 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON
PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766

UNIT 67

AND 83 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON
PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766

UNIT 68

AND 83 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON
PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 0827766

UNIT 69

AND 83 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON
PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

(collectively the "Land")

3. The February 3, 2014 Order of the Learned Master W. Breitkreuz (the "Foreclosure Order"), as amended by the February 7, 2014 Order of the Learned Master L.A. Smart,

02/18/2014 18:35 Sugimoto Calgary

(FAX)403 735 1712

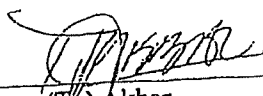
P.004/004

is stayed pending further Order of this Honourable Court or the consent of the parties hereto.

4. This Order shall be registered by the Land Titles Office in respect of the Land forthwith and in priority to the above noted Foreclosure Order, notwithstanding the Land Titles registration process.
5. The Applicants are granted leave to register their interest in the Land by way of a Caveat registered on title to that Land in accordance with and subject to the relevant provisions of the *Land Titles Act*.
6. The Registrar of Land Titles shall comply with this Order notwithstanding Section 191(1) of the *Land Titles Act*.
7. This matter is returnable March 10, 2014, in Justice Chambers at the Calgary Courts Centre, for the parties to speak to.
8. Costs of this Order shall be spoken to by the parties to this Order and set down by this Honourable Court at a later date.
9. This Order may be approved in counterpart and by facsimile or electronic mail.

J.C.C.Q.B.A**APPROVED AS TO FORM AND CONTENT:****Sugimoto & Company**

Per:

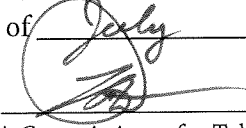

Taimur (T) Akbar
Counsel for the Applicants**Pelletier Law**

Per:

Ryan P. Pelletier
Counsel for Arres Capital Inc. in the
Related Action

This is Exhibit "M" referred
to in the Affidavit of

Jack Ellis
Sworn before me this 12th day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit M

RECEIVED 10/27/2014 02:26PM 403-291-4099

SUGIMOTO & COMPANY

780-422-9742

QB Civil

02:17:10 p.m.

10-27-2014

2/5
02/05

COURT FILE NUMBER

0903-17684 and 0903-17685

COURT

COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE

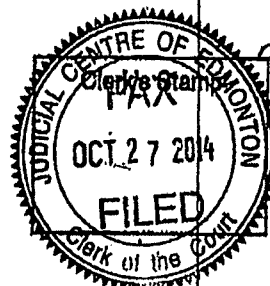
EDMONTON

RESPONDENT
(PLAINTIFF)

ARRES CAPITAL INC.

NON-PARTICIPANTS
(DEFENDANTS)GRAYBRIAR LAND COMPANY LTD. and GRAYBRIAR
GREENS INC.APPLICANTS
(NON-PARTIES)

RICHCROOKS ENTERPRISES (2000) LTD. AND
RICHCROOKS HOLDINGS LTD., 518478 ALBERTA LTD.,
DEMEI FINANCIAL CORP, GREENMAR HOLDINGS INC.,
ACCESS MORTGAGE INVESTMENT CORPORATION
(2004) LIMITED., 4-A PROFESSIONAL SERVICES LTD.,
TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE
INVESTMENTS LTD., SWARTZ BROS. LIMITED,
CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW
FINANCE, PAUL KORNLYO, MAX FELDMAN, SONYA
SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE
CARSON, DELORES CARSON, LEEA
KRISHNOMOURTHY, MARGUERITE MCRTCHIE, PRITI
GAUR, MADHU GAUR, WENDY MCKENNA, JANET
LORRAINE WATSON, JIM WATT, GASTON
RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFS,
ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE
KURTZ, KEVIN R. PEDERSEN, SUSAN FINE, CAROL
KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG



DOCUMENT

ORDER

ADDRESS FOR SERVICE
AND
CONTACT INFORMATION
OF
PARTY FILING THIS
DOCUMENT

SUGIMOTO & COMPANY
Barristers & Solicitors
204, 2635 - 37th Avenue NE
Calgary, Alberta, T1Y 5Z6
Solicitor of Record: Loran V. Halyn
Direct: 403-219-4213
Fax: 403-291-4099
Email: lhalyn@sugimotolaw.com
File: 16,146 LVH

DATE ON WHICH ORDER WAS PRONOUNCED: September 15, 2014

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice J. Streifel

LOCATION WHERE THIS ORDER WAS MADE: Calgary

ORDER

UPON THE RETURN of the Application of the Applicants seeking to extend the Order of The Honourable Mr. Justice S.D. Hillier pronounced on February 14, 2014 (the "Hillier Order") staying the Order of the Learned Master W. Breitkreuz dated February 3, 2014 (the "Foreclosure Order"), as amended by the February 7, 2014 Order of the Learned Master L.A. Smart (the "Smart Order"), all granted. In the within action; AND UPON REVIEWING the Affidavit and Supplemental Affidavit of Gaye Saruwatari; the Affidavit and Supplementary Affidavit of Wes Serra; the Affidavit of Gregory J. Forrest and the transcripts of the questioning of Gaye Saruwatari, Wesley Serra and Gregory J. Forrest; AND UPON CONSIDERING the submissions of Counsel for the Plaintiff, Counsel for the Applicants, and Counsel for Terrapin Mortgage Investment Corp. ("Terrapin");

IT IS HEREBY ORDERED THAT:

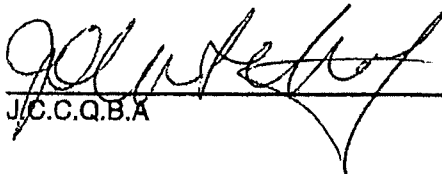
1. The Applicants' application for an indefinite stay of the Foreclosure Order is dismissed.
2. The Foreclosure Order is stayed pending the following steps being taken by the Applicants prior to this matter returning to Court on the Commercial List on October 7, 2014 at 10:00 am (the "Next Hearing"):
 - a. Filing and serving an Undertaking as to Damages in a form satisfactory to the Court;
 - b. Filing and serving a further application with supporting affidavit(s) and materials requesting one or all of:
 - i. Intervenor status or standing to participate in the within action;
 - ii. Consolidation of the within Action with Action No. 1301-10892 (the "Richcrooks Action"), on terms or otherwise;
 - iii. The setting aside of the Foreclosure Order;
 - iv. Appeal of the Foreclosure Order, including an extension of time for such Appeal; and/or

v. A continuation of the Interim stay of the Foreclosure Order.

3. On October 7, 2014, or such later date as directed by this Honourable Court or consented to between the parties, this Honourable Court shall address the stay of the Foreclosure Order set out at paragraph 2, above, including the issue of the Applicants' compliance with paragraph 2, above, and whether such compliance justifies the continued interim stay of the Foreclosure Order.
4. The Clerk of the Court in Calgary is directed to accept for filing in Calgary all materials referenced in this Order as well as any responding materials to be filed pursuant to this Order.
5. Counsel for the Applicants shall use all reasonable efforts to file the Applicants' Undertaking as to Damages and further application materials as referenced in paragraph 2, above, by September 26, 2014, but in any event, such Applicants' Undertaking as to Damages and further application materials shall be filed and served by no later than the close of business on September 30, 2014.
6. Terrapin is granted leave to file a further application with supporting affidavit(s) and materials in this Action provided that such Application and supporting materials are filed and served by no later than the close of business on October 3, 2014.
7. 1798582 Alberta Ltd. shall be served with a copy of this Order and the Applicants' filed Undertaking as to Damages and further application materials, by delivery to its registered office and is granted leave to attend and make submissions to the Court regarding the subject matter of this Order.
8. In the event the Applicants fail to comply with paragraphs 2 and 5 of this Order, the Hillier Order, and particularly the stay of the Foreclosure Order set out therein, shall be immediately vacated.
9. The costs and similar issues relating to the subject matter of this Order shall be addressed by this Honourable Court on October 7, 2012 at 10:00 am or at such later

date as is directed by this Honourable Court or agreed to between the parties to this Order.

10. This Order may be approved in counterpart and by electronic mail.

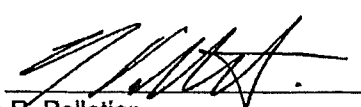

J.C.C.Q.B.A.

APPROVED AS THE ORDER GRANTED:

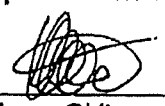
Sugimoto & Company

Per: 
Loran V. Halyn
Counsel for the Applicants

Pelletier Law

Per: 
Ryan P. Pelletier,
Counsel for the Plaintiff


Bishop & McKenzie LLP

Per: 
Kerry Lynn Okita
Counsel for Terrapin

This is Exhibit "N" referred
to in the Affidavit of

Jane Ellis

Sworn before me this 12 day
of July, 20 18.



A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit N

COURT FILE NUMBER ~~0901-02753 and 0901-03332~~
~~0903-17684 and 0903-17685~~

COURT

COURT OF QUEEN'S BENCH
 OF ALBERTA
 CALGARY

JUDICIAL CENTRE

RESPONDENT
 (PLAINTIFF)
 NON-PARTICIPANTS
 (DEFENDANTS)
 APPLICANT
 (NON-PARTIES)

ARRES CAPTIAL INC.

GRAYBRIAR LAND COMPANY LTD. AND
 GRAYBRIAR GREENS INC

RICHCROOKS ENTERPRISES (2000) LTD. AND
 RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD.,
 DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC.,
 ACCESS MORTGAGE INVESTMENT CORPORATION (2004)
 LIMITED., 4-A PROFESSIONAL SERVICES LTD.,
 TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE
 INVESTMENTS LTD., SWARTZ BROS. LIMITED,
 CHRISTOPHER SCHULTZ CONSULTING INC.,
 CURLEW FINANCE, PAUL KORYLO, MAX FELDMAN,
 SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN,
 R. BRUCE CARSON, DELORES CARSON,
 LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE,
 PRITI GAUR, MADHU GAUR, WENDY MCKENNA,
 JANET LORRAINE WATSON, JIM WATT,
 GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA,
 GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ,
 MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE,
 CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG

RESPONDENT
 (INTERVENOR)
 RESPONDENT
 (INTERESTED PARTY)

TERRAPIN MORTGAGE INVESTMENT CORP.

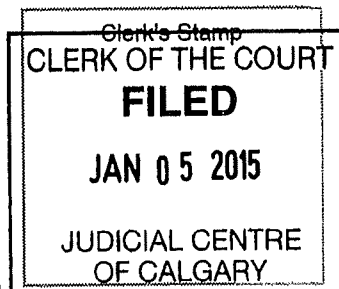
1798583 ALBERTA LTD.

DOCUMENT

ORDER

ADDRESS FOR SERVICE
 AND CONTACT
 INFORMATION OF PARTY
 FILING THIS DOCUMENT

Bishop & McKenzie LLP
 Barristers & Solicitors
 1700, 530 – 8th Avenue SW
 Calgary, Alberta, T2P 3S8
 Attention: Kerry Lynn Okita
 Phone: 403-237-5550
 Fax: 403-263-3423
 File No. 100,672-003 (KLO/ce)



DATE ON WHICH ORDER WAS PRONOUNCED:

December 17, 2014

LOCATION WHERE ORDER WAS PRONOUNCED:

CALGARY, ALBERTA

NAME OF JUSTICE WHO MADE THIS ORDER:

J. STREKAF

UPON THE RETURN of the Applicant's application seeking to extend a temporary continuation the Order of Justice S.D. Hillier (the "Hillier Order"); **UPON REVIEWING** the form of Undertaking as to Damages submitted by the Applicants on October 31, 2014; **UPON REVIEWING** the written arguments of the Applicants, submitted October 31, 2014, and the joint submissions of Arres Capital Inc., Terrapin Mortgage Investment Corp. and 1798582 Alberta Ltd., submitted October 31, 2014;

AND UPON NOTING the Order-Sale to Plaintiff, granted by Master W. Breitkreuz on February 3, 2014, and as amended by Master L.A. Smart ("Order-Sale to Plaintiff"); **UPON NOTING** the emergency application of the Applicants and the resulting Hillier Order, on February 14, 2014; **UPON NOTING** the Order, granted by Master L.A. Smart on February 28, 2014 selling Unit 55:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The Undertaking as to Damages proffered by the Applicant was not a meaningful undertaking satisfactory to the Court.
2. The Order of the Honourable Mr. Justice S.D. Hillier, dated February 14, 2014 (the "**Hillier Order**"), shall be vacated and of no force or effect as of January 15, 2015.
3. The Order of the Learned Master W. Breitkreuz, dated February 3, 2014, as amended by the February 7, 2014 Order of the Learned Master L.A. Smart (the "**Order-Sale to Plaintiff**") shall be given full force and effect, and shall be:
 - a. submitted to the Land Titles Office currently with a copy of this Order, and correspondence from the Plaintiff's counsel directing the actions set out in paragraph 4(a) and (b); and
 - b. to be varied by this Order as set out in paragraph 4(d).
4. Recognizing the effect of paragraph 3, the Registrar of Land Titles is directed to take the following steps:
 - a. The Registrar of Land Titles shall transfer title to the following properties to 1798582 Alberta Ltd.:
 - i. Condominium Plan 0827766
Unit 48
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals
 - ii. Condominium Plan 0827766
Unit 68
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals
 - iii. Condominium Plan 0827766
Unit 69
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals.
 - b. The Registrar of Land Titles shall resister the mortgage of Terrapin Mortgage Investment Corp. in the amount of \$426,000.00, against title to each of the 179 Properties.

c. The Registrar of Land Titles shall transfer title to the following properties to Arres Capital Inc.:

- i. Condominium Plan 0827766
Unit 63
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals
- ii. Condominium Plan 0827766
Unit 65
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals
- iii. Condominium Plan 0827766
Unit 67
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals.

d. Recognizing the effect of the Order-Sale to Plaintiff and the Order of Master L. A. Smart, granted and filed on February 28, 2014 in this action, the Registrar of Land Titles is directed to leave unaffected title to the following property:

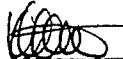
- i. Condominium Plan 0827766
Unit 55
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals.

5. The Registrar of Land Titles shall comply with this Order forthwith notwithstanding the provisions of Section 191 of the *Land Titles Act*

JUSTICE IN CHAMBERS

APPROVED AS ORDER GRANTED:

Bishop & McKenzie LLP

Per: 
Kerry Lynn Okita, counsel for
Terrapin Mortgage Investment Corp.

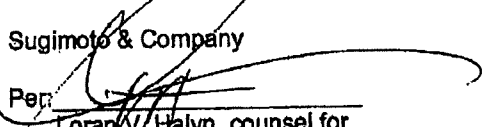
DLBH LAW

Per: _____
Judy Burke, counsel for
1798582 Alberta Ltd.

Pelletier Law

Per: 
Ryan P. Pelletier, counsel for
Arres Capital Inc.

Sugimoto & Company

Per: 
Loran V. Halyn, counsel for
the Applicants

c. The Registrar of Land Titles shall transfer title to the following properties to Arres Capital Inc.:

- i. Condominium Plan 0827766
Unit 63
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals
- ii. Condominium Plan 0827766
Unit 65
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals
- iii. Condominium Plan 0827766
Unit 67
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals.

d. Recognizing the effect of the Order-Sale to Plaintiff and the Order of Master L. A. Smart, granted and filed on February 28, 2014 in this action, the Registrar of Land Titles is directed to leave unaffected title to the following property:

- i. Condominium Plan 0827766
Unit 55
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals.

5. The Registrar of Land Titles shall comply with this Order forthwith notwithstanding the provisions of Section 191 of the *Land Titles Act*

" J. Strekat "

JUSTICE IN CHAMBERS

APPROVED AS ORDER GRANTED:

Bishop & McKenzie LLP

Per: _____
Kerry Lynn Okita, counsel for
Terrapin Mortgage Investment Corp.

DLBH LAW
Per: _____
Judy Burke, counsel for
1798582 Alberta Ltd.

Pelletier Law

Per: _____
Ryan P. Pelletier, counsel for
Arres Capital Inc.

Sugimoto & Company
Per: _____
Loran V. Halyn, counsel for
the Applicants

This is Exhibit "0" referred
to in the Affidavit of

Take Ellis

Sworn before me this 12 day
of July, 2018.



A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL 604-687-1323

Exhibit 0

COURT OF APPEAL OF ALBERTA

Form AP-1
[Rule 14.8 and 14.12]

Registrar's Stamp

FILED
 JAN 06 2015
 COURT OF APPEAL
 CALGARY

COURT OF APPEAL FILE NUMBER: 1501-0006 AC
 TRIAL COURT FILE NUMBER: 0903-17684 and 0903-17685
 REGISTRY OFFICE: Calgary
 PLAINTIFF/APPLICANT: ARRES CAPITAL INC.
 STATUS ON APPEAL: Respondent
 PLAINTIFF/APPLICANT: RICHCROOKS ENTERPRISES
 (2000) LTD. AND OTHER, SEE
 ATTACHED SCHEDULE A

STATUS ON APPEAL: Appellant

DEFENDANT/RESPONDENT: GRAYBRIAR LAND COMPANY
 LTD. and GRAYBRIAR GREENS
 INC.

STATUS ON APPEAL: Not a Party to the Appeal

DEFENDANT/RESPONDENT: TERRAPIN MORTGAGE
 INVESTMENT CORP. and
 1798583 ALBERTA LTD.

STATUS ON APPEAL: Respondent

DOCUMENT: **CIVIL NOTICE OF APPEAL**

APPELLANT'S ADDRESS FOR
 SERVICE AND CONTACT
 INFORMATION: SUGIMOTO & COMPANY
 Barristers and Solicitors
 204, 2635 – 37 Avenue NE
 Calgary, Alberta, T1Y 5Z6
 Solicitor of Record: Loran V. Halyn
 Direct: 403-219-4213
 Fax: 403-291-4099
 Email: lhalyn@sugimotolaw.com
 File: 15,146 LVH

WARNING

To the Respondent: If you do not respond to this appeal as provided for in the Alberta Rules of Court, the appeal will be decided in your absence and without your input.

1. Particulars of Judgment, Order or Decision Appealed From:Date pronounced: December 17, 2014Date entered: Not yet enteredDate served: Not yet served

Official neutral citation of reasons for decision, if any:

(do not attach copy) N/A

(Attach a copy of order or judgment: Rule 14.12(3). If a copy is not attached, indicate under item 14 and file a copy as soon as possible: Rule 14.18(2).)

2. Indicate where the matter originated:☒ Court of Queen's BenchJudicial Centre: CalgaryJustice: The Honourable Justice J. StrekafOn appeal from a Queen's Bench Master or Provincial Court Judge?: ☐ Yes ☒ No

Official neutral citation of reasons for decision, if any, of the Master or Provincial Court Judge:

(do not attach copy) N/A

(If originating from an order of a Queen's Bench Master or Provincial Court Judge, a copy of that order is also required: Rule 14.18(1)(c).)

☐ Board, Tribunal or Professional Discipline Body

Specify Body: _____

3. Details of Permission to Appeal, if required (Rules 14.5 and 14.12(3)(a)):☒ Permission not required, or ☐ Granted

Date: _____

Justice: _____

(Attach a copy of order, but not reasons for decision.)

4. Portion being appealed (Rules 14.12(2)(c)):☒ Whole, or☐ Only specific parts (If specific part, indicate which part):**5. Provide a brief description of the issues:**

The Appellants (Applicants), Richcrooks Enterprises (2000) Ltd. et al. are the beneficial owners of

* NOT beneficial owners → beneficial MORTGAGEES!

real property near Edmonton. The Respondent (Plaintiff), Arres Capital Inc. ("Arres") was acting as bare trustee for the Appellants and was prosecuting foreclosure proceedings in Edmonton regarding the Appellants' trust property. While litigation between the Appellants and Arres was extant in Calgary, and after Arres had been terminated as Appellants' trustee, Arres obtained an Order from a Master in the Edmonton foreclosure proceedings without prior notice to the Appellants in order to transfer Appellants' trust property to a party related to Arres (the Respondent, 1798583 Alberta Ltd.) and encumbering that property with a mortgage (from the Respondent, Terrapin Mortgage Investment Corp.), thereby prejudicing the Appellants' interests in the trust property. TRUST PROPERTY??

The Appellants applied for and obtained an Order from a justice staying the Master's Order pending a further hearing into the matter in Calgary.

After several appearances, the filing of multiple written submissions, and a further application by the Appellants, the Court of Queen's Bench sitting in Calgary dismissed the application of the Appellants seeking an indefinite or continuing stay of the Master's Order pending determination of the rights of all interested parties, on the basis that the Appellants had failed to provide a meaningful Undertaking as to Damages.

6. Provide a brief description of the relief claimed:

An Order staying enforcement and implementation of the Master's Order and Order under appeal that effectively transfer the Appellant's trust property to Arres and to a party related to Arres pending determination of the rights of all interested parties to that trust property.

7. Is this appeal required to be dealt with as a fast track appeal? (Rule 14.14)

☐ Yes ☒ No

8. Does this appeal involve the custody, access, parenting or support of a child? (Rule 14.14(2)(b))

☐ Yes ☒ No

9. Will an application be made to expedite this appeal?

☐ Yes ☒ No

10. Is Judicial Dispute Resolution with a view to settlement or crystallization of issues appropriate? (Rule 14.60)

☐ Yes ☒ No

11. Could this matter be decided without oral argument? (Rule 14.32(2))

☐ Yes ☒ No

12. Are there any restricted access orders or statutory provisions that affect the privacy of this file? (Rule 6.29, 14.12(2)(e), 14.83)

☐ Yes ☒ No

If yes, provide details: _____

(Attach a copy of any order.)

13. List respondent(s) or counsel for the respondent(s), with contact information:

JUDY D. BURKE
 D L B H LAW
 1200, 1015 – 4 Street S.W.
 Calgary, AB T2R 1J4
 PHONE: 403-231-4321
 FAX: 403-263-8529
 EMAIL: judy@dlbhlaw.com
 For 1798583 Alberta Ltd.

RYAN P. PELLETIER
 PELLETIER LAW
 350, 444 – 5 Avenue S.W.
 Calgary, AB, T2P 2T8
 PHONE: 403-407-2630
 FAX: 403-407-2601
 EMAIL: rpelletier@pelletierlaw.ca
 For the Arres Capital Inc.

KERRY LYNN OKITA
 BISHOP & MCKENZIE LLP
 1700, 530 – 8 Avenue S.W.
 Calgary, AB T2P 3S8
 PHONE: 403-237-5550
 FAX: 403-263-3423
 EMAIL: kokita@bmlp.ca
 For Terrapin Mortgage
 Investment Corp.

*If specified constitutional issues are raised, service on the Attorney General is required under s. 24 of the
 Judicature Act: Rule 14.18(1)(c)(viii).*

14. Attachments (as applicable):

- ☒ Order of judgment under appeal if available (not reasons for decision) (Rule 14.12(3))
- ☐ Earlier order of Master, etc. (Rule 14.18(1)(c))
- ☐ Order granting permission to appeal (Rule 14.12(3)(a))
- ☐ Copy of any restricted access order (Rule 14.12(2)(e))

If any document is not available, it should be appended to the factum, or included elsewhere in the appeal record.

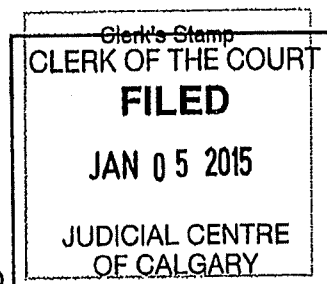
SCHEDULE A

COURT FILE NUMBER 0901-02753 and 0901-03332
~~0903-17684 and 0903-17685~~

COURT COURT OF QUEEN'S BENCH
 OF ALBERTA
 JUDICIAL CENTRE CALGARY

RESPONDENT ARRES CAPTIAL INC.
 (PLAINTIFF)
 NON-PARTICIPANTS GRAYBRIAR LAND COMPANY LTD. AND
 (DEFENDANTS) GRAYBRIAR GREENS INC

APPLICANT
 (NON-PARTIES) RICHCROOKS ENTERPRISES (2000) LTD. AND
 RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD.,
 DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC.,
 ACCESS MORTGAGE INVESTMENT CORPORATION (2004)
 LIMITED., 4-A PROFESSIONAL SERVICES LTD.,
 TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE
 INVESTMENTS LTD., SWARTZ BROS. LIMITED,
 CHRISTOPHER SCHULTZ CONSULTING INC.,
 CURLEW FINANCE, PAUL KORNLYO, MAX FELDMAN,
 SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN,
 R. BRUCE CARSON, DELORES CARSON,
 LEELA KRISHNOMOURTHY, MARGUERITE MORITICHIE,
 PRITI GAUR, MADHU GAUR, WENDY MCKENNA,
 JANET LORRAINE WATSON, JIM WATT,
 GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA,
 GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ,
 MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE,
 CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG



RESPONDENT TERRAPIN MORTGAGE INVESTMENT CORP.
 (INTERVENOR)
 RESPONDENT 1798583 ALBERTA LTD.
 (INTERESTED PARTY)

DOCUMENT ORDER

ADDRESS FOR SERVICE Bishop & McKenzie LLP
 AND CONTACT Barristers & Solicitors
 INFORMATION OF PARTY 1700, 530 - 8th Avenue SW
 FILING THIS DOCUMENT Calgary, Alberta, T2P 3S8
 Attention: Kerry Lynn Okita
 Phone: 403-237-5550
 Fax: 403-263-3423
 File No. 100,672-003 (KLO/ce)

DATE ON WHICH ORDER WAS PRONOUNCED: December 17, 2014
 LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY, ALBERTA
 NAME OF JUSTICE WHO MADE THIS ORDER: J. STREKAF

UPON THE RETURN of the Applicant's application seeking to extend a temporary continuation the Order of Justice S.D. Hillier (the "Hillier Order"); **UPON REVIEWING** the form of Undertaking as to Damages submitted by the Applicants on October 31, 2014; **UPON REVIEWING** the written arguments of the Applicants, submitted October 31, 2014, and the joint submissions of Arres Capital Inc., Terrapin Mortgage Investment Corp. and 1798582 Alberta Ltd., submitted October 31, 2014;

AND UPON NOTING the Order-Sale to Plaintiff, granted by Master W. Breitzkreuz on February 3, 2014, and as amended by Master L.A. Smart ("Order-Sale to Plaintiff"); **UPON NOTING** the emergency application of the Applicants and the resulting Hillier Order, on February 14, 2014; **UPON NOTING** the Order, granted by Master L.A. Smart on February 28, 2014 selling Unit 55:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The Undertaking as to Damages proffered by the Applicant was not a meaningful undertaking satisfactory to the Court.
2. The Order of the Honourable Mr. Justice S.D. Hillier, dated February 14, 2014 (the "Hillier Order"), shall be vacated and of no force or effect as of January 15, 2015.
3. The Order of the Learned Master W. Breitzkreuz, dated February 3, 2014, as amended by the February 7, 2014 Order of the Learned Master L.A. Smart (the "Order-Sale to Plaintiff") shall be given full force and effect, and shall be:
 - a. submitted to the Land Titles Office currently with a copy of this Order, and correspondence from the Plaintiff's counsel directing the actions set out in paragraph 4(a) and (b); and
 - b. to be varied by this Order as set out in paragraph 4(d).
4. Recognizing the effect of paragraph 3, the Registrar of Land Titles is directed to take the following steps:
 - a. The Registrar of Land Titles shall transfer title to the following properties to 1798582 Alberta Ltd.:
 - i. Condominium Plan 0827766
Unit 48
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals
 - ii. Condominium Plan 0827766
Unit 68
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals
 - iii. Condominium Plan 0827766
Unit 69
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals.
 - b. The Registrar of Land Titles shall register the mortgage of Terrapin Mortgage Investment Corp. in the amount of \$426,000.00, against title to each of the 179 Properties.

c. The Registrar of Land Titles shall transfer title to the following properties to Arres Capital Inc.:

- i. Condominium Plan 0827766
Unit 63
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals
- ii. Condominium Plan 0827766
Unit 65
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals
- iii. Condominium Plan 0827766
Unit 67
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals.

d. Recognizing the effect of the Order-Sale to Plaintiff and the Order of Master L. A. Smart, granted and filed on February 28, 2014 in this action, the Registrar of Land Titles is directed to leave unaffected title to the following property:

- i. Condominium Plan 0827766
Unit 55
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals.

5. The Registrar of Land Titles shall comply with this Order forthwith notwithstanding the provisions of Section 191 of the *Land Titles Act*

JUSTICE IN CHAMBERS

APPROVED AS ORDER GRANTED:

Bishop & McKenzie LLP

Per: 

Kerry Lynn Okita, counsel for
Terrapin Mortgage Investment Corp.

DLBH LAW

Per: 

Judy Burke, counsel for
1798582 Alberta Ltd.

Pelletier Law

Per: 

Ryan P. Pelletier, counsel for
Arres Capital Inc.

Sugimoto & Company

Per: 

Lorain V. Halyn, counsel for
the Applicants

c. The Registrar of Land Titles shall transfer title to the following properties to Arres Capital Inc.:

- i. Condominium Plan 0827766
Unit 63
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals
- ii. Condominium Plan 0827766
Unit 65
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals
- iii. Condominium Plan 0827766
Unit 67
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals.

d. Recognizing the effect of the Order-Sale to Plaintiff and the Order of Master L. A. Smart, granted and filed on February 28, 2014 in this action, the Registrar of Land Titles is directed to leave unaffected title to the following property:

- i. Condominium Plan 0827766
Unit 65
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting Thereout All Mines and Minerals.

5. The Registrar of Land Titles shall comply with this Order forthwith notwithstanding the provisions of Section 191 of the *Land Titles Act*

" J. Strekal "

JUSTICE IN CHAMBERS

APPROVED AS ORDER GRANTED:

Bishop & McKenzie LLP

Per: _____
Kerry Lynn Okita, counsel for
Terrapin Mortgage Investment Corp.

DLBH LAW
Per: _____
Judy Bujke, counsel for
1798682 Alberta Ltd.


Pelletier Law

Per: _____
Ryan P. Pelletier, counsel for
Arres Capital Inc.

Sugimoto & Company
Per: _____
Loran V. Halyn, counsel for
the Applicants

This is Exhibit "P" referred
to in the Affidavit of

Take Ellis
Sworn before me this 12 day
of July, 20 18.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit P

COURT OF APPEAL OF ALBERTA

COURT OF APPEAL FILE NO. 1501-0006-AC

TRIAL COURT FILE NUMBER 0903-17684 and 0903-17685

REGISTRY OFFICE CALGARY

PLAINTIFF **ARRES CAPITAL INC.**

STATUS ON APPEAL RESPONDENT

DEFENDANTS **GRAYBRIAR LAND COMPANY LTD. and
GRAYBRIAR GREENS INC.**

STATUS ON APPEAL NOT A PARTY TO THE APPLICATION

APPELLANTS **RICHCROOKS ENTERPRISES (2000) LTD. AND
RICHCROOKS HOLDINGS LTD., 515476
ALBERTA LTD., DEMEL FINANCIAL CORP,
GREENMAR HOLDINGS INC., ACCESS
MORTGAGE INVESTMENT CORPORATION
(2004) LIMITED., 4-A PROFESSIONAL
SERVICES LTD., TEMPEST MANAGEMENT INC.,
HUDSON PRINCIPLE INVESTMENTS LTD.,
SWARTZ BROS. LIMITED, CHRISTOPHER
SCHULTZ CONSULTING INC., CURLEW
FINANCE, PAUL KORNLYO, MAX FELDMAN,
SONYA SMITH, NORMAN MARTIN, BERNICE
MARTIN, R. BRUCE CARSON, DELORES
CARSON, LEELA KRISHNOMOURTHY,
MARGUERITE MCRITCHIE, PRITI GAUR,
MADHU GAUR, WENDY MCKENNA, JANET
LORRAINE WATSON, JIM WATT, GASTON
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SEKIYA, HOLLY SEKIYA AND STEVEN OGG**

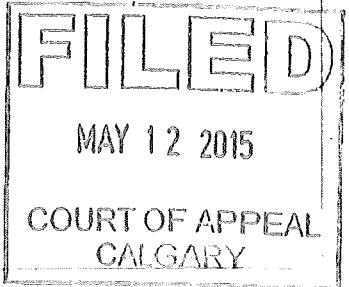
STATUS ON APPEAL APPELLANTS

RESPONDENTS **TERRAPIN MORTGAGE INVESTMENT CORP.
and 1798583 ALBERTA LTD.**

STATUS ON APPEAL RESPONDENTS

DOCUMENT **FACTUM OF THE APPELLANTS**

Registrar's Stamp



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Appeal from the Order of
The Honourable Justice J. Strekaf
Date Pronounced December 17, 2014
Date Entered January 5, 2015

FACTUM OF THE APPELLANTS

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FACTUM OF THE APPELLANTS

TABLE OF CONTENTS

	PAGE #
INTRODUCTION	4
PART I -- STATEMENT OF FACTS	5
PART II -- GROUNDS OF APPEAL	17
PART III -- POINTS OF LAW	17
<u>STANDARD OF REVIEW</u>	17
<u>ARGUMENT</u>	17
PART IV -- NATURE OF RELIEF SOUGHT	23
APPENDIX – <i>REAL ESTATE ACT</i> EXCERPTS	Tab 1

TABLE OF AUTHORITIES

Pendosi Holdings Ltd. v. The Forzani Group Ltd., 2011 ABCA 171

McCaffery Group Inc. v Bradlee [1997] A.J. No. 453, 204 A.R. 334

Halewood International Ltd v Spider Beverage Co Inc, 2014 ABQB 300

INTRODUCTION

1. This appeal questions what constitutes a meaningful undertaking as to damages. The issue is whether the Undertakings as to Damages given on behalf of the Appellants were sufficient as a matter of law given the factual matrix of this case.
2. This appeal relates to the propriety of the conduct of a bare trustee (the Respondent Arres Capital Inc. ("Arres")) purporting to continue to act on behalf of beneficiaries, after the majority of the beneficiaries (the Appellants) had terminated the trust and commenced litigation against the trustee claiming misappropriation of \$870,000 of trust funds, and after the trustee's statutory authority to act for the beneficiaries had been revoked by the governing regulatory agency having authority over the trustee.
3. In this case, Arres, a licensed "mortgage broker" under the *Real Estate Act*, attempted to continue to administer a mortgage and prosecute the related foreclosure as trustee for the Appellants, after the Appellants' termination of the trust and after cancellation of Arres' mortgage brokerage license, it being Arres' plan to surreptitiously obtain a court order in the foreclosure allowing Arres to misappropriate trust property comprising condominium units valued in excess of \$1,000,000 without any prior proper accounting or substantiation by Arres of its \$1,000,000+ claim to either the Appellants or the Court.
4. The Appellants serendipitously learned of Arres' plan after the court order transferring trust property to Arres had been granted but before that order could be implemented. On notice to and with the participation of Arres' counsel, the Appellants sought on an emergency basis and obtained a court ordered stay of the order Arres had secretly taken out. The stay of the order prevented Arres from taking trust property, preserved the status quo but did not prejudice Arres' right to eventually prove its \$1,000,000+ claim and get paid from the total trust property valued in excess of \$1,750,000.
5. The Court eventually requested the Appellants' file an Undertaking as to Damages as a condition of continuing the stay and then ruled such undertaking was not meaningful or satisfactory, notwithstanding the Appellants' 61% interest in the mortgage and trust property subject to the foreclosure was offered as security for continuing the stay.
6. The Court lifted the stay, enabling Arres to take another \$1,000,000+ more of trust property from the Appellants and other Graybriar investors. The Appellants appealed.

PART I -- STATEMENT OF FACTS

7. The material factual background to this matter is not generally in dispute.
8. Unless otherwise specifically indicated, the facts set forth below are taken directly from the Affidavit of Doreen Richards sworn September 29, 2014 and filed in this action on September 30, 2014 on behalf of all Appellants. Ms. Richards is the principal of the Appellants, Richcrooks Enterprises (2000) Ltd. and Richcrooks Holdings Ltd., and was authorized by the Appellants to be their representative in the litigation between the Appellants and Arres. Ms. Richards' Affidavit references, incorporates and exhibits an earlier Affidavit sworn by Ms. Richards on January 16, 2014 and filed January 17, 2014 in the lawsuit between the Appellants and Arres, wherein the Appellants allege misappropriation of trust funds by Arres in the total amount of approximately \$870,000.
9. Substantiating documents will be included in the Appellants' *Extracts of Key Evidence* ("EKE") and will be referenced below by tab number.

BACKGROUND

The Trust Relationship between Arres and the Appellants

10. Arres is the Appellants' bare trustee, bound by the terms and provisions of a standard written trust agreement between Arres and each Appellant styled "Trust Agreement Graybriar Greens Inc. – Phase 2" (the "Trust Agreement") [*EKE, Tab 1*], relating to a \$9 million syndicated Mortgage secured by a loan and mortgage (the "Mortgage") funded by the Appellants and other investors to finance a condominium development called "Graybriar" in or about July 2008.
11. As a result, the Graybriar investors, including the Appellants, were the beneficial mortgagees with Arres acting as their representative.
12. The Appellants' individual contributions to the Mortgage amount is set out in *EKE, Tab 2*.

13. The Trust Agreement included the Commitment Letter setting out the terms of the Mortgage, which indicated at clause 16 – “Renewal of Mortgage after Maturity” [*EKE, Tab 1 - page 18 of the Trust Agreement*] that the renewal fee payable by the borrower would be 2% of the principal balance owing. Consequently, any renewal fee payable to Arres by the borrower (Graybriar defendants) could not exceed 2% of \$9,000,000, or \$180,000.
14. Arres’ trustee duties included administering the Mortgage, managing the collection of Mortgage payments from the Graybriar borrowers and distributing those Mortgage payments amongst the investors, less Arres’ expenses in administering the Mortgages, all in accordance with the investors’ trust agreement. Clause 4.5 of the Trust Agreement provides as follows:

“The Trustee [Arres] shall on a monthly basis, remit to the Investor all amounts received by the Trustee on account of the Investor’s Proportionate Share including interest payable thereon at the rate set out in the Mortgage Summary, less any expenses or disbursements properly payable to the Trustee by the Investor with regard to the Mortgage.”
15. Wesley Serra (“Serra”) is the sole director and controlling mind of Arres.
16. Under the Trust Agreement, the Appellants are not made explicitly responsible and liable for any brokerage fees or any other amounts that may be due and payable to Arres by the Graybriar defendants – the Plaintiffs only appear to be responsible for Arres’ expenses and disbursements incurred in administering the Mortgage.

Arres’ status as a “Mortgage Broker”

17. Until November 1, 2013, Arres represented the Appellants and other investors as a licensed and authorized “mortgage broker” under the *Real Estate Act*, R.S.A. 2000, c. R-5 [*Appendix Tab 1*], which is defined as follows:
 - 1.(r) “mortgage broker” means
 - (i) a person who on behalf of another person for consideration or other compensation

- (A) solicits a person to borrow or lend money to be secured by a mortgage,
 - (B) negotiates a mortgage transaction,
 - (C) collects mortgage payments and otherwise administers mortgages, or
- 18. On November 1, 2013, the Real Estate Council of Alberta ("RECA") cancelled or terminated Arres' status as a licensed "mortgage broker" under the *Real Estate Act*.
- 19. Section 17 of the Act provides that "No person shall ... deal as a mortgage broker ... unless that person holds the appropriate authorization for that purpose issued by the Council".
- 20. Therefore, a party must be licensed to have the legally authority to act as a "mortgage broker", administer a mortgage, receive mortgage monies on behalf of others, and receive payment for services rendered as a "mortgage broker".
- 21. Additionally, authorization under the Act is a prerequisite to the right to remuneration for services rendered as a mortgage broker, which is a subcategory of "industry members". Section 21.1 reads as follows:

Authorization required

21.1(1) No person shall charge or collect a commission or other remuneration for services rendered in connection with a transaction in the business of an industry member unless, at the time of rendering the service, the person

- (a) was the holder of the appropriate authorization issued by the Council authorizing the person to render those services, or
- (b) was exempt from the authorization requirements.

(2) A person who has paid a commission or other remuneration to a person who was prohibited under subsection (1) from collecting that commission or other remuneration may bring an action for recovery of the amount so paid.

- 22. Serra has acknowledged during cross-examination that Arres ceased being a licensed and authorized mortgage broker with RECA on November 1, 2013 and had arranged

to have another licensed mortgage broker assume administration of the Mortgage [EKE, Tab 3].

23. Under clause 11.1 of the Trust Agreement, the Appellants have the right to terminate Arres as trustee "If the Trustee assigns or purports to assign this Agreement or any of its rights hereunder without the prior written consent of the Investor". The Appellants have not given Arres their prior written consent to have another mortgage broker assume administration of the Mortgage and do not consent to this arrangement.

Mortgage Default and Foreclosure

24. With the global economic downturn in 2008, the Mortgage went into default and Arres commenced the within foreclosure action in February 2009.
25. The Graybriar defendants were noted in default and Arres prosecuted the foreclosure on behalf of the investors. To maximize the value of the Graybriar development, and because the Graybriar development was still under construction when the foreclosure was started, another party (Timberock North Home Development Limited ("Timberock")) was retained to manage the construction of the Graybriar development and market the completed Graybriar condominium units.
26. Pursuant to court order dated March 8, 2010 [EKE, Tab 4], Timberock was appointed "Construction Manager" to complete construction with the completed units to be judicially listed and sold. Consequently, Arres managed the foreclosure while Timberock managed the construction and marketing of the Graybriar condominium units.

Mortgage trust funds taken by Arres

Trustee Fees

27. From as early as August 31, 2009 to August 31, 2013, Arres has been rendering a monthly "INVOICE TO FILE" purportedly relating to trustee services rendered by Arres relating to the Mortgage. These invoices were then paid by deducting the invoiced

amount from monies received by Arres in connection with the Mortgage before the balance remaining was distributed to the Appellants and other Graybriar investors.

28. The total sum of Trustee Fees charged by and paid to Arres from August 2009 to August 2013 is \$188,170.26.

Mortgage Renewal Fee

29. Arres had regularly deducted Trustee Fees associated with administering and servicing the Mortgage during the course of the Mortgage being paid down and thereafter in connection with the foreclosure and judicial sale of condominium units. The first signal to the Appellants and other Graybriar investors that further amounts were being claimed by Arres, in addition to Trustee Fees as owing in respect of Arres administering the Mortgage, came in correspondence dated August 3, 2012 to the Graybriar investors [EKE, Tab 5]. It is important to note that in this letter [item 1], Arres confirmed that it "did not charge its Brokerage Fee of 2% of the Mortgage. (\$194,000)", albeit other amounts were claimed that were not well understood by the Appellants.
30. By November 2012, Arres apparently had changed its position regarding charging a brokerage fee. Arres' correspondence dated November 10, 2012 [EKE, Tab 6] disclosed to the Appellants for the first time that Arres was now claiming additional charges associated with the Mortgage in the total sum of \$473,050.30, comprised of a "Brokerage Fee" of \$194,000 as well as staff time and charges totaling \$224,918.34, legal fees of \$26,631.96 and accounting fees of \$27,500.00. Arres indicated only \$183,420.54 had been paid to Arres, resulting in a claimed balance owing to Arres of \$289,629.76.
31. By letter dated October 18, 2013 from Arres to the Appellants and other Graybriar Investors [EKE, Tab 7], Arres claimed for the first time that a Mortgage renewal fee from September 2008 was payable by the borrower. Notwithstanding the Commitment Letter attached to the Trust Agreement indicated the maximum renewal fee to be 2% of the principal balance owing, Arres was claiming the amount owing in

respect of the renewal fee was \$738,181.26, and that the Graybriar investors were somehow responsible to pay this fee. Accordingly, Arres advised the Graybriar investors that it was taking and retaining the entire net sale proceeds from the sale of 2 Graybriar condominium units in the total amount of \$481,829.23.

32. Arres' purportedly relies on an agreement dated November 11, 2008 with the Graybriar defendants / borrowers to justify Arres' claim of a long outstanding Mortgage renewal fee [*EKE, Tab 8*]. This agreement indicates a one year renewal of the Mortgage with a principal balance owing of \$8,405,822.36, resulting in a renewal fee of \$336,232.89 (being 4% of the principal balance).
33. Arres does not appear to include in the initial foreclosure Statement of Claim any claim for any outstanding brokerage fees or Mortgage renewal fees. [*EKE, Tab 9*]
34. Ms. Richards' evidence is that Arres had never informed the Graybriar investors that Arres was claiming brokerage fees or Mortgage renewal fees payable by the Graybriar defendants that if unpaid would then become the responsibility of the Graybriar investors. Serra claims Arres informed the Graybriar investors of the renewal fee and all investors agreed to assume liability for that fee if unpaid by the borrower by virtue of a signed acknowledgement, albeit this acknowledgment does not mention any Mortgage renewal fee [*EKE, Tab 10*]

The Appellants' lawsuit against Arres

35. As a result of Arres making several unexplained and substantial deductions from Graybriar trust funds before distributing the balance to the investors, Richcrooks Enterprises (2000) Ltd. and Richcrooks Holdings Ltd. commenced an action against Arres seeking a proper accounting for these deductions and judgment for any proven misappropriated trust funds.
36. When Arres unilaterally kept \$481,829.23 from the Graybriar investors from the sale of 2 condominium units in October 2013 on the basis of a claimed Mortgage renewal fee totalling \$738,181.26, all of the other Appellants joined in the action and the Statement of Claim was amended accordingly [*EKE, Tab 11*].

37. The Amended Statement of Claim alleges misappropriation by Arres and Serra of trust property, breach of trust, and dealing with trust property without authority, as well as the termination of Arres as trustee for the Appellants. The total amount claimed by the Appellants as misappropriated trust funds is approximately \$870,000.

Arres' bankruptcy proceedings

38. Arres became embroiled in bankruptcy proceedings. An Originating Application for Bankruptcy Order brought against Arres by the Appellant, Access Mortgage Corporation (2000) Ltd. and others was filed September 8, 2011 [*EKE, Tab 12*].
39. Arres involvement in bankruptcy proceedings gives rise to the right of the Appellants under clause 11.1 of the Trust Agreement to terminate Arres as trustee for their respective investments in the Mortgage, and related mortgage and foreclosure.
40. As a result of the bankruptcy proceedings commenced against Arres, legal counsel for the Appellants wrote to Arres and its lawyers on October 31, 2013 [*EKE, Tab 13*]. This letter purported to terminate Arres as trustee in respect of the Mortgage and demanded the Graybriar investors represented "receive from the Trustee a transfer of title to the Investor of the Investor's Proportionate Interest in the Mortgage and, for such purposes, the Trustee provides the Investor with its Irrevocable Power of Attorney for such purposes" in accordance with clause 11.1 of the Trust Agreement.
41. Arres did not dispute the termination of its status as trustee for the Applicants nor dispute that its status as a licensed "mortgage broker" under the *Real Estate Act* had also been terminated [*EKE, Tab 14*].

Judgments against Arres

42. Two judgments have been granted against Arres regarding other syndicated Mortgages with other investors (some of whom are Appellants in this matter), both of which have been upheld on appeal by Arres:

- a. Judgment is in excess of \$1,000,000 (subject to adjustments) in an action commenced by Access Mortgage Corporation (2004) Limited (an Appellant in this matter). [*EKE, Tab 15*]
- b. Judgment in excess of \$220,000 in an action commenced by a group of investors who claimed misappropriation of trust funds by Arres in circumstances similar to this matter. [*EKE, Tab 16*].

FORECLOSURE PROCEEDINGS LEADING TO STAY

- 43. On February 3, 2014, Arres applied *ex parte* for a court order in the within foreclosure action [*EKE, Tab 17 – transcript of application*]. The Court granted an order (the "Final Order") which directed the transfer of the last 7 Graybriar condominium units to Arres, and/or any other party designated by Arres [*EKE, Tab 18*]. The Final Order was amended on February 16, 2014 before Master L.A. Smart to correct a few mistakes that prevented the order from being registered at Land Titles.
- 44. The Final Order was obtained by Arres without any notice to, or the consent or authorization of, the Appellant. Several months prior to Arres securing the Final Order:
 - a. the Appellants had terminated Arres as their trustee with respect to the Mortgage [*EKE, Tab 13*],
 - b. Arres' license, status and authority to act on behalf of the Appellants and other Graybriar investors as a "mortgage broker" under the *Real Estate Act* was cancelled by the Real Estate Council of Alberta [*EKE, Tab 3*], and
 - c. the Appellants had commenced a lawsuit against Arres alleging Arres had misappropriated their trust funds received by Arres in connection with the Mortgage in the approximate total amount of \$870,000 [*EKE, Tab 11*].

45. The Appellants serendipitously learned of the Final Order before it could be implemented by Arres, and fearing that Arres was planning on misappropriating from the Appellants some of the value in these 7 condominium units, the Appellants successfully applied on an emergency basis to stay the Final Order. An order was granted in this matter on February 14, 2014 staying the Final Order pending the further consideration of the Appellants' application before the courts in Calgary. [*Appeal Record, Volume 1, pp F1 – F3*].
46. During the course of the proceedings in Calgary to consider the Appellants' application for an indefinite continuation of the stay of the Final Order pending determination of the Appellants' lawsuit against Arres and the entitlement of Arres to any further Graybriar trust assets, the Appellants first learned of Arres' plans regarding the Final Order. Serra swore an Affidavit on March 14, 2014 and filed March 17, 2014 advising it was Arres' intention to take title to 4 of the 7 Graybriar condominium units in full satisfaction of an alleged \$1,232,488.59 purportedly owing to Arres by the Appellants in respect of the Graybriar Mortgage and other Mortgages involving some of the Appellants as investors.
47. While the proceedings in the Calgary courts unfolded regarding consideration of the stay of the Final Order, Arres and the Appellants were able to arrange for the sale of one of the Graybriar condominium units by Order dated February 28, 2014 [*EKE, Tab 19*] and so the stay of the Final Order did not prevent the sale of units.
48. Details regarding what Arres intended to do with the 4 Graybriar condominium units it planned to take were withheld from the Appellants until Gregory J. Forrest filed an Affidavit sworn May 2, 2014 explaining what arrangements had been made regarding the 7 Graybriar condominium units that were the subject matter of the Final Order [*EKE, Tab 20*].
49. Mr. Forrest disclosed that Serra prior to the Final Order had made the following arrangements:

- a. In an email to Mr. Forrest dated January 31, 2014, Serra confirmed that "We have a mortgage that my Wife's company has arranged" for "425K" that was "time sensitive" requiring a "24 [hour] turn around". [*EKE, Tab 21*]
 - b. Utilizing the Final Order and correspondence from Arres addressed to the Registrar of Land Titles [*EKE, Tab 22*], 4 Graybriar condominium units would be immediately transferred to the Respondent, 1798583 Alberta Ltd ("179"), a corporation owned and controlled by Serra's spouse, Stacie Serra;
 - c. Following 179 acquiring title to 4 Graybriar units, 179 would immediately register a mortgage in favour of the Respondent, Terrapin Mortgage Investment Corp. ("Terrapin") in the amount of \$425,000; and
 - d. From the mortgage proceeds received from Terrapin, \$235,000 would be used by Arres to pay into court to secure a stay of enforcement of a judgment against Arres by another group of investors who had sued Arres and Serra alleging misappropriation of trust monies [*EKE, Tab 18 – Exhibits "C" and "D"*].
50. Terrapin advanced mortgage proceeds to Mr. Forrest before the registrations intended by Arres under the Final Order could be implemented, relying on title insurance. When the Final Order was stayed, the 7 Graybriar condominium units could not be transferred to 179 and accordingly Terrapin's mortgage could not be registered against 4 of those units.
51. One of the units intended to be transferred to 179 and mortgaged to Terrapin was unit 55, which unit Arres agreed to have sold under the Consent Order granted February 28, 2014 [*EKE, Tab 19*] without disclosing any interest in that unit on the part of 179 or Terrapin.
52. The Appeal Record, Volume 2 regarding court proceedings in this matter from June 26, 2014 onwards, reveal that the proceedings culminated in the Court inquiring about and then requiring an Undertaking as to Damages from the Appellants to maintain the stay of the Final Order:
- a. Counsel for the Appellants confirmed to the court in oral submissions on June 26, 2014 the Appellants were prepared to provide a joint and several

undertaking as to damages, if it meant the difference between having the stay maintained or lifted [*Appeal Record, Volume 2, p. 58, l. 7 – p. 59, l. 39*].

- b. On September 15, 2014, the court granted an Order dismissing the Appellants' application for an indefinite stay of the Final Order but maintaining the stay of the Final Order pending the Appellants filing and serving:
 - i. an Undertakings as to Damages in a form satisfactory to the court, and
 - ii. a further application for various relief [*Appeal Record, Volume 1, pp. F4 – F7*].
- c. The matter returned to court on October 7, 2014 to further consider the Undertaking as to Damages filed on behalf of the Appellants and deal with the application of the Appellants that have been filed, both in attempted compliance with the September 15, 2014 order.
- d. Counsel for the Appellants conceded to the Court during the October 7, 2014 proceedings that the Undertaking as to Damages had been poorly drafted and was unclear [*Appeal Record, Volume 2, p. 102, l. 22 – p. 105, l. 33*].
- e. The court proceedings on October 7, 2014 concluded with the Court directing the parties to attempt to work out an agreeable process for moving forward and to allow the Appellants to provide a better worded Undertaking as to Damages that if not satisfactory to the Respondents, the Court would then rule on whether the Undertakings as to Damages was satisfactory to the Court. The Court imposed a deadline of October 28, 2014 for the parties to either coming to agreement on how the matter should go forward and on the form of the Appellants' Undertaking as to Damages, failing which the parties were to provide the court written submissions in that regard on the scope of disagreement.
- f. The parties were unable to reach a consensus on how the matter should proceed or regarding the adequacy of the Appellants' Undertaking as to Damages, resulting in the parties providing written submissions to the court on both of these issues.

- g. The Appellants' submissions are provided at *EKE, Tab 23*, insofar as the Appellants' proposed, in addition to the filed Undertaking as to Damages, that the Appellants were willing to put up as security their entire trust interest in the Graybriar Mortgage and properties. This security comprised approximately a 61% beneficial interest in 7 condominium units valued in excess of \$1,750,000, to be paid into court or held in trust. The Appellants further proposed the imposition of additional conditions in conjunction with the Undertaking as to Damages for the benefit of the Respondents, all to be incorporated into an order maintaining and preserving the stay.
53. The Court, after expressing concern that the Appellants had not provided an affidavit in support of the undertaking, and after considering the recent audited financial statements regarding Access' financial circumstances provided by the Appellants, concluded that Access was "not good for the money", and after observing that other security had not been provided by the Appellants, ruled the Undertaking as to Damages proffered on behalf of the Appellants was not a meaningful undertaking satisfactory to the Court, resulting in the stay of Final Order being vacated.
54. At no time did any of the Respondents file an application, supported with affidavit evidence, seeking fortification of the Appellants' Undertaking as to Damages.

PART II -- GROUND OF APPEAL

55. The Learned Chambers Judge erred in finding the Undertaking as to Damages proffered on behalf of the Appellants' was not meaningful and adequate in the context of the factual matrix of this case.

PART III – POINTS OF LAW

STANDARD OF REVIEW

8. The Appellants submit the proper standard of review in cases involving the determination of whether an undertaking as to damages is meaningful and adequate, or requires fortification, is reasonableness. Accordingly, such determination is entitled to appellate deference.

- *Pendosi Holdings Ltd. v. The Forzani Group Ltd.*, 2011 ABCA 171 [Appellants' Book of Authorities ("ABOA"), Tab 1]

ARGUMENT

56. An undertaking as to damages from a party seeking injunctive relief from the court has evolved into a more or less standard-worded promise to the court that the applicant will abide by any order that the court may make as to damages suffered by the affected party in the event the court shall thereafter be of the opinion that the affected party has sustained any damages caused by or by reason of the granting of the injunction.

57. The case of *McCaffery Group Inc. v Bradlee* [1997] A.J. No. 453, 204 A.R. 334 [ABOA, Tab 2] is often cited as an excellent review of the law regarding undertakings

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as to damages and fortification of the same. The Court noted that an Undertaking as to Damages is not a required prerequisite to the court granting injunctive relief, but when it is required, if the affected party wishes more than the standard undertaking, the "onus of establishing that an undertaking should be fortified is on the proponent, who is requesting the deposit of security" [at para. 21]. Moreover, the Court observed:

Before an application to fortify an undertaking can succeed, a likelihood of a significant loss arising as a result of the injunction and a sound basis for the belief that the undertaking will be insufficient must be shown.

58. The Court's observation in *McCaffery* is adopted by the Court of Appeal in *Pendosi* [at para. 25].
59. The decision in *Halewood International Ltd. v Spider Beverage Co. Inc.*, 2014 ABQB 300 provides a succinct overview of the legal principles applicable to fortification of undertakings as to damages:

[89] An excellent discussion of fortification is found in the *McCaffery Group Inc. v Bradlee* [1997] A.J. No. 453, 204 A.R. 334 at para 16 and following. From the authorities cited, and the reasoning found in this case, the following principles can be stated:

1. If it is necessary to make an estimate of damages before fortifying an undertaking, no fortification should be required.
2. Since undertakings were originally only required in ex parte injunctions but were gradually extended to all interlocutory injunctions, at least at the outset, therefore, undertakings were required to protect the defendants and the Court in circumstances where relief was granted with no opportunity, or with rushed opportunity to defend against allegations.
3. In those exceptional circumstances, it was important for the Court to devise a means of punishing a litigant who misled the Court into granting a temporary injunction.
4. Undertakings have never been a feature of permanent injunctions; this proves that the objective of the undertaking is limited to dealing with problems that arise from the absence or abridgment of the laws usual procedural safeguards.
5. The undertaking provided in the usual form is not given to the parties opposite; it is given to the Court.

(X)

6. The Court could then call on the entity to pay damages in any circumstances in which the Court thinks it appropriate to do so.
7. The Court could call on the party giving the undertaking to pay damages even though that party were eventually successful in obtaining a permanent injunction.
8. The Court could call on the party giving the undertaking to pay damages even though the party did not obtain the original ex parte interlocutory injunction through fraud or other reprehensible means.
9. By giving the undertaking in the usual form, a party accepts the Court's jurisdiction to make whatever order in damages against them it thinks appropriate.
10. Injunctive relief is, by its very nature, discretionary.
11. Where equity is concerned, the Court's hands must never be tied: It must always be able to do justice.
12. Since the undertaking is itself not mandatory, it is inconceivable that fortifying the undertaking would be mandatory.
13. In some cases, for example, it would be inappropriate to refuse an interlocutory injunction where the applicant has no resources, and an undertaking in damages would be meaningless.
14. In summary, the Court will not automatically require an undertaking in damages to be fortified.
15. The Court may, however, require the fortification of an undertaking, or indeed compliance with any other conditions, before it grants an interlocutory injunction.
16. Consistent with the usual burden in legal proceedings, the onus of establishing that an undertaking should be fortified is on the proponent, who is requesting the deposit of security.

[90] Before an application to fortify an undertaking can succeed, a likelihood of a significant loss arising as a result of the injunction and a sound basis for belief that the undertaking will be insufficient must be shown.

60. The court has consistently held that "before an application to fortify an undertaking can succeed, a likelihood of a significant loss arising as a result of the injunction and a sound basis for belief that the undertaking will be insufficient must be shown".

61. The Respondents never applied for fortification of the Appellants' undertakings. Nevertheless, the Appellants were compelled by the Learned Chambers Judge to deal with this issue.
62. The Appellants offered their joint and several undertaking as to damages through their counsel during oral submissions when the Court made an inquiry on that issue. This was unsatisfactory to the Learned Chambers Judge. The Learned Chambers Judge required a written, filed Undertaking as to Damages
63. The Appellants followed up with filing an Undertaking as to Damage from Access Mortgage Investment Corporation (2000) Ltd. ("Access") on behalf of all Appellants (as Access was by far the largest investor in the Graybriar Mortgage and development). This undertaking employed standard language that Access will abide by any order that the court may make as to damages suffered by Arres, 179 and Terrapin in the event the court shall thereafter be of the opinion that these parties have sustained any damages caused by or by reason of the granting and maintaining of the stay of the Final Order. This was not satisfactory to the Learned Chambers Judge.
64. In addition to the filed Undertaking as to Damages of Access on behalf of the Appellants, the Appellants provided the Learned Chambers Judge with fairly recent audited financial statements of Access showing that Access had substantial assets, including an outstanding judgment in excess of \$1,000,000 owing by Arres. This was not satisfactory to the Learned Chambers Judge.
65. Moreover, the Appellants offered to include a term in their proposed stay order requiring Access to disclose any material adverse change in its financial position and advise of any intended distribution to its shareholders so as to ensure Access continues to hold assets during the currency of its undertaking as to damages, and in the event Access' Undertaking as to Damages may later be determined to be insufficient, the Appellants will be required to provide a meaningful and substantial Undertaking as to Damages from some other party or parties. This was not satisfactory to the Learned Chambers Judge.
66. The written submissions of Appellants' counsel [EKE, Tab 23] argued the following points:

- a. There was little prospect of any significant loss by any of the Respondents arising as a result of the stay of the Final Order and there was a sound basis for belief that the undertaking of Access would be sufficient;
- b. The stay of the Final Order was not preventing the sale of any Graybriar condominium units and all parties wished to sell the units;
- c. The only contested issue was entitlement to the sale proceeds and that issue would be resolved in due course, with all sale proceeds held pending that determination;
- d. Therefore, neither the Appellants nor the Respondents were particularly prejudiced by the stay of the Final Order – at most there would be some potential delay in distributing sale proceeds to the proper parties while the court determined the interests of each party in the Graybriar properties; and
- e. Conversely, implementation of the Final Order was highly prejudicial to the Appellants.

These submissions were not persuasive to the Learned Chambers Judge.

- 67. Finally, The Appellants through counsel offered their entire beneficial interest in the Graybriar properties as security to be held in addition to the undertaking, with a value of between \$400,000 (60% of \$750,000, being the value of 3 Graybriar units) and \$1,000,000 (60% of \$1,750,000, being the value of 7 Graybriar units). This too was not satisfactory to the Learned Chambers Judge.
- 68. It is respectfully submitted the Learned Chambers Judge in this case erred in effectively requiring the Appellants to prove that fortification of the Undertaking as to Damages of Access in the usual form provided on behalf of the Appellants was not necessary, without any application and evidence before the court by the Respondents showing a likelihood of a significant loss arising as a result of the stay of the Final Order and a sound basis for the belief that the Appellants' undertaking will be insufficient. The Appellants were put into the difficult, if not impossible, position of responding to an issue in a vacuum.

69. The factual matrix of this case includes the following salient aspects:

- a. Arres is bare trustee for the Graybriar investors with the usual fiduciary duties of honesty, fidelity, good faith and always acting first and foremost in the best interests of the Appellants and other Graybriar investors;
- b. The Appellants purported to terminate Arres as their trustee, and counsel for Arres did not protest or dispute that termination;
- c. Arres status as a "mortgage broker" under the *Real Estate Act* was terminated with the cancellation of Arres' mortgage broker license by RECA, such that Arres no longer had the legal authority to administer the Graybriar Mortgage, including prosecuting the foreclosure on behalf of the Appellants and other Graybriar investors, and receive any funds under that Mortgage on behalf of the Graybriar investors;
- d. Arres inexplicably was increasing the amount of its claim of monies owing by the Graybriar investors in leaps and bounds (that the Appellants disputed) without any substantiation of the claim other than reliance on a Mortgage renewal fee purportedly agreed to the Graybriar borrowers in 2008 that was never paid. This renewal fee was not claimed in the foreclosure or otherwise disclosed as a fee payable by the Graybriar investors until Arres took almost \$500,000 from the investors 5 years later;
- e. Arres had already paid itself almost \$190,000 in Trustee Fees for essentially administering a commercial mortgage from August 31, 2009 to August 31, 2013. Arres' duties essentially involved the receipt and distribution of monthly mortgage payments followed by prosecuting a fairly standard commercial mortgage foreclosure action involving routine applications to sell Graybriar condominium units and distribute the net sale proceeds amongst investors, while the lion's share of the work completing construction of the development and marketing the units was taken on by Timberock;
- f. Serra secretly arranged for Arres to take trust property valued at over \$1,000,000 from the Graybriar investors and effectively transfer that property

into his wife's hands, while Arres was insolvent and facing two judgments totalling more than \$1.2 million from aggrieved investors / clients';

- g. The Appellants were suing Arres alleging Arres had misappropriated Graybriar trust funds in excess of \$870,000; and
 - h. Arres failed to provide any proper accounting to the court or the Graybriar investors in connection with the claimed amounts due and owing to Arres and payable by the investors.
70. The Appellants submit the Learned Chambers Judge erred by unreasonably concluding the Undertaking as to Damages proffered on behalf of the Appellants was not meaningful and satisfactory, considering the factual matrix of this case and the unusual evolution of the court proceedings surrounding consideration of the stay of the Final Order leading to the Appellants facing a fortification issue on their undertaking without any application and evidence from the Respondents.

PART IV -- NATURE OF ORDER REQUESTED

71. It is respectfully submitted this Honourable Court allow the appeal with costs to the Appellants on a solicitor-client, full indemnity basis or on such other basis as the Court considers appropriate. If the Appellants' appeal is allowed, they further seek to continue the stay of the Final Order pending determination of the rights and interests of the Appellants and Respondents vis-à-vis the Graybriar condominium units and net sale proceeds derived therefrom

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 12th DAY OF May, 2015.

Estimate time of argument: 45 minutes.

SUGIMOTO & COMPANY

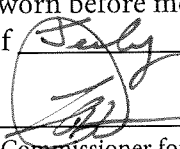
Per:


LORAN V. HALYN

Counsel for the Appellants

This is Exhibit " 2 " referred
to in the Affidavit of

Jake Ellis
Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
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Exhibit Q

In the Court of Appeal of Alberta**Citation: Richcrooks Enterprises (2000) Ltd. v Arres Capital Inc., 2015 ABCA 40****Date: 20150129****Docket: 1501-0006-AC****Registry: Calgary****Between:**

**Richcrooks Enterprises (2000) Ltd. and Richcrooks Holdings Ltd.,
515476 Alberta Ltd., Demel Financial Corp, Greenmar Holdings Inc.,
Access Mortgage Investments Corporation (2004) Limited, 4-A Professional
Services Ltd., Tempest Management Inc., Hudson Principle Investments Ltd.,
Swartz Bros. Limited, Christopher Schultz Consulting Inc., Curlew Finance,
Paul Kornlyo, Max Feldman, Sonya Smith, Norman Martin, Bernice Martin,
R. Bruce Carson, Delores Carson, Leela Krishnomourthy, Marguerite McRitchie,
Priti Gaur, Madhu Gaur, Wendy McKenna, Janet Lorraine Watson, Jim Watt,
Gaston Rajakaruna, Shirley Rajakaruna, Gary Drefs, Robert Armstrong, Michael
Kurtz, Marlene Kurtz, Kevin R. Pedersen, Susan Fine, Carol Kimiyo Sekiya,
Holly Sekiya and Steven Ogg**

Applicants**- and -****Arres Capital Inc.****Respondent****- and -**

**Terrapin Mortgage Investments Corp. and
1798583 Alberta Ltd.**

Respondents**- and -**

**Graybriar Land Company Ltd. and
Graybriar Greens Inc.**

Not a Party to the Application

**Oral Reasons for Decision of
The Honourable Mr. Justice J.D. Bruce McDonald**

Application for a Stay Pending Appeal

**Oral Reasons for Decision of
The Honourable Mr. Justice J.D. Bruce McDonald**

Introduction

[1] The applicant Access Mortgage Investment Corporation (2004) Limited (Access Mortgage) brings on its own behalf and on behalf of other investors, an application pursuant to rule 14.48 for a stay pending appeal of the order granted by Madam Justice Strekaf on December 17, 2014 (the Strekaf Order) which order vacated an earlier order of the Court of Queen's Bench granted by Justice Hillier on February 14, 2014 (the Hillier Order).

Facts

[2] The facts giving rise to this application for a stay pending appeal are somewhat convoluted. Suffice it to say for our purposes however, Access Mortgage and a number of other persons (both corporate and individual) were investors in a \$9,000,000 syndicated loan arranged for by Arres Capital Inc. (hereinafter referred to as Arres). Wes Serra was at the time the owner and principal of Arres.

[3] The syndicated loan was secured by a mortgage granted by two companies, Graybriar Land Company Ltd. and Graybriar Greens Inc. (collectively referred to as Graybriar) and was used to fund the subdivision of lands, and then the construction and sale of condominium units on those lands. Arres was the registered mortgagee on behalf of the investors.

[4] At the time that the syndicated loan agreement was entered into between Arres and the various investors (including of course Access Mortgage), Arres was registered as a mortgage broker pursuant to the provisions of the *Real Estate Act* RSA 2000, c R-5. It's registration as a mortgage broker was terminated effective November 3, 2013.

[5] Arres, *inter alia*, managed the collection of the loan repayments from Graybriar and then distributed those funds (less deductions for its administration fees, etc.) to the investors. In October 2013, Arres made substantial deductions from the loan proceeds. The investors decided that these were not proper deductions and, as a result, commenced an action against Arres shortly thereafter to recover those funds. The total amount being claimed in that lawsuit was in excess of \$870,000.

[6] The Graybriar mortgage had gone into foreclosure in 2009. By February 1, 2014, only seven condominium units, out of the original 48, remained unsold. On February 3, 2014 without any notice to the syndicate investors (including Access Mortgage), counsel for Arres applied for and obtained an order from Master Breitzkreuz (the Breitzkreuz Order) which, *inter alia*, directed that the remaining seven condominium units in the Graybriar project be sold to Arres for an amount in excess of \$1.8 million.

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Page: 2

[7] However, by the terms of the Breitkreuz Order, Arres was not required to pay cash for its acquisition of these units; rather the amount of the stated purchase price was to be paid by way of a set-off against the amount outstanding under the Graybriar loan. No mention was made to Master Breitkreuz at the time that the Breitkreuz Order was obtained that Arres was taking the position, *vis-a-vis* the investors, that it was owed a large amount by them and was therefore entitled to undertake the action that it did.

[8] Arres made arrangements to have a total of four of these seven condominium units transferred to another company 1798582 Alberta Ltd. (179). This company was in turn owned by another company, 875892 Alberta Ltd. (875) which was in turn owned by Wes Serra's wife, Staci

[9] Arres attempted to justify the transfer of the four condominium units to 179 on the basis that on September 30, 2010, it had entered into an assignment of accounts receivable with 875 which was the shareholder of 179. The stated consideration for that assignment was \$97,500.

[10] At the time that Arres had applied for and obtained the Breitkreuz Order on February 3, 2014, it was no longer licensed as a mortgage broker in the Province of Alberta. Section 17 of the *Real Estate Act* provides as follows:

No person shall ... deal as a mortgage broker ... unless that person holds the appropriate authorization for that purpose issued by the council.

[11] Access Mortgage and the other investors were not advised by counsel for Arres of the Breitkreuz Order either before he applied for and obtained it nor were they advised of its existence after the fact. Rather, in some roundabout way, it came to their attention and as a result, an emergency application was made before Mr. Justice Hillier on February 14, 2014, which resulted in the Hillier Order.

[12] Paragraph 3 of the Hillier Order provided:

The February 3, 2004 Order of the Learned Master W. Breitkreuz [the Breitkreuz Order], as amended by the February 7, 2014 Order of the Learned Master L. A. Smart, is stayed pending further Order of this Honourable Court or the consent of the parties hereto.

[13] Paragraph 7 of the Hillier Order went on to provide:

The Applicants' Application is returnable on March 14, 2014, or such later date as is agreed between the parties hereto, or directed by this Honourable Court, in Justice Chambers at the Court Centre in Calgary at which time this Order shall expire and be of no further force or effect unless extended by the court.

Mortgage NOT loan

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Also, \$235,000
NOT mentioned

* is foreclosure a
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broker'?

Page: 3

[14] At the time of the Hillier Order, title to the seven condominium units had not yet been transferred from Graybriar. Notwithstanding that however, 179 had made arrangements with Terrapin Mortgage Investment Corp. (Terrapin) to mortgage the four condominium units that it was to receive from Arres. Notwithstanding that 179 did not have registered title to the four condominium units in question, it obtained mortgage proceeds in the amount of \$425,000 from Terrapin before the Hillier Order had been granted.

[15] From the amount of \$425,000, the sum of \$138,000 was received by 179 with the balance of monies paid into court to the credit of an action that had been commenced against Arres by Kenzie Financial Investments Ltd.

NOT the
balance
\$235,000

[16] On February 28, 2014 Arres applied for and obtained, with the consent of counsel for the applicants, an order accepting an offer to purchase condominium unit number 55 from two bona fide third party purchasers. The purchase price was \$269,900 and title to the condominium unit was subsequently transferred into the names of the purchasers.

[17] This matter then proceeded in fits and starts and was argued before Justice Strekaf on September 15, 2014. At that time, Justice Strekaf in effect continued for a time the stay granted by the Hillier Order and directed that the matter return to the commercial list on October 7, 2014. She directed that several steps be taken by the applicants (including Access Mortgage) prior to the return date.

[18] The most significant of those steps was the filing and serving of an Undertaking as to Damages in a form satisfactory to the court. On September 30, 2014 a written Undertaking as to Damages was filed in the court of Queen's Bench on behalf of the various investors represented by Access Mortgage.

[19] When the parties reattended before Justice Strekaf on October 7, 2014 she held that the Undertaking that had been given was not acceptable. She then extended the terms of the Hillier Order but indicated that a proper Undertaking as to Damages had to be given. As a result of that direction, a subsequent Undertaking as to Damages was given.

[20] Eventually on December 17, 2014 the parties again reattended before Justice Strekaf who held that the second Undertaking as to Damages proffered by the applicant Access Mortgage was not an Undertaking satisfactory to the court and as a result she directed that the Hillier Order "shall be vacated and [be] of no force or effect as of January 15, 2015". By agreement between the parties, the Hillier Order was extended to January 20, 2014 and by my direction on January 20, 2015 was extended again to January 23, 2015.

without
notice to
Terrapin.

Page: 4

Analysis and Decision

[21] The issue on this appeal is a narrow one, namely whether either Undertaking as to Damages given on behalf of the investors in question (including Access Mortgage), is sufficient as a matter of law, given the factual matrix of this case?

[22] The position of the applicant/appellant is that the Undertaking is, as a matter of law, proper given the factual matrix of this case and in particular the fact that the investors in this case represent approximately 61 percent by value of the amount loaned and are accordingly owed approximately 61 percent of the amount paid and to be paid under the Graybriar mortgage. In effect therefore they have a claim upon approximately 61 percent of the net sale proceeds of the six remaining condominium units and the purchase price that was paid into court with respect to the sale of the seventh.

[23] Counsel for Arres, as well as counsel for 179 and counsel for Terrapin argue against the application for the stay.

[24] As indicated at the outset, this application is brought pursuant to rule 14.48 of the current Rules of Court which is the successor to rule 508 under the previous Rules. A stay of a proceedings pending appeal may only be granted if the applicant (which in this case is Access Mortgage on behalf of itself and the other investors it represents) satisfies me as a judge of this court that :

- there is an arguable issue to be determined on appeal;
- that the applicant will suffer irreparable harm if the stay is not granted; and
- that the balance of convenience favours the granting of the stay.

[25] Although counsel for Arres argued that the appeal is devoid of merit, counsel for 179 more realistically and reasonably conceded that this application does meet the rather modest requirements of the first step of the tripartite test.

[26] Certainly I am satisfied that there is an arguable issue on this appeal given its factual matrix. However I decline to delve any further into the merits since the merits must be decided by a panel of this court.

[27] In the submissions of counsel for 179, and of course in the submission of both counsel for Arres and counsel for Terrapin, this application fails on the on the second part of the tripartite test namely that the applicant has not established that irreparable harm will be suffered by it and the other investors it represents should the stay not be granted. The effect of a stay of the Strekaf Order would be to continue the provisions of the Hillier Order which has operated as a stay of the Breitkreuz Order since February 14, 2014.

Page: 5

[28] Counsel for the applicant argued that irreparable harm will be suffered by his client because Arres is hopelessly insolvent and therefore would be unable to respond to any monetary judgement rendered against it.

[29] It should also be pointed out that there have been two significant summary judgments obtained against Arres. The first was for an amount in excess of \$1 million and this was obtained by Access Mortgage. This summary judgment was subsequently upheld on appeal by this court. During oral submissions before me, I was informed that a total of \$50,000 has in some fashion or another been paid towards this judgment.

[30] The second summary judgment is for approximately \$245,000 rendered in favour of Kenzie Investments and that a portion of the proceeds from the mortgage provided by Terrapin has been paid into court to the credit of that judgment.

[31] Furthermore, as indicated previously, Arres had long ago assigned all of its accounts receivable on the Graybriar project to 875 by virtue of the written assignment agreement dated September 30, 2010.

[32] The effect of the Hillier Order has been that title to the six remaining condominium units remains in the name of the mortgagor, Graybriar. Counsel for the applicant points out that under the terms of the Breitreuz Order, title to all seven condominium units was to have been transferred to Arres or to such other transferees as directed by counsel for Arres. Arres had directed that title to four of the condominium units was to be registered in the name of 179, the company beneficially owned by Wes Serra's wife.

[33] It should be borne in mind that the Strekaf Order vacated the earlier Hillier Order which was the only legal impediment to the hopelessly insolvent Arres Capital from obtaining title to the seven remaining condominium units and then transferring four of those condominium units for no cash whatsoever to 179. What would have been the fate of the three remaining condominium units were it not for the Hillier Order must remain a matter of conjecture to say the least.

[34] It is clear to me that any monetary judgement obtained against Arres will go unsatisfied and this therefore constitutes irreparable harm: *Laube v Juchli*, (1997) 209 AR 67 (CA) at paras 3 - 5. As a result, I am satisfied that the applicant has established that it and the other investors it represents will suffer irreparable harm in the event that the Strekaf Order is not stayed pending the hearing of this appeal.

[35] With respect to the third element of the tripartite test, namely the balance of convenience, it must be reiterated that subsequent to the Hillier Order, the parties did consent to the sale of one of the seven condominium units to bona fide purchasers. Curiously, that condominium unit was one of the units that was to have been transferred to 179.

Page: 6

[36] Counsel for the applicant in submissions before this court made it abundantly clear that his client desires to have the remaining six condominium units sold as soon as reasonably possible and in a commercially prudent fashion, with the proceeds being held in court pending further court order or agreement of the parties. This makes obvious good sense to me and quite frankly I am surprised that the parties have not been able to reach accord on this point long before now.

[37] In any event, I find that the balance of convenience under these circumstances favours the granting of the application for a stay of the Strekaf Order.

Conclusion

[38] In the result, I hold that the applicant has satisfied the three requirements of the tripartite test and accordingly I grant an order to stay the Strekaf Order pending the determination of the within appeal by this court or further court order. As an ancillary matter, I do also order that paragraphs one through six of the Hillier Order are to remain in full force and effect until vacated or varied by an order of this court.

Costs

[39] After hearing submissions from the parties regarding costs, I do hereby award costs in the amount of \$2,500 to the applicant, said costs to be paid jointly and severally by Arres, Terrapin and 179. These costs are awarded in any event of the appeal but payable only at the conclusion of the appeal.

Application heard on January 20, 2015

Reasons filed at Calgary, Alberta
this 29th day of January, 2015




McDonald J.A.

Page: 7

Appearances:

L.V. Halyn and T. Akbar
for the Applicant

R.P. Pelletier
for the Respondent Arres Capital Inc.

K. L. Okita
for the Respondent Terrapin Mortgage Investment Corporation.

J.D. Burke
for the Respondent 1798583 Alberta Ltd.

This is Exhibit "R" referred
to in the Affidavit of

Jake Ellen

Sworn before me this 12 day
of July, 2018.

A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

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VANCOUVER, BC V6B 5A1
TEL 604-687-1323

Exhibit R

In the Court of Appeal of Alberta

Citation: Arres Capital Inc v Richcrooks Enterprises (2000) Ltd, 2015 ABCA 392

Date: 20151216
Docket: 1501-0006-AC
Registry: Calgary

Between:

Arres Capital Inc.

Respondent
(Plaintiff)

- and -

Richcrooks Enterprises (2000) Ltd. and Richcrooks Holdings Ltd., 515476 Alberta Ltd., Demel Financial Corp., Greenmar Holdings Inc., Access Mortgage Investment Corporation (2004) Limited, 4-A Professional Services Ltd., Tempest Management Inc., Hudson Principle Investments Ltd., Swartz Bros. Limited, Christopher Schultz Consulting Inc., Curlew Finance, Paul Kornlyo, Max Feldman, Sonya Smith, Norman Martin, Bernice Martin, R. Bruce Carson, Delores Carson, Leela Krishnomourthy, Marguerite McRitchie, Priti Gaur, Madhu Gaur, Wendy McKenna, Janet Lorraine Watson, Jim Watt, Gaston Rajakaruna, Shirley Rajakaruna, Gary Drefs, Robert Armstrong, Michael Kurtz, Marlene Kurtz, Kevin R. Pedersen, Susan Fine, Carol Kimiyo Sekiya, Holly Sekiya and Steven Ogg

Appellants
(Plaintiffs/Applicants)

- and -

Graybriar Land Company Ltd. and Graybriar Greens Inc.

Not a Party to the Application
(Defendants)

- and -

Terrapin Mortgage Investment Corp. and 1798583 Alberta Ltd.

Respondents
(Respondents)

2015 ABCA 392 (CanLII)

The Court:

**The Honourable Chief Justice Catherine Fraser
The Honourable Mr. Justice Jack Watson
The Honourable Madam Justice Patricia Rowbotham**

**Memorandum of Judgment
Delivered from the Bench**

Appeal from the Order by
The Honourable Madam Justice J. Strekaf
Dated the 17th day of December, 2014
Filed on the 5th day of January, 2015
(Dockets: 0901-02753; 0901-03332)

2015 ABCA 392 (CanLII)

**Memorandum of Judgment
Delivered from the Bench**

Fraser C.J.A. (for the Court):

[1] This appeal concerns the decision of the chambers judge to require an undertaking from the appellants in support of orders which affected earlier orders for foreclosure of seven condominium units and her refusal to accept the undertaking offered. It also concerns the ability of the chambers judge and the Queen's Bench to act to prevent the respondent trustee, Arres Capital Inc, from proceeding to take into hand the proceeds of judicial sales of four of those units and to influence the proceeds of sale of the others. The appellants say that allowing Arres to do so would continue misappropriation, conversion, breach of fiduciary duty, and breach of trust agreements by Arres.

[2] In the order under appeal, the chambers judge sought to back up her earlier direction that the appellants give an undertaking that is "meaningful" in order to justify the limitations on the earlier orders for foreclosure. We have concluded that the chambers judge erred in rejecting the undertaking offered by Access Mortgage Investment Corporation (2004) Limited.

[3] We are persuaded that the chambers judge's original assessment of the character of the events before her was flawed. The material before her gave rise to a serious basis to question Arres's entitlement to maintain control of the foreclosure process and to receive, in priority to the appellants, any of the proceeds of judicial sales under the foreclosure orders. The chambers judge proceeded on the assumption that the appellants had no interest in the condominium units. But this is not so. The appellants are the beneficial owners of the units, at least to the extent of representing 61% of the value of those units. In addition, the claims of Arres were disputed and facially disputable. Further, the appellants were prepared to have all the proceeds of sale of the units kept in trust pending resolution of the outstanding litigation. Seen in that light, we are satisfied that in the unique circumstances of this case, the undertaking offered was sufficient.

[4] Without commenting on the merits, we conclude that it would be contrary to the interests of justice to allow the foreclosures to proceed unrestricted and for the proceeds of judicial sales of the units to be distributed without control of the Court. The most appropriate course for all concerned, including the creditor Terrapin Mortgage Investment Corp. who advanced money on the strength of the foreclosure order, is to require that the proceeds of judicial sales of the seven units be paid into Court and then have the Court determine who has the rights to such proceeds and whose rights have priority.

[5] Accordingly, we allow the appeal. We order that the units be sold under judicial approval in the manner agreed to by a consent order made in October, 2015 which this Court has examined. However, we order that the proceeds of such judicially approved sales be paid into Court and disbursed only in accordance with further Court order.

Page: 2

[6] We encourage the parties to proceed to resolve their outstanding litigation with dispatch. To this end, we encourage the appointment of a case manager over all disputes as well as exploration of the possibility of judicial dispute resolution.

Appeal heard on December 9, 2015

Memorandum filed at Calgary, Alberta
this 16th day of December, 2015

Fraser C.J.A.

2015 ABCA 392 (CanLII)

Appearances:

R. P. Pelletier

for the Respondent Arres Capital Inc.

T. Akbar and L. V. Halyn

for the Appellants Richcrooks Enterprises and others

J. D. Burke

for the Respondent 1798583 Alberta Ltd.

K. L. Okita

for the Respondent Terrapin Mortgage Investment Corp.

This is Exhibit "S" referred
to in the Affidavit of

Jake Elko

Sworn before me this 12 day
of July, 2018.



A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

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Exhibit S

COURT OF APPEAL OF ALBERTA

COURT OF APPEAL FILE NO. 1501-0006AC

TRIAL COURT FILE NUMBER 0903-17684 and 0903-17685

REGISTRY OFFICE CALGARY

PLAINTIFF ARRES CAPITAL INC.

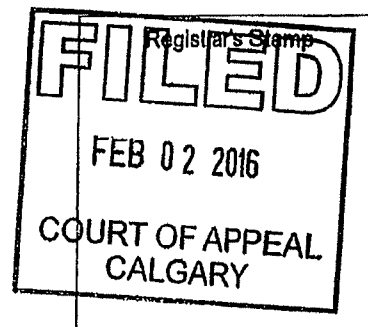
STATUS ON APPEAL RESPONDENT

STATUS ON APPLICATION RESPONDENT

DEFENDANTS GRAYBRIAR LAND COMPANY LTD. and GRAYBRIAR GREENS INC.

STATUS ON APPEAL NOT A PARTY TO THE APPLICATION

STATUS ON APPLICATION NOT A PARTY TO THE APPLICATION



APPLICANTS

hereby certify this to be a true copy.

Edin Campbell

For Deputy Registrar
Court of Appeal of Alberta

RICHCROOKS ENTERPRISES (2000) LTD. AND
RICHCROOKS HOLDINGS LTD., 515476
ALBERTA LTD., DEMEL FINANCIAL CORP,
GREENMAR HOLDINGS INC., ACCESS
MORTGAGE INVESTMENT CORPORATION
(2004) LIMITED., 4-A PROFESSIONAL
SERVICES LTD., TEMPEST MANAGEMENT INC.,
HUDSON PRINCIPLE INVESTMENTS LTD.,
SWARTZ BROS. LIMITED, CHRISTOPHER
SCHULTZ CONSULTING INC., CURLEW
FINANCE, PAUL KORYLO, MAX FELDMAN,
SONYA SMITH, NORMAN MARTIN, BERNICE
MARTIN, R. BRUCE CARSON, DELORES
CARSON, LEELA KRISHNOMOURTHY,
MARGUERITE MCRITCHIE, PRITI GAUR,
MADHU GAUR, WENDY MCKENNA, JANET
LORRAINE WATSON, JIM WATT, GASTON
RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY
DREFFS, ROBERT ARMSTRONG, MICHAEL
KURTZ, MARLENE KURTZ, KEVIN R.
PEDERSEN, SUSAN FINE, CAROL KIMIYO
SEKIYA, HOLLY SEKIYA AND STEVEN OGG

STATUS ON APPEAL APPELLANTS

STATUS ON APPLICATION APPLICANTS

Schedule "A", with the proceeds of such judicially approved sales to be paid into Court and disbursed only in accordance with further Court order.

"B. Campbell"
 Registrar, Court of Appeal

RC Entered this _____ day of _____, 2016
 at Calgary, Alberta

 Deputy Registrar of the
 Court of Appeal of Alberta RC

APPROVED AS BEING THE ORDER GRANTED:

Sugimoto & Company

Per: _____
 Loran V. Halyh
 Counsel for the Appellants

Pelletier Law

Per: _____
 Ryan P. Pelletier
 Counsel for the Respondent, Arres Capital
 Inc.

Bishop & McKenzie LLP

Per: _____
 Kerry Lynn Okita
 Counsel for the Respondent, Terrapin
 Mortgage Investment Corp.

Demianschuk Lequier Burke & Hoffinger LLP

Per: _____
 Judy D. Burke
 Counsel for the Respondent, 1798583 Alberta
 Ltd.

Schedule "A", with the proceeds of such judicially approved sales to be paid into Court and disbursed only in accordance with further Court order.

Registrar, Court of Appeal

Entered this _____ day of _____, 2016
at Calgary, Alberta

Deputy Registrar of the
Court of Appeal of Alberta

APPROVED AS BEING THE ORDER GRANTED:

Sugimoto & Company

Per: _____
Loran V. Halyn
Counsel for the Appellants

Pelletier Law Litigation

Per: _____
Ryan P. Pelletier
Counsel for the Respondent, Arres Capital
Inc.

Bishop & McKenzie LLP

Per: _____
Kerry Lynn Okita
Counsel for the Respondent, Terrapin
Mortgage Investment Corp.

Demianschuk Lequier Burke & Hoffinger LLP

Per: _____
Judy D. Burke
Counsel for the Respondent, 1798583 Alberta
Ltd.

Schedule "A", with the proceeds of such judicially approved sales to be paid into Court and disbursed only in accordance with further Court order.

Registrar, Court of Appeal

Entered this _____ day of _____, 2016
at Calgary, Alberta

Deputy Registrar of the
Court of Appeal of Alberta

APPROVED AS BEING THE ORDER GRANTED:

Sugimoto & Company

Pelletier Law

Per: _____
Loran V. Halyn
Counsel for the Appellants

Per: _____
Ryan P. Pelletier
Counsel for the Respondent, Arres Capital
Inc.

Bishop & McKenzie LLP

Demiantschuk Lequier Burke & Hoffinger LLP

Per: _____
Kerry Lynn Okita
Counsel for the Respondent, Terrapin
Mortgage Investment Corp.

Per: _____
Judy D. Burke
Counsel for the Respondent, 1798583 Alberta
Ltd.

Schedule "A", with the proceeds of such judicially approved sales to be paid into Court and disbursed only in accordance with further Court order.

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Entered this _____ day of _____, 2016
at Calgary, Alberta

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Court of Appeal of Alberta

APPROVED AS BEING THE ORDER GRANTED:

Sugimoto & Company


Pelletier Law

Per: _____
Loran V. Halyn
Counsel for the Appellants

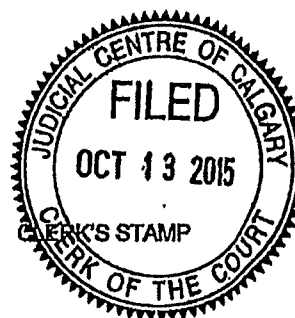
Per: _____
Ryan P. Pelletier
Counsel for the Respondent, Arres Capital
Inc.

Bishop & McKenzie LLP

Demliantschuk Lequier Burke & Hoffinger LLP

Per:  _____
Kerry Lynn Okita
Counsel for the Respondent, Terrapin
Mortgage Investment Corp.

Per: _____
Judy D. Burke
Counsel for the Respondent, 1798583 Alberta
Ltd.



COURT FILE NUMBER	0901-02753 and 0901-03332
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
RESPONDENT (PLAINTIFF)	ARRES CAPITAL INC.
NON-PARTICIPANTS (DEFENDANTS)	GRAYBRIAR LAND COMPANY LTD. AND GRAYBRIAR GREENS INC.
RESPONDENTS (NON-PARTIES)	RICHCROOKS ENTERPRISES (2000) LTD. AND RICHCROOKS HOLDINGS LTD., 615476 ALBERTA LTD., DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC., ACCESS MORTGAGE INVESTMENT CORPORATION (2004) LIMITED., 4-A PROFESSIONAL SERVICES LTD., TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ BROS. LIMITED, CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW FINANCE, PAUL KORYLO, MAX FELDMAN, SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE CARSON, DELORES CARSON, LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE, PRITI GAUR, MADHU GAUR, WENDY MCKENNA, JANET LORRAINE WATSON, JIM WATT, GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG
RESPONDENT (INTERVENOR)	TERRAPIN MORTGAGE INVESTMENT CORP.
RESPONDENT (INTERESTED PARTY)	1798583 ALBERTA LTD.
DOCUMENT	CONSENT ORDER
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Bishop & McKenzie LLP Barristers and Solicitors 1700, 530 - 8 th Avenue SW Calgary, Alberta T2P 3S8 Attention: Kerry Lynn Okita Telephone: 403-237-5550 Fax: 403-263-3423 File No: 100,672-003 (KLO/ce)

I hereby certify this to be a true copy of
this original
Dated this 13th day of October 2015
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: _____, October ____, 2015

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER:

UPON the consent of the parties, as noted below; AND UPON noting the within Order Master L.A. Smart, dated March 8, 2010 (the "Foreclosure Direction Order"); AND UPON noting the within Order-Sale to Plaintiff, granted by Master W. Breilkreuz on February 3, 2014 and as amended by Master L.A. Smart (together the "Order-Sale to Plaintiff"); AND UPON noting the temporary stay of the Order-Sale to Plaintiff, granted by Justice S.D. Hillier on February 14, 2014 (the "Stay Order"); AND UPON noting the within Order granted by Master L.A. Smart on February 28, 2014 which directed the sale of Unit 55 (the "Unit 55 Sale Order"); AND UPON noting the order of Justice Strekaf, granted on December 17, 2014, lifting the temporary stay of the Order-Sale to Plaintiff (the "Dismissal Order"); AND UPON noting the outstanding appeal of Justice Strekaf's order as Court of Appeal File No. 1501-0006AC (the "Appeal");

IT IS HEREBY ORDERED THAT

Clarification of Action Nos. and the Units

1. Without limiting the general application of this Consent Order, but to clarify and confirm, this Consent Order shall apply equally and be enforceable in each of Action Nos. 0901-02753 and 0901-03332 and Action Nos. 0903-17684 and 0903-17685 as these four Actions are effectively the same Actions having been first consolidated in the Judicial Centre of Edmonton, in the 0903 Actions, and transferred to the Judicial Centre of Calgary, in the 0901 Actions.

2. The Land at issue in this Order is the following:

- a. Condominium Plan 0827766
Unit 48
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
- b. Condominium Plan 0827766
Unit 55
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
- c. Condominium Plan 0827766
Unit 63
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
- d. Condominium Plan 0827766
Unit 65
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
- e. Condominium Plan 0827766
Unit 67
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
- f. Condominium Plan 0827766
Unit 68
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
- g. Condominium Plan 0827766
Unit 69
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS

(hereinafter these properties shall be collectively referred to in this Order as the "Units" and individually according to their respective Unit number).

Prior Sale of Unit 55

- 3. The Order-Sale to Plaintiff is hereby amended to remove any reference therein to Unit 55 such that the Unit 55 Sale Order is given full force and effect in respect of the sale of Unit 55 and the transfer of title thereto.
- 4. All funds received by any party pursuant to the Unit 55 Sale Order shall be transferred and addressed pursuant to terms of this Order.

Sale of the Units

5. The Units, with the exception of Unit 55, shall be listed for sale with a licensed real estate agent (the "Realtor") to be selected on the agreement of the parties or pursuant to further advice and direction from this Honourable Court, upon the terms and conditions set out in the Judicial Listing Agreement attached to this Consent Order (the "Judicial Sale" of the Units).
6. The Realtor shall be entitled to post a "FOR SALE" sign of the type customarily posted by a realtor at a conspicuous location on the mortgaged lands, which sign shall remain during the period of the Judicial listing and shall not be interfered with by any person.
7. During the period of the Judicial Sale ordered herein, any person in possession or control of the Units shall cooperate with the Realtor, and shall allow access to the Units to the Realtor, any representative of the Realtor, any other realtor approved by the Realtor, and any prospective purchaser, upon receiving (24) hours written notice given by the Realtor for a viewing between 8:00 A.M. and 8:00 P.M. The written notice may be posted on the front door of the Units or the condominium complex where the Units are located.
8. Any and all other real estate listings relative to the Units shall be cancelled during the period of the Judicial Sale ordered herein.
9. As the Units are otherwise vacant, the Realtor and any other person authorized by this Court to deal with the Units, may enter the Units for the purpose of doing any and all things necessary to preserve them, and no such party shall be a mortgagee in possession or trespasser.
10. The Judicial Sale shall immediately terminate upon the earlier of (i) the sale of the last of the Units pursuant to this Consent Order, (ii) the transfer of title to the Units to Arres Capital Inc. ("Arres Capital") and 1798583 Alberta Ltd. ("179 AB") pursuant to this Consent Order, (iii) the dismissal of the Appeal, or (iv) further Order of this Honourable Court.

Sale Proceeds from Judicial Sale

11. Subject to the terms of any subsequent Order Confirming Sale and Vesting Title or the equivalent, the Judicial Sale proceeds for:

- a. Units 48, 68, and 69 shall be transferred to and held in trust by counsel for Terrapin Mortgage Investment Corp. ("Terrapin");
- b. Units 63, 65, and 67 shall be transferred to and held in trust by counsel for Arres Capital.

12. The Judicial Sale proceeds for any of the Units shall be held in trust until the earlier of:

- a. The Appeal is dismissed, whereon any funds held in trust by any person in relation to:
 - i. Units 48, 55, 68, and 69 shall first be released to or to the benefit of Terrapin in the amount equal to the amount outstanding pursuant to the relevant Terrapin Mortgage granted by 179 AB with excess funds released to or to the benefit of 179 AB; and
 - ii. Units 63, 65, and 67 shall be released to counsel for Arres Capital Inc., in trust.
- b. The Appeal is granted, whereon the parties shall return to the Court of Queen's Bench for a determination of the proper judicial process in this matter and determination of the release of funds, including direction on a litigation plan and schedule.

Preservation/Reservation of Rights and Costs

13. The sale of any of the Units pursuant to this Order is and shall be entirely without prejudice to the positions or claims of any of the parties in the within Actions such that the funds realized from the sale of the Units shall be effectively alternate, but equivalent security for the Units.

14. The sale of any of the Units is specifically without prejudice to the position of each or all of Terrapin, 179 AB, and Arres Capital that the Order-Sale to Plaintiff should have been registered, the Units should have transferred pursuant to the terms of the Order-Sale to Plaintiff, and the relevant Mortgage granted by 179 AB to Terrapin should have been registered on those Units transferred to by Arres Capital to 179 AB.

15. Costs of this Application shall be in the cause.

"Justice Newbold"
JUSTICE IN CHAMBERS

BISHOP & MCKENZIE LLP

Per: Kerry Lynn Okita, counsel for
terrapin Mortgage Investment Corp

PELLETIER LAW

Per: Ryan P. Pelletier, counsel for
Arres Capital Inc.

SUGIMOTO & COMPANY

Per: Taimur Akbar, counsel for
Richcrooks *et al.*

DLBH Law

Per: Judy Burke, counsel for
1798583 Alberta Ltd.

15. Costs of this Application shall be in the cause.

JUSTICE IN CHAMBERS

BISHOP & MCKENZIE LLP

Per: 

Kerry Lynn Okita, counsel for
terrapin Mortgage Investment Corp

PELLETIER LAW

Per: 

Ryan P. Pelletier, counsel for
Ares Capital Inc.

SUGIMOTO & COMPANY

Per: _____

Taimur Akbar, counsel for
Richcrooks *et al.*

DLBH Law

Per: 

Judy Burke, counsel for
1795583 Alberta Ltd.

JUDICIAL LISTING AGREEMENT

TO: The Realtor

1. You are hereby given authority as an officer of the Court to list for sale the mortgaged lands with the Multiple Listing Service, if any, in effect in the area in which the Units are located.
2. The Units shall be offered for sale subject to registered encumbrances, liens and interests prior to the plaintiff's mortgage but free and clear of all registered encumbrances, liens and interests subsequent to the plaintiff's mortgage.
3. The listing price shall be set at the following prices:

Unit 48 - \$250,000
Unit 63 - \$266,000
Unit 65 - \$270,000
Unit 67 - \$270,000
Unit 68 - \$270,000
Unit 69 - \$265,000

or such higher prices as the Realtor may recommend after a comparative market analysis is conducted by you prior to the commencement of this Judicial listing.

4. The listing shall take effect on the date the listing is accepted in writing by the realtor, and shall continue until terminated pursuant to the Consent Order to which this Judicial Listing Agreement is attached.
5. Within a reasonable time of receiving any offer, you shall forward a true copy of the said offer to counsel for the plaintiffs. If the offer is for a purchase price less than:

Unit 48 - \$250,000
Unit 63 - \$266,000
Unit 65 - \$270,000
Unit 67 - \$270,000
Unit 68 - \$270,000
Unit 69 - \$265,000

it may be rejected by the plaintiffs. Otherwise counsel for the plaintiffs shall apply on notice to reject an offer or for the court to consider that offer. Where the plaintiffs reject an offer they shall forthwith serve the parties to the Action with a true copy of such offer.

6. If no offers are received during the listing period, you shall so advise counsel for the plaintiffs in writing, immediately following the expiry of the Judicial listing.
7. In the event that, as a result of the listing, a purchaser is introduced whose offer is accepted by the Court, and the transaction is completed by the purchaser paying the full purchase price and title is registered in the name of the purchaser or its nominee, then, in such event, you will receive a commission as follows:

7% of the first \$100,000 – 3% of the balance – or such lesser amount as may agreed by you – plus applicable taxes thereon

8. You shall have a first charge against the sale proceeds in the amount of any commission payable hereunder. If the Court accepts an offer to purchase and the purchaser fails to complete the purchase, and the Court does not order relief from forfeiture of the deposit, you will retain, as compensation for services rendered, fifty per cent (50%) of the said deposit (provided such amount does not exceed the commission payable had the sale been fully completed) and you will pay the balance of the deposit to counsel for the plaintiff to be applied against the indebtedness.
9. If the defendants, any subsequent encumbrancer, or anyone else entitled to do so, pays all principal, interest and other amounts owing under the mortgage at any time after the judicial listing takes effect, or brings the mortgage current after the judicial listing takes effect, there shall be paid as part of the costs of redemption, the reasonable expenses incurred by you as the Realtor during this judicial listing.
10. All offers submitted pursuant to the judicial listing shall, subject to further order of the Court:
 - (a) be in writing and shall be signed by the offeror; and
 - (b) be subject to the approval and acceptance by the Court on such terms as the Court considers appropriate; and
 - (c) provide for a possession date to be determined by the Court; and
 - (d) contain and be subject to the terms and conditions as are contained in Schedule "A" which is attached to these directions; and
 - (e) be accompanied by a certified cheque or money order payable to your real estate company for the deposit amount referred to in the offer.
11. Nothing in the listing shall:
 - (a) affect the right of the defendants or anyone else entitled to do so to pay all principal, interest and other amounts owing under the mortgage, or to bring the mortgage current or to privately sell the mortgaged lands;
 - (b) affect the plaintiffs' right to make a proposal to purchase the mortgaged property, if applicable or otherwise acquire the mortgaged property after the expiry of the judicial listing without liability for any real estate commission or any other compensation payable to the Realtor hereunder;
 - (c) create or impose any liability on the plaintiff or the Court for the payment of any real estate commission or other compensation arising out of this listing.
12. The terms of the listing may be modified by the Court on application of any party or subsequent encumbrancer on five days notice.

ACCEPTED THIS ____ DAY OF AUGUST, 2015

By: _____
An Agent licensed pursuant to the
Real Estate Act, R.S.A. 2000, c. R-5

APPROVED this ____ day of AUGUST, 2015.

MASTER IN CHAMBERS

SCHEDULE "A" TO THE REAL ESTATE PURCHASE CONTRACT entered into between
THE COURT OF QUEEN'S BENCH OF ALBERTA (the "Seller")

and

_____ (the "Buyer")

The terms of this schedule replace, modify or add to the terms of the agreement of purchase and sale (the "Real Estate Purchase Contract") to which this schedule is attached. Where there is any inconsistency between the terms of this Schedule and the Real Estate Purchase Contract, the provisions of this Schedule shall prevail.

AS IS - WHERE IS

1. The Buyer acknowledges and agrees to purchase the mortgaged lands, all buildings and improvements located on the mortgaged lands (the "Property"), and any and all fixtures ("Attached Goods") and chattels ("Unattached Goods") included in the Real Estate Purchase Contract or included in the sale of the property, "as is" and agrees with the Seller that neither the Seller, nor its agents or representatives have made any representations or warranties with respect to the Property or any Attached Goods or Unattached Goods included in the sale of the Property. Without limiting the generality of the foregoing, the Buyer agrees that neither the Seller nor its agents have made any representations or warranties with respect to:
 - a) the condition of any buildings or improvements located on the Property;
 - b) the condition of any Attached Goods or Unattached Goods included in the Real Estate Purchase Contract or otherwise sold with the Property;
 - c) whether the Property complies with any existing land use or zoning bylaws or regulations, or municipal development agreements or plans;
 - d) the location of any buildings and other improvements on the Property and whether such location complies with any applicable municipal bylaws or regulations;
 - e) whether or not any buildings or improvements located on the Property encroach onto any neighbouring lands or any easements or rights of way;
 - f) whether or not any buildings or improvements located on any neighbouring lands encroach onto the Property;
 - g) the size and dimensions of the Property or any building or improvements located thereon;
 - h) whether or not the Property is contaminated with any hazardous substance; and
 - i) whether or not any of the buildings or other improvements located on the Property have been insulated with urea formaldehyde insulation.

OWNERSHIP OF UNATTACHED GOODS

2. The Buyer agrees that the Seller is selling only such interest as it may have in any Attached goods or Unattached Goods referred to in the Real Estate Purchase Contract, or which may be located on the

Buyer's Initial _____

Date: _____

Property, and the Seller does not warrant that it has title to such Attached Goods or Unattached Goods. Further, the Buyer agrees that the Seller will not be liable for the removal of any chattels found on the Property prior to or on the date of closing. On closing, the Buyer may have possession of the Attached Goods and Unattached Goods which are then on or about the Property on an "as is" basis, and the Seller will not provide a Bill of Sale, Warranty, or other title document to the Buyer. Further, there will be no adjustment or abatement of any kind to the Purchase Price with respect to any Attached Goods or Unattached Goods.

REAL PROPERTY REPORT & COMPLIANCE

3. The Seller is not required to provide the Buyer with a real property report or compliance certificate. Should the Seller provide the Buyer with a copy of a survey or real property report, the Buyer agrees that any use of or reliance upon such document shall be at the Buyer's own risk. The Buyer must satisfy itself that the survey or real property report which the Seller might provide accurately reflects the Property and the buildings and improvements located thereon as they currently exist and the Seller shall not be responsible for any errors or omissions which might exist on such document. The Seller does not represent or warrant the accuracy or validity of the said survey or real property report or compliance certificate.

CONDOMINIUM

4. If the Property is a condominium:
 - a) the Seller is not required to provide any condominium documentation to the Buyer and the Buyer shall be solely responsible to obtain any condominium documentation he may require. Without limiting the generality of the foregoing, the Buyer may obtain on his own and at his sole costs and expenses any estoppel certificate, copy of the condominium bylaws and financial statement for the Condominium Corporation that he may require;
 - b) the Buyer must satisfy himself with the condition of the condominium unit, the common property, and the financial condition of the condominium corporation and agrees that neither the Seller nor its agents, have made any representations or warranties pertaining to same including, without limiting the generality of the foregoing, the adequacy of any reserve fund the condominium corporation might have, any potential special assessments which might be levied by the condominium corporation or the existence of any legal actions pending against the condominium corporation;
 - c) the Seller shall be responsible for amounts payable up to the closing date on account of any condominium fees and special assessments levied by the condominium corporation.

GOODS AND SERVICES TAX (G.S.T.)

5. In addition to the purchase price payable thereunder, the Buyer shall pay to the Seller and indemnify the Seller against all Goods and Services Tax ("G.S.T.") payable on the purchase price as required by the *Excise Tax Act*. The Seller will not provide to the Buyer a Certificate of Exempt Supply, or any other certificate certifying that this purchase and sale transaction is not subject to the Goods and Services Tax. Should the Seller fail to collect G.S.T. from the Buyer, it shall not be construed by the Buyer as a certification by the Seller that no G.S.T. is payable by the Buyer hereunder, and the Buyer shall remain liable for any G.S.T. which might be payable with respect to this transaction.

ACCEPTANCE BY FACSIMILE

6. The Seller and Buyer agree that this contract may be signed in counterpart, and the acceptance of this offer communicated or confirmed by facsimile transmission shall be binding upon the parties. The Buyer agrees to promptly deliver an executed original Real Estate Purchase Contract to the Seller.

Buyer's Initial _____

Date: _____

FORECLOSURE PROCEEDING

7. This offer is being made pursuant to or in a Court of Queen's Bench foreclosure proceeding and, as such, the Offer may be accepted only by Order of said Court and is subject to the terms of that Order. Any agreement arising out of the Seller's acceptance of this Offer is conditional upon the approval thereof by the said Court.

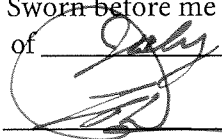
Buyer's Initial

Date: _____

This is Exhibit "T" referred
to in the Affidavit of

Jake Ellis

Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit T

COURT FILE NUMBER 0903 17684

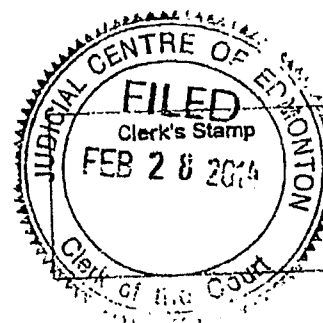
COURT COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFF ARRES CAPITAL INC.

DEFENDANTS GRAYBRIAR LAND COMPANY
LTD. and GRAYBRIAR GREENS
INC.

DOCUMENT ORDER



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

[Signature]
Clerk of the Court

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

Pelletier Law
Suite 350, 444 - 5th Avenue SW
Calgary Alberta T2P 2T8
Phone: 403 407 2600
Fax: 403 407 2601

Attn: Ryan Pellerier

DATE ON WHICH ORDER WAS PRONOUNCED: February 28, 2014

NAME OF MASTER WHO MADE THIS ORDER: L.A. Smart

LOCATION OF WHERE ORDER WAS PRONOUNCED: EDMONTON

UPON the application of the Plaintiff; AND UPON NOTING the consent of counsel for both parties; AND UPON hearing reference to the stay ordered by the Honourable Justice S. D. Hillier filed February 19, 2014 ("Justice Hillier's Order"); AND UPON hearing reference to the Order of Master L.A. Smart dated March 8, 2010 (the "Smart Order"); AND UPON hearing that Unit 55 of Condominium Plan 082776 is a unit subdivided from the Unit B of Condominium Plan 082776 in the Smart Order, AND UPON hearing that the liens referred to in paragraph 20 of the Smart Order have been settled,

IT IS HEREBY ORDERED AND DECLARED THAT:

1. In this Order the secured property is the following:

CONDOMINIUM PLAN 082776
UNIT 55
AND 83 UNDIVIDED ONE TEN THOUSANDTH
SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

2. The Offer to Purchase submitted by GLEN MEAD and JOANNE MEAD (the "Purchasers") in the amount of \$269,900.00, inclusive of GST, for the purchase of the secured property is hereby approved and accepted.
3. The Purchaser shall, on or before February 28, 2014 (the "Closing Date") pay to Birdsell Grant Gardner LLP the adjusted purchase price, or enter into reasonable conveyancing arrangements with Birdsell Grant Gardner LLP to assure payment of the adjusted purchase price, and upon doing so the Purchaser is entitled to obtain possession of the secured property pursuant to paragraph 7 of this Order.
4. A copy of the Statement of Adjustments and Statement of Receipts and Disbursements shall be provided within a reasonable period of time after closing to the Solicitors for the Plaintiff.
5. The net sale proceeds, less the fees and disbursements of the Construction Manager, will remain in Birdsell Grant Gardner LLP trust account to be addressed by this Honourable Court concurrently and in conjunction with the stay set out in Justice Hillier's Order.

6. The Defendants, tenants, and other occupants shall, on or before February 28, 2014, deliver up to the Purchasers vacant possession of the secured property. Service of this Order may be made on the occupants by posting same on the main entrance door to the secured property. A Civil Enforcement Agency has authority, after service of this Order has been affected, to evict any occupant of the secured property on the later of the aforesaid date or 20 days after the posting has occurred.
7. Upon written confirmation from the Plaintiff's Counsel, or its agent at Prowse Chowne LLP, that it has received or is satisfied that it will receive payment from the Purchaser, the Registrar of Land Titles shall cancel the existing Certificate of Title to the secured property and shall issue a new Certificate of Title in the names of GLEN MEAD and JOANNE MEAD of 703 Graybriar Greens, Stony Plain, Alberta T7Z 0G1, or such nominee as may be designated in writing by the Purchasers free and clear of the Plaintiff's mortgage and all subsequent encumbrances, but subject to:
 - a. Utility Right of Way # 082 100 457
 - b. Easement # 082 409 616
 - c. Utility Right of Way # 082 409 617
 - d. Agreement # 082 409 619
8. Any interest in the secured property of the Defendants, anyone claiming through the Defendant, or any other subordinate encumbrance is hereby extinguished.
9. Compliance with Rule 9.34(4) and the requirement for service of the documents prior to entry of this Order, set out in Rule 9.35(1)(a), is hereby waived.
10. The Registrar of Land Titles shall comply with this Order forthwith, notwithstanding Section 191(1) of the *Land Titles Act*.

11. The consent of Counsel may be endorsed hereon by facsimile and in counterpart.

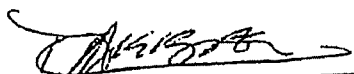
APPROVED AS TO FORM AND CONTENT:

Per:



Paul Barrette
Prowse Chowne LLP
Agents of Pelletier Law, Solicitors for the Plaintiff

Per:



Taimur (Ty) Akbar
Sugimoto & Company
Solicitors for the Defendants / Applicants respecting Justice Hillier's February
14, 2014 Order, filed February 19, 2014

"L.A. Smart"

MASTER OF THE COURT OF
QUEEN'S BENCH OF ALBERTA

This is Exhibit "U" referred
to in the Affidavit of

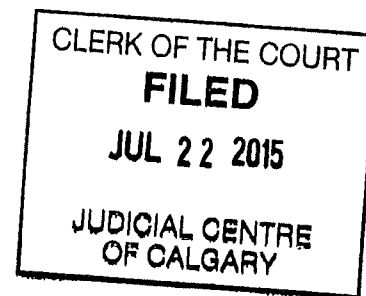
Take relea

Sworn before me this 12 day
of July, 2018.

A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL 604-687-1323

Exhibit U



COURT FILE NUMBER	0901-03332
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
RESPONDENT (PLAINTIFF)	ARRES CAPITAL INC.
NON-PARTICIPANTS (DEFENDANTS)	GRAYBRIAR LAND COMPANY LTD. AND GRAYBRIAR GREENS INC.
RESPONDENTS (NON-PARTIES)	RICHCROOKS ENTERPRISES (2000) LTD. AND RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD., DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC., ACCESS MORTGAGE INVESTMENT CORPORATION (2004) LIMITED., 4-A PROFESSIONAL SERVICES LTD., TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ BROS. LIMITED, CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW FINANCE, PAUL KORNLYO, MAX FELDMAN, SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE CARSON, DELORES CARSON, LEELA KRISHNOMOURTHY, MARGUERITE MCRTCHIE, PRITI GAUR, MADHU GAUR, WENDY MCKENNA, JANET LORRAINE WATSON, JIM WATT, GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG
RESPONDENT (INTERVENOR)	TERRAPIN MORTGAGE INVESTMENT CORP.
RESPONDENT (INTERESTED PARTY)	1798583 ALBERTA LTD.
DOCUMENT	ORDER
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Bishop & McKenzie LLP Barristers and Solicitors 1700, 530 - 8 th Avenue SW Calgary, Alberta T2P 3S8 Attention: Kerry Lynn Okita Telephone: 403-237-5550 Fax: 403-263-3423 File No: 100,672-003 (KLO/ce)

DATE ON WHICH ORDER WAS PRONOUNCED:	Friday, June 26, 2015
LOCATION WHERE ORDER WAS PRONOUNCED:	Calgary, Alberta
NAME OF MASTER WHO MADE THIS ORDER:	Master J.T. Prowse, Q.C.

UPON THE APPLICATION Timberock North Home Development Limited who was appointed Construction Manager by Order of Master L.A. Smart, dated March 8, 2010, and as their authority was modified by the Amended Amended Order for Sale, granted by Master L.A. Smart on June 6, 2010, and further Amending Order of Master Wacowich, granted May 26, 2011; UPON noting the Order-Sale to Plaintiff, granted by Master W. Breitzkreuz on February 3, 2014 and as amended by Master L.A. Smart; UPON noting temporary stay of the Order-Sale to Plaintiff, granted by Justice S.D. Hillier on February 14, 2014; UPON noting the order of Justice Strekaf, granted on December 17, 2014, lifting the temporary stay of the Order-Sale to Plaintiff; UPON noting the outstanding appeal of Justice Strekaf's order at the Court of Appeal; UPON reviewing the affidavit of Jim Gilhooly, filed, AND UPON HEARING from Mr. Gilhooly of Timberock, counsel for Terrapin Mortgage Investment Corporation, counsel for Arres Capital Inc., agent for 1798583 Alberta Ltd., and counsel for Richcrooks Enterprises (2000) Ltd. *et al*;

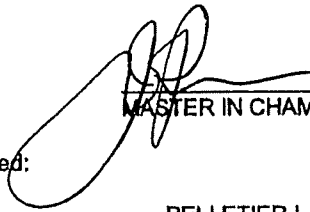
IT IS HEREBY ORDERED THAT

1. Timberock North Home Development Limited ("Timberock") is discharged as Construction Manager.
2. Timberock's application for payment of outstanding fees and expenses is adjourned to be heard by Master Prowse as referee pursuant to an order to be obtained from a Queen's Bench Justice.
3. All funds held by former counsel for Timberock from the sale of Unit 55 shall be transferred into trust with counsel for Terrapin, with leave:
 - a. To be applied to the fees and expenses of Veranova as Property Manager pursuant to this Order;

- b. To be applied to the outstanding fees and expenses of Timberock upon determination by further Order of the Court or consent; and
 - c. To be addressed by the Honourable Court concurrently and in conjunction with the stay as set out in the Justice Hillier Order, dated February 14, 2014.
- 4. Veranova shall be engaged as Property Manager for the following units:
 - a. Condominium Plan 0827766
Unit 48
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
 - b. Condominium Plan 0827766
Unit 63
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
 - c. Condominium Plan 0827766
Unit 65
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
 - d. Condominium Plan 0827766
Unit 67
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
 - e. Condominium Plan 0827766
Unit 68
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
 - f. Condominium Plan 0827766
Unit 69
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS

(hereinafter these properties shall be collectively referred to in this Order as the "Units").
- 5. As Property Manager, Veranova shall have the following authority:
 - a. They shall be at liberty to enter the above noted Units for the purposes of doing any and all things necessary to preserve those Units, and the Property Manager shall not be considered a mortgagee in possession or a trespasser.

- b. They shall have the right to institute and carry out any and all repairs or maintenance to the Unit in consultation with the Plaintiff who, in their discretion and after consultation with the other parties, consider necessary to preserve the Units.
 - c. They shall be specifically empowered to remove and replace any of the existing locks on any of the doors in order to gain proper control of the Units; as well as to pay all utilities, insurance, and other reasonable fees associated with the Units.
6. Timberock shall provide keys, access cards, and any and all access codes to the Units to Veranova.
7. Costs of this application can be dealt with on a future application.



MASTER IN CHAMBERS

Approved as being the order granted:

BISHOP & MCKENZIE LLP

PELLETIER LAW

Per: 

Kerry Lynn Okita, counsel for
Terrapin Mortgage Investment Corp

Per: 

Ryan P. Pelletier, counsel for
Arres Capital Inc., and
agent for 1798583 Alberta Ltd.

SUGIMOTO & COMPANY

Timberock North Home Development
Limited

Per: 

Taimur Akbar, counsel for
Richcrooks *et al.*

Per: _____

Jim Gilhooly, Director

- b. They shall have the right to institute and carry out any and all repairs or maintenance to the Unit in consultation with the Plaintiff who, in their discretion and after consultation with the other parties, consider necessary to preserve the Units.
 - c. They shall be specifically empowered to remove and replace any of the existing locks on any of the doors in order to gain proper control of the Units; as well as to pay all utilities, insurance, and other reasonable fees associated with the Units.
6. Timberock shall provide keys, access cards, and any and all access codes to the Units to Veranova.
7. Costs of this application can be dealt with on a future application.

MASTER IN CHAMBERS

Approved as being the order granted:

BISHOP & MCKENZIE LLP

PELLETIER LAW

Per: _____
 Kerry Lynn Okita, counsel for
 Terrapin Mortgage Investment Corp

Per: _____
 Ryan P. Pelletier, counsel for
 Arres Capital Inc., and
 agent for 1798583 Alberta Ltd.

SUGIMOTO & COMPANY

Per: _____
 Taimur Akbar, counsel for
 Richcrooks *et al.*

Timberock North Home Development
 Limited

Per: _____
 Jim Gilhooly, Director

AFFIDAVIT OF EXECUTION OF WITNESS

CANADA
 PROVINCE OF ALBERTA
 TO WIT:

I, Andrew Ringrose
 of the City of Stony Plain
 in the Province of Alberta

MAKE OATH AND SAY THAT:

1. I was personally present and did see JIM GILHOOLY who is known to me to be the person(s) named in the within (or annexed) instrument, duly sign the instrument.

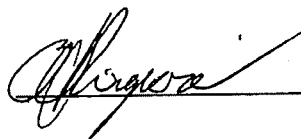
- OR - (delete one)


1. I was personally present and did see JIM GILHOOLY, on the basis of the identification provided to me, I believe to be the person named in the within (or annexed) Order, as granted by Master Prowse on June 26, 2015, duly sign the instrument.

2. That the same was executed at Stony Plain, AB. in the Province of Alberta, and that I am the subscribing witness thereto.

3. That I know the said person and he is in my belief of the full age of eighteen years.

SWORN BEFORE ME, at the City
 of Stony Plain
 in the Province of Alberta
 this 9th day of July, 2015.




 A COMMISSIONER FOR OATHS in
 and for the Province of Alberta

Bobbi-Lee McGowan-Demers
 A Commissioner for Oaths in
 and for the Province of Alberta
 My Commission Expires
 March 21, 2016

This is Exhibit "V" referred
to in the Affidavit of

Take Ellis

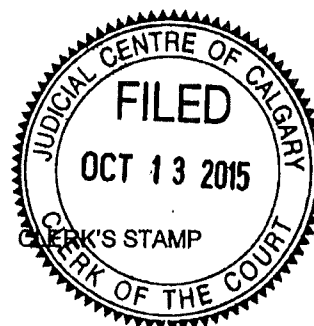
Sworn before me this 12 day
of July, 2018.



A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL 604-687-1323

Exhibit V



COURT FILE NUMBER	0901-02753 and 0901-03332
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
RESPONDENT (PLAINTIFF)	ARRES CAPITAL INC.
NON-PARTICIPANTS (DEFENDANTS)	GRAYBRIAR LAND COMPANY LTD. AND GRAYBRIAR GREENS INC.
RESPONDENTS (NON-PARTIES)	RICHCROOKS ENTERPRISES (2000) LTD. AND RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD., DEMEI FINANCIAL CORP, GREENMAR HOLDINGS INC., ACCESS MORTGAGE INVESTMENT CORPORATION (2004) LIMITED., 4-A PROFESSIONAL SERVICES LTD., TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ BROS. LIMITED, CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW FINANCE, PAUL KORYLO, MAX FELDMAN, SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE CARSON, DELORES CARSON, LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE, PRITI GAUR, MADHU GAUR, WENDY MCKENNA, JANET LORRAINE WATSON, JIM WATT, GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFFS, ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG
RESPONDENT (INTERVENOR)	TERRAPIN MORTGAGE INVESTMENT CORP.
RESPONDENT (INTERESTED PARTY)	1798583 ALBERTA LTD.
DOCUMENT	CONSENT ORDER
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Bishop & McKenzie LLP Barristers and Solicitors 1700, 530 - 8 th Avenue SW Calgary, Alberta T2P 3S8 Attention: Kerry Lynn Okita Telephone: 403-237-5550 Fax: 403-263-3423 File No: 100,672-003 (KLO/ce)

I hereby certify this to be a true copy of
the original
Dated this 13th day of October, 2015
for Clerk of the Court

Justice R.A. Neufeld
granted OCT. 13, 2015

DATE ON WHICH ORDER WAS PRONOUNCED: _____, October ____, 2015

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER:

UPON the consent of the parties, as noted below; AND UPON noting the within Order Master L.A. Smart, dated March 8, 2010 (the "**Foreclosure Direction Order**"); AND UPON noting the within Order-Sale to Plaintiff, granted by Master W. Breitzkreuz on February 3, 2014 and as amended by Master L.A. Smart (together the "**Order-Sale to Plaintiff**"); AND UPON noting the temporary stay of the Order-Sale to Plaintiff, granted by Justice S.D. Hillier on February 14, 2014 (the "**Stay Order**"); AND UPON noting the within Order granted by Master L.A. Smart on February 28, 2014 which directed the sale of Unit 55 (the "**Unit 55 Sale Order**"); AND UPON noting the order of Justice Strekaf, granted on December 17, 2014, lifting the temporary stay of the Order-Sale to Plaintiff (the "**Dismissal Order**"); AND UPON noting the outstanding appeal of Justice Strekaf's order as Court of Appeal File No. 1501-0006AC (the "**Appeal**");

IT IS HEREBY ORDERED THAT

Clarification of Action Nos. and the Units

1. Without limiting the general application of this Consent Order, but to clarify and confirm, this Consent Order shall apply equally and be enforceable in each of Action Nos. 0901-02753 and 0901-03332 and Action Nos. 0903-17684 and 0903-17685 as these four Actions are effectively the same Actions having been first consolidated in the Judicial Centre of Edmonton, in the 0903 Actions, and transferred to the Judicial Centre of Calgary, in the 0901 Actions.

2. The Land at issue in this Order is the following:

- a. Condominium Plan 0827766
Unit 48
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
- b. Condominium Plan 0827766
Unit 55
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
- c. Condominium Plan 0827766
Unit 63
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
- d. Condominium Plan 0827766
Unit 65
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
- e. Condominium Plan 0827766
Unit 67
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
- f. Condominium Plan 0827766
Unit 68
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS
- g. Condominium Plan 0827766
Unit 69
And 83 Undivided One Ten Thousandth Shares in the Common Property
EXCEPTING THEREOUT ALL MINES AND MINERALS

(hereinafter these properties shall be collectively referred to in this Order as the "Units" and individually according to their respective Unit number).

Prior Sale of Unit 55

- 3. The Order-Sale to Plaintiff is hereby amended to remove any reference therein to Unit 55 such that the Unit 55 Sale Order is given full force and effect in respect of the sale of Unit 55 and the transfer of title thereto.
- 4. All funds received by any party pursuant to the Unit 55 Sale Order shall be transferred and addressed pursuant to terms of this Order.

Sale of the Units

5. The Units, with the exception of Unit 55, shall be listed for sale with a licensed real estate agent (the "Realtor") to be selected on the agreement of the parties or pursuant to further advice and direction from this Honourable Court, upon the terms and conditions set out in the Judicial Listing Agreement attached to this Consent Order (the "Judicial Sale" of the Units).
6. The Realtor shall be entitled to post a "FOR SALE" sign of the type customarily posted by a realtor at a conspicuous location on the mortgaged lands, which sign shall remain during the period of the judicial listing and shall not be interfered with by any person.
7. During the period of the Judicial Sale ordered herein, any person in possession or control of the Units shall cooperate with the Realtor, and shall allow access to the Units to the Realtor, any representative of the Realtor, any other realtor approved by the Realtor, and any prospective purchaser, upon receiving (24) hours written notice given by the Realtor for a viewing between 8:00 A.M. and 8:00 P.M. The written notice may be posted on the front door of the Units or the condominium complex where the Units are located.
8. Any and all other real estate listings relative to the Units shall be cancelled during the period of the Judicial Sale ordered herein.
9. As the Units are otherwise vacant, the Realtor and any other person authorized by this Court to deal with the Units, may enter the Units for the purpose of doing any and all things necessary to preserve them, and no such party shall be a mortgagee in possession or trespasser.
10. The Judicial Sale shall immediately terminate upon the earlier of (i) the sale of the last of the Units pursuant to this Consent Order, (ii) the transfer of title to the Units to Arres Capital Inc. ("Arres Capital") and 1798583 Alberta Ltd. ("179 AB") pursuant to this Consent Order, (iii) the dismissal of the Appeal, or (iv) further Order of this Honourable Court.

Sale Proceeds from Judicial Sale

11. Subject to the terms of any subsequent Order Confirming Sale and Vesting Title or the equivalent, the Judicial Sale proceeds for:

- a. Units 48, 68, and 69 shall be transferred to and held in trust by counsel for Terrapin Mortgage Investment Corp. ("Terrapin");
- b. Units 63, 65, and 67 shall be transferred to and held in trust by counsel for Arres Capital.

12. The Judicial Sale proceeds for any of the Units shall be held in trust until the earlier of:

- a. The Appeal is dismissed, whereon any funds held in trust by any person in relation to:
 - i. Units 48, 55, 68, and 69 shall first be released to or to the benefit of Terrapin in the amount equal to the amount outstanding pursuant to the relevant Terrapin Mortgage granted by 179 AB with excess funds released to or to the benefit of 179 AB; and
 - ii. Units 63, 65, and 67 shall be released to counsel for Arres Capital Inc., in trust.
- b. The Appeal is granted, whereon the parties shall return to the Court of Queen's Bench for a determination of the proper judicial process in this matter and determination of the release of funds, including direction on a litigation plan and schedule.

Preservation/Reservation of Rights and Costs

13. The sale of any of the Units pursuant to this Order is and shall be entirely without prejudice to the positions or claims of any of the parties in the within Actions such that the funds realized from the sale of the Units shall be effectively alternate, but equivalent security for the Units.

14. The sale of any of the Units is specifically without prejudice to the position of each or all of Terrapin, 179 AB, and Arres Capital that the Order-Sale to Plaintiff should have been registered, the Units should have transferred pursuant to the terms of the Order-Sale to Plaintiff, and the relevant Mortgage granted by 179 AB to Terrapin should have been registered on those Units transferred to by Arres Capital to 179 AB.

15. Costs of this Application shall be in the cause.

"Justin Newbold"
JUSTICE IN CHAMBERS

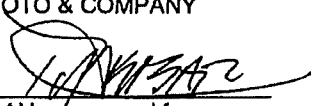
BISHOP & MCKENZIE LLP

Per: _____
Kerry Lynn Okita, counsel for
terrapin Mortgage Investment Corp

PELLETIER LAW

Per: _____
Ryan P. Pelletier, counsel for
Arres Capital Inc.

SUGIMOTO & COMPANY

Per: 
Taimur Akbar, counsel for
Richcrooks *et al.*

DLBH Law

Per: _____
Judy Burke, counsel for
1798583 Alberta Ltd.

15. Costs of this Application shall be in the cause.

JUSTICE IN CHAMBERS

BISHOP & MCKENZIE LLP

Per: 

Kerry Lynn Okita, counsel for
terrapin Mortgage Investment Corp

PELLETIER LAW

Per: 

Ryan P. Pelletier, counsel for
Artes Capital Inc.

SUGIMOTO & COMPANY

Per: _____

Taimur Akbar, counsel for
Richcrooks *et al.*

DLBH Law

Per: 

Judy Burke, counsel for
1798583 Alberta Ltd.

JUDICIAL LISTING AGREEMENT

TO: The Realtor

1. You are hereby given authority as an officer of the Court to list for sale the mortgaged lands with the Multiple Listing Service, if any, in effect in the area in which the Units are located.
2. The Units shall be offered for sale subject to registered encumbrances, liens and interests prior to the plaintiff's mortgage but free and clear of all registered encumbrances, liens and interests subsequent to the plaintiff's mortgage.
3. The listing price shall be set at the following prices:

Unit 48 - \$250,000
Unit 63 - \$266,000
Unit 65 - \$270,000
Unit 67 - \$270,000
Unit 68 - \$270,000
Unit 69 - \$265,000

or such higher prices as the Realtor may recommend after a comparative market analysis is conducted by you prior to the commencement of this judicial listing.

4. The listing shall take effect on the date the listing is accepted in writing by the realtor, and shall continue until terminated pursuant to the Consent Order to which this Judicial Listing Agreement is attached.
5. Within a reasonable time of receiving any offer, you shall forward a true copy of the said offer to counsel for the plaintiffs. If the offer is for a purchase price less than:

Unit 48 - \$250,000
Unit 63 - \$266,000
Unit 65 - \$270,000
Unit 67 - \$270,000
Unit 68 - \$270,000
Unit 69 - \$265,000

it may be rejected by the plaintiffs. Otherwise counsel for the plaintiffs shall apply on notice to reject an offer or for the court to consider that offer. Where the plaintiffs reject an offer they shall forthwith serve the parties to the Action with a true copy of such offer.

6. If no offers are received during the listing period, you shall so advise counsel for the plaintiffs in writing, immediately following the expiry of the judicial listing.
7. In the event that, as a result of the listing, a purchaser is introduced whose offer is accepted by the Court, and the transaction is completed by the purchaser paying the full purchase price and title is registered in the name of the purchaser or its nominee, then, in such event, you will receive a commission as follows:

7% of the first \$100,000 – 3% of the balance – or such lesser amount as may agreed by you – plus applicable taxes thereon

8. You shall have a first charge against the sale proceeds in the amount of any commission payable hereunder. If the Court accepts an offer to purchase and the purchaser fails to complete the purchase, and the Court does not order relief from forfeiture of the deposit, you will retain, as compensation for services rendered, fifty per cent (50%) of the said deposit (provided such amount does not exceed the commission payable had the sale been fully completed) and you will pay the balance of the deposit to counsel for the plaintiff to be applied against the Indebtedness.
9. If the defendants, any subsequent encumbrancer, or anyone else entitled to do so, pays all principal, interest and other amounts owing under the mortgage at any time after the judicial listing takes effect, or brings the mortgage current after the judicial listing takes effect, there shall be paid as part of the costs of redemption, the reasonable expenses incurred by you as the Realtor during this judicial listing.
10. All offers submitted pursuant to the judicial listing shall, subject to further order of the Court:
 - (a) be in writing and shall be signed by the offeror; and
 - (b) be subject to the approval and acceptance by the Court on such terms as the Court considers appropriate; and
 - (c) provide for a possession date to be determined by the Court; and
 - (d) contain and be subject to the terms and conditions as are contained in Schedule "A" which is attached to these directions; and
 - (e) be accompanied by a certified cheque or money order payable to your real estate company for the deposit amount referred to in the offer.
11. Nothing in the listing shall:
 - (a) affect the right of the defendants or anyone else entitled to do so to pay all principal, interest and other amounts owing under the mortgage, or to bring the mortgage current or to privately sell the mortgaged lands;
 - (b) affect the plaintiffs' right to make a proposal to purchase the mortgaged property, if applicable or otherwise acquire the mortgaged property after the expiry of the judicial listing without liability for any real estate commission or any other compensation payable to the Realtor hereunder;
 - (c) create or impose any liability on the plaintiff or the Court for the payment of any real estate commission or other compensation arising out of this listing.
12. The terms of the listing may be modified by the Court on application of any party or subsequent encumbrancer on five days notice.

ACCEPTED THIS ____ DAY OF AUGUST, 2015

By: _____
An Agent licensed pursuant to the
Real Estate Act, R.S.A. 2000, c. R-5

APPROVED this ____ day of AUGUST, 2015.

MASTER IN CHAMBERS

SCHEDULE "A" TO THE REAL ESTATE PURCHASE CONTRACT entered into between

THE COURT OF QUEEN'S BENCH OF ALBERTA (the "Seller")

and

_____ (the "Buyer")

The terms of this schedule replace, modify or add to the terms of the agreement of purchase and sale (the "Real Estate Purchase Contract") to which this schedule is attached. Where there is any inconsistency between the terms of this Schedule and the Real Estate Purchase Contract, the provisions of this Schedule shall prevail.

AS IS - WHERE IS

1. The Buyer acknowledges and agrees to purchase the mortgaged lands, all buildings and improvements located on the mortgaged lands (the "Property"), and any and all fixtures ("Attached Goods") and chattels ("Unattached Goods") included in the Real Estate Purchase Contract or included in the sale of the property, "as is" and agrees with the Seller that neither the Seller, nor its agents or representatives have made any representations or warranties with respect to the Property or any Attached Goods or Unattached Goods included in the sale of the Property. Without limiting the generality of the foregoing, the Buyer agrees that neither the Seller nor its agents have made any representations or warranties with respect to:
 - a) the condition of any buildings or improvements located on the Property;
 - b) the condition of any Attached Goods or Unattached Goods included in the Real Estate Purchase Contract or otherwise sold with the Property;
 - c) whether the Property complies with any existing land use or zoning bylaws or regulations, or municipal development agreements or plans;
 - d) the location of any buildings and other improvements on the Property and whether such location complies with any applicable municipal bylaws or regulations;
 - e) whether or not any buildings or improvements located on the Property encroach onto any neighbouring lands or any easements or rights of way;
 - f) whether or not any buildings or improvements located on any neighbouring lands encroach onto the Property;
 - g) the size and dimensions of the Property or any building or improvements located thereon;
 - h) whether or not the Property is contaminated with any hazardous substance; and
 - i) whether or not any of the buildings or other improvements located on the Property have been insulated with urea formaldehyde insulation.

OWNERSHIP OF UNATTACHED GOODS

2. The Buyer agrees that the Seller is selling only such interest as it may have in any Attached goods or Unattached Goods referred to in the Real Estate Purchase Contract, or which may be located on the

Buyer's Initial _____

Date: _____

Property, and the Seller does not warrant that it has title to such Attached Goods or Unattached Goods. Further, the Buyer agrees that the Seller will not be liable for the removal of any chattels found on the Property prior to or on the date of closing. On closing, the Buyer may have possession of the Attached Goods and Unattached Goods which are then on or about the Property on an "as is" basis, and the Seller will not provide a Bill of Sale, Warranty, or other title document to the Buyer. Further, there will be no adjustment or abatement of any kind to the Purchase Price with respect to any Attached Goods or Unattached Goods.

REAL PROPERTY REPORT & COMPLIANCE

3. The Seller is not required to provide the Buyer with a real property report or compliance certificate. Should the Seller provide the Buyer with a copy of a survey or real property report, the Buyer agrees that any use of or reliance upon such document shall be at the Buyer's own risk. The Buyer must satisfy itself that the survey or real property report which the Seller might provide accurately reflects the Property and the buildings and improvements located thereon as they currently exist and the Seller shall not be responsible for any errors or omissions which might exist on such document. The Seller does not represent or warrant the accuracy or validity of the said survey or real property report or compliance certificate.

CONDOMINIUM

4. If the Property is a condominium:
 - a) the Seller is not required to provide any condominium documentation to the Buyer and the Buyer shall be solely responsible to obtain any condominium documentation he may require. Without limiting the generality of the foregoing, the Buyer may obtain on his own and at his sole costs and expenses any estoppel certificate, copy of the condominium bylaws and financial statement for the Condominium Corporation that he may require;
 - b) the Buyer must satisfy himself with the condition of the condominium unit, the common property, and the financial condition of the condominium corporation and agrees that neither the Seller nor its agents, have made any representations or warranties pertaining to same including, without limiting the generality of the foregoing, the adequacy of any reserve fund the condominium corporation might have, any potential special assessments which might be levied by the condominium corporation or the existence of any legal actions pending against the condominium corporation;
 - c) the Seller shall be responsible for amounts payable up to the closing date on account of any condominium fees and special assessments levied by the condominium corporation.

GOODS AND SERVICES TAX (G.S.T.)

5. In addition to the purchase price payable thereunder, the Buyer shall pay to the Seller and indemnify the Seller against all Goods and Services Tax ("G.S.T.") payable on the purchase price as required by the *Excise Tax Act*. The Seller will not provide to the Buyer a Certificate of Exempt Supply, or any other certificate certifying that this purchase and sale transaction is not subject to the Goods and Services Tax. Should the Seller fail to collect G.S.T. from the Buyer, it shall not be construed by the Buyer as a certification by the Seller that no G.S.T. is payable by the Buyer hereunder, and the Buyer shall remain liable for any G.S.T. which might be payable with respect to this transaction.

ACCEPTANCE BY FACSIMILE

6. The Seller and Buyer agree that this contract may be signed in counterpart, and the acceptance of this offer communicated or confirmed by facsimile transmission shall be binding upon the parties. The Buyer agrees to promptly deliver an executed original Real Estate Purchase Contract to the Seller.

Buyer's Initial _____

Date: _____

FORECLOSURE PROCEEDING

7. This offer is being made pursuant to or in a Court of Queen's Bench foreclosure proceeding and, as such, the Offer may be accepted only by Order of said Court and is subject to the terms of that Order. Any agreement arising out of the Seller's acceptance of this Offer is conditional upon the approval thereof by the said Court.


Buyer's Initial

Date: _____

This is Exhibit "W" referred
to in the Affidavit of

Jack Ellis

Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit W

COURT FILE NUMBER

0903-17684 and 0903-17685

COURT

COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE

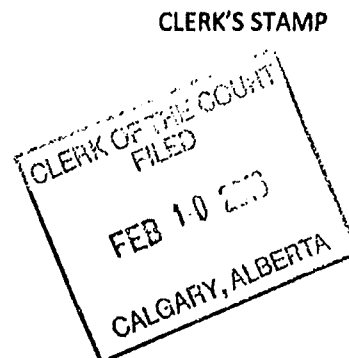
CALGARY

RESPONDENT
(PLAINTIFF)

ARRES CAPITAL INC.

NON-PARTICIPANTS
(DEFENDANTS)GRAYBRIAR LAND COMPANY LTD. AND
GRAYBRIAR GREENS INC.RESPONDENTS
(NON-PARTIES)

RICHCROOKS ENTERPRISES (2000) LTD. AND
RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD.,
DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC.,
ACCESS MORTGAGE INVESTMENT CORPORATION (2004)
LIMITED., 4-A PROFESSIONAL SERVICES LTD.,
TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE
INVESTMENTS LTD., SWARTZ BROS. LIMITED,
CHRISTOPHER SCHULTZ CONSULTING INC.,
CURLEW FINANCE, PAUL KORYLO, MAX FELDMAN,
SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN,
R. BRUCE CARSON, DELORES CARSON,
LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE,
PRITI GAUR, MADHU GAUR, WENDY MCKENNA,
JANET LORRAINE WATSON, JIM WATT,
GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA,
GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ,
MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE,
CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG



I hereby certify this to be a true copy of
the original Order Confirming Sale
dated this 10 day of Feb 2016
Monica Neubert
for Clerk of the Court

RESPONDENT
(INTERVENOR)

TERRAPIN MORTGAGE INVESTMENT CORP.

RESPONDENT
(INTERESTED PARTY)

1798583 ALBERTA LTD.

DOCUMENT

ORDER CONFIRMING SALE AND VESTING TITLE

Feb 10, 2016
Let this order be filed immediately
notwithstanding that it
varies from the template

[Signature]
M.C.C.Q.B.A.

- 2 -

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

PELLETIER LITIGATION
3300, 205 – 5th Avenue SW
Calgary, AB T2P 2V7
T. 403.407.2600
F. 403.407.2601

Ryan P. Pelletier
D. 403.407.2630
File: 13002.007

DATE ON WHICH ORDER WAS PRONOUNCED:	<i>February</i> January 1, 2016
LOCATION WHERE ORDER WAS PRONOUNCED:	Calgary
NAME OF MASTER / JUSTICE WHO MADE THIS ORDER:	<i>Laycock</i>

UPON the application of the Respondent/Plaintiff: AND UPON noting the within Order of Master L.A. Smart, dated March 8, 2010 (the "**Foreclosure Direction Order**"); AND UPON noting the within Order-Sale to Plaintiff, granted by Master W. Breitreuz on February 3, 2014 and as amended by Master L.A. Smart (together the "**Order-Sale to Plaintiff**"); AND UPON noting the temporary stay of the Order-Sale to Plaintiff, granted by Justice S.D. Hillier on February 14, 2014 (the "**Stay Order**"); AND UPON noting the within Order granted by Master L.A. Smart on February 28, 2014 which directed the sale of Unit 55 (the "**Unit 55 Sale Order**"); AND UPON noting the order of Justice Strekaf, granted on December 17, 2014, lifting the temporary stay of the Order-Sale to Plaintiff (the "**Dismissal Order**"); AND UPON noting the within Order of Master J.T. Prowse, filed July 22, 2015 (the "**Timberock Discharge Order**"); AND UPON noting the within Consent Order, filed October 13, 2015 (the "**Consent Listing Order**"); AND UPON noting the decision of the Court of Appeal on appeal of Justice Strekaf's Dismissal Order, as Court of Appeal File No. 1501-0006AC (the "**Appeal Decision**");

And upon hearing counsel for the Plaintiff; And upon

☐ no one appearing for the defendant(s)

☐ hearing from the defendant(s)

☒ hearing from counsel for the defendant(s);

IT IS HEREBY ORDERED THAT:

1. In this order the mortgaged lands are the following:

Condominium Plan 0827766

Unit 48

And 83 Undivided One Ten Thousandth Shares in the Common Property

EXCEPTING THEREOUT ALL MINES AND MINERALS

- 3 -

2. The Offer to Purchase submitted by Aksinia Volkova (the "Purchaser") in the amount of \$225,000 plus GST (being \$236,250 total) for the purchase of the mortgaged lands, is hereby approved and accepted and any deposit of the Purchaser held by the Clerk of the Court shall be forwarded to the plaintiff's counsel. Any deposit of the Purchaser held by the judicial listing real estate agent, less commission payable, shall be forwarded to the plaintiff's counsel. All other offers are hereby rejected and all deposits received from any other offerors shall be returned to them immediately.
3. The Purchaser shall, on or before the 12 day of February, 2016 (the "Closing Date") either pay to the plaintiff's counsel the adjusted purchase price, or enter into reasonable conveyancing arrangements with the plaintiff's counsel to assure payment of the adjusted purchase price, and upon doing so the Purchaser is entitled to obtain possession of the mortgaged lands pursuant to paragraph 6 of this order.
4. The plaintiff's lawyer shall distribute the sale proceeds as follows:
 - (a) by paying the amount owing to the municipality in which the mortgaged lands are located with respect to municipal property taxes, assessments, penalties and interest and any other overdue charges owing to the said municipality with respect to the mortgaged lands, ranking prior to the plaintiff's mortgage, if any, and;
 - (b) by paying any outstanding condominium fees owing with respect to the mortgaged lands, if any, and;
 - (c) by paying out any registered financial encumbrancer ranking prior to the plaintiff's mortgage, if any, and;
 - (d) by paying to Canada Revenue Agency, the amount any Goods and Services Tax ("GST") payable as a result of the sale transaction approved by this Order, if any, and;
 - (e) by paying the real estate commission and the GST thereon to the judicial listing real estate agent, if any, and;
 - (f) by paying the remainder, if any, into Court to be held by the Clerk of the Court to the credit of this Action pending further Order of this Honourable Court.
5. The proceeds of sale shall be held by the Court pursuant to the direction of the Court of Appeal and shall be entirely without prejudice to the positions or claims of any of the parties in the within Actions such that the funds realized from the sale of the property shall be effectively alternate, but equivalent security for the property. The proceeds are held specifically without prejudice to the position of each or all of Terrapin Mortgage Investment Corp ("Terrapin"), 1798583 Alberta Ltd. ("175 AB"), and Arres Capital Inc. ("Arres Capital") that the Order-Sale to Plaintiff should have been registered, the property should have transferred pursuant to the terms of the Order-Sale to Plaintiff, and the relevant Mortgage granted by 179 AB to Terrapin should have been registered on those Units transferred to by Arres Capital to 179 AB.

- 4 -

6. The plaintiff shall file and forward to the assessment officer an affidavit of receipts and disbursements accounting for funds disbursed pursuant to the preceding paragraph within one month of the Closing Date, or receipt of the adjusted purchase price, whichever is later.
7. The defendant, any tenants, and any other occupants shall, on or before the Closing Date deliver up to the Purchaser vacant possession of the mortgaged lands. Service of this order may be made on the occupants by posting same on the main entrance door to the mortgaged lands. A Civil Enforcement Agency has authority, after service of this order has been effected, to evict any occupant of the mortgaged lands on the later of the aforesaid date or 20 days after the posting has occurred.
8. Upon written confirmation from the plaintiff's lawyer that it has received or is satisfied that it will receive payment from the Purchaser, the Registrar of Land Titles shall cancel the existing certificate of title to the mortgaged lands and shall issue a new certificate of title in the name of:

Aksinia Volkova
of
504 Graybriar Green
Stony Plain, AB T7Z 0G1

(or such other transferee as directed by the plaintiff's counsel in correspondence sent to the Registrar of Land Titles at the time this order is submitted for registration) free and clear of the plaintiff's mortgage and all subsequent encumbrances, but subject to:

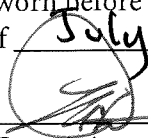
- a. Instrument No. 082 100 457 – Utility Right of Way
 - b. Instrument No. 082 409 616 - Easement
 - c. Instrument No. 082 409 617 – Utility Right of Way
 - d. Instrument No. 082 409 619 - Agreement
9. Subject to paragraph 5 of this Order, any interest in the mortgaged lands of the defendant, anyone claiming through the defendant, or any other subordinate encumbrancer is hereby extinguished.
 10. Compliance with Rule 9.34(4) and the requirement for service of documents prior to entry of this order, set out in Rule 9.35(1)(a), are hereby waived.
 11. The Registrar of Land Titles shall comply with this order forthwith notwithstanding Section 191(1) of the *Land Titles Act*.

K. Laycock
MASTER IN CHAMBERS

This is Exhibit "X" referred
to in the Affidavit of

John Ellis

Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit X

COURT FILE NUMBER

0903-17684 and 0903-17685

CLERK'S STAMP

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

RESPONDENCE
(PLAINTIFF)

ARRES CAPITAL INC.

NON-PARTICIPANTS
(DEFENDANTS)GRAYBRIAR LAND COMPANY LTD. AND
GRAYBRIAR GREENS INC.RESPONDENTS
(NON-PARTIES)

RICHCROOKS ENTERPRISES (2000) LTD. AND
 RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD.,
 DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC.,
 ACCESS MORTGAGE INVESTMENT CORPORATION (2004)
 LIMITED., 4-A PROFESSIONAL SERVICES LTD.,
 TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE
 INVESTMENTS LTD., SWARTZ BROS. LIMITED,
 CHRISTOPHER SCHULTZ CONSULTING INC.,
 CURLEW FINANCE, PAUL KORNLYO, MAX FELDMAN,
 SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN,
 R. BRUCE CARSON, DELORES CARSON,
 LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE,
 PRITI GAUR, MADHU GAUR, WENDY MCKENNA,
 JANET LORRAINE WATSON, JIM WATT,
 GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA,
 GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ,
 MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE,
 CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG

RESPONDENT
 (INTERVENOR)
 RESPONDENT
 (INTERESTED PARTY)

TERRAPIN MORTGAGE INVESTMENT CORP.

1798593 ALBERTA LTD.

DOCUMENT

MONEY PAID INTO COURT

PARTY FILING THIS DOCUMENT

ARRES CAPITAL INC.

CLERK OF THE COURT
FILED
 MAR 11 2016
 JUDICIAL CENTRE
 OF CALGARY

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT**

PELLETIER LITIGATION
3300, 205 – 5th Avenue SW
Calgary, AB T2P 2V7
Main: 403.407.2600
Fax: 403.407.2601

Ryan P. Pelletier
Direct: 403.407.2630
File No. 13002.007

You have received money paid into Court.

Go to the end of this document to see what you must do.

\$200,584.38 is paid into Court pursuant to the Order of Master K. Laycock dated February 1, 2016 and filed on February 10, 2016.

NOTICE TO COURT CLERK

You must give a receipt for the money paid into Court and, unless otherwise ordered, deposit the money in an account in a bank or treasury branch.

240
000343

Date 03/01/2016
Paid to The Government of Alberta
For Balance of net sale proceeds on Action No. 0903-17684 and
Chk. # 343

Amount	\$200,584.38				
Client / G/L	Amount	Client / G/L	Amount	Client / G/L	Amount
13002.007	\$200,584.38				

**RYAN P PELLETTIER PROFESSIONAL
LAW CORPORATION**

BOW VALLEY SQUARE 2
3300, 205 5TH AVE SW
CALGARY, AB T2P 2V7

TEL: (403) 407-2600 FAX: (403) 407-2601

ROYAL BANK OF CANADA 343
BOW VALLEY SQUARE BRANCH
255-5TH AVE. S.W.
CALGARY, AB T2P 3G6



DATE

0 3 0 1 2 0 1 6
M M D D Y Y Y Y

000343

****Two Hundred Thousand Five Hundred Eighty Four & 88/100 dollars

\$ *****200,584.38

PAY TO THE ORDER OF The Government of Alberta
901-N, 601 - 5th Street SW
Calgary, AB T2P 5P7

TRUST ACCOUNT

PER

⑈000343⑈ ⑆02319⑈003⑆ 105⑈209⑈1⑈

**COURT OF QUEENS BENCH
OFFICIAL RECEIPT**
603N 601 5TH STREETSW
CALGARY, ALBERTA

3/11/16 11:30:21 AM

CM

DOCUMENT #: 0903-17684

ORDER

\$200,584.38

TOTAL \$200,584.38
CHEQUE \$200,584.38

Item count: 1

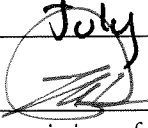
Trans:141619

Terminal:040103025-001001

RETAIN RECEIPT FOR RECORDS

This is Exhibit "Y" referred
to in the Affidavit of
Take Ellis

Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL 604-687-1323

Exhibit Y

... to be a true copy of
the original *Order*

15 March 2016

RECEIVED BY COURT

COURT FILE NUMBER 0903-17684 and 0903-17685

COURT COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE CALGARY

RESPONDENT
(PLAINTIFF) ARRES CAPITAL INC.

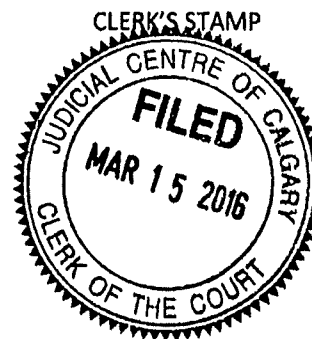
NON-PARTICIPANTS
(DEFENDANTS) GRAYBRIAR LAND COMPANY LTD. AND
GRAYBRIAR GREENS INC.

RESPONDENTS
(NON-PARTIES) RICHCROOKS ENTERPRISES (2000) LTD. AND
RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD.,
DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC.,
ACCESS MORTGAGE INVESTMENT CORPORATION (2004)
LIMITED., 4-A PROFESSIONAL SERVICES LTD.,
TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE
INVESTMENTS LTD., SWARTZ BROS. LIMITED,
CHRISTOPHER SCHULTZ CONSULTING INC.,
CURLEW FINANCE, PAUL KORYLO, MAX FELDMAN,
SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN,
R. BRUCE CARSON, DELORES CARSON,
LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE,
PRITI GAUR, MADHU GAUR, WENDY MCKENNA,
JANET LORRAINE WATSON, JIM WATT,
GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA,
GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ,
MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE,
CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG

RESPONDENT
(INTERVENOR) TERRAPIN MORTGAGE INVESTMENT CORP.

RESPONDENT
(INTERESTED PARTY) 1798583 ALBERTA LTD.

DOCUMENT ORDER CONFIRMING SALE AND VESTING TITLE



- 2 -

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

PELLETIER LITIGATION
3300, 205 – 5th Avenue SW
Calgary, AB T2P 2V7
T. 403.407.2600
F. 403.407.2601

Ryan P. Pelletier
D. 403.407.2630
File: 13002.007

DATE ON WHICH ORDER WAS PRONOUNCED:	March 10, 2016
LOCATION WHERE ORDER WAS PRONOUNCED:	Calgary
NAME OF MASTER WHO MADE THIS ORDER:	A. Robertson

UPON the application of the Respondent/Plaintiff; AND UPON noting the within Order of Master L.A. Smart, dated March 8, 2010 (the "**Foreclosure Direction Order**"); AND UPON noting the within Order-Sale to Plaintiff, granted by Master W. Breitreuz on February 3, 2014 and as amended by Master L.A. Smart (together the "**Order-Sale to Plaintiff**"); AND UPON noting the temporary stay of the Order-Sale to Plaintiff, granted by Justice S.D. Hillier on February 14, 2014 (the "**Stay Order**"); AND UPON noting the within Order granted by Master L.A. Smart on February 28, 2014 which directed the sale of Unit 55 (the "**Unit 55 Sale Order**"); AND UPON noting the order of Justice Strekauf, granted on December 17, 2014, lifting the temporary stay of the Order-Sale to Plaintiff (the "**Dismissal Order**"); AND UPON noting the within Order of Master J.T. Prowse, filed July 22, 2015 (the "**Timberock Discharge Order**"); AND UPON noting the within Consent Order, filed October 13, 2015 (the "**Consent Listing Order**"); AND UPON noting the decision of the Court of Appeal on appeal of Justice Strekauf's Dismissal Order, as Court of Appeal File No. 1501-0006AC (the "**Appeal Decision**"); AND UPON noting the within Order Confirming Sale and Vesting Title for Unit 48, granted by Master K. Laycock and filed February 10, 2016 (the "**Unit 48 Sale Order**");

And upon hearing counsel for the Plaintiff; And upon



☒ no one appearing for the defendant(s)

☐ hearing from the defendant(s)

☐ hearing from counsel for the defendant(s);

IT IS HEREBY ORDERED THAT:

1. This Order shall be filed forthwith notwithstanding that it varies from the standard template for Orders confirming sale and vesting title in foreclosure actions.



- 3 -

2. In this order the mortgaged lands are the following:

Condominium Plan 0827766

Unit 63

And 83 Undivided One Ten Thousandth Shares in the Common Property

Excepting thereout all mines and minerals

3. The Offer to Purchase submitted by Carolyn Ann Miller (the "Purchaser") in the amount of \$241,000, inclusive of GST, for the purchase of the mortgaged lands, is hereby approved and accepted and any deposit of the Purchaser held by the Clerk of the Court shall be forwarded to the plaintiff's counsel. Any deposit of the Purchaser held by the judicial listing real estate agent, less commission payable, shall be forwarded to the plaintiff's counsel. All other offers are hereby rejected and all deposits received from any other offerors shall be returned to them immediately.
4. The Purchaser shall, on or before the 7th day of April, 2016 (the "Closing Date") either pay to the plaintiff's counsel the adjusted purchase price, or enter into reasonable conveyancing arrangements with the plaintiff's counsel to assure payment of the adjusted purchase price, and upon doing so the Purchaser is entitled to obtain possession of the mortgaged lands pursuant to paragraph 6 of this order.
5. The plaintiff's lawyer shall distribute the sale proceeds as follows:
- (a) by paying the amount owing to the municipality in which the mortgaged lands are located with respect to municipal property taxes, assessments, penalties and interest and any other overdue charges owing to the said municipality with respect to the mortgaged lands, ranking prior to the plaintiff's mortgage, if any, and;
 - (b) by paying any outstanding condominium fees owing with respect to the mortgaged lands, if any, and;
 - (c) by paying out any registered financial encumbrancer ranking prior to the plaintiff's mortgage, if any, and;
 - (d) by paying to Canada Revenue Agency, the amount any Goods and Services Tax ("GST") payable as a result of the sale transaction approved by this Order, if any, and;
 - (e) by paying the real estate commission and the GST thereon to the judicial listing real estate agent, if any, and;
 - (f) by paying the remainder, if any, into Court to be held by the Clerk of the Court to the credit of this Action pending further Order of this Honourable Court.

- 5 -


11. Compliance with Rule 9.34(4) and the requirement for service of documents prior to entry of this order, set out in Rule 9.35(1)(a), are hereby waived.
12. The Registrar of Land Titles shall comply with this order forthwith notwithstanding Section 191(1) of the *Land Titles Act*.



MASTER IN CHAMBERS

This is Exhibit "2" referred
to in the Affidavit of
Jake Ellis

Sworn before me this 12 day
of July, 20 18.



A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit Z

COURT FILE NUMBER 0903-17684 and 0903-17685

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

RESPONDENCE (PLAINTIFF) ARRES CAPITAL INC.

NON-PARTICIPANTS (DEFENDANTS) GRAYBRIAR LAND COMPANY LTD. AND GRAYBRIAR GREENS INC.

RESPONDENTS (NON-PARTIES) RICHCROOKS ENTERPRISES (2000) LTD. AND RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD., DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC., ACCESS MORTGAGE INVESTMENT CORPORATION (2004) LIMITED., 4-A PROFESSIONAL SERVICES LTD., TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ BROS. LIMITED, CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW FINANCE, PAUL KORYLO, MAX FELDMAN, SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE CARSON, DELORES CARSON, LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE, PRITI GAUR, MADHU GAUR, WENDY MCKENNA, JANET LORRAINE WATSON, JIM WATT, GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFFS, ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG

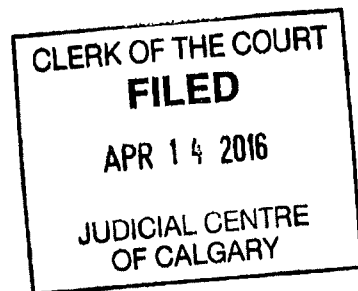
RESPONDENT (INTERVENOR) TERRAPIN MORTGAGE INVESTMENT CORP.

RESPONDENT (INTERESTED PARTY) 1798593 ALBERTA LTD.

DOCUMENT MONEY PAID INTO COURT

PARTY FILING THIS DOCUMENT ARRES CAPITAL INC.

CLERK'S STAMP



ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

PELLETIER LITIGATION
3300, 205 – 5th Avenue SW
Calgary, AB T2P 2V7
Main: 403.407.2600
Fax: 403.407.2601

Ryan P. Pelletier
Direct: 403.407.2630
File No. 13002.007

You have received money paid into Court.

Go to the end of this document to see what you must do.

\$198,649.51 is paid into Court pursuant to the Order of Master A. Robertson dated March 15, 2016 and filed March 15, 2016.

NOTICE TO COURT CLERK

You must give a receipt for the money paid into Court and, unless otherwise ordered, deposit the money in an account in a bank or treasury branch.

RYAN P PELLETIER PROFESSIONAL LAW CORPORATION

000400

Date 04/13/2016
 Paid to The Government of Alberta
 For Balance of net sale proceeds on ABQB Action Nos: 0309-17684 and
 Chk. # 400

Amount		\$198,649.51				
	Client / G/L	Amount	Client / G/L	Amount	Client / G/L	Amount
	13002.007	\$198,649.51				

COURT OF QUEENS BENCH
 OFFICIAL RECEIPT
 603N 601 5TH STREETSW
 CALGARY, ALBERTA

4/14/16 3:12:54 PM

✓ CM

DOCUMENT #: 0903-17684
ORDER

\$198,649.51

TOTAL \$198,649.51
 CHEQUE \$198,649.51

Item count: 1

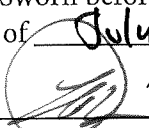
Trans:146824

Terminal:040103025-001001

RETAIN RECEIPT FOR RECORDS

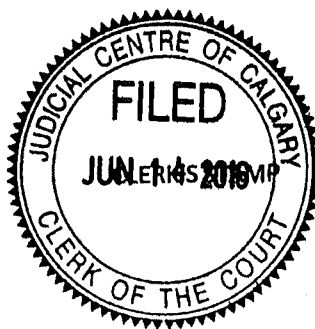
This is Exhibit "AA" referred
to in the Affidavit of

John Ellis
Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL 604-687-1323

Exhibit AA



COURT FILE NUMBER

0903-17684 and 0903-17685

COURT

COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE

CALGARY

RESPONDENT
(PLAINTIFF)

ARRES CAPITAL INC.

I hereby certify this to be a true copy of
the original orderDated this 14 day of June 2016NON-PARTICIPANTS
(DEFENDANTS)GRAYBRIAR LAND COMPANY LTD. AND
GRAYBRIAR GREENS INC.P33
for Clerk of the CourtRESPONDENTS
(NON-PARTIES)

RICHCROOKS ENTERPRISES (2000) LTD. AND
 RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD.,
 DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC.,
 ACCESS MORTGAGE INVESTMENT CORPORATION (2004)
 LIMITED., 4-A PROFESSIONAL SERVICES LTD.,
 TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE
 INVESTMENTS LTD., SWARTZ BROS. LIMITED,
 CHRISTOPHER SCHULTZ CONSULTING INC.,
 CURLEW FINANCE, PAUL KORYLO, MAX FELDMAN,
 SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN,
 R. BRUCE CARSON, DELORES CARSON,
 LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE,
 PRITI GAUR, MADHU GAUR, WENDY MCKENNA,
 JANET LORRAINE WATSON, JIM WATT,
 GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA,
 GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ,
 MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE,
 CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG

RESPONDENT
(INTERVENOR)

TERRAPIN MORTGAGE INVESTMENT CORP.

RESPONDENT
(INTERESTED PARTY)

1798583 ALBERTA LTD.

DOCUMENT

ORDER CONFIRMING SALE AND VESTING TITLE

- 2 -

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

PELLETIER LITIGATION
3300, 205 – 5th Avenue SW
Calgary, AB T2P 2V7
T. 403.407.2600
F. 403.407.2601

Ryan P. Pelletier
D. 403.407.2630
File: 13002.007

DATE ON WHICH ORDER WAS PRONOUNCED:	June 14, 2016
LOCATION WHERE ORDER WAS PRONOUNCED:	Calgary
NAME OF MASTER WHO MADE THIS ORDER:	J. FARRINGTON

UPON the application of the Respondent/Plaintiff: AND UPON noting the within Order of Master L.A. Smart, dated March 8, 2010 (the "Foreclosure Direction Order"); AND UPON noting the within Order-Sale to Plaintiff, granted by Master W. Breitzkreuz on February 3, 2014 and as amended by Master L.A. Smart (together the "Order-Sale to Plaintiff"); AND UPON noting the temporary stay of the Order-Sale to Plaintiff, granted by Justice S.D. Hillier on February 14, 2014 (the "Stay Order"); AND UPON noting the within Order granted by Master L.A. Smart on February 28, 2014 which directed the sale of Unit 55 (the "Unit 55 Sale Order"); AND UPON noting the order of Justice Strekauf, granted on December 17, 2014, lifting the temporary stay of the Order-Sale to Plaintiff (the "Dismissal Order"); AND UPON noting the within Order of Master J.T. Prowse, filed July 22, 2015 (the "Timberock Discharge Order"); AND UPON noting the within Consent Order, filed October 13, 2015 (the "Consent Listing Order"); AND UPON noting the decision of the Court of Appeal on appeal of Justice Strekauf's Dismissal Order, as Court of Appeal File No. 1501-0006AC (the "Appeal Decision"); AND UPON noting the within Orders Confirming Sale and Vesting Title for Units 48 and 63, granted by Masters K. Laycock and A. Robertson, respectively, and filed February 10, 2016 and March 15, 2016 (the "Previous Sale Orders");

And upon hearing counsel for the Plaintiff; And upon

☒ no one appearing for the defendant(s)

☐ hearing from the defendant(s)

☐ hearing from counsel for the defendant(s);

IT IS HEREBY ORDERED THAT:

1. This Order shall be filed forthwith notwithstanding that it varies from the standard template for Orders confirming sale and vesting title in foreclosure actions.

- 3 -

2. In this order the mortgaged lands are the following:

Condominium Plan 0827766

Unit 65

And 83 Undivided One Ten Thousandth Shares in the Common Property

Excepting thereout all mines and minerals

3. The Offer to Purchase submitted by Leah Marie Farquharson and Duncan Farquharson (the "Purchasers") in the amount of \$240,000, inclusive of GST, for the purchase of the mortgaged lands, is hereby approved and accepted and any deposit of the Purchasers held by the Clerk of the Court shall be forwarded to the plaintiff's counsel. Any deposit of the Purchasers held by the judicial listing real estate agent, less commission payable, shall be forwarded to the plaintiff's counsel. All other offers are hereby rejected and all deposits received from any other offerors shall be returned to them immediately.
4. The Purchasers shall, on or before the 24th day of June, 2016 (the "Closing Date") either pay to the plaintiff's counsel the adjusted purchase price, or enter into reasonable conveyancing arrangements with the plaintiff's counsel to assure payment of the adjusted purchase price, and upon doing so the Purchasers is entitled to obtain possession of the mortgaged lands pursuant to paragraph 6 of this order.
5. The plaintiff's lawyer shall distribute the sale proceeds as follows:
- (a) by paying the amount owing to the municipality in which the mortgaged lands are located with respect to municipal property taxes, assessments, penalties and interest and any other overdue charges owing to the said municipality with respect to the mortgaged lands, ranking prior to the plaintiff's mortgage, if any, and;
 - (b) by paying any outstanding condominium fees owing with respect to the mortgaged lands, if any, and;
 - (c) by paying out any registered financial encumbrancer ranking prior to the plaintiff's mortgage, if any, and;
 - (d) by paying to Canada Revenue Agency, the amount any Goods and Services Tax ("GST") payable as a result of the sale transaction approved by this Order, if any, and;
 - (e) by paying the real estate commission and the GST thereon to the judicial listing real estate agent, if any, and;
 - (f) by paying the remainder, if any, into Court to be held by the Clerk of the Court to the credit of this Action pending further Order of this Honourable Court.

- 4 -

6. The proceeds of sale shall be held by the Court pursuant to the direction of the Court of Appeal and shall be entirely without prejudice to the positions or claims of any of the parties in the within Actions such that the funds realized from the sale of the property shall be effectively alternate, but equivalent security for the property. The proceeds are held specifically without prejudice to the position of each or all of Terrapin Mortgage Investment Corp ("Terrapin"), 1798583 Alberta Ltd. ("175 AB"), and Arres Capital Inc. ("Arres Capital") that the Order-Sale to Plaintiff should have been registered, the property should have transferred pursuant to the terms of the Order-Sale to Plaintiff, and the relevant Mortgage granted by 179 AB to Terrapin should have been registered on those Units transferred to by Arres Capital to 179 AB.
7. The plaintiff shall file and forward to the assessment officer an affidavit of receipts and disbursements accounting for funds disbursed pursuant to the preceding paragraph within one month of the Closing Date, or receipt of the adjusted purchase price, whichever is later.
8. The defendant, any tenants, and any other occupants shall, on or before the Closing Date deliver up to the Purchasers vacant possession of the mortgaged lands. Service of this order may be made on the occupants by posting same on the main entrance door to the mortgaged lands. A Civil Enforcement Agency has authority, after service of this order has been effected, to evict any occupant of the mortgaged lands on the later of the aforesaid date or 20 days after the posting has occurred.
9. Upon written confirmation from the plaintiff's lawyer that it has received or is satisfied that it will receive payment from the Purchasers, the Registrar of Land Titles shall cancel the existing certificate of title to the mortgaged lands and shall issue a new certificate of title in the name of:

Leah Marie Farquharson and Duncan Farquharson
of
1001 Graybriar Green
Stony Plain, AB T7Z 0G1

(or such other transferee as directed by the plaintiff's counsel in correspondence sent to the Registrar of Land Titles at the time this order is submitted for registration) free and clear of the plaintiff's mortgage and all subsequent encumbrances, but subject to:

 - a. Instrument No. 082 100 457 – Utility Right of Way
 - b. Instrument No. 082 409 616 - Easement
 - c. Instrument No. 082 409 617 – Utility Right of Way
 - d. Instrument No. 082 409 619 - Agreement
10. Subject to paragraph 6 of this Order, any interest in the mortgaged lands of the defendant, anyone claiming through the defendant, or any other subordinate encumbrancer is hereby extinguished.

- 5 -

11. Compliance with Rule 9.34(4) and the requirement for service of documents prior to entry of this order, set out in Rule 9.35(1)(a), are hereby waived.

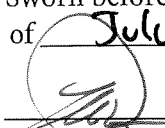
12. The Registrar of Land Titles shall comply with this order forthwith notwithstanding Section 191(1) of the *Land Titles Act*.

13. ✓ An original or copy of this Order may be filed in both Action 0903-17684 and 0903-17685. ✓


MASTER IN CHAMBERS

This is Exhibit "BB" referred
to in the Affidavit of

John Ellis
Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL 604-687-1323

Exhibit BB

COURT FILE NUMBER

0903-17684 and 0903-17685

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

RESPONDENCE
(PLAINTIFF)

ARRES CAPITAL INC.

NON-PARTICIPANTS
(DEFENDANTS)GRAYBRIAR LAND COMPANY LTD. AND
GRAYBRIAR GREENS INC.RESPONDENTS
(NON-PARTIES)

RICHCROOKS ENTERPRISES (2000) LTD. AND
 RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD.,
 DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC.,
 ACCESS MORTGAGE INVESTMENT CORPORATION (2004)
 LIMITED., 4-A PROFESSIONAL SERVICES LTD.,
 TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE
 INVESTMENTS LTD., SWARTZ BROS. LIMITED,
 CHRISTOPHER SCHULTZ CONSULTING INC.,
 CURLEW FINANCE, PAUL KORNLYO, MAX FELDMAN,
 SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN,
 R. BRUCE CARSON, DELORES CARSON,
 LEELA KRISHNOMOURTHY, MARGUERITE MCRTICHIE,
 PRITI GAUR, MADHU GAUR, WENDY MCKENNA,
 JANET LORRAINE WATSON, JIM WATT,
 GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA,
 GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ,
 MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE,
 CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG

 RESPONDENT
 (INTERVENOR)
 RESPONDENT
 (INTERESTED PARTY)

TERRAPIN MORTGAGE INVESTMENT CORP.

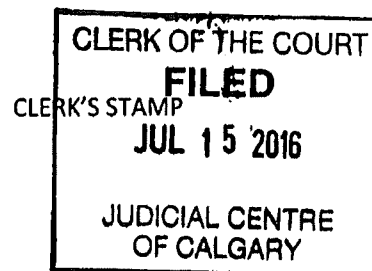
1798593 ALBERTA LTD.

DOCUMENT

MONEY PAID INTO COURT

PARTY FILING THIS DOCUMENT

ARRES CAPITAL INC.



ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

PELLETIER LITIGATION
3300, 205 – 5th Avenue SW
Calgary, AB T2P 2V7
Main: 403.407.2600
Fax: 403.407.2601

Ryan P. Pelletier
Direct: 403.407.2630
File No. 13002.007

You have received money paid into Court.

Go to the end of this document to see what you must do.

\$207,517.58 is paid into Court pursuant to the Order of Master J. Farrington dated June 14, 2016 and filed June 14, 2016.


NOTICE TO COURT CLERK

You must give a receipt for the money paid into Court and, unless otherwise ordered, deposit the money in an account in a bank or treasury branch.

This is Exhibit "CC" referred
to in the Affidavit of

Take Ellis

Sworn before me this 12 day
of July, 20 18.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit CC

I hereby certify this to be a true copy of
the original order
dated this 28 day of Aug 2017

for Clerk of the Court

0903-17684 and 0903-17685

COURT FILE NUMBER

COURT

COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE

CALGARY

RESPONDENT
(PLAINTIFF)

ARRES CAPITAL INC.

NON-PARTICIPANTS
(DEFENDANTS)

GRAYBRIAR LAND COMPANY LTD. AND
GRAYBRIAR GREENS INC.

RESPONDENTS
(NON-PARTIES)

RICHCROOKS ENTERPRISES (2000) LTD. AND
RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD.,
DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC.,
ACCESS MORTGAGE INVESTMENT CORPORATION (2004)
LIMITED., 4-A PROFESSIONAL SERVICES LTD.,
TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE
INVESTMENTS LTD., SWARTZ BROS. LIMITED,
CHRISTOPHER SCHULTZ CONSULTING INC.,
CURLEW FINANCE, PAUL KORNLYO, MAX FELDMAN,
SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN,
R. BRUCE CARSON, DELORES CARSON,
LEELA KRISHNOMOURTHY, MARGUERITE MCRTCHIE,
PRITI GAUR, MADHU GAUR, WENDY MCKENNA,
JANET LORRAINE WATSON, JIM WATT,
GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA,
GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ,
MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE,
CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG

RESPONDENT
(INTERVENOR)

TERRAPIN MORTGAGE INVESTMENT CORP.

RESPONDENT
(INTERESTED PARTY)

1798583 ALBERTA LTD.

DOCUMENT

ORDER CONFIRMING SALE AND VESTING TITLE



- 2 -

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

PELLETIER LITIGATION
3300, 205 – 5th Avenue SW
Calgary, AB T2P 2V7
T. 403.407.2600
F. 403.407.2601

Ryan P. Pelletier
D. 403.407.2630
File: 13002.007

DATE ON WHICH ORDER WAS PRONOUNCED:	August 25, 2017
LOCATION WHERE ORDER WAS PRONOUNCED:	Calgary
NAME OF MASTER WHO MADE THIS ORDER:	A. Robertson

UPON the application of the Respondent/Plaintiff: AND UPON noting the within Order of Master L.A. Smart, dated March 8, 2010 (the "Foreclosure Direction Order"); AND UPON noting the within Order-Sale to Plaintiff, granted by Master W. Breitreuz on February 3, 2014 and as amended by Master L.A. Smart (together the "Order-Sale to Plaintiff"); AND UPON noting the temporary stay of the Order-Sale to Plaintiff, granted by Justice S.D. Hillier on February 14, 2014 (the "Stay Order"); AND UPON noting the within Order granted by Master L.A. Smart on February 28, 2014 which directed the sale of Unit 55 (the "Unit 55 Sale Order"); AND UPON noting the order of Justice Strekaf, granted on December 17, 2014, lifting the temporary stay of the Order-Sale to Plaintiff (the "Dismissal Order"); AND UPON noting the within Order of Master J.T. Prowse, filed July 22, 2015 (the "Timberock Discharge Order"); AND UPON noting the within Consent Order, filed October 13, 2015 (the "Consent Listing Order"); AND UPON noting the decision of the Court of Appeal on appeal of Justice Strekaf's Dismissal Order, as Court of Appeal File No. 1501-0006AC (the "Appeal Decision"); AND UPON noting the within Order Confirming Sale and Vesting Title for Unit 48, granted by Master K. Laycock and filed February 10, 2016 (the "Unit 48 Sale Order"); AND UPON noting the within Order Confirming Sale and Vesting Title for Unit 63, granted by Master A. Robertson and filed March 15, 2016 (the "Unit 63 Sale Order"); AND UPON noting the within Order Confirming Sale and Vesting Title for Unit 65, granted by Master J. Farrington and filed June 14, 2016 (the "Unit 65 Sale Order");

And upon hearing counsel for the Plaintiff; And upon

MR. ☒ no one appearing for the defendant(s)
☐ hearing from the defendant(s)

MR. ☒ hearing from counsel for the defendant(s); *Terrapin Mortgage Investment Corp.*
MR.

- 3 -

IT IS HEREBY ORDERED THAT:

1. This Order shall be filed forthwith notwithstanding that it varies from the standard template for Orders confirming sale and vesting title in foreclosure actions.
2. In this order the mortgaged lands are the following:

Condominium Plan 0827766
Unit 69
And 83 Undivided One Ten Thousandth Shares in the Common Property
Excepting thereout all mines and minerals
3. The Offer to Purchase submitted by Donna Nicholson (the "Purchaser") in the amount of \$225,000, inclusive of GST, for the purchase of the mortgaged lands, is hereby approved and accepted and any deposit of the Purchaser held by the Clerk of the Court shall be forwarded to the plaintiff's counsel. Any deposit of the Purchaser held by the judicial listing real estate agent, less commission payable, shall be forwarded to the plaintiff's counsel. All other offers are hereby rejected and all deposits received from any other offerors shall be returned to them immediately.
4. The Purchaser shall, on or before the 15 day of September, 2017 (the "Closing Date") either pay to the plaintiff's counsel the adjusted purchase price, or enter into reasonable conveyancing arrangements with the plaintiff's counsel to assure payment of the adjusted purchase price, and upon doing so the Purchaser is entitled to obtain possession of the mortgaged lands pursuant to paragraph 6 of this order.
5. The plaintiff's lawyer shall distribute the sale proceeds as follows:
 - (a) by paying the amount owing to the municipality in which the mortgaged lands are located with respect to municipal property taxes, assessments, penalties and interest and any other overdue charges owing to the said municipality with respect to the mortgaged lands, ranking prior to the plaintiff's mortgage, if any, and;
 - (b) by paying any outstanding condominium fees owing with respect to the mortgaged lands, if any, and;
 - (c) by paying out any registered financial encumbrancer ranking prior to the plaintiff's mortgage, if any, and;
 - (d) by paying to Canada Revenue Agency, the amount any Goods and Services Tax ("GST") payable as a result of the sale transaction approved by this Order, if any, and;
 - (e) by paying the real estate commission and the GST thereon to the judicial listing real estate agent, if any, and;
 - (f) by paying the remainder, if any, into Court to be held by the Clerk of the Court to the credit of this Action pending further Order of this Honourable Court.

- 4 -

6. The proceeds of sale shall be held by the Court pursuant to the direction of the Court of Appeal and shall be entirely without prejudice to the positions or claims of any of the parties in the within Actions such that the funds realized from the sale of the property shall be effectively alternate, but equivalent security for the property. The proceeds are held specifically without prejudice to the position of each or all of Terrapin Mortgage Investment Corp ("Terrapin"), 1798583 Alberta Ltd. ("175 AB"), and Arres Capital Inc. ("Arres Capital") that the Order-Sale to Plaintiff should have been registered, the property should have transferred pursuant to the terms of the Order-Sale to Plaintiff, and the relevant Mortgage granted by 179 AB to Terrapin should have been registered on those Units transferred to by Arres Capital to 179 AB.
7. The plaintiff shall file and forward to the assessment officer an affidavit of receipts and disbursements accounting for funds disbursed pursuant to the preceding paragraph within one month of the Closing Date, or receipt of the adjusted purchase price, whichever is later.
8. The defendant, any tenants, and any other occupants shall, on or before the Closing Date deliver up to the Purchaser vacant possession of the mortgaged lands. Service of this order may be made on the occupants by posting same on the main entrance door to the mortgaged lands. A Civil Enforcement Agency has authority, after service of this order has been effected, to evict any occupant of the mortgaged lands on the later of the aforesaid date or 20 days after the posting has occurred.
9. Upon written confirmation from the plaintiff's lawyer that it has received or is satisfied that it will receive payment from the Purchaser, the Registrar of Land Titles shall cancel the existing certificate of title to the mortgaged lands and shall issue a new certificate of title in the name of:

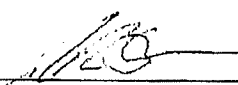
Donna Nicholson
 of
 1101 Graybriar Green
 Stony Plain, AB T7Z 0G1

(or such other transferee as directed by the plaintiff's counsel in correspondence sent to the Registrar of Land Titles at the time this order is submitted for registration) free and clear of the plaintiff's mortgage and all subsequent encumbrances, but subject to:

- a. Instrument No. 082 100 457 – Utility Right of Way
 - b. Instrument No. 082 409 616 - Easement
 - c. Instrument No. 082 409 617 – Utility Right of Way
 - d. Instrument No. 082 409 619 - Agreement
10. Subject to paragraph 6 of this Order, any interest in the mortgaged lands of the defendant, anyone claiming through the defendant, or any other subordinate encumbrancer is hereby extinguished.

- 5 -

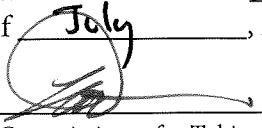
11. Compliance with Rule 9.34(4) and the requirement for service of documents prior to entry of this order, set out in Rule 9.35(1)(a), are hereby waived.
12. The Registrar of Land Titles shall comply with this order forthwith notwithstanding Section 191(1) of the *Land Titles Act*.
13. An original or copy of this Order may be filed in both Action 0903-17684 and 0903-17685.



MASTER IN CHAMBERS

This is Exhibit "DD" referred
to in the Affidavit of

John Ellis
Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit DD

COURT FILE NUMBER 0903-17684 and 0903-17685

CLERK'S STAMP

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

RESPONDENCE
(PLAINTIFF)

ARRES CAPITAL INC.

NON-PARTICIPANTS
(DEFENDANTS)

GRAYBRIAR LAND COMPANY LTD. AND
GRAYBRIAR GREENS INC.

RESPONDENTS
(NON-PARTIES)

RICHCROOKS ENTERPRISES (2000) LTD. AND
RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD.,
DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC.,
ACCESS MORTGAGE INVESTMENT CORPORATION (2004)
LIMITED., 4-A PROFESSIONAL SERVICES LTD.,
TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE
INVESTMENTS LTD., SWARTZ BROS. LIMITED,
CHRISTOPHER SCHULTZ CONSULTING INC.,
CURLEW FINANCE, PAUL KORYLO, MAX FELDMAN,
SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN,
R. BRUCE CARSON, DELORES CARSON,
LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE,
PRITI GAUR, MADHU GAUR, WENDY MCKENNA,
JANET LORRAINE WATSON, JIM WATT,
GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA,
GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ,
MARLENE KURTZ, KEVIN R. PEDERSEN, SUSAN FINE,
CAROL KIMIYO SEKIYA, HOLLY SEKIYA AND STEVEN OGG

RESPONDENT
(INTERVENOR)

TERRAPIN MORTGAGE INVESTMENT CORP.

RESPONDENT
(INTERESTED PARTY)

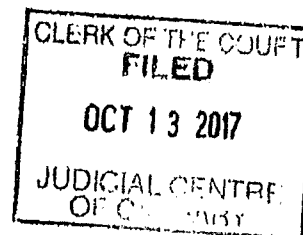
1798593 ALBERTA LTD.

DOCUMENT

MONEY PAID INTO COURT

PARTY FILING THIS DOCUMENT

ARRES CAPITAL INC.



**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT**

PELLETIER LITIGATION
3300, 205 – 5th Avenue SW
Calgary, AB T2P 2V7
Main: 403.407.2600
Fax: 403.407.2601

Ryan P. Pelletier
Direct: 403.407.2630
File No. 13002.007

You have received money paid into Court.

Go to the end of this document to see what you must do.


\$200,175.17 is paid into Court pursuant to the Order of Master A. Robertson dated August 25, 2017 and filed August 28, 2017.

NOTICE TO COURT CLERK

You must give a receipt for the money paid into Court and, unless otherwise ordered, deposit the money in an account in a bank or treasury branch.

This is Exhibit "EE" referred
to in the Affidavit of

Jake Ellis
Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

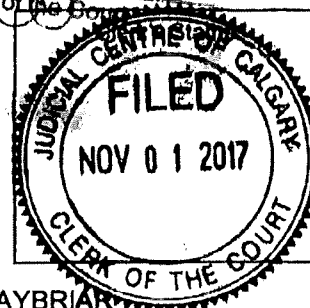
TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit EE

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

Dated this 01 day of Nov. 2017

for Clerk of the Court



COURT FILE NUMBER	0903-17684 and 0903-17685
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
RESPONDENT (PLAINTIFF)	ARRES CAPITAL INC.
NON-PARTICIPANTS (DEFENDANTS)	GRAYBRIAR LAND COMPANY LTD. and GRAYBRIAR GREENS INC.
RESPONDENTS (NON-PARTIES)	RICHCROOKS ENTERPRISES (2000) LTD., RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD., DEMEL FINANCIAL CORP., GREENMAR HOLDINGS INC., ACCESS MORTGAGE INVESTMENT CORPORATION (2004) LIMITED, 4-A PROFESSIONAL SERVICES LTD., TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ BROS. LIMITED, CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW FINANCE, PAUL KORYLO, MAX FELDMAN, SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE CARSON, DELORES CARSON, LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE, PRITI GAUR, MADHU GAUR, WENDY MCKENNA, JANET LORRAINE WATSON, JIM WATT, GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE KURTZ, KEVEN R. PEDERSEN, SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY SEKIYA and STEVEN OGG
RESPONDENT (INTERVENOR)	TERRAPIN MORTGAGE INVESTMENT CORP.
RESPONDENT (INTERESTED PARTY)	1798583 ALBERTA LTD.
DOCUMENT	ORDER CONFIRMING SALE AND VESTING TITLE
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McCARTHY TÉTRAULT LLP 4000, 421 – 7 th Avenue SW Calgary, AB T2P 4K9 Attention: Walker W. MacLeod / Pantelis Kyriakakis Telephone: 403-260-3710 / 3536 Facsimile: 403-260-3501 Email: wmacleod@mccarthy.ca / pkyriakakis@mccarthy.ca

- 2 -

DATE ON WHICH ORDER WAS PRONOUNCED: November 1, 2017
 LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Courts Centre
 NAME OF MASTER WHO MADE THIS ORDER: Master A. Robertson

UPON the application of Alvarez & Marsal Canada Inc. (the "**Receiver**"), in its capacity as the court-appointed receiver of Arres Capital Inc. pursuant to an order issued by the Honourable Madam Justice Strekaf on February 13, 2015 and entered on July 26, 2017, as subsequently amended and restated on October 23, 2017 (the "**Receivership Order**"); AND UPON noting the within Order of Master L.A. Smart, dated March 8, 2010 (the "**Foreclosure Direction Order**"); AND UPON noting the within Order-Sale to Plaintiff, granted by Master W. Breitreuz on February 3, 2014 and as amended by Master L.A. Smart (together the "**Order-Sale to Plaintiff**"); AND UPON noting the temporary stay of the Order-Sale to Plaintiff, granted by Justice S.D. Hillier on February 14, 2014 (the "**Stay Order**"); AND UPON noting with within Order granted by Master L.A. Smart on February 28, 2014 which directed the sale of Unit 55 (the "**Unit 55 Sale Order**"); AND UPON noting the order of Justice Strekaf, granted on December 17, 2014, lifting the temporary stay of the Order-Sale to Plaintiff (the "**Dismissal Order**"); AND UPON noting the within Order of Master J.T. Prowse, filed July 22, 2015 (the "**Timberock Discharge Order**"); AND UPON noting the within Consent Order, filed October 13, 2015 (the "**Consent Listing Order**"); AND UPON noting the decision of the Court of Appeal on appeal of Justice Strekaf's Dismissal Order, as Court of Appeal File No. 1501-0006AC (the "**Appeal Decision**"); AND UPON noting the within Order Confirming Sale and Vesting Title for Unit 48, granted by Master K. Laycock and filed February 10, 2016 (the "**Unit 48 Sale Order**"); AND UPON noting the within Order Confirming Sale and Vesting Title for Unit 63, granted by Master A. Robertson and filed March 15, 2016 (the "**Unit 63 Sale Order**"); AND UPON noting the within Order Confirming Sale and Vesting Title for Unit 65, granted by Master J. Farrington and filed June 14, 2016 (the "**Unit 65 Sale Order**"); AND UPON noting the within Order Confirming Sale and Vesting Title for Unit 69, granted by Master A. Robertson on August 25, 2017 and filed August 28, 2017 (the "**Unit 69 Sale Order**"); AND UPON hearing counsel for the Plaintiff;

IT IS HEREBY ORDERED THAT:

1. This Order shall be filed forthwith notwithstanding that it varies from the standard template for Orders confirming sale and vesting title in foreclosure actions.

- 3 -

2. In this Order the mortgaged lands are the following:

CONDOMINIUM PLAN 0827766
UNIT 67
AND 83 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON
PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

3. The Offer to Purchase submitted by Duncan Farquharson and Leah Marie Farquharson (the "**Purchasers**") in the amount of \$225,000, inclusive of GST, for the purchase of the mortgaged lands, is hereby approved and accepted and any deposit of the Purchasers held by the Clerk of the Court shall be forwarded to the Receiver's counsel. Any deposit of the Purchasers held by the judicial listing real estate agent, less commission payable, shall be forwarded to the Receiver's counsel. All other offers are hereby rejected and all deposits received from any other offerors shall be returned to them immediately.
4. The Purchasers shall, on or before November 30, 2017 or such other date as may be agreed to by the Receiver and the Purchasers in writing (the "**Closing Date**") either pay to the Receiver's counsel the adjusted purchase price, or enter into reasonable conveyancing arrangements with the Receiver's counsel to assure payment of the adjusted purchase price, and upon doing so the Purchasers are entitled to obtain possession of the mortgaged lands pursuant to paragraph 6 of this Order.
5. The Receiver's lawyer shall distribute the sale proceeds as follows:
- (a) by paying the amount owing to the municipality in which the mortgaged lands are located with respect to municipal property taxes, assessments, penalties and interest and any other overdue charges owing to the said municipality with respect to the mortgaged lands, ranking prior to the Plaintiff's mortgage, if any, and;
 - (b) by paying any outstanding condominium fees owing with respect to the mortgaged lands, if any, and;
 - (c) by payout out any registered financial encumbrancer ranking prior to the Plaintiff's mortgage, if any, and;

- 4 -

- (d) by paying to Canada Revenue Agency, the amount of any Goods and Services Tax ("GST") payable as a result of the sale transaction approved by this Order, if any, and;
 - (e) by paying the real estate commission and the GST thereon to the judicial listing real estate agent, if any; and
 - (f) by paying the remainder, if any, into Court.
6. The proceeds of sale shall paid into Court shall be entirely without prejudice to the positions or claims of any of the parties in the within Actions such that the funds realized from the sale of the property shall be effectively alternate, but equivalent security for the property. The proceeds are held specifically without prejudice to the position of each or all of Terrapin Mortgage Investment Corp. ("**Terrapin**"), 1798583 Alberta Ltd. ("**179 AB**"), and Arres Capital Inc. ("**Arres Capital**") that the Order-Sale to Plaintiff should have been registered, the property should have transferred pursuant to the terms of the Order-Sale to Plaintiff, and the relevant Mortgage entered by 179 AB to Terrapin should have been registered on those Units transferred by Arres Capital to 179 AB.
7. The Receiver shall file and forward to the assessment officer an affidavit of receipts and disbursements accounting for funds disbursed pursuant to the preceding paragraph within one month of the Closing Date, or receipt of the adjusted purchase price, whichever is later.
8. The Defendant, any tenants, and any other occupants shall, on or before the Closing Date, deliver up to the Purchasers vacant possession of the mortgaged lands. Service of this Order may be made on the occupants by posting same on the main entrance door to the mortgaged lands. A Civil Enforcement Agency has authority, after service of this Order has been effected, to evict any occupant of the mortgaged lands on the later of the aforesaid date or 20 days after the posting has occurred.
9. Upon written confirmation from the Receiver's lawyer that it has received or is satisfied that it will receive payment from the Purchasers, the Registrar of Land Titles shall cancel the exiting certificate of title to the mortgaged lands and shall issue a new certificate of title in the name of:

- 5 -

Duncan Farquharson
and
Leah Marie Farquharson
Both of:
1003 Graybriar Green
Stony Plain
Alberta T7Z 0G1
as Joint Tenants

(or such other transferee as directed by the receiver's counsel in correspondence sent to the Registrar of Land Titles at the time this Order is submitted for registration) free and clear of the Plaintiff's mortgage and all subsequent encumbrances, but subject to:

- (a) Instrument No. 082 100 457 – Utility Right of Way;
- (b) Instrument No. 082 409 616 – Easement;
- (c) Instrument No. 082 409 617 – Utility Right of Way;
- (d) Instrument No. 082 409 619 – Agreement.

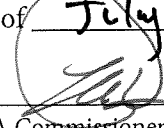
- 10. Subject to paragraph 6 of this Order, any interest in the mortgaged lands of the Defendant, anyone claiming through the Defendant, or any other subordinate encumbrancer is hereby extinguished.
- 11. Compliance with Rule 9.34(4) and the requirement for service of documents prior to entry of this Order, set out in Rule 9.35(1)(a), are hereby waived.
- 12. The Registrar of Land Titles shall comply with this Order forthwith notwithstanding Section 191(1) of the *Land Titles Act*.
- 13. An original or copy of this Order may be filed in both Action 0903-17684 and 0903-17685.



M.O.Q.B.A.

This is Exhibit "FF" referred
to in the Affidavit of

Jake Ellis
Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit FF

Affidavit Accounting of Sale Proceeds

Approved by Clerk; dated this

02 day of Feb, 2018Chambers ClerkForm 49
[Rule 13.19]

COURT FILE NUMBER 0903-17684 and 0903-17685

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

RESPONDANT (PLAINTIFF) ARRES CAPITAL INC.

NON-PARTICIPANTS (DEFENDANTS) GRAYBRIAR LAND COMPANY LTD. and GRAYBRIAR GREENS INC.

RESPONDENTS (NON-PARTIES) RICHCROOKS ENTERPRISES (2000) LTD., RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD., DEMEL FINANCIAL CORP., GREENMAR HOLDINGS INC., ACCESS MORTGAGE INVESTMENT CORPORATION (2004) LIMITED, 4-A PROFESSIONAL SERVICES LTD., TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ BROS. LIMITED, CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW FINANCE, PAUL KORNLYO, MAX FELDMAN, SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE CARSON, DELORES CARSON, LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE, PRITI GAUR, MADHU GAUR, WENDY MCKENNA, JANET LORRAINE WATSON, JIM WATT, GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE KURTZ, KEVEN R. PEDERSEN, SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY SEKIYA and STEVEN OGG

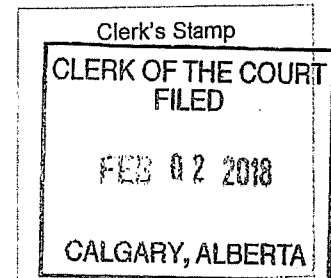
RESPONDENT (INTERVENOR) TERRAPIN MORTGAGE INVESTMENT CORP.

RESPONDENT (INTERESTED PARTY) 1798583 ALBERTA LTD.

DOCUMENT AFFIDAVIT OF ACCOUNTING

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

SUGIMOTO & COMPANY
Barristers & Solicitors
Suite 204, 2635 – 37 AVE N.E.
Calgary, Alberta T1Y 5Z6
Solicitor of Record: Loran V. Halyn
Telephone No.: 403-219-4213
Fax No.: 403-291-4099
Email: lhalyn@sugimotolaw.com
Client File No.: 15,146 LVH



AFFIDAVIT OF ACCOUNTING

Sworn on JANUARY 31, 2018

I, Phyllis M.Y. Chau, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am a lawyer at Sugimoto and Company, Barristers and Solicitors and I acted as agent for the Receiver on the sale of 1003 Graybriar Green, Stony Plain, Alberta, T7Z 0G1 ("1003") and 1004 Graybriar Green, Stony Plain, Alberta, T7Z 0G1 ("1004") and as such I have personal knowledge of all facts stated in this my Affidavit save where otherwise stated to be based upon information which I believe to be true and correct.

2. The sale of 1003 was scheduled to close on November 30, 2017 and our office received the following funds on this transaction:

Cash Difference	\$ 44,175.12
Cash to Close plus late interest	\$180,535.41
Total:	\$224,710.53

3. Pursuant to the Order Confirming Sale and Vesting Title granted on November 1, 2017 and subsequently amended on December 15, 2017, the following amounts were paid out:

Stony Plain Outstanding Property Taxes	\$ 2,375.67
Stony Plain Property Tax Certificate	\$ 35.00
Outstanding Condominium Fees	\$ 16.21
Balance of Real Estate Commission	\$10,287.50
Total:	\$12,714.38

4. After the payouts set out in paragraph 3 above, there is a total of \$211,996.15 to be paid into Court for 1003.

5. The sale of 1004 was completed on January 5, 2018. Our office received the full cash to close in the amount of \$215,211.62

6. Pursuant to the Order Confirming Sale and Vesting Title granted on December 15, 2017, the following amounts were paid out:

Stony Plain Outstanding Property Taxes	\$ 2,371.22
Stony Plain Penalty on Tax Arrears	\$ 29.64
Stony Plain Property Tax Certificate	\$ 35.00
Outstanding Condominium Fees	\$ 310.30
Balance of Real Estate Commission	\$ 1,287.50
Total:	\$ 4,033.66

7. After the payouts set out in paragraph 6 above, there is a total of \$211,177.96 to be paid into Court for 1004.

8. I make this Affidavit in order to be able to pay into Court the sums of \$211,996.15 for 1003 and \$211,177.96 for 1004 pursuant to their respective Orders Confirming Sale and Vesting Title.

SWORN BEFORE ME at Calgary, Alberta, this 31st day of January, 2018.

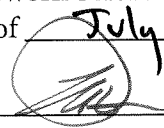
(Commissioner for Oaths in and for the Province of Alberta)

Phyllis M.Y. Chau

SANDRA F. ALBUS
Barrister and Solicitor

This is Exhibit "GG" referred
to in the Affidavit of

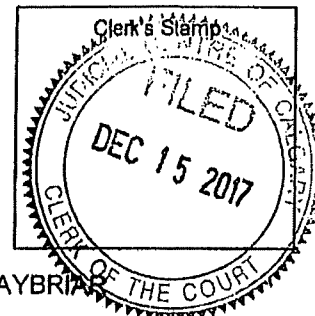
Jater Ellis
Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL 604-687-1323

Exhibit GG

COURT FILE NUMBER 0903-17684 and 0903-17685
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY
 RESPONDENT (PLAINTIFF) ARRES CAPITAL INC.



NON-PARTICIPANTS (DEFENDANTS)

GRAYBRIAR LAND COMPANY LTD. and GRAYBRIAR GREENS INC.

RESPONDENTS (NON-PARTIES)

RICHCROOKS ENTERPRISES (2000) LTD., RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD., DEMEL FINANCIAL CORP., GREENMAR HOLDINGS INC., ACCESS MORTGAGE INVESTMENT CORPORATION (2004) LIMITED, 4-A PROFESSIONAL SERVICES LTD., TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ BROS. LIMITED, CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW FINANCE, PAUL KORYLO, MAX FELDMAN, SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE CARSON, DELORES CARSON, LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE, PRITI GAUR, MADHU GAUR, WENDY MCKENNA, JANET LORRAINE WATSON, JIM WATT, GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE KURTZ, KEVEN R. PEDERSEN, SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY SEKIYA and STEVEN OGG

I hereby certify this to be a true copy of the original
 Dated this 15 day of December 2017
 for Clerk of the Court

RESPONDENT (INTERVENOR)

TERRAPIN MORTGAGE INVESTMENT CORP.

RESPONDENT (INTERESTED PARTY)

1798583 ALBERTA LTD.

DOCUMENT

CONSENT ORDER CONFIRMING SALE AND VESTING TITLE

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

McCARTHY TÉTRAULT LLP
 4000, 421 - 7th Avenue SW
 Calgary, AB T2P 4K9
 Attention: Walker W. MacLeod / Pantelis Kyriakakis
 Telephone: 403-260-3710 / 3536
 Facsimile: 403-260-3501
 Email: wmacLeod@mccarthy.ca / pkyriakakis@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED:

December 14, 2017

LOCATION WHERE ORDER WAS PRONOUNCED:

Calgary Courts Centre

NAME OF MASTER WHO MADE THIS ORDER:

Master

J.L. MACLEOD

- 2 -

UPON the application of Alvarez & Marsal Canada Inc. (the "**Receiver**"), in its capacity as the court-appointed receiver of Arres Capital Inc. pursuant to an order issued by the Honourable Madam Justice Strekaf on February 13, 2015 and entered on July 26, 2017, as subsequently amended and restated on October 23, 2017 (the "**Receivership Order**"); **AND UPON** noting the within Order of Master L.A. Smart, dated March 8, 2010 (the "**Foreclosure Direction Order**"); **AND UPON** noting the within Order-Sale to Plaintiff, granted by Master W. Breitzkreuz on February 3, 2014 and as amended by Master L.A. Smart (together the "**Order-Sale to Plaintiff**"); **AND UPON** noting the temporary stay of the Order-Sale to Plaintiff, granted by Justice S.D. Hillier on February 14, 2014 (the "**Stay Order**"); **AND UPON** noting with within Order granted by Master L.A. Smart on February 28, 2014 which directed the sale of Unit 55 (the "**Unit 55 Sale Order**"); **AND UPON** noting the order of Justice Strekaf, granted on December 17, 2014, lifting the temporary stay of the Order-Sale to Plaintiff (the "**Dismissal Order**"); **AND UPON** noting the within Order of Master J.T. Prowse, filed July 22, 2015 (the "**Timberock Discharge Order**"); **AND UPON** noting the within Consent Order, filed October 13, 2015 (the "**Consent Listing Order**"); **AND UPON** noting the decision of the Court of Appeal on appeal of Justice Strekaf's Dismissal Order, as Court of Appeal File No. 1501-0006AC (the "**Appeal Decision**"); **AND UPON** noting the within Order Confirming Sale and Vesting Title for Unit 48, granted by Master K. Laycock and filed February 10, 2016 (the "**Unit 48 Sale Order**"); **AND UPON** noting the within Order Confirming Sale and Vesting Title for Unit 63, granted by Master A. Robertson and filed March 15, 2016 (the "**Unit 63 Sale Order**"); **AND UPON** noting the within Order Confirming Sale and Vesting Title for Unit 65, granted by Master J. Farrington and filed June 14, 2016 (the "**Unit 65 Sale Order**"); **AND UPON** noting the within Order Confirming Sale and Vesting Title for Unit 69, granted by Master A. Robertson on August 25, 2017 and filed August 28, 2017 (the "**Unit 69 Sale Order**"); **AND UPON** noting the within Order Confirming Sale and Vesting Title for Unit 67, granted by Master A. Robertson on November 1, 2017 and filed November 1, 2017 (the "**Unit 67 Sale Order**"); **AND UPON** hearing from counsel for the Respondents (Non-Parties);

IT IS HEREBY ORDERED THAT:

1. This Order shall be filed forthwith notwithstanding that it varies from the standard template for Orders confirming sale and vesting title in foreclosure actions.
2. In this Order the mortgaged lands are the real property interest of Graybriar Land Company Ltd. (the "**Registered Owner**") and legally described as follows:

- 3 -

CONDOMINIUM PLAN 0827766
UNIT 68
AND 83 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON
PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "**Mortgaged Lands**").

3. The Offer to Purchase submitted by Shawn Dunbar (the "**Purchaser**") in the amount of \$225,000, inclusive of GST, for the purchase of the Mortgaged Lands (the "**Purchase Agreement**") is hereby approved and accepted and any deposit of the Purchaser held by the Clerk of the Court shall be forwarded to the Receiver's counsel. Any deposit of the Purchaser held by the judicial listing real estate agent, less commission payable, shall be forwarded to the Receiver's counsel. All other offers are hereby rejected and all deposits received from any other offerors shall be returned to them immediately.
4. The Purchaser shall, on or before January 31, 2018 (the "**Closing Date**") either pay to the Receiver's counsel the adjusted purchase price, or enter into reasonable conveyancing arrangements with the Receiver's counsel to assure payment of the adjusted purchase price, and upon doing so the Purchaser is entitled to obtain possession of the mortgaged lands pursuant to paragraph 6 of this Order.
5. The Receiver's lawyer shall distribute the sale proceeds as follows:
 - (a) by paying the amount owing to the municipality in which the mortgaged lands are located with respect to municipal property taxes, assessments, penalties and interest and any other overdue charges owing to the said municipality with respect to the mortgaged lands, ranking prior to the Plaintiff's mortgage, if any, and;
 - (b) by paying any outstanding condominium fees owing with respect to the mortgaged lands, if any, and;
 - (c) by payout out any registered financial encumbrancer ranking prior to the Plaintiff's mortgage, if any, and;
 - (d) by paying to Canada Revenue Agency, the amount of any Goods and Services Tax ("**GST**") payable as a result of the sale transaction approved by this Order, if any, and;

- 4 -

- (e) by paying the real estate commission and the GST thereon to the judicial listing real estate agent, if any, and;
 - (f) by paying the remainder, if any, into Court.
6. The proceeds of sale paid into Court pursuant shall be entirely without prejudice to the positions or claims of any of the parties in the within Actions such that the funds realized from the sale of the property shall be effectively alternate, but equivalent security for the property. The proceeds shall be held specifically without prejudice to the positions of each or all of Terrapin Mortgage Investment Corp. ("Terrapin"), 1798583 Alberta Ltd. ("179 AB"), and Arres Capital Inc. ("Arres") that the Order-Sale to Plaintiff should have been registered, the property should have transferred pursuant to the terms of the Order-Sale to Plaintiff, and the relevant Mortgage ranted by 179 AB to Terrapin should have been registered on those Units transferred by Arres to 179 AB.
 7. The Receiver shall file and forward to the Assessment Officer an affidavit of receipts and disbursements accounting for the funds disbursed pursuant to paragraph 5 within one month of the Closing Date, or receipt of the adjusted purchase price, whichever is later.
 8. The Defendant, any tenants, and any other occupants shall, on or before the Closing Date, deliver up to the Purchaser vacant possession of the mortgaged lands. Service of this Order may be made on the occupants by posting same on the main entrance door to the mortgaged lands. A Civil Enforcement Agency has authority, after service of this Order has been effected, to evict any occupant of the mortgaged lands on the later of the aforesaid date or 20 days after the posting has occurred.
 9. Upon written confirmation from the Receiver's lawyer that it has received or is satisfied that it will receive payment from the Purchaser, the Registrar of Land Titles shall cancel the exiting certificate of title to the mortgaged lands and shall issue a new certificate of title in the name of:

Shawn Dunbar
of
1004 Graybriar Green
Stony Plain, Alberta, T7Z 0G1

- 5 -

(or such other transferee as directed by the Receiver's lawyer in correspondence sent to the Registrar of Land Titles at the time this Order is submitted for registration) free and clear of the Plaintiff's mortgages and all subsequent encumbrances, which are further particularized below:

- (a) Instrument Number 072 008 561: Mortgage, Mortgagee – Arres Capital Inc., in the original principal amount of \$2,800,000;
- (b) Instrument Number 072 008 562: Caveat re: Assignment of Rents, Caveator – Arres Capital Inc.;
- (c) Instrument Number 072 512 005: Mortgage, Mortgagee Arres Capital Inc., in the original principal amount of \$9,700,000;
- (d) Instrument Number 072 512 006: Caveat re: Assignment of Rents and Leases, Caveator – Arres Capital Inc.;
- (e) Instrument Number 092 013 170: Builder's Lien, Lienor – Robman Enterprises Ltd., in the amount of \$701,685;
- (f) Instrument Number 092 013 173: Builder's Lien, Lienor – 1149294 Alberta Ltd., in the amount of \$68,524;
- (g) Instrument Number 092 021 175: Builder's Lien, Lienor – All Star Plumbing Ltd., in the amount of \$69,173;
- (h) Instrument Number 092 021 178: Builder's Lien, Lienor – W.A. Davis Electric Ltd., in the amount of \$106,695;
- (i) Instrument Number 092 049 405: Builder's Lien, Lienor – 397965 Alberta Ltd., Lienor – Jake's Construction Ltd., in the amount of \$8,761;
- (j) Instrument Number 092 057 352: Certificate of Lis Pendens, affects Instrument: 072 512 005;
- (k) Instrument Number 092 200 520: Certificate of Lis Pendens, affects Instrument: 092 013 170;

- 6 -

- (l) Instrument Number 092 231 992: Certificate of Lis Pendens, affects Instrument: 092 013 173;
- (m) Instrument Number 092 244 113: Certificate of Lis Pendens, affects Instrument: 092 021 175;
- (n) Instrument Number 092 244 159: Certificate of Lis Pendens, affects Instrument: 092 021 178;
- (o) Instrument Number 092 330 106: Writ, Creditor – Garden Valley Construction Ltd., in the amount of \$515,502 and costs if any, Action Number: 090309286;
- (p) Instrument Number 122 085 943: Caveat re: Agreement Charging Land, Caveator – Timberock North Home Development Limited;
- (q) Instrument Number 142 053 522: Order;
- (r) Instrument Number 142 056 642: Caveat re: Beneficial Owner (numerous caveators);
- (s) Instrument Number 142 302 277: Caveat re: Beneficial Owner, Caveator: Access Mortgage Corporation (2004) Limited;
- (t) Instrument Number 142 336 570: Certificate of Lis Pendens, affects Instrument: 072008561 and Instrument: 072 512 005;
- (u) Instrument Number 142 336 572: Certificate of Lis Pendens by Terrapin Mortgage Investment Corp.; and;
- (v) Instrument Number 152 240 642: Caveat re Condominium Fees, Caveator – Condominium Corporation no. 0827766;

but subject to the following encumbrances remaining on title:

- (w) Instrument No. 082 100 457 – Utility Right of Way, Grantee – FortisAlberta Inc.;
- (x) Instrument No. 082 409 616 – Easement;

- 7 -

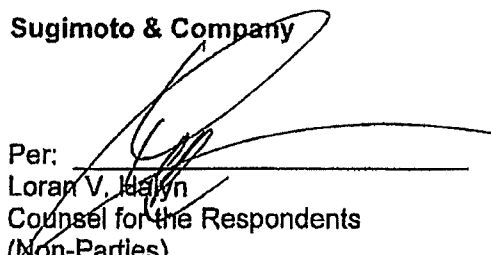
- (y) Instrument No. 082 409 617 – Utility Right of Way, Grantee – The Town of Stony Plain;
 - (z) Instrument No. 082 409 619 – Agreement re: Easement, Restrictive Covenant, Party Wall and Encroachment.
10. Subject to paragraph 6 of this Order, any interest in the mortgaged lands of the Defendant, anyone claiming through the Defendant, or any other subordinate encumbrancer is hereby extinguished.
 11. Compliance with Rule 9.34(4) and the requirement for service of documents prior to entry of this Order, set out in Rule 9.35(1)(a), are hereby waived.
 12. The Registrar of Land Titles shall comply with this Order forthwith notwithstanding Section 191(1) of the *Land Titles Act*.
 13. An original or copy of this Order may be filed in both Action 0903-17684 and 0903-17685.

"J. L. MASON"


M.C.Q.B.A.

ORDER CONSENTED TO:


Sugimoto & Company

Per: 
 Loran V. Halyn
 Counsel for the Respondents
 (Non-Parties)

McCarthy Tétrault LLP


Per: 
 Walker W. MacLeod,
 Counsel for Alvarez & Marsal Canada Inc.,
 Receiver of the Defendant, Arres Capital
 Inc.

Bishop & McKenzie LLP

Per: 
 Kerry Lynn Okita
 Counsel for the Intervenor,
 Terrapin Mortgage Investment Corp.

This is Exhibit "HH" referred
to in the Affidavit of
Jane Ellis

Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit HH


Statement of Receipts and Disbursements from August 2015 to February 2018

Date	Billing/Payee	Desc	Amount
07/28/2015	Bishop & McKenzie in trust	Receipt of Funds from Birdsell Grant LLP	\$ 251,106.09
09/11/2015	Veranova Properties Limited	Property Management Fees	(2,226.44)
10/14/2015	Veranova Properties Limited	Property Management Fees	\$ (661.50)
11/13/2015	Veranova Properties Limited	Property Management Fees	\$ (1,196.29)
12/04/2015	Veranova Properties Limited	Property Management Fees	\$ (1,609.22)
03/08/2016	Veranova Properties Limited	Property Management Fees	\$ (1,761.45)
03/26/2016	Veranova Properties Limited	Property Management Fees	\$ (819.56)
05/05/2016	Veranova Properties Limited	Property Management Fees	\$ (2,158.27)
05/12/2016	Veranova Properties Limited	Property Management Fees	\$ (2,312.29)
06/15/2016	Veranova Properties Limited	Property Management Fees	\$ (18,135.23)
08/25/2016	Veranova Properties Limited	Property Management Fees	\$ (4,094.75)
09/16/2016	Veranova Properties Limited	Property Management Fees	\$ (400.39)
10/18/2016	Veranova Properties Limited	Property Management Fees	\$ (417.09)
11/09/2016	Veranova Properties Limited	Property Management Fees	\$ (735.41)
11/10/2016	Veranova Properties Limited	Property Management Fees	\$ (16,950.63)
12/15/2016	Veranova Properties Limited	Property Management Fees	\$ (28,621.02)
01/19/2017	Veranova Properties Limited	Property Management Fees	\$ (1,164.48)
02/22/2017	Veranova Properties Limited	Property Management Fees	\$ (2,315.88)
02/23/2017	Veranova Properties Limited	Property Management Fees	\$ (111.17)
03/09/2017	Veranova Properties Limited	Property Management Fees	\$ (1,164.48)
04/12/2017	Veranova Properties Limited	Property Management Fees	\$ (1,720.79)
05/10/2017	Veranova Properties Limited	Property Management Fees	\$ (1,466.85)
06/07/2017	Veranova Properties Limited	Property Management Fees	\$ (1,696.44)
07/14/2017	Veranova Properties Limited	Property Management Fees	\$ (1,355.99)
08/15/2017	Veranova Properties Limited	Property Management Fees	\$ (1,274.28)
09/13/2017	Veranova Properties Limited	Property Management Fees	\$ (1,386.75)
10/06/2017	Veranova Properties Limited	Property Management Fees	\$ (1,028.90)
11/08/2017	Veranova Properties Limited	Property Management Fees	\$ (850.82)
11/28/2017	Veranova Properties Limited	Property Management Fees	\$ (47.06)
12/14/2017	Veranova Properties Limited	Property Management Fees	\$ (942.20)
12/18/2017	Veranova Properties Limited	Property Management Fees	\$ (128.52)
01/10/2018	Veranova Properties Limited	Property Management Fees	\$ (431.79)
01/18/2018	Veranova Properties Limited	Property Management Fees	\$ (51.40)
Total Paid to Veranova Properties Limited			\$ (99,237.34)
Funds Held in Trust			\$ 151,868.75

This is Exhibit "II" referred
to in the Affidavit of

Jake Ellis

Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit II

Statement of Disbursements by Unit
Aug 2015 to Feb 2018

Unit	Condo	Sale Date	Owner	PM Fees 8/2015	Utilities 8/2015	PM Fees 9/15	PM Fees 10/15	Utilities 10/15	PM Fees 11/15	Utilities 11/15	PM Fees 12/15	Utilities 12/15	PM Fees 1/16
48	504	2/12/2016	179/Terrapin	\$315.00	\$31.19	\$110.25	\$157.50	\$40.13	\$110.25	\$115.80	\$147.00	\$139.85	\$110.25
63	903	4/7/2016	Arres	\$351.75	\$31.86	\$110.25	\$157.50	\$41.40	\$110.25	\$165.38	\$147.00	\$214.00	\$110.25
65	1001	6/24/2016	Arres	\$315.00	\$0.00	\$110.25	\$157.50	\$75.20	\$110.25	\$178.49	\$147.00	\$169.46	\$110.25
67	1003	10/30/2017	Arres	\$351.75	\$31.35	\$110.25	\$157.50	\$40.13	\$110.25	\$165.61	\$147.00	\$179.12	\$110.25
68	1004	1/5/2018	179/Terrapin	\$351.75	\$31.26	\$110.25	\$157.50	\$40.13	\$110.25	\$46.07	\$147.00	\$0.00	\$110.25
69	1101	9/15/2017	179/Terrapin	\$351.75	\$63.78	\$110.25	\$157.50	\$14.30	\$110.25	\$276.37	\$147.00	\$177.02	\$110.25
TOTALS				\$2,037.00	\$189.44	\$661.50	\$945.00	\$251.29	\$661.50	\$947.72	\$882.00	\$879.45	\$661.50
Monthly Totals					\$2,226.44	\$661.50		\$1,196.29		\$1,609.22		\$1,761.45	
Payments to PM					\$2,226.44	\$661.50		\$1,196.29		\$1,609.22		\$1,761.45	
Date of Payment					9/11/2015	10/14/15		11/13/15		12/4/15		3/8/16	

Statement of Disbursements by Unit
Aug 2015 to Feb 2018

Unit	Condo	Utilities 1/16	PM 2/16	Utilities 2/16	PM 3/16 (4/27/16)	Utilities 3/16	PM 4/16	Utilities 4/16	Tax Arrears 4/16	PM 5/16	Utilities 5/16	Tax arrears 5/16
48	504	\$0.00	\$110.25	\$211.15	\$110.25	\$168.55	\$73.50	\$28.33	\$0.00			
63	903	\$0.00	\$110.25	\$313.75	\$110.25	\$364.41	\$73.50	\$101.21	\$0.00			
65	1001	\$0.00	\$110.25	\$229.35	\$110.25	\$315.94	\$110.25	\$113.62	\$0.00	\$110.25	\$60.86	\$8,501.40
67	1003	\$0.00	\$110.25	\$258.34	\$110.25	\$322.10	\$110.25	\$99.29	\$0.00	\$110.25	\$47.76	\$9,016.13
68	1004	\$158.06	\$110.26	\$229.39	\$110.25	\$146.20	\$110.25	\$287.01	\$390.00	\$110.25	\$0.00	\$0.00
69	1101	\$0.00	\$110.25	\$254.79	\$110.25	\$333.59	\$110.25	\$129.30	\$390.00	\$110.25	\$68.08	\$0.00
TOTALS		\$158.06	\$661.51	\$1,496.77	\$661.50	\$1,650.79	\$588.00	\$758.76	\$780.00	\$441.00	\$176.70	\$17,517.53
Monthly Totals		\$819.56		\$2,158.28		\$2,312.29			\$2,126.76			\$18,135.23
Payments to PM		\$819.56		\$2,158.28		\$2,312.29			\$2,126.76			\$18,135.23
Date of Payment		3/26/16		5/5/16		5/12/16		2/23/17	8/25/16			6/15/16

Statement of Disbursements by Unit
Aug 2015 to Feb 2018

Unit	Condo	PM 6/16	Utilities 6/16	Tax arrears 6/16	Utilities 6/16	Tax Arrears (6/16)
48	504					
63	903					
65	1001	\$147.00	\$69.04	\$96.15	\$0.00	\$1,835.72
67	1003	\$147.00	\$44.76	\$102.17	\$0.00	\$1,961.29
68	1004	\$147.00	-\$126.44	\$449.70	\$204.77	\$6,700.61
69	1101	\$147.00	-\$144.89	\$445.89	\$0.00	\$6,248.24
TOTALS		\$588.00	-\$157.53	\$1,093.91	\$204.77	\$16,745.86
Monthly Totals				\$1,524.38		\$16,950.63
Payments to PM				\$1,524.38		\$16,950.63
Date of Payment				8/25/16		11/10/16

Statement of Disbursements by Unit
Aug 2015 to Feb 2018

Unit	Condo	PM 7/16	Utilities 7/16	PM (8/16)	Utilities (8/16)	PM (9/16)	Utilities (9/16)	PM (10/16)	Utilities (10/16)	PM (11/16)	Utilities 11/16	Condo Fee Arrears (11/16)	PM 12/16
48	504												
63	903												
65	1001												
67	1003	\$110.25	\$37.08	\$110.25	\$34.28	\$110.25	\$40.81	\$199.50	\$65.18	\$147.00	\$101.27	\$9,470.35	\$110.25
68	1004	\$110.25	\$36.31	\$110.25	\$0.00	\$110.25	\$0.00	\$199.50	\$0.00	\$147.00	\$131.74	\$9,187.99	\$110.25
69	1101	\$110.25	\$39.47	\$110.25	\$35.36	\$110.25	\$45.53	\$199.50	\$71.73	\$147.00	\$100.68	\$9,187.99	\$110.25
TOTALS		\$330.75	\$112.86	\$330.75	\$69.64	\$330.75	\$86.34	\$598.50	\$136.91	\$441.00	\$333.69	\$27,846.33	\$330.75
Monthly Totals			\$443.61		\$400.39		\$417.09		\$735.41			\$28,621.02	
Payments to PM			\$443.61		\$400.39		\$417.09		\$735.41			\$28,621.02	
Date of Payment			8/25/16		9/16/16		10/18/16		11/9/16			12/15/16	

Statement of Disbursements by Unit
Aug 2015 to Feb 2018

Unit	Condo	Utilities 12/16	Condo Fee 12/16
48	504		
63	903		
65	1001		
67	1003	\$0.00	\$277.91
68	1004	\$0.00	\$277.91
69	1101	\$0.00	\$277.91
TOTALS		\$0.00	\$833.73
Monthly Totals			\$1,164.48
Payments to PM			\$1,164.48
Date of Payment			1/19/17

Statement of Disbursements by Unit
Aug 2015 to Feb 2018

Unit	Condo	PM 1/17	Utilities 1/17	Condo Fee 1/17	PM 2/17	Condo Fee 2/17	PM 3/17	Utilities 3/17	Condo Fee 3/17	PM 4/17	Utilities 4/17	Condo Fee 4/17	PM 5/17
48	504												
63	903												
65	1001												
67	1003	\$110.25	\$415.10	\$277.91	\$110.25	\$277.91	\$110.25	\$197.37	\$277.91	\$110.25	\$0.00	\$277.91	\$147.00
68	1004	\$110.25	\$353.53	\$277.91	\$110.25	\$277.91	\$110.25	\$165.03	\$277.91	\$110.25	\$132.92	\$277.91	\$147.00
69	1101	\$110.25	\$382.77	\$277.91	\$110.25	\$277.91	\$110.25	\$193.91	\$277.91	\$110.25	\$169.45	\$277.91	\$147.00
TOTALS		\$330.75	\$1,151.40	\$833.73	\$330.75	\$833.73	\$330.75	\$556.31	\$833.73	\$330.75	\$302.37	\$833.73	\$441.00
Monthly Totals				\$2,315.88		\$1,164.48			\$1,720.79			\$1,466.85	
Payments to PM				\$2,315.88		\$1,164.48			\$1,720.79			\$1,466.85	
Date of Payment				2/22/17		3/9/17			4/12/17			5/10/17	

Statement of Disbursements by Unit
Aug 2015 to Feb 2018

Unit	Condo	Utilities 5/17	Condo Fee 5/17
48	504		
63	903		
65	1001		
67	1003	\$70.03	\$277.91
68	1004	\$108.80	\$277.91
69	1101	\$242.88	\$277.91
TOTALS		\$421.71	\$833.73
Monthly Totals			\$1,696.44
Payments to PM			\$1,696.44
Date of Payment			6/7/17

Statement of Disbursements by Unit
Aug 2015 to Feb 2018

Unit	Condo	PM 6/17	Utilities 6/17	Condo Fee 6/17	PM 7/17	Utilities 7/17	Condo Fee 7/17	PM 8/17	Utilities 8/17	Condo Fee 8/17	PM 9/17	Utilities 9/17	Condo Fee 9/17
48	504												
63	903												
65	1001												
67	1003	\$110.25	\$119.20	\$277.91	\$110.25	\$0.00	\$277.91	\$110.25	\$73.09	\$277.91	\$157.50	\$39.64	\$277.91
68	1004	\$110.25	\$72.31	\$277.91	\$110.25	\$55.41	\$277.91	\$110.25	\$70.78	\$277.91	\$157.50	\$37.87	\$277.91
69	1101	\$110.25	\$0.00	\$277.91	\$110.25	\$54.39	\$277.91	\$110.25	\$78.40	\$277.91	\$31.50	\$49.07	\$0.00
TOTALS		\$330.75	\$191.51	\$833.73	\$330.75	\$109.80	\$833.73	\$330.75	\$222.27	\$833.73	\$346.50	\$126.58	\$555.82
Monthly Totals				\$1,355.99			\$1,274.28			\$1,386.75			\$1,028.90
Payments to PM				\$1,355.99			\$1,274.28			\$1,386.75			\$1,028.90
Date of Payment				7/14/17			8/15/17			8/13/17			10/16/17

Statement of Disbursements by Unit
Aug 2015 to Feb 2018

Unit	Condo	PM 10/17	Utilities 10/17	Condo Fee 10/17	Utilities 10/17
48	504				
63	903				
65	1001				
67	1003	\$110.25	\$41.55	\$277.91	\$0.00
68	1004	\$110.25	\$32.95	\$277.91	\$0.00
69	1101				\$47.06
TOTALS		\$220.50	\$74.50	\$555.82	\$47.06
Monthly Totals				\$850.82	\$47.06
Payments to PM				\$850.82	\$47.06
Date of Payment				11/8/17	11/28/2017

Statement of Disbursements by Unit
Aug 2015 to Feb 2018

Unit	Condo	PM 11/17	Utilities 11/17	Condo Fee 11/17	Utilities 12/17	PM 12/17	Utilities 12/17	Condo Fee 12/17	Utilities 1/2018	Unit Totals	Owner
48	504									\$1,979.25	179/Terrapin
63	903									\$2,513.01	Arres
65	1001									\$13,183.48	Arres
67	1003	\$36.75	\$292.53	\$0.00	\$128.52					\$30,036.81	Arres
68	1004	\$147.00	\$188.01	\$277.91	\$0.00	\$110.25	\$43.63	\$277.91	\$51.40	\$26,644.53	179/Terrapin
69	1101									\$24,880.27	179/Terrapin
TOTALS		\$183.75	\$480.54	\$277.91	\$128.52	\$110.25	\$43.63	\$277.91	\$51.40	\$99,237.35	TOTAL
Monthly Totals				\$942.20	\$128.52			\$431.79	\$51.40	\$99,237.35	TOTAL
Payments to PM				\$942.20	\$128.52			\$431.79	\$51.40	\$99,237.35	Cheques
Date of Payment				12/15/17	12/15/17			1/10/18	1/18/18		

This is Exhibit "JJ" referred
to in the Affidavit of

Jack Ellis
Sworn before me this 12 day
of July, 2018.



A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323


Exhibit JJ

| Proceeds of Sale with Unit Charges

Legal	Condo	Sale Date	Owner	Sale Price	Money Held By Terrapin	Money Paid Into Court	Property Management Accounting	Available Proceeds	179/Terrapin at 40%	179/Terrapin at 30%	179/Terrapin at 100%	Arres at 60%	Arres at 0%
48	504	2/12/2016	179/Terrapin	\$225,000.00		\$200,584.38	(\$1,979.25)	\$198,605.13	\$79,442.05	\$59,581.50	\$198,605.13	\$119,163.08	\$0.00
55			179/Terrapin		\$151,920.15		\$99,237.35	\$251,157.50	\$100,442.44	\$75,331.80	\$251,106.10	\$150,663.66	\$0.00
63	903	4/7/2016	Arres	\$241,000.00		\$198,649.51	(\$2,513.01)	\$196,136.50	N/A	N/A	N/A	\$196,136.50	\$196,136.50
65	1001	6/24/2016	Arres	\$240,000.00		\$207,517.58	(\$13,183.48)	\$194,334.10	N/A	N/A	N/A	\$194,334.10	\$194,334.10
67	1003	10/30/2017	Arres	\$225,000.00		\$211,996.15	(\$30,036.81)	\$181,959.34	N/A	N/A	N/A	\$181,959.34	\$181,959.34
68	1004	1/5/2018	179/Terrapin	\$225,000.00		\$211,177.96	(\$26,644.53)	\$184,533.43	\$73,813.37	\$55,360.03	\$184,533.43	\$110,720.06	\$0.00
69	1101	9/15/2017	179/Terrapin	\$225,000.00		\$200,175.17	(\$24,880.27)	\$175,294.90	\$70,117.96	\$52,588.47	\$175,294.90	\$105,176.94	\$0.00
TOTAL					\$151,920.15	\$1,230,100.75	\$0.00	\$1,382,020.90	\$323,815.82	\$247,861.80	\$809,539.56	\$1,058,153.68	\$572,429.94

This is Exhibit "KK" referred
to in the Affidavit of

Jack Ellis
Sworn before me this 12 day
of July, 2018.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
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Exhibit KK

COURT FILE NUMBER **1401-10732**

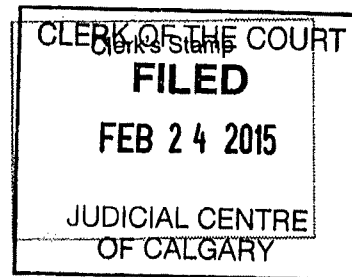
COURT **COURT OF QUEEN'S BENCH OF ALBERTA**

JUDICIAL CENTRE **CALGARY**

PLAINTIFF **TERRAPIN MORTGAGE INVESTMENT CORP.**

DEFENDANTS **1798582 ALBERTA LTD., ARRES CAPITAL INC., and STACI SERRA**

DOCUMENT **AMENDED STATEMENT OF CLAIM**



ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Bishop & McKenzie LLP
Barristers & Solicitors
1700, 530 - 8th Avenue SW
Calgary, Alberta T2P 3S8
Telephone: 403-237-5550
Facsimile: 403-263-3423
Attention: Kerry Lynn Okita
File No.: 100672-003 (KLO/pw)

AMENDED this 24 day of
February 2015 Pursuant to
Rule 3.62
dated the 24 day of Feb. 2015

~~CLERK OF THE COURT~~

NOTICE TO DEFENDANTS

You are being sued. You are a Defendant.

Go to the end of this document to see what you can do and when you must do it.

Statement of facts relied on:

1. The Plaintiff, Terrapin Mortgage Investment Corp. ("Terrapin"), is a corporation registered to carry on business in the Province of Alberta.
2. The Defendant, 1798582 Alberta Ltd. ("179 AB"), is a corporation registered to carry on business in the Province of Alberta.
3. The Defendant, Arres Capital Inc. ("Arres"), is a corporation registered to carry on business in the Province of Alberta.
4. The Defendant, Staci Serra ("Serra"), resides in the City of Calgary, in the Province of Alberta.

5. At all material times, Serra was one of the two directors of 179 AB. The sole shareholder of 179 AB is 875892 Alberta Ltd. Serra was the sole director and shareholder of 875892 Alberta Ltd.

6. At all material times, Wes Serra was the sole director of Arres. The sole shareholder of Arres is Arres Holding Inc. Wes Serra was the sole director and shareholder of Arres Holding Inc.

7. At all material times, Wes Serra and Serra were married.

Arres Mortgage and Foreclosure

8. Graybriar Land Company Ltd. owned lands being developed into condominium units. These condominium developments were known as Graybriar Phase I and Graybriar Phase II.

9. By a Memorandum of Mortgage made under the *Land Titles Act* dated the 5th day of November, 2006 (the "First Arres Mortgage"), Graybriar Land Company Ltd. mortgaged to the Defendant, Arres, the following lands:

PLAN 052 0941
BLOCK 1
LOT C

(the "Lands") for securing payment of the principal sum of \$2,800,000.00, together with interest, payable both before and after maturity, default, and judgment.

10. By a Memorandum of Mortgage made under the *Land Titles Act* dated the 15th day of August, 2007 (the "Second Arres Mortgage"), Graybriar Land Company Ltd. mortgaged to the Defendant, Arres, the Lands for securing payment of the principal sum of \$9,700,000.00, together with interest, payable both before and after maturity, default, and judgment.

11. On or about November 2008, Graybriar Land Company Ltd. defaulted under the First Arres Mortgage and/or the Second Arres Mortgage.

12. On or about February 24 and March 5, 2009, Arres commenced two actions against Graybriar Land Company Ltd. The first, Action No: 0903-17685 with respect to Graybriar Phase I and the second, Action No. 0903-17684 with respect to Graybriar Phase II. These two actions were consolidated into one action referring to both action numbers (the "Foreclosure Action").

13. On or about March 8, 2010, Master Smart granted an order in the Foreclosure Action which allowed the registration of the condominium plan and development of the individual condominium units (the "Development Order").

14. On or about June 6, 2010, Master Smart granted an order in the Foreclosure Action which allowed for the listing and sale of the individual condominium units (the "Listing Order").

15. Following the Development Order and the Listing Order, the condominium plan was registered, the individual condominium units were developed, listed and most were sold.

16. As of January 2014, there were seven remaining condominium units which remained unsold.

17. In or about January 2014, Arres applied within the Foreclosure Action, with notice, for an Order for Sale to Plaintiff of the seven units, namely:

CONDOMINIUM PLAN 0827766
UNITS 48, 55, 63, 65, 67, 68, AND 69
AND ALL THE APPLICABLE UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE
COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "Remaining Seven Units").

18. On or about February 3, 2014, Master Breitkreuz granted an Order for Sale to Plaintiff of the Remaining Seven Units. On or about February 7, 2014, this Order was amended by Master Smart (the "Order for Sale to Plaintiff").

Terrapin Mortgage to 179 AB and Serra Guarantee

19. In or about January 2014, 179 AB and Arres arranged to transfer four of the Remaining Seven Units, namely units 48, 55, 68, and 69 to 179 AB (the "179 AB Units").

20. The terms of the agreement with respect to the transfer of the 179 AB Units from Arres to 179 AB are unknown by Terrapin.

21. In or about January 2014, 179 AB applied to Terrapin for a mortgage on the 179 AB Units.

22. 179 AB represented to Terrapin that it had or would have good title to the 179 AB Units, and that it had the right to mortgage the 179 AB Units.

23. By way of a commitment letter on or about January 23, 2014, Terrapin agreed to loan 179 AB the sum of \$426,000.00 and 179 AB agreed to provide mortgage security over the 179 AB Units to Terrapin.

24. By a Memorandum of Mortgage made under the *Land Titles Act* dated the 5th day of February, 2014, (the "Terrapin Mortgage"), 179 AB mortgaged to Terrapin the 179 AB Units, namely:

CONDOMINIUM PLAN 0827766
UNITS 48, 55, 68, AND 69
AND ALL THE APPLICABLE UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE
COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS,

for securing payment of the principal sum of \$426,000.00, together with interest, payable both before and after maturity, default, and judgment.

25. It was a term of the Terrapin Mortgage that 179 AB would pay the principal sum and interest thereon at the annual interest rate of prime plus 3.0%, at a minimum of 8.0% until January 31, 2015, and would thereafter accrue at the rate of prime plus 9.0%, at a minimum of 14.0%.

26. It was a term of the Terrapin Mortgage that the funds advanced would be repaid by monthly interest payments from the date of advance to January 31, 2015, at which time the sum of all advances and all other outstanding amounts would be paid in full.

27. It was a further term of the Terrapin Mortgage that all costs, charges, and expenses of enforcing the indebtedness of 179 AB to Terrapin, including legal fees on a solicitor and its own client basis, would be paid by 179 AB.

28. By the Terrapin Mortgage, 179 AB covenanted that:

- a. 179 AB had good title to the 179 AB Units, and
- b. 179 AB had the right to mortgage the 179 AB Units.

29. On the 5th day of February, 2014, the Defendant, Serra, executed a Guarantee of Mortgage in favour of Terrapin with respect to the indebtedness of 179 AB to Terrapin under the Terrapin Mortgage (the "Guarantee").

30. Also on the 5th day of February, 2014, the Defendant, Serra, attended before a Notary Public in and for the Province of Alberta, which resulted in a Certificate of Notary Public being executed in accordance with the provisions of the *Guarantee Acknowledgement Act*, R.S.A. 2000, c. G-11, as amended.

31. It was a term of the Guarantee that Serra would be responsible to pay to Terrapin all debts and liabilities of 179 AB to Terrapin, including all principal, interest costs, charges and expenses, plus interest calculated at the rates under the Terrapin Mortgage from the date of demand, compounded monthly.

32. It was a further term of the Guarantee that Serra would pay to Terrapin all costs, charges, and expenses, including legal fees on a solicitor and its own client basis, incurred by Terrapin in the enforcement of the Guarantee.

33. On or about February 12, 2014, Terrapin advanced funds in the amount of \$426,000.00 (the "Terrapin Funds") to counsel for 179 AB on trust conditions.

34. On or about February 13 and 14, 2014 counsel for 179 AB distributed the Terrapin Funds in the following manner:

- a. \$235,000.00 was paid into Court in Action No. 1201-16440 for the benefit of Arres;
- b. \$138,444.61 was paid directly to 179 AB; and
- c. Fees paid in the following amounts:
 - i. \$300.00 for title insurance to First Canadian Title Insurance;
 - ii. \$966.00 for estoppel certificates to Core Management Group;
 - iii. \$956.88 for outstanding condominium fees to Condominium Corporation 0827766;
 - iv. \$8,460.41 for outstanding property taxes to the Town of Stony Plain;
 - v. Payment to solicitors for 179 AB; and
 - vi. Payment to solicitors for Terrapin.

35. On or about February 14, 2014, counsel for 179 AB submitted documents to the Registrar of Land Title, directing:

- a. the transfer of title of clear title of the 179 AB Units to 179 AB, including the discharge of the First Arres Mortgage and the Second Arres Mortgage, and the registration of the Terrapin Mortgage on the 179 AB Units; and
- b. the transfer of clear title to Arres of the three Remaining Seven Units.

36. These documents included a certified copy of the Order for Sale to Plaintiff, correspondence directing the Registrar of Land Titles to transfer the 179 AB Units into the name of 179 AB and to register the Terrapin Mortgage against the 179 AB Units, and correspondence directing the Registrar of Land Titles to transfer the three Remaining Seven Units to Arres. Both pieces of correspondence were authored by Wes Serra for Arres and on Arres letterhead.

37. The Registrar of Land Titles returned the registration package with a rejection notice directing that it required the correspondence to be on Arres' counsel's letterhead.

The Stay of the Order for Sale to Plaintiff

38. On or about February 14, 2014, an emergency telephone application was made by the plaintiffs (the "Richcrooks Plaintiffs") in Action No. 1301-10892 (the "Richcrooks Action"). The Richcrooks Plaintiffs claimed that Arres lacked authority or standing on the First Arres Mortgage and the Second Arres Mortgage to apply for or obtain the Order for Sale to Plaintiff and claimed beneficial ownership of the Remaining Seven Units.

39. The Richcrooks Plaintiffs applied without notice to 179 AB or to Terrapin for an indefinite stay of the Order for Sale to Plaintiff. Justice S.D. Hillier granted an order staying the Order for Sale to Plaintiff pending further order of the Court (the "Stay Order").

40. As a result of the Stay Order, title to the 179 AB Units was not transferred to 179 AB and the Terrapin Mortgage was not registered against title to the 179 AB Units. Title to the 179 AB Units remained in the name of Graybriar Land Company Ltd. with the First Arres Mortgage and the Second Arres Mortgage registered.

41. Terrapin has demanded repayment of the Terrapin Funds from 179 AB and from Serra.

42. 179 AB and Serra have failed to and continue to fail to repay all or any of the Terrapin Funds to Terrapin.

The Sale of Unit 55

43. On or about February 28, 2014, unit 55, which is one of the 179 AB Units, was sold to third party purchasers for the amount of \$269,900.00 by order of Master Smart ("Order for Sale of Unit 55") in the Foreclosure Action.

44. The application and granting of the Order for Sale of Unit 55 were made without notice to or the consent of Terrapin.

45. The Order for Sale of Unit 55 directed the net sale proceeds to be held in trust pending further order of the Court with respect to the Stay Order.

The Breach of the Terrapin Mortgage by 179 AB

46. 179 AB made representations and covenanted that it had good title to the 179 AB Units and had the right to mortgage the 179 AB Units.

47. In reliance on those representations and covenants, Terrapin entered into the Terrapin Mortgage and advanced the Terrapin Funds to 179 AB.

48. 179 AB breached the Terrapin Mortgage by failing to have good title to the 179 AB Units and by failing to have the right to mortgage and to provide security to the 179 AB Units.

49. As a result of the misrepresentation and breach of the Terrapin Mortgage, by 179 AB, Terrapin has suffered and continues to suffer a loss and or the damages in the amount of the Terrapin Funds, or such other amount as may be proven at trial.

Default under the Terrapin Mortgage by 179 AB and Serra

50. 179 AB and Serra are obligated to repay the Terrapin Funds under the Terrapin Mortgage and the Guarantee.

51. On or about February 13, 2015, Terrapin demanded and hereby demands payment from Serra under the Guarantee.

52. Although Terrapin has demanded repayment of the Terrapin Funds, 179 AB and Serra have neglected or refused, and continue to neglect or refuse, to effect payment thereof.

53. As of the 20th day of February, 2015, the amount owing to Terrapin by 179 AB and Sera pursuant to the Terrapin Mortgage and the Guarantee was \$435,008.60. Interest is accruing thereafter on this amount at the rate of \$94.29 per diem.

The Unjust Enrichment and Liability of Arres through the agency of 179 AB

54. At all material times, 179 AB was acting as an agent of Arres. 179 AB was formed and operated as a subsidiary of and/ or agent of Arres. As such, Arres is responsible and liable for the actions of 179 AB.

55. Further, it was the common intention, express and implied, of Terrapin, 179 AB, and Arres that the 179 AB Units would be transferred to 179 AB, the First Arres Mortgage and the Second Arres Mortgage would be discharged, and the Terrapin Mortgage would be registered in first position against title to the 179 AB Units.

56. Terrapin advanced the Terrapin Funds with the express and implied consent of both 179 AB and Arres.

57. The 179 AB Units were never transferred to 179 AB and the Terrapin Mortgage was never registered.

58. Arres has benefited directly and indirectly, including through 179 AB, from the advanced Terrapin Funds, and particularly by:

- a. retaining the First Arres Mortgage and the Second Arres Mortgage on the 179 AB Units, and
- b. gaining the benefit of the following amounts:
 1. \$235,000.00 paid for its benefit into Court in Action No. 1201-16440;
 2. The outstanding fees associated with the 179 AB Units satisfied, including clear estoppel certificates, outstanding condominium fees, and outstanding property taxes;
 3. \$138,444.61 paid to 179 AB; and
 4. Such further and other benefits as may be proven at trial.

59. Terrapin was not obligated to advance the Terrapin Funds by any agreement or otherwise, but rather advanced the Terrapin Funds in recognition of and as a result of the representations made Arres, directly or indirectly through 179 AB, that Arres would have the ability to transfer title to 179 AB, that 179 AB would have good title to and the ability to mortgage the 179 AB Units, and such further and other representations as may be proven at trial. Terrapin relied on these representations and with the reasonable expectation that the Terrapin Mortgage would be registered on title to the 179 AB Units, Terrapin advanced the Terrapin Funds.

60. Terrapin states that Arres holds:

- a. either of the following:
 - i. the First Arres Mortgage and the Second Arres Mortgage on the 179 AB Units, in the event that the Stay Order continues or an order of the Court sets aside the Order for Sale to Plaintiff; or
 - ii. title to the 179 AB Units, in the event that the Order for Sale to Plaintiff or an order with the effect of transferring the 179 AB Units to Arres comes into effect; and
- b. the \$235,000.00 paid into Court in Action No. 1201-16440, and
- c. the amounts held in trust from the Order for Sale of Unit 55,

as a resulting or constructive trustee for the benefit of Terrapin as a result of the advanced Terrapin Funds. Terrapin has been deprived of the Terrapin Funds with no juristic reason. Further, Arres has been unjustly enriched in the amount of \$426,000.00 or such other amount as may be proven at trial.

The Unjust Enrichment of Arres

61. In the alternative, Arres has benefited directly and indirectly, from the advanced Terrapin Funds, and particularly by:

- a. retaining the First Arres Mortgage and the Second Arres Mortgage on the 179 AB Units, and
- b. gaining the benefit of the following amounts:

1. \$235,000.00 paid for its benefit into Court in Action No. 1201-16440;
2. The outstanding fees associated with the 179 AB Units satisfied, including clear estoppel certificates, outstanding condominium fees, and outstanding property taxes;
3. Such further and other benefits as may be proven at trial.

62. Terrapin was not obligated to advance the Terrapin Funds by any agreement or otherwise, but rather advanced the Terrapin Funds in recognition of and as a result of the representations made Arres, directly or indirectly, including through 179 AB, that Arres would have the ability to transfer title to 179 AB, that 179 AB would have good title to and the ability to mortgage the 179 AB Units, and such further and other representations as may be proven at trial. Terrapin relied on these representations and with the reasonable expectation that the Terrapin Mortgage would be registered on title to the 179 AB Units, Terrapin advanced the Terrapin Funds.

63. Terrapin states that Arres holds:

- a. either of the following:
 - i. the First Arres Mortgage and the Second Arres Mortgage on the 179 AB Units, in the event that the Stay Order continues or an order of the Court sets aside the Order for Sale to Plaintiff; or
 - ii. title to the 179 AB Units, in the event that the Order for Sale to Plaintiff or an order with the effect of transferring the 179 AB Units to Arres comes into effect; and
- b. the \$235,000.00 paid into Court in Action No. 1201-16440, and
- c. the amounts held in trust from the Order for Sale of Unit 55,

as a resulting or constructive trustee for the benefit of Terrapin as a result of the advanced Terrapin Funds. Terrapin has been deprived of the Terrapin Funds with no juristic reason. Further, Arres has been unjustly enriched in the amount of \$287,555.39 or such other amount as may be proven at trial.

The Unjust Enrichment of Arres by the Rescission of the Contract

64. In the further alternative, the transaction between Arres and 179 AB with respect to the transfer of the four 179 AB Units is void for lack of consideration as Arres failed to provide the 179 AB Units. As such, the transaction should be rescinded and 179 AB and Arres are entitled to be put back into the position they would have been in had the transaction not occurred.

65. This would result in the funds provided to Arres by 179 AB being held by Arres as resulting or constructive trustee for the benefit of 179 AB. 179 AB having been deprived of those amounts with no juristic reason and Arres has been unjustly enriched in those amounts.

66. This would also result in the funds held by Arres as resulting or constructive trustee are subject to 179 AB holding those amounts as resulting or constructive trustee for the benefit of Terrapin as a result of the advancement of the Terrapin Funds. Terrapin having been deprived of the amount of \$426,000.00 with no juristic reason and 179 AB having been unjustly enriched in the amount of \$246,000.00.

67. As such, Arres holds the following amounts for the benefit of 179 AB, and 179 AB holds the amounts for the benefit of Terrapin:

- a. The \$235,000.00 paid into Court in Action No. 1201-16440;
- b. The benefit of all fees paid, particularly the following:
 - i. \$300.00 for title insurance to First Canadian Title Insurance;
 - ii. \$966.00 for estoppel certificates to Core Management Group;
 - iii. \$956.88 for outstanding condominium fees to Condominium Corporation 0827766;
 - iv. \$8,460.41 for outstanding property taxes to the Town of Stony Plain;
 - v. Payment to solicitors for 179 AB; and
 - vi. Payment to solicitors for Terrapin.
- c. Any outstanding amounts due and owing under the Terrapin Mortgage.

Remedy sought against 179 AB:

- 68. Judgment in the amount of \$435,008.60 as of February 20, 2015;
- 69. Interest on the judgment amount from February 20, 2015 to the date of judgment at the Terrapin Mortgage rate of interest which is currently, \$94.29 per diem.
- 70. Costs on a solicitor and his own client basis.

Remedy sought against Serra:

- 71. Judgment in the amount of \$435,008.60 as of February 20, 2015;
- 72. Interest on the judgment amount from February 20, 2015 to the date of judgment at the Terrapin Mortgage rate of interest which is currently, \$94.29 per diem.
- 73. Costs on a solicitor and his own client basis.

Remedy sought against Arres:

- 74. An Order declaring:
 - a. The First Arres Mortgage and the Second Arres Mortgage, registered on January 5, 2007, Registration Number 072 008 561, and August 24, 2007, Registration Number 072 512 005, respectively, on the 179 Units, legally described as:

CONDOMINIUM PLAN 0827766
 UNITS 48, 68, AND 69
 AND ALL THE APPLICABLE UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS,

is held subject to a resulting or constructive trust for Terrapin's beneficial interest;
 or

- b. If transferred by the Order – Sale to Plaintiff, or any other order that has the effect of providing Arres with title to the 179 Units, legal described as:

CONDOMINIUM PLAN 0827766
 UNITS 48, 68, AND 69
 AND ALL THE APPLICABLE UNDIVIDED ONE TEN THOUSANDTH
 SHARES IN THE COMMON PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS,

is held subject to a resulting or constructive trust for Terrapin's beneficial interest.

Remedy sought 179 AB, Arres, and Serra:

75. An Order directing the release of the amount of \$235,000.00 held by the Court in Action No. 1201-16440 to Terrapin.
76. An Order directing the release of the net proceeds held in trust pursuant to the Order for Sale of Unit 55 to Terrapin.
77. In the alternative, interest in accordance with the provisions of the *Judgment Interest Act*, R.S.A. 2000, c. J-1, as amended.
78. Costs of this action on a solicitor and his own client basis.
79. Such other relief as the nature of the case may require and as this Honourable Court may deem appropriate.

NOTICE TO THE DEFENDANTS

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.


You can respond by filing a Statement of Defence or a Demand for Notice in the office of the clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your Statement of Defence or a Demand for Notice on the Plaintiff's address for service.

WARNING

If you do not file and serve a Statement of Defence or a Demand for Notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a Court may give a judgment to the Plaintiff against you.

This is Exhibit "LL" referred
to in the Affidavit of
Jake Ellis

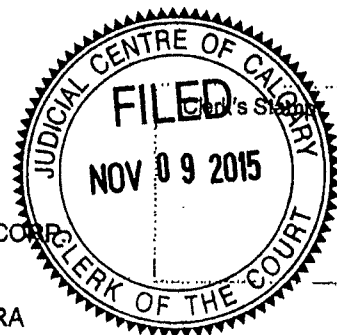
Sworn before me this 12 day
of July, 20 18.


A Commissioner for Taking Affidavits
in and for the Province of
British Columbia

TERENCE A. DUNN
BARRISTER & SOLICITOR
1800 - 401 WEST GEORGIA STREET
VANCOUVER, BC V6B 5A1
TEL. 604-687-1323

Exhibit LL

COURT FILE NUMBER 1401-10732
 COURT COURT OF QUEEN'S BENCH
 OF ALBERTA
 JUDICIAL CENTRE CALGARY
 PLAINTIFF TERRAPIN MORTGAGE INVESTMENT CORP.
 DEFENDANTS 1798582 ALBERTA LTD.,
 ARRES CAPITAL INC. AND STACI SERRA



DOCUMENT SUMMARY JUDGMENT

ADDRESS FOR SERVICE
 AND CONTACT INFORMATION
 OF PARTY FILING THIS
 DOCUMENT

Bishop & McKenzie LLP
 Barristers & Solicitors
 1700, 530 - 8th Avenue SW
 Calgary, Alberta T2P 3S8

Telephone: 403-237-5550
 Fax: 403-263-3423

Attention: Kerry Lynn Okita
 File No. 100,672-003

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

Dated this 9 day of Nov 2015
[Signature]
 for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED:

November 9, 2015

LOCATION WHERE ORDER WAS PRONOUNCED:

Calgary, Alberta

NAME OF MASTER WHO MADE THIS ORDER:


J.L. Mason

UPON THE APPLICATION of the Plaintiff; UPON reference being made to the materials filed herein; AND UPON hearing from counsel for the Plaintiff; AND UPON noting the consent of counsel for the Defendant, Staci Serra;

IT IS HEREBY ORDERED THAT:

1. The Plaintiff is awarded Summary Judgment against the Defendant, Staci Serra, in the amount of \$470,216.98 as of September 1, 2015 plus interest accruing thereafter until the date the judgment is granted, calculated at the rate of \$171.87 per diem.
2. The Plaintiff is awarded solicitor and client costs of this action, to be assessed.
3. The Plaintiff is granted leave to speak to solicitor clients costs under the Terrapin Mortgage of related actions, including, but not limited to:
 - a. the Greybriar foreclosure action, Action Number 0901-03332 (formerly 0903-17685 & 0903-17684) and Court of Appeal File Number 1501-0006 AC;

- b. the Richcrooks action, Action Number 1301-10892;
 - c. the Kenzie action, Action Number 1201-16440; and
 - d. any future enforcement action related to the Terrapin Mortgage or Guarantee.
4. The above noted application for costs shall be heard by Special Chambers application and shall be scheduled at the earliest possible Special Chambers date in which all counsel are available.



M.C.C.Q.B.A.

Consented to by:

DLBH Law

Per: _____

Judy Burke
Counsel for Staci Serra and 1798582 Alberta Ltd.

1	COURT FILE NUMBER	1401-12431
2	COURT	COURT OF QUEEN'S BENCH OF ALBERTA
3	JUDICIAL CENTRE	CALGARY
4	PLAINTIFF	ACCESS MORTGAGE CORPORATION (2004)
5		LIMITED
6	DEFENDANT	ARRES CAPITAL INC.
7	COURT FILE NUMBER	25-094212
8	COURT	COURT OF QUEEN'S BENCH OF ALBERTA IN
9		BANKRUPTCY AND INSOLVENCY
10	JUDICIAL CENTRE	CALGARY
11		IN THE MATTER OF THE BANKRUPTCY AND
12		INSOLVENCY ACT, R.S.C. 1985, c. B-3,
13		AS AMENDED
14		AND IN THE MATTER OF ARRES CAPITAL
15		INC.
16	COURT FILE NUMBER	094786
17	COURT	COURT OF QUEEN'S BENCH OF ALBERTA IN
18		BANKRUPTCY AND INSOLVENCY
19	JUDICIAL CENTRE	CALGARY
20		IN THE MATTER OF THE BANKRUPTCY AND
21		INSOLVENCY ACT, R.S.C. 1985, c. B-3,
22		AS AMENDED
23		AND IN THE MATTER OF ARRES CAPITAL
24		INC.
25	DOCUMENT	Transcript of Oral Questioning of
26		MICHAEL JOHN CASSIDY ELLIS on
27		Affidavit sworn July 12, 2018
28		VIA VIDEO CONFERENCE
29	HELD AT	McCarthy Tetrault LLP
30		Calgary, Alberta
31	DATE	July 25, 2018

1 COURT FILE NUMBER 1401-12431
2 COURT COURT OF QUEEN'S BENCH OF ALBERTA
3 JUDICIAL CENTRE CALGARY
4 PLAINTIFF ACCESS MORTGAGE CORPORATION (2004)
5 LIMITED
6 DEFENDANT ARRES CAPITAL INC.
7 COURT FILE NUMBER 25-094212
8 COURT COURT OF QUEEN'S BENCH OF ALBERTA IN
9 BANKRUPTCY AND INSOLVENCY
10 JUDICIAL CENTRE CALGARY
11 IN THE MATTER OF THE BANKRUPTCY AND
12 INSOLVENCY ACT, R.S.C. 1985, c. B-3,
13 AS AMENDED
14 AND IN THE MATTER OF ARRES CAPITAL
15 INC.
16 COURT FILE NUMBER 094786
17 COURT COURT OF QUEEN'S BENCH OF ALBERTA IN
18 BANKRUPTCY AND INSOLVENCY
19 JUDICIAL CENTRE CALGARY
20 IN THE MATTER OF THE BANKRUPTCY AND
21 INSOLVENCY ACT, R.S.C. 1985, c. B-3,
22 AS AMENDED
23 AND IN THE MATTER OF ARRES CAPITAL
24 INC.
25 DOCUMENT Transcript of Oral Questioning of
26 MICHAEL JOHN CASSIDY ELLIS on
27 Affidavit sworn July 12, 2018
VIA VIDEO CONFERENCE
HELD AT McCarthy Tetrault LLP
Calgary, Alberta
DATE July 25, 2018

1 For the Receiver - Alvarez Marsal

2 Walker W. MacLeod

3 McCarthy Tetrault LLP

4 4000, 421-7 Ave. SW

5 Calgary, AB T2P 4K9

6 403-260-3710

7 Xinya Wang (Student-at-Law) (Via Video Conference)

8 McCarthy Tetrault LLP

9 2400, 745 Thurlow St.

10 Vancouver, BC V6E 0C5

11 604-643-7100

12 For Terrapin

13 Kerry L. Okita

14 Bishop & McKenzie LLP

15 2200, 555-4 Ave. SW

16 Calgary, AB T2P 3E7

17 403-237-5550

18 For the Defendant - Arres

19 Irfan Tharani

20 DBH Law LLP

21 1200, 1015-4 St. SW

22 Calgary AB T2R 1J4

23 403-252-9937

24 Official Court Reporter

25 Gayle Ikert, CSR(A)

26 Amicus Reporting Group

27 403-266-1744

28

29 (Proceedings commenced at 10:05 a.m.)

30 MICHAEL JOHN CASSIDY ELLIS, affirmed, questioned by

31 Mr. MacLeod: (Via Video Conference)

32 Q. Mr. Ellis, good morning. Thank you very much for

33 attending today. My name is Walker Macleod, and as

34 Ms. Okita mentioned, I act for Alvarez Marsal Canada

35 Inc., who is the court appointed receiver of the debtor

36 company Arres Capital.

1 I'm not going to go through a litany of defined
2 terms with you at the outset of the examination, but if
3 you have any questions about the terminology I'm using,
4 just please feel free to ask me to clarify -- ask me to
5 clarify the question. Do you understand that,
6 Mr. Ellis?

7 A. Yes.

8 Q. Okay. Could you explain to me your role and position
9 with Terrapin?

10 A. Probably best defined as a mortgage underwriter.
11 People come to us and apply for mortgages. It's my job
12 to analyze the risk and then proceed with a loan,
13 collecting all the due diligence and items up to the
14 funding, and then managing that loan throughout the
15 life of its term.

16 Q. Okay. And in terms of Terrapin's loan to 179 Alberta,
17 what was your involvement with that loan and that
18 borrower?

19 A. I was involved in the underwriting of that loan up
20 until its funding.

21 Q. Okay. And when did that period commence?

22 A. Beginning of 2014 in January. Sometime in January.

23 Q. Okay. And have you managed the loan since that period
24 of time then?

25 A. Yes.

26 Q. I've got a document that I believe you've got. It's a
27 printout from Terrapin's website that I made yesterday.

1 Do you have that document in front of you?

2 A. I do, yes. This is -- yeah. Frequently asked
3 questions section from our website?

4 Q. Correct. I'm just wondering at the outset if you could
5 undertake to review Terrapin's website and confirm back
6 to us that this is an accurate printout of what's on
7 Terrapin's website in terms of the FAQs?

8 MS. OKITA: And we'll take that under
9 advisement.

10 UNDERTAKING NO. 1 - to review
11 Terrapin's website and confirm that
12 Exhibit 'A' for Identification is an
13 accurate printout of what's on
14 Terrapin's website in terms of the FAQs
15 - TAKEN UNDER ADVISEMENT

16 MR. MACLEOD: Can we mark that as Exhibit 1?

17 MS. OKITA: Yes. We'll mark it as Exhibit 1
18 for the purpose of identification pending the
19 undertaking.

20 MR. MACLEOD: Pending receipt of the
21 undertaking?

22 MS. OKITA: Yes.

23 MR. MACLEOD: Okay. And it will go in for truth
24 after you get back to us on the undertaking?

25 MS. OKITA: Fair enough.

26 MR. MACLEOD: All right.

27 EXHIBIT 'A' FOR IDENTIFICATION -

1 Printout of what's on Terrapin's
2 website in terms of the FAQs - to go in
3 as Exhibit 1 subject to Undertaking 1

4 Q. MR. MACLEOD: If you go to the section where it
5 says, (As Read)

6 How does Terrapin earn premium yields on
7 its mortgages?

8 Do you see that section, Mr. Ellis?

9 A. Yes.

10 Q. Okay. And there's a statement in there that, (As Read)
11 Terrapin is able to charge higher rates
12 of interest on loans than banks due to
13 the specialized nature of the loans held
14 in the pool.

15 Would it be fair to say that Terrapin is a high risk
16 lender or advances credit in circumstances where
17 traditional lenders will not usually advance credit?

18 A. Compared to conventional lenders, yes. Compared to
19 private lenders, I would say we're on the lower risk
20 spectrum.

21 Q. Okay. And by conventional lenders, I'm just trying I'm
22 clarify the question, conventional lenders I'm thinking
23 of Canadian chartered banks?

24 A. Yes, and I would also include Credit Unions.

25 Q. Okay. If you go to paragraph 22 of your affidavit,
26 please, Mr. Ellis. This pertains to the advance of the
27 funds, and I understand the solicitor who acted for you

1 is Mr. Forrest in this transaction; is that correct?

2 Let's go off for a second.

3 (DISCUSSION OFF RECORD)

4 Q. MR. MACLEOD: I'm sorry. I understand I
5 misstated the name of your counsel in the last
6 question. Do you know who acted for you in this
7 transaction?

8 A. Yes. It was Mr. Terry Lidster.

9 Q. And what firm is Mr. Lidster with; do you know?

10 A. Borden Ladner Gervais.

11 Q. Is that the Vancouver office of Borden Ladner Gervais?

12 A. That's the Calgary office.

13 Q. And when Mr. Lidster or when BLG advanced the funds on
14 trust conditions, can you explain to me what those
15 trust conditions were?

16 A. I don't recall.

17 Q. Okay. Was there a letter? Was there other written
18 correspondence in respect of the advance of the funds
19 from Mr. Lidster to the borrower?

20 A. I'd have to pull the legal documents that Terry sent to
21 us and check with them.

22 Q. Okay. And you have access -- Terrapin has access to
23 that file?

24 A. I believe so.

25 Q. Okay. I'm going to ask you to review your records --
26 sorry -- to undertake to review your records and
27 produce the trust letter or written correspondence in

1 respect to the trust conditions referenced at
2 paragraph 22 of your affidavit?

3 MS. OKITA: We'll take it under advisement.

4 **UNDERTAKING NO. 2 - to review records**
5 **and produce the trust letter or written**
6 **correspondence in respect to the trust**
7 **conditions referenced at paragraph 22**
8 **of Mr. Ellis's affidavit - TAKEN UNDER**
9 **ADVISEMENT**

10 Q. MR. MACLEOD: And as a further undertaking I'm
11 going to ask you to the extent in the review of your
12 records you're not able to locate the trust conditions
13 of the trust letter, I'm going to ask you to make
14 inquiries with Borden Ladner Gervais to produce those
15 records?

16 MS. OKITA: We'll take that under advisement.

17 **UNDERTAKING NO. 3 - to the extent in**
18 **the review of Mr. Ellis's records he is**
19 **not able to locate the trust conditions**
20 **of the trust letter, to make inquiries**
21 **with Borden Ladner Gervais to produce**
22 **those records - TAKEN UNDER ADVISEMENT**

23 Q. MR. MACLEOD: Has Terrapin advanced any claim
24 against Borden Ladner Gervais or Mr. Lidster in respect
25 of the wrongful disbursement of the loan proceeds?

26 A. I don't know.

27 Q. Okay. Who in Terrapin would know that information,

1 would have that information?

2 A. I'd have to check. To the best of my knowledge,
3 Terrapin has not, but I can't say that with a hundred
4 percent certainty.

5 Q. Okay. I'm going to ask you then to undertake to make
6 inquiries within Terrapin to see if Terrapin has
7 advanced any claim against BLG or against Mr. Lidster
8 for the wrongful disbursement of the loan proceeds.

9 MS. OKITA: We'll take that under advisement.

10 **UNDERTAKING NO. 4 - to make inquiries**
11 **within Terrapin to see if Terrapin has**
12 **advanced any claim against BLG or**
13 **against Mr. Lidster for the wrongful**
14 **disbursement of the loan proceeds -**
15 **TAKEN UNDER ADVISEMENT**

16 Q. MR. MACLEOD: Okay. When Terrapin advanced the
17 funds, were you aware that Arres had a mortgage
18 registered on Title to the units?

19 A. I believe so, yes. It had been discussed --

20 Q. Okay.

21 A. -- that they had.

22 Q. And do you recall when you became aware of that
23 information?

24 A. I don't recall.

25 Q. Okay. It was sometime before the advancement of funds
26 though?

27 A. Yes.

1 Q. And if you go down to paragraph 23 of your affidavit in
2 relation to the disbursement of the funds?

3 A. Yes.

4 Q. So I understand correctly that of the \$426,000 that
5 Terrapin was advancing, none of that was to be utilized
6 to pay out the Arres mortgage; is that correct?

7 A. I'm not sure.

8 Q. Okay. Who at Terrapin would have that information?

9 A. I'm not sure.

10 Q. Okay. I'm going to ask you to undertake to make
11 reasonable inquiries within Terrapin to see if any
12 amounts of the funds advanced were to be utilized to
13 pay out the Arres mortgage?

14 MS. OKITA: We'll take that under advisement.

15 **UNDERTAKING NO. 5 - to make reasonable**
16 **inquiries within Terrapin to see if any**
17 **amounts of the funds advanced were to**
18 **be utilized to pay out the Arres**
19 **mortgage - TAKEN UNDER ADVISEMENT**

20 Q. MR. MACLEOD: Move onto paragraph 27 of your
21 affidavit, Mr. Ellis. And this is the discussion about
22 the Rich Crooks investors and the dispute with those
23 parties. I guess my initial question is was Terrapin
24 aware that Arres and some of the investors in the
25 Graybriar mortgage were subject to litigation
26 proceedings and a dispute.

27 A. No.

1 Q. When did you become aware of that fact?

2 A. I don't recall the exact date.

3 Q. Okay. Was it before or after the advance of the
4 Terrapin funds?

5 A. After.

6 Q. Okay. Go to paragraph 46 of your affidavit.

7 A. Yes.

8 Q. So here you're saying that Terrapin is the only party
9 who is making a claim to the funds. Are you aware that
10 the receiver also makes a claim to the funds?

11 A. No.

12 Q. You're not? Okay. Can you go to the affidavit --
13 excuse me -- can you go to the e-mail that was earlier
14 presented to you from myself and Ms. Okita dated
15 May 15th?

16 A. Yes.

17 Q. Ms. Okita acts for you in this matter; is that correct?

18 A. Yes.

19 Q. She was acting for you on May 15th, 2018; is that
20 correct?

21 A. Yes.

22 Q. Can we make that the next exhibit, Kerry?

23 MS. OKITA: Yes.

24 MR. MACLEOD: E-mail from Walker Macleod to
25 Kerry Lynn Okita, May 15th, 2018. That will be Exhibit
26 -- we should mark this 2 because the other one is going
27 to shift to 1.

1 **EXHIBIT 2 - E-mail from Walker Macleod**
2 **to Kerry Lynn Okita, May 15th, 2018**

3 Q. MR. MACLEOD: Mr. Ellis, can you go to
4 Exhibit 'I' to your affidavit which is the Terrapin
5 terms?

6 A. Yes.

7 Q. And just start at page 8. Who are Mr. Pokanoff
8 (phonetic) -- excuse me. Sorry. I realize now. Is
9 that M. J. Jake Ellis, that would be yourself who
10 signed this document?

11 A. Excuse me?

12 Q. Do you see the signature page?

13 A. Yep.

14 Q. There's a reference to M. J. Jake Ellis who signed the
15 document. I take it that's you?

16 A. Yes.

17 Q. And do you recall when you signed that document?

18 A. I believe it was on January 23rd, 2014.

19 Q. Okay.

20 A. The date.

21 Q. And were you --

22 A. On the first page of that.

23 Q. You were involved in the preparation of the document
24 and the incorporation of the terms in the document?

25 A. Yes.

26 Q. Okay. If you go back to page 1, the document addressed
27 to a company to be incorporated in care of the Arres

1 Group of Companies. Who do you understand the Arres
2 Group of Companies to be?

3 A. At that time it was a company that Wes Serra was
4 working for.

5 Q. Okay.

6 A. To the best of my understanding.

7 Q. And who did you understand the borrower was going to be
8 under this arrangement?

9 A. It was to be a numbered company that hadn't been
10 disclosed to us yet at the time of writing this letter.

11 Q. And did you know who was going to be the owner of the
12 numbered company to be incorporated?

13 A. It was my understanding that it was going to be another
14 numbered company.

15 Q. Okay. Do you know the individual that was going to
16 have direct or indirect ownership and control of your
17 numbered company borrower?

18 A. It was our understanding that Stacia Serra or Darin
19 Forbes was going to be the owner.

20 Q. Okay. And were you aware that Ms. Stacia Serra and
21 Mr. Wes Serra were married at this time?

22 A. Yes.

23 Q. Mr. Ellis, let's go to paragraph 21 of that document
24 now, please.

25 A. Yes.

26 Q. And these are the conditions precedent to the advance
27 of the Terrapin funds. Do you see 21(c), the reference

1 to the shareholders of the borrower must be approved by
2 the lender?

3 A. Yes.

4 Q. Okay. Did the lender ever approve the shareholders of
5 the borrower?

6 A. Typically we relied on our counsel to do that.

7 Q. Okay. Did your counsel do that in this instance?

8 A. I believe so, to the best of my knowledge.

9 Q. Okay. And how would your counsel go about doing that?

10 A. I'm not sure.

11 Q. Okay. I wonder if you could undertake then to make
12 inquiries of your counsel to see if they, in fact, did
13 approve the shareholders of the borrower, and to the
14 extent they did, how they did that?

15 MS. OKITA: We'll take it under advisement.

16 **UNDERTAKING NO. 6 - to make inquiries**
17 **of Mr. Ellis's counsel to see if they**
18 **approved the shareholders of the**
19 **borrower, and to the extent they did,**
20 **how they did that - TAKEN UNDER**
21 **ADVISEMENT**

22 Q. MR. MACLEOD: 21(d), it's a reference to
23 subordination of postponement agreements with any prior
24 or subsequent lenders.

25 A. Yes.

26 Q. Did Terrapin ever obtain written subordination or
27 postponement agreements from any third parties in

1 relation to this loan transaction?

2 A. I'm not sure, but I don't believe so.

3 Q. Okay. And is there someone within Terrapin that you
4 could find out that information from?

5 A. Perhaps our lawyer.

6 Q. And it perhaps might also be in Terrapin's files?

7 A. Perhaps.

8 Q. Okay. So I'm going to ask you to undertake to both
9 make inquiries with your counsel and review the
10 Terrapin file to see if there is any record of
11 subordination or postponement agreement?

12 MS. OKITA: We'll take it under advisement.

13 **UNDERTAKING NO. 7 - to both make**
14 **inquiries with Mr. Ellis's counsel and**
15 **review the Terrapin file to see if**
16 **there is any record of subordination or**
17 **postponement agreement - TAKEN UNDER**
18 **ADVISEMENT**

19 Q. MR. MACLEOD: Okay. 21(f) credit agreements --
20 credit reports -- sorry -- on the personal guarantors.
21 Did Terrapin ever obtain credit reports on the personal
22 guarantors?

23 A. I believe so.

24 Q. Okay. And was that a written document?

25 A. Excuse me?

26 Q. Was that a written document that Terrapin received?

27 A. Yeah. We had -- we had a written printout of the

1 credit report.

2 Q. Okay. And would that be in the file as well?

3 A. I believe so.

4 Q. Okay. I'm going ask you to undertake to produce the
5 credit report that was provided to Terrapin.

6 MS. OKITA: We'll take that under advisement.

7 **UNDERTAKING NO. 8 - to produce the**
8 **credit report that was provided to**
9 **Terrapin - TAKEN UNDER ADVISEMENT**

10 Q. MR. MACLEOD: 21(g), signed and dated net worth
11 statement of the personal guarantor. Did Terrapin
12 obtain one of those from Ms. Serra?

13 A. Yeah, I believe so.

14 Q. Okay. And would there be a copy of that on the
15 Terrapin file?

16 A. I believe so.

17 Q. I'm going to ask you to undertake to produce the
18 personal net worth statement on the personal guarantor?

19 MS. OKITA: We'll take it under advisement.

20 **UNDERTAKING NO. 9 - to produce the**
21 **personal net worth statement on the**
22 **personal guarantor - TAKEN UNDER**
23 **ADVISEMENT**

24 Q. MR. MACLEOD: Okay. 21(h), current Financial
25 Statements of the borrower. There is no corporate
26 guarantor in this transaction. Did Terrapin obtain
27 Financial Statements from the borrower?

1 A. I'm not sure. I'd have to check. I'd have to check.

2 Q. Okay. It would seem odd given that they hadn't been
3 incorporated yet, or perhaps would that information be
4 on the file as well?

5 A. If they were incorporated at the time and we have it,
6 then it would be in the file. 179.

7 Q. That's the entity I'm talking about, the borrower
8 entity here. So I'm going to ask you to undertake to
9 review your file and produce any current Financial
10 Statements that Terrapin might have in relation to the
11 borrower?

12 MS. OKITA: Under advisement.

13 **UNDERTAKING NO. 10 - to review**
14 **Mr. Ellis's file and produce any**
15 **current Financial Statements that**
16 **Terrapin might have in relation to the**
17 **borrower - TAKEN UNDER ADVISEMENT**

18 Q. MR. MACLEOD: 21(i), names, residence,
19 credential letters as to principal occupations for the
20 past five years and office held within the borrower for
21 all officers and directors of the borrower. Did
22 Terrapin ever obtain that information?

23 A. I believe our counsel did.

24 Q. Okay. And that would either be on your file or on your
25 counsel's file?

26 A. I believe so, yes.

27 Q. I'm going to ask you to undertake to review your file

1 and your counsel's file and produce the information at
2 21(i) to the extent that it exists?

3 MS. OKITA: I'll take it under advisement.

4 **UNDERTAKING NO. 11 - to review**
5 **Mr. Ellis's file and his counsel's file**
6 **and produce the information at 21(i) to**
7 **the extent that it exists - TAKEN UNDER**
8 **ADVISEMENT**

9 Q. MR. MACLEOD: 21(q), Mr. Ellis, current
10 appraisals. Do you see that?

11 A. Yes.

12 Q. I'm going to assume that Terrapin did, in fact, obtain
13 an appraisal of the property?

14 A. Yes.

15 Q. Okay. And I'm going to ask you to undertake -- sorry
16 -- back up. Would that appraisal be on the Terrapin
17 file?

18 A. Yes.

19 Q. I'm going to ask you to undertake to produce the
20 appraisal?

21 MS. OKITA: We'll take it under advisement.

22 **UNDERTAKING NO. 12 - to produce the**
23 **appraisal - TAKEN UNDER ADVISEMENT**

24 Q. MR. MACLEOD: 21(s), final inspection. Was
25 there ever a final inspection performed by Terrapin
26 before they advanced the funds?

27 A. Yes.

1 Q. Okay. And what sort of record would you get in respect
2 to that final inspection?

3 A. No written record.

4 Q. No written record? How does the inspection --

5 A. No written record.

6 Q. How does the inspection --

7 A. I inspected -- I inspected the property myself.

8 Q. Okay. So you travelled to the location of the property
9 and inspected it?

10 A. Yes.

11 Q. Okay. And when did you do that?

12 A. I don't recall the exact date.

13 Q. Okay. Prior to the advancement of the Terrapin funds?

14 A. Yes.

15 Q. The last one, general terms and conditions as per
16 Schedule 'A' attached. There does not appear to be a
17 Schedule 'A' to the exhibit. Would there be general
18 terms and conditions usually attached to a letter of
19 this type, Mr. Ellis?

20 A. Yes. They would have gone out with the committal
21 letter -- the original committal letter.

22 Q. Okay. And would you have a copy of those terms and
23 conditions on your file?

24 A. I believe so.

25 Q. Okay. I'm going to ask you to undertake to review your
26 file and produce the general terms and conditions that
27 were supposed to be attached to this letter?

1 MS. OKITA: We'll take it under advisement.

2 UNDERTAKING NO. 13 - to review
3 Mr. Ellis's file and produce the
4 general terms and conditions that were
5 supposed to be attached to the letter -
6 TAKEN UNDER ADVISEMENT

7 Q. MR. MACLEOD: Can you tell me what Terrapin did
8 in respect of due diligence on this transaction,
9 Mr. Ellis?

10 A. Our typical procedures in underwriting for a typical
11 loan, review of those conditions and relied on our
12 counsel for review of those conditions.

13 Q. Okay. And can you explain to me what that review
14 undertakes? If you have information specific to this
15 particular advance, it would also be helpful to have
16 that, but if you can't recall that, then I think if you
17 can just speak about what Terrapin generally does when
18 it advances loan credit of this nature?

19 A. Yeah. We go through the list of conditions and make
20 sure they're satisfied to our -- to our satisfaction.
21 Most importantly being the value of the properties.
22 The legal -- the legal sort of specifications of the
23 loan we usually rely heavily on our counsel to satisfy
24 those conditions for us or review of the personal net
25 worth statements, the appraisals, etcetera.

26 Q. Okay. Do you get a due diligence report of any type
27 from your counsel?

1 A. I'm not sure.

2 Q. On some transactions you might get a report of that
3 nature?

4 A. I'm not sure if it's called a due diligence report.

5 Q. Okay. So when you're relying on your counsel, what
6 sort of written correspondence would your counsel give
7 to you in respect of due diligence that it has
8 performed for you?

9 A. Usually get an opinion letter.

10 Q. Okay. And do you have a copy of that? Sorry. That
11 opinion letter would be addressed to Terrapin, would
12 it?

13 A. Terrapin or TerraFund.

14 Q. Okay. I don't want to see the opinion letter because
15 it's not proper for me to do that. What I'm wondering
16 about here is there a more informal due diligence --
17 are there litigation searches performed, by example?

18 A. I'm not sure. I would have to consult my lawyer.

19 Q. Okay. I'm going to ask you to, you know, review the
20 Terrapin file and consult -- I'm going to ask you to
21 undertake to review the file and consult with your
22 counsel to see if any litigation searches were
23 performed in respect of this loan transaction, and if
24 there were, to produce them to us?

25 MS. OKITA: I'll take that under advisement.
26 Of course, subject to privilege.

27 MR. MACLEOD: Yeah. Absolutely subject to

1 privilege.

2 UNDERTAKING NO. 14 - to review the file
3 and consult with Mr. Ellis's counsel to
4 see if any litigation searches were
5 performed in respect of this loan
6 transaction, and if there were, to
7 produce them, subject to privilege -

8 TAKEN UNDER ADVISEMENT

9 Q. MR. MACLEOD: Go to the next page of
10 Exhibit 'I', which is page 7 of 9.

11 A. Yes.

12 Q. Okay. So there's the reference to Mr. Lidster. I see
13 it now. Sorry. I didn't see that earlier. There's a
14 reference to the borrower's solicitor Mr. Pelletier?

15 A. Yes.

16 Q. Okay. Did you understand that Mr. Pelletier was acting
17 for the borrower in this transaction?

18 A. To the best of my knowledge.

19 Q. Did you ever have any conversations with Mr. Pelletier
20 in respect of this transaction?

21 A. I don't believe so, but I don't fully recall.

22 Q. Okay. In respect of -- did you ever -- I guess in
23 respect of discussions with Mr. Serra, and I appreciate
24 there might have been a lot of discussions with
25 Mr. Serra, but did you ever have any discussions with
26 Mr. Serra pertaining to who was acting for the borrower
27 in relation to this transaction?

1 A. I don't recall.

2 Q. Okay. Are you aware that Mr. Pelletier previously
3 acted for the debtor company Arres Capital Inc.?

4 A. I don't believe I'm aware of that.

5 Q. Okay. And finally, Mr. Ellis, if you go to page 8, the
6 signature page?

7 A. Yes.

8 Q. This has been signed by the borrower it appears on
9 January 27th, 2014. Do you know whose signature that
10 is on behalf of the borrower?

11 A. I believe it's Stacia Serra's.

12 Q. And would you have any information on your file that
13 might allow you to confirm who signed that document?

14 A. Other than referencing that she signed right below as
15 the guarantor and those signatures are very similar, I
16 don't believe we would have any record of what her
17 signature looks like, if that's what you're asking.

18 Q. Okay. Thank you. Let's go to the next exhibit,
19 Mr. Ellis, and this is the Land Title mortgage.

20 A. Yes.

21 Q. Okay. And this document has now been signed by 179 on
22 the 5th day of February, 2014. You're aware, of
23 course, that 179 never had any registered interest
24 against the four subject units?

25 A. Can you explain registered interest?

26 Q. A registered interest on Title to the property?

27 A. It was our understanding that those properties were to

1 be transferred to 179.

2 Q. That's right. No. I think we're saying the same
3 thing, but to be clear, the properties never were
4 transferred. 179 was never the registered owner of the
5 property when it executed this document or otherwise?

6 A. Yes.

7 Q. And Terrapin never obtained any mortgage from the
8 registered owner of the property; is that correct?

9 A. And that would be?

10 Q. That would be the Graybriar entity.

11 A. No.

12 Q. Sorry. No, you never obtained -- my question is
13 correct? You never obtained a mortgage from Graybriar?

14 A. That is correct.

15 MR. MACLEOD: Thank you. Subject to the
16 undertakings, those are my questions. Mr. Ellis,
17 thanks very much for coming in. I appreciate it.

18

19 (Proceedings ended at 10:36 a.m.)

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1 Certificate of Transcript

2


3 I, the undersigned, hereby certify that the foregoing pages
4 1 to 24 are a complete and accurate transcript of the
5 proceedings taken down by me in shorthand and transcribed
6 from my shorthand notes to the best of my skill and
7 ability.

8 Dated at the City of Calgary, Province of
9 Alberta, this 31st day of July, A.D. 2018.

10

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Gayle Ikert, CSR(A)

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Official Court Reporter

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- I N D E X -

MICHAEL JOHN CASSIDY ELLIS

July 25, 2018

The following is a listing of exhibits and undertakings as interpreted by the Court Reporter.

The transcript is the official record, and the index is provided as a courtesy only. It is recommended that the reader refer to the appropriate transcript pages to ensure completeness and accuracy.

EXHIBITS

EXHIBIT 'A' FOR IDENTIFICATION - Printout of 4
what's on Terrapin's website in terms of the FAQs
- to go in as Exhibit 1 subject to Undertaking 1

EXHIBIT 2 - E-mail from Walker Macleod to Kerry 11
Lynn Okita, May 15th, 2018

UNDERTAKINGS REQUESTED

UNDERTAKING NO. 1 - to review Terrapin's website 4
and confirm that Exhibit 'A' for Identification is
an accurate printout of what's on Terrapin's
website in terms of the FAQs - TAKEN UNDER
ADVISEMENT

1 UNDERTAKING NO. 2 - to review records and produce 7
2 the trust letter or written correspondence in
3 respect to the trust conditions referenced at
4 paragraph 22 of Mr. Ellis's affidavit - TAKEN
5 UNDER ADVISEMENT

6
7 UNDERTAKING NO. 3 - to the extent in the review of 7
8 Mr. Ellis's records he is not able to locate the
9 trust conditions of the trust letter, to make
10 inquiries with Borden Ladner Gervais to produce
11 those records - TAKEN UNDER ADVISEMENT

12
13 UNDERTAKING NO. 4 - to make inquiries within 8
14 Terrapin to see if Terrapin has advanced any claim
15 against BLG or against Mr. Lidster for the
16 wrongful disbursement of the loan proceeds - TAKEN
17 UNDER ADVISEMENT

18
19 UNDERTAKING NO. 5 - to make reasonable inquiries 9
20 within Terrapin to see if any amounts of the funds
21 advanced were to be utilized to pay out the Arres
22 mortgage - TAKEN UNDER ADVISEMENT

23

24

25

26

27

1	UNDERTAKING NO. 6 - to make inquiries of	13
2	Mr. Ellis's counsel to see if they approved the	
3	shareholders of the borrower, and to the extent	
4	they did, how they did that - TAKEN UNDER	
5	ADVISEMENT	
6		
7	UNDERTAKING NO. 7 - to both make inquiries with	14
8	Mr. Ellis's counsel and review the Terrapin file	
9	to see if there is any record of subordination or	
10	postponement agreement - TAKEN UNDER ADVISEMENT	
11		
12	UNDERTAKING NO. 8 - to produce the credit report	15
13	that was provided to Terrapin - TAKEN UNDER	
14	ADVISEMENT	
15		
16	UNDERTAKING NO. 9 - to produce the personal net	15
17	worth statement on the personal guarantor - TAKEN	
18	UNDER ADVISEMENT	
19		
20	UNDERTAKING NO. 10 - to review Mr. Ellis's file	16
21	and produce any current Financial Statements that	
22	Terrapin might have in relation to the borrower -	
23	TAKEN UNDER ADVISEMENT	
24		
25		
26		
27		

1 UNDERTAKING NO. 11 - to review Mr. Ellis's file and 17
2 his counsel's file and produce the information at
3 21(i) to the extent that it exists - TAKEN UNDER
4 ADVISEMENT

6 UNDERTAKING NO. 12 - to produce the appraisal - 17
7 TAKEN UNDER ADVISEMENT

9 UNDERTAKING NO. 13 - to review Mr. Ellis's file 19
10 and produce the general terms and conditions that
11 were supposed to be attached to the letter - TAKEN
12 UNDER ADVISEMENT

14 UNDERTAKING NO. 14 - to review the file and 21
15 consult with Mr. Ellis's counsel to see if any
16 litigation searches were performed in respect of
17 this loan transaction, and if there were, to
18 produce them, subject to privilege - TAKEN UNDER
19 ADVISEMENT

COURT FILE NUMBER	1401-12431
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	ACCESS MORTGAGE CORPORATION (2004) LIMITED
RESPONDENT	ARRES CAPITAL INC.

Clerk's Stamp

- and -

COURT FILE NUMBER	0903-17684 and 0903-17685
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	ARRES CAPITAL INC.
DEFENDANTS (NON PARTICIPANTS)	GRAYBRIAR LAND COMPANY LTD. and GRAYBRIAR GREENS INC.
NON-PARTIES	RICHCROOKS ENTERPRISES (2000) LTD., RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD., DEMEL FINANCIAL CORP., GREENMAR HOLDINGS INC., ACCESS MORTGAGE INVESTMENT CORPORATION (2004) LIMITED, 4-A PROFESSIONAL SERVICES LTD., TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ BROS. LIMITED, CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW FINANCE, PAUL KORNYLO, MAX FELDMAN, SONYA SMITH, NORMAN MARIN, BERNICE MARTIN, R. BRUCE CARSON, DELORES CARSON, LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE, PRITI GAUR, MADHU GAUR, WENDY MCKENNA, JANET LORRAINE WATSON, JIM WATT, GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE KURTZ, KEVEN R. PEDERSEN, SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY SEKIYA and STEVEN OGG
INTERVENOR	TERRAPIN MORTGAGE INVESTMENT CORP.
INTERESTED PARTY	1798583 ALBERTA LTD.

- and -

COURT FILE NUMBER	1201-16440
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFFS	KENZIE FINANCIAL INVESTMENTS LTD., SHELLY BECK, THERESE F. DALEY, LINDA JAEGER, ANDREW LITTLE, LAURIE LITTLE, AGNES M. OBERG, STEVEN OGG, LESTER S. IKUTA PROFESSIONAL CORPORATION, LESTER IKUTA, MICKEY IKUTA, BRIAN SEKIYA, HOLLY SEKIYA, SANDRA SOMMER, MARION SOMMER, ALLAN SOMMER, STEVEN REILLY, SWARTS BROS LIMITED and CLARA MAE WOROSCHUK
DEFENDANTS	ARRES CAPITAL INC. and WESLEY SERRA
THIRD PARTY DEFENDANTS	Y-K PROJECTS LTD., ALLEN BECK and SHELLY BECK
INTERVENOR	TERRAPIN MORTGAGE INVESTMENT CORP.

DOCUMENT	RESPONSES TO UNDERTAKINGS
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ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Bishop & McKenzie LLP 2200, 555 – 4 th Avenue SW Calgary, Alberta T2P 3E7 Attention: Kerry Lynn Okita Telephone: (403) 237-5550 Fax No.: (403) 263-3423 File No.: 100672-003
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UNDERTAKING NO. 1: To review Terrapin Mortgage Investment Corp.'s ("Terrapin") website and confirm that Exhibit 'A' for Identification is an accurate printout of what's on Terrapin's website in terms of the FAQs.

Exhibit "A" appears to be an accurate print out of the web page "FAQ - Terrapin Mortgage Investment Corp." as of August 3, 2018.

UNDERTAKING NO. 2: To review records and produce the trust letter or written correspondence in respect to the trust conditions referenced at paragraph 22 of Mr. Ellis's affidavit.

Please find the attached records:

2A: Email, dated February 11, 2014 to Terence G. Lidster from Gregory Forrest attaching correspondence, dated February 12, 2014 to Registrar of Land Titles from Wes Serra.

2B: Correspondence, dated February 12, 2014 to Gregory J. Forrest from Terence G. Lidster.

UNDERTAKING NO. 3: to the extent in the review of Mr. Ellis's records he is not able to locate the trust conditions of the trust letter, to make inquiries with Borden Ladner Gervais to produce those records.

See answer to Undertaking No. 2.

UNDERTAKING NO. 4: To make inquiries within Terrapin to see if Terrapin has advanced any claim against BLG or against Mr. Lidster for the wrongful disbursement of the loan proceeds.

To my knowledge, Terrapin has not brought a legal claim against Borden Ladner Gervais LLP or Mr. Terence G. Lidster.

UNDERTAKING NO. 5: To make reasonable inquiries within Terrapin to see if any amounts of the funds advanced were to be utilized to pay out the Arres mortgage.

The Arres mortgage was to be discharged as a result of the Order Sale to Plaintiff, granted February 3, 2014 and Arres correspondence, dated February 12, 2014 to Registrar of Land Titles from Wes Serra. As such, no arrangements would have or were made to pay the Arres mortgage.

UNDERTAKING NO. 6: To make inquiries of Mr. Ellis's counsel to see if they approved the shareholders of the borrower, and to the extent they did, how they did that.

Please find the attached records:

6A: Officer's Certificate, dated February 5, 2014, and signed by Staci Serra as President.

6B: Certified Copy of Resolution of the Directors of 1798582 Alberta Ltd., dated February 5, 2014, and signed by Staci Serra as President.

6B: Certified of Incumbency, dated February 5, 2014, and signed by Staci Serra as President and Secretary.

UNDERTAKING NO. 7: To both make inquiries with Mr. Ellis's counsel and review the Terrapin file to see if there is any record of subordination or postponement agreement.

As a result of the Order Sale to Plaintiff, granted February 3, 2014, the Arres mortgage was to be discharged. As such, no arrangements were made to subordinate or postpone any registrations as there were to be none.

UNDERTAKING NO. 8: To produce the credit report that was provided to Terrapin.

Please find the attached record:

8: Credit Consumer Report, dated February 2, 2014, for Staci Serra.

UNDERTAKING NO. 9: To produce the personal net worth statement on the personal guarantor.

Please find the attached record:

9: Net Worth Statement, dated February 5, 2014 for Staci Serra.

UNDERTAKING NO. 10: To review Mr. Ellis's file and produce any current Financial Statements that Terrapin might have in relation to the borrower.

The Borrower was a newly incorporated company and as such, no financial statements were provided.

UNDERTAKING NO. 11: To review Mr. Ellis's file and his counsel's file and produce the information at 21(i) to the extent that it exists.

Please find the attached records:

11A: Borrower/Guarantor Information, Page 9 of 9 of the Commitment Letter, dated January 23, 2014;

11B: Land Titles Certificate, Title Number 031 343 465 for property located at Plan 0311562; Block 2; Lot 6;

Please find attached:

11C: Correspondence, dated February 7, 2014 from Gregory J. Forrest to Terence G. Lidster; and

11D: Property Tax Statement of Account for 126 Spring Valley Way SW, dated February 2, 2014.

See also response to Undertaking No. 6.

UNDERTAKING NO. 12: To produce the appraisal.

Please find the attached records:

12A: Appraisal Report, dated January 27, 2014 for 504, Greybriar Greens, Stony Plain, Alberta.

12B: Appraisal Report, dated January 27, 2014 for 1004, Greybriar Greens, Stony Plain, Alberta.

Units 504 and 1004 were of similar style and size to the remaining units, as such we obtained appraisals on two of the four units.

UNDERTAKING NO. 13: To review Mr. Ellis's file and produce the general terms and conditions that were supposed to be attached to the letter.

Please find the attached record:

13: Schedule "A" Further Terms and Conditions Commitment Letter, dated January 23, 2014

UNDERTAKING NO. 14. To review the file and consult with Mr. Ellis's counsel to see if any litigation searches were performed in respect of this loan transaction, and if there were, to produce them, subject to privilege.

Please find the attached records:

14A: Litigation Searches for 1798582 Alberta Ltd., dated February 4, 2014; and

14B: Litigation Searches for Staci Serra, dated February 4, 2014; and

14C: Email correspondence from Ryan Pelletier to Lava Schofield, dated February 10, 2014.

Undertaking 2A

Lidster, Terence G.

From: Gregory Forrest <greg@reallaw.biz>
Sent: February-11-14 3:27 PM
To: Lidster, Terence G.; Ryan Pelletier (rpelletier@pelletierlaw.ca)
Subject: FW: Mortgage Financing - Consent Order - Kenzie Financial, et al v. Arres Capital, et al - Action No. 1201-16440
Attachments: img-140211103939-0001.pdf; RE: Loan to 1798582 Alberta Ltd.

Hi Terry here is Mr. Pelletier's email and the order. Please confirm we can proceed by paying money into court in order to clear the title.

Greg

Gregory J. Forrest

Gregory J. Forrest Professional Corporation
 Barrister & Solicitor
 #603, 1333 – 8th Street S.W.
 Calgary, AB T2R 1M6

Direct Line: 403-531-3309

Main Line: 403-531-3303

Fax: 403-531-0807

Email: greg@reallaw.biz

From: Ryan Pelletier [<mailto:RPelletier@pelletierlaw.ca>]
Sent: Tuesday, February 11, 2014 12:14 PM
To: Gregory Forrest
Cc: Karen Bradley; wes@arrescapital.com; Sherry Fallon
Subject: Mortgage Financing - Consent Order - Kenzie Financial, et al v. Arres Capital, et al - Action No. 1201-16440

Greg and Karen,

Attached is a filed copy of the Consent Order that was attached in draft to my email of yesterday afternoon, also attached.

I understand that Stacia Serra has signed a Direction to Pay with respect to the necessary funds for this Consent Order and, following a brief discussion with Wes Serra this morning, I ask that your office address the payment of the funds into Court immediately upon receipt of funds in trust from BLG. I further understand from Terry Lidster, verbally, that BLG should have funds in trust by noon today (likely PST and not MST).

Please provide written confirmation to this email address of the payment of funds into Court as soon as the same is available and do not hesitate to contact me directly with any issues or concerns.

Thank you,

Ryan P. Pelletier

Litigator

D. 403.407.2630

E. rpelletier@pelletierlaw.ca



350, 444 – 5th Avenue S.W.

Calgary, AB T2P 2T8

M. 403.407.2600

F. 403.407.2601

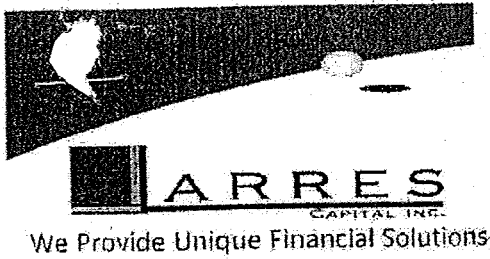
www.pelletierlaw.ca

From: scanner@pelletierlaw.ca [mailto:scanner@pelletierlaw.ca]

Sent: February-11-14 10:40 AM

To: Sherry Fallon; Ryan Pelletier

Subject: Scan Data from [DELLCB8695]



Arres Capital Inc.
Suite 204, 1324-11th Avenue SW
Calgary, AB T3C 0M6 Canada
Tel: 403-261-9955 Fax: 403-264-9954
arrescapital.com

February 12, 2014

To: registrar of land titles

Further to the order of the learned Mather Breitkeruz, pronounce February 3rd 2014 and submitted for registration concurrent with this letter, please accept this letter as your authority pursuant of paragraph 5 above noted order to transfer title units 48,,55 68 and 69 of condominium Plan 0827766 to 1798582 Alberta Ltd of #204 1324 11 Avenue SW Calgary Alberta , T3C0M6

A handwritten signature in black ink, appearing to read 'Wes Serra', is written over a horizontal line.

Per: Wes Serra

Director

Undertaking 2B

Terence G. Lidster
 T 403.232.9573
 F 403.266.1395
 tlidster@blg.com

Borden Ladner Gervais LLP
 Centennial Place, East Tower
 1900, 520 - 3rd Ave SW
 Calgary, AB, Canada T2P 0R3
 T 403.232.9500
 F 403.266.1395
 blg.com

BLG
 Borden Ladner Gervais

File No. 421479.145

February 12, 2014

Gregory J. Forrest
 603 Dorchester Square
 1333 - 8th Street SW
 Calgary, AB T2R 1M6

Dear Sir:

Re: Lender: Terrapin Mortgage Investment Corp.
Borrower: 1798582 Alberta Ltd.
Security: 504, 703, 1004 & 1101 Graybriar Greens

We enclose herewith our firm trust cheque in the sum of **\$389,127.90** representing the net mortgage proceeds as detailed in the attached Statement of Disbursement of Mortgage Funds. We also enclose herewith our statement of account paid in full from trust.

The enclosed funds are sent to you on the following trust conditions:

1. That you will ensure discharge of instrument number(s) 072 008 561-2, 072 512 005-6 and 092 013 170 through to 122 085 943 and provide our office with a certified copy of title(s) evidencing the above within a reasonable period of time.
2. That within a reasonable period of time you will provide us with the following:
 - (a) proof of payment of all outstanding property taxes, arrears and penalties, if any, with respect to the property including property taxes levied in 2013;
 - (b) clear condominium estoppel certificates.
3. That you ensure that title insurance policy ABGLT140206001340 is in place and that you have a registerable transfer of land (or court order facilitating transfer to the Borrower) and mortgage and are free to utilize same, and you have submitted the same for registration and within a reasonable period of time you provide us a copy of each of the title(s) evidencing the Mortgage and our Caveat as registered ~~and the original title insurance policy.~~
4. That you pay the balance of mortgage proceeds, if any, after closing the purchase transaction, and after payment of the taxes and any amount required to discharge the prior registered encumbrances, to the Borrower 1798582 Alberta Ltd. (this is a requirement of title insurance in their Schedule B (exceptions to coverage)).

CAL01: 1461309: v2

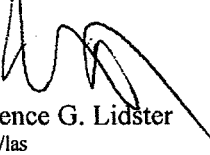
-2-

If you are unable to accept the above trust conditions, you are to return the enclosed cheque to the writer forthwith.

We have withheld the sum of \$300.00 in anticipation of disbursements not yet posted through our accounting department and will provide you with our final statement of account for disbursements when a tabulation of all costs becomes available and this matter has been fully completed.

Yours truly,

BORDEN LADNER GERVAIS LLP



Terence G. Lidster
TGL/las

paralegal: Lava Schofield
direct line: 403.232-9524

Undertaking 6A

OFFICER'S CERTIFICATE

) IN THE MATTER OF a Mortgage, Assignment of
) Rents, Assignment of Leases, Security Agreement and
) other collateral security (hereinafter together called the
) "Security") made by 1798582 ALBERTA LTD. as
) Mortgagor (hereinafter called the "Corporation") in favour
) of TERRAPIN MORTGAGE INVESTMENT CORP.
) as Mortgagee, in connection with a loan for \$426,000.00.

I, Staci Serra, DO HEREBY CERTIFY:

1. THAT I am an officer and/or director of the Corporation and that I have personal knowledge of the matters hereinafter set out.
2. THAT the Corporation is a corporation duly incorporated and validly existing under the laws of the Province of Alberta.
3. THAT no resolution or amendment to the Articles of Incorporation, Articles of Continuance, Articles of Amalgamation (as is applicable) or Bylaws of the Corporation has been passed, nor is there any provision in any unanimous shareholders agreement, which has the effect of restricting the powers of the Directors of the Corporation with respect to borrowing and the granting of security or any procedures pertaining to the affixing of the corporate seal as set forth in the *Alberta Business Corporations Act*, as amended. The Corporation has all necessary power, authority and capacity to acquire the assets granted as security and has acquired or is acquiring title to the assets, granted as security bona fide for valuable consideration. The Corporation has all necessary power, authority and capacity to obtain the loan and to grant the Security.
4. THAT the mortgaged land and buildings thereon, and their uses legally conform to all building and zoning requirements and there are no outstanding work orders, deficiency notices, or notices of violation by any municipal governmental, or regulatory departments affecting the said lands and buildings at this time.
5. THAT there exists no lien, charge or encumbrance upon any of the personal properties of the Corporation charged in the personal property security agreement that rank or purport to rank in priority to or pari passu with the lien of the said security agreement other than as are registered against the name of the Corporation at Alberta Personal Property Registry and such personal property is fully paid for.
6. THAT the Corporation is, or is entitled to become, the legal and beneficial owner of the mortgaged land and personal properties charged in the Security.
7. THAT to the best of my knowledge, information and belief, the advance to the Corporation of the loan and granting of the Security by the Corporation:
 - (a) will be in the ordinary course of the Corporation's business and for the purpose of carrying on and extending the same; and
 - (b) will not conflict with, or result in the breach of, or constitute a default under, any of the provisions of any order, writ, injunction, determination or award of any court, arbitrator, governmental department, commission, board, bureau or agency having jurisdiction.

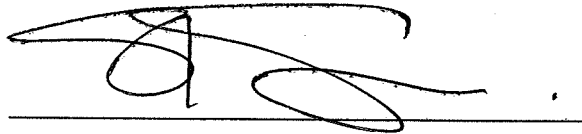
8. THAT the Corporation has not at or prior to the date hereof received notice of any builders' lien claims in respect of the mortgaged lands which have not been absolutely discharged or settled, or of any claim adverse to the Corporation's title to the mortgaged lands and to the best of my knowledge, information and belief, there is no pending litigation against or in respect of the lands.

9. THAT the Corporation is not at the date hereof insolvent and has the ability to pay its debts as they become due in the usual course of its business.

10. THAT the giving of the Security does not constitute a breach of covenant or default and will not result in the acceleration of any payment or obligation under any agreement or instrument securing indebtedness of the Corporation of which I am aware.

11. THAT there are no actions, suits or other legal proceedings pending (including bankruptcy, reorganization or insolvency) or to my knowledge threatened against the Corporation such as might result in a material change in the Corporation's position.

Dated the 5 day of February, 2014.



OFFICE: President

Undertaking 6B

**CERTIFIED COPY OF RESOLUTION
OF THE DIRECTORS OF
1798582 ALBERTA LTD.
(THE "CORPORATION")**

"RESOLVED:

1. THAT the Corporation do borrow from TERRAPIN MORTGAGE INVESTMENT CORP. (hereinafter called the "Lender") the sum of **\$426,000.00** with interest thereon substantially as provided in that certain commitment letter, loan agreement or approval of mortgage dated January 23, 2014, as amended.
2. THAT as security for the repayment of the said loan the Corporation do execute and deliver to and in favour of the Lender a real property Mortgage for the lands legally described in Schedule "A" and such other security as may be required by the Lender (which may include without limitation a personal property security agreement, assignment of leases and/or rentals), such securities and documents to be in such form and upon such terms and conditions as any of President or Secretary in his/her/their sole discretion may approve, the signing of such securities and documents by the said person(s) to be conclusive evidence of such approval.
3. THAT any of President or Secretary is hereby authorized for and on behalf of and in the name of the Corporation to execute and deliver such further deeds, documents, assignments or authorities as may be necessary to carry out effectively the terms of the said loan and the securities to be granted with respect thereto, which may include without limitation any necessary amending or extension agreement.
4. THAT the execution of the commitment letter, loan agreement or mortgage approval by the signatories thereto is hereby ratified and confirmed and the Corporation hereby adopts and agrees to be bound thereby."

CERTIFICATE

IT IS HEREBY certified by the undersigned that the foregoing resolution was duly enacted by the Board of Directors of the Corporation in accordance with the Bylaws of the Corporation and I certify that the said resolution is in full force and effect this 5 day of February, 2014.

Office: President

SCHEDULE "A"

CONDOMINIUM PLAN 0827766

UNITS 48, 55, 68 AND 69

AND ALL THE APPLICABLE UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY

EXCEPTING THEREOUT ALL MINES AND MINERALS

Undertaking 6C

CERTIFICATE OF INCUMBENCY

I, Staci Serra, being an officer of 1798582 ALBERTA LTD. (the "Corporation"), DO HEREBY CERTIFY:

1. THAT the Articles of Incorporation, Articles of Continuance (if any), Articles of Amalgamation (if any) or Bylaws of the Corporation have not been amended in any way which restricts the ability of the Corporation to borrow money.

2. THAT the following persons are the Directors of the Corporation:

NAME

STACI SERRA

3. THAT any of the following persons are the authorized signing officers of the Corporation for the purposes of the loan made by TERRAPIN MORTGAGE INVESTMENT CORP. in the sum of \$426,000.00 and the signatures set out opposite their names are their genuine signatures.

NAME

POSITION

SPECIMEN SIGNATURE

Staci Serra

President



Staci Serra

Secretary



4. THAT the following persons are the Shareholders of the Corporation:

NAME

PERCENTAGE OF SHARES HELD

875892 Alberta Ltd.

100%

R

WITNESS my hand and signature as an officer of the Corporation this 5 day of February, 2014.



Office: President

Undertaking 8

Jake Ellis

From: Karen Hung
Sent: Tuesday, February 04, 2014 9:23 AM
To: Jake Ellis
Subject: RE:

EQUIFAX

1 877 227-8800

Consumer Report

02/04/2014

File Requested by: KARENH**Identification**

Name: SERRA, STACI
Current Address: 126, SPRING VALLEY WAY, CALGARY, AB
Reference: KARENH

Subject: File Requested, Score, Identification, Inquiries, Employment, Summary, Public, Trades.

Product Score (Subject)**Beacon****644**

Serious delinquency and public record or collection filed
 Number of accounts with delinquency
 Time since derogatory public record or collection is too short
 Lack of recent installment loan information

Identification (Subject)

Unique Number:	0207233909	File Number:	00-0008094-00-007
Date File Opened:	1987/09/09	Date of Last Activity:	2014/01/13
DOB/Age:	1968/05/16	SIN:	

Name: SERRA, STACIA, L
Current Address: 126, SPRING VALLEY WAY SW, CALGARY, AB, T3H 5N1
Since, R/O/B: 2008/01
Reported: Tape Reported
Former Address: 58, PATTERSON PK SW, CALGARY, AB, T3H 3C7
Since, R/O/B: 1997/07
Reported: Tape Reported
2nd Former Address: 52, RIVERVALLEY DR, CALGARY, AB, T2C 3K6
Since, R/O/B: 1992/05
Reported: Verbally Reported

Also Known As: KISH, STACIA, L, XX

Phone Number	Ext	Type	First Reported	Last Received
(403) 246-3486			2010/09/04	2014/01/29

Inquiries (Subject)**Member Inquiries:**

Date	Member No	Member Name	Telephone
2012/03/01		LEGACY SAVINGS CRE	(403) 265-6050
2011/11/15		CIBC	(800) 668-8850
2011/11/04		MONERIS SOLUTIONS	(800) 268-2410

2/4/2014

2011/06/10 481BX00118
Total number of inquiries: 4

C I B C

Employment (Subject)

Employment Information:

Current Employer: ARRS CAPITAL
Since, Left, Position, Salary: , , SECRETARYADMIN MGR,

Former Employer: THE GRAPHIC STUDIO
Since, Left, Position, Salary: , , GRAPHIC ARTIST,

Second Former Employer: PHOTO VISIONS
Since, Left, Position, Salary: , , RECEPTION,

Summary (Subject)

Pub/Other	Trade Oldest-Newest	Total	High Credit	Rating for R/O/I/M/C/L
9	2000/09/01 - 2014/01/01	10	0 - 1749998	10-One

Public Records/Other Information (Subject)

Collection:

Rptd	Type	Amt	DLA	Bal	Reason	Ledger Number
CBV COLLECTION SERV						
2013/10	Unpaid	381	2011/07	505		01131032090
Acct/Creditor: 237116822 CBV FACTORED TELU						
GENERAL CREDIT SERV						
2013/07	Unpaid	174	2013/02	174		DC349011
Acct/Creditor: CASTLE APPLIANCE SERV LTD						
GENERAL CREDIT SERV						
2012/01	Unpaid	1242	2010/03	1242		DC099672
Acct/Creditor: BC HYDRO RESIDENTIAL REA						
GENERAL CREDIT SERV						
2012/01	Unpaid	2042	2010/03	2042		DC099671
Acct/Creditor: BC HYDRO RESIDENTIAL REA						
COMMERCIAL CREDIT						
2013/04	Unpaid	352	2013/01	352		3176113
Acct/Creditor: AB HEALTH SERV EMS CALGARY						
COMMERCIAL CREDIT						
2012/07	Unpaid	352	2012/04	352		2758424
Acct/Creditor: AB HEALTH SERV EMS CALGARY						
PROGRESSIVE COLL SER						
2011/12	Unpaid	251	2011/11	251		219749
Acct/Creditor: SHAW CABLE OKANAGAN I						
EOS CANADA						
2009/01	Unpaid	324	2008/10	324		9582511
Acct/Creditor: YARDWORX LTD						
EOS CANADA						
2013/04	Paid	132	2012/11	0	Paid	11950440
Paid Date: 2013/07						
Acct/Creditor: CALGARY BOARD OF EDUCATION						

Bus ID/Mbr#: CIBC CARD SERVICES .650ON00598

Association Code: Individual

[illegible]

DtRptd	DtOpnd	DtLastAct	2/3/4+	TR	RT	CredLmt	HighCred
Balance	PmtAmt	PastDueAmt	WrtnOffAmt	ActPmtAmt		DtClosed	DtFrstDelq
2014/01/21	2003/09/26	2014/01/13	002-000-000	032	01		2757
554		00000000000		628			

[illegible]

DtRptd	DtOpnd	DtLastAct	2/3/4+	TR	RT	CredLmt	HighCred
Balance	PmtAmt	PastDueAmt	WrtnOffAmt	ActPmtAmt	DtClosed	DtFrstDelq	
2013/12/31	2008/01/01	2013/12/16	002-000-000	050	R1	244000	244234
244234		00000000000					

111111111111111111111111211211111111

DtRptd	DtOpnd	DtLastAct	2/3/4+	TR	RT	CredLmt	HighCred
Balance	PmtAmt	PastDueAmt	WrtnOffAmt	ActPmtAmt	DtClosed	DtFrstDelq	
2013/12/31	2008/01/01	2013/12/16	002-000-000	050	R1	240000	240243
240243		00000000000					

11111111111111111111111121121111111

DtRptd	DtOpnd	DtLastAct	2/3/4+	TR	RT	CredLmt	HighCred
Balance	PmtAmt	PastDueAmt	WrtnOffAmt	ActPmtAmt		DtClosed	DtFrstDelc
2013/12/31	2007/10/01	2013/12/02	001-002-000	050	R1	1750000	1749998
1749998		0000000000					

[illegible]

DtRptd	DtOpnd	DtLastAct	2/3/4+	TR	RT	CredLmt	HighCred
Balance	PmtAmt	PastDueAmt	WrtnOffAmt	ActPmtAmt	DtClosed	DtFrstDel	
2013/03/28	2003/04/01	2013/03/01	003-000-000	041	R1	446250	750000
0000000000		0000000000					

Association Code: Joint
 Comments: Account Closed

Previous Reportings: 35 PortfolioR Payment Monthly
 Type: Frequency: Payments

1111112111121211111111111111111111

Bus ID/Mbr#:		TELUS MOBILITY (800) 777-1888 ,650UT00065					
DtRptd	DtOpnd	DtLastAct	2/3/4+	TR	RT	CredLmt	HighCred
Balance	PmtAmt	PastDueAmt	WrtnOffAmt	ActPmtAmt	DtClosed		DtFrstDelq
2012/05/27	2002/07/03	2011/06/03	000-000-000	012	01		670
0000000000		0000000000				2012/04/15	

Association Code: Individual
 Comments: Account Closed

Previous 11 Portfolio O Payment Monthly
 Reportings: Type: Frequency: Payments

11111111111

Bus ID/Mbr#:		TELUS MOBILITY (800) 777-1888 ,650UT00065					
DtRptd	DtOpnd	DtLastAct	2/3/4+	TR	RT	CredLmt	HighCred
Balance	PmtAmt	PastDueAmt	WrtnOffAmt	ActPmtAmt	DtClosed		DtFrstDelq
2011/12/14	2010/10/07	2011/05/10	000-000-000	006	01		310
0000000000		0000000000				2011/10/31	

Association Code: Individual
 Comments: Account Closed

Previous 5 Portfolio O Payment Monthly
 Reportings: Type: Frequency: Payments

11111

Bus ID/Mbr#:		ROGERS COMMUNICATION (877) 764-3772 ,650UT00016					
DtRptd	DtOpnd	DtLastAct	2/3/4+	TR	RT	CredLmt	HighCred
Balance	PmtAmt	PastDueAmt	WrtnOffAmt	ActPmtAmt	DtClosed		DtFrstDelq
2010/08/19	2007/08/01	2010/08/03	000-000-000	006	01		0000000000
0000000000		0000000000		1079			

Association Code: Individual
 Comments: Closed at consumer's request
 Account Paid

Previous 5 Portfolio O Payment Monthly
 Reportings: Type: Frequency: Payments

***11111

Bus ID/Mbr#:		AMERICAN EXPRESS (800) 668-6500 ,650ON42128					
DtRptd	DtOpnd	DtLastAct	2/3/4+	TR	RT	CredLmt	HighCred
Balance	PmtAmt	PastDueAmt	WrtnOffAmt	ActPmtAmt	DtClosed		DtFrstDelq
2010/07/08	2002/01/01		000-000-000	006	R1	14500	10473
0000000000		0000000000				2009/09/08	

Association Code: Individual
 Comments: Closed by Credit Grantor
 Account Paid

Previous 5 Portfolio R Payment Monthly
 Reportings: Type: Frequency: Payments

**11111

Credit Utilization: 99% HighCred: 2298789 Balance: 2283346

End Of Report

Top of Form

Bottom of Form

Karen Hung, BA
Terrapin Mortgage Investment Corp.
Tel: 604-684-8277 x. 4335
Fax: 604-684-8232

From: Jake Ellis
Sent: February-03-14 2:34 PM
To: Karen Hung
Subject:

Karen can you please pull a credit report for Staci Serra on the Stony Plain Inventory Loan (\$425,000). Her details are in the commitment letter I gave to you last week.

Thanks,

Jake Ellis
TerraFund Financial Inc.
Mortgage Underwriting and Origination

Tel: 604-684-8394 x 4
Fax: 604-684-8232
jakee@terrafund.com
www.terrafund.com

2/4/2014

Undertaking 9

Staci Serra Net Worth Statement

Applicant Name: Staci Serra
 Address: 126 Spring Valley Way SW Calgary

Date of Birth: May 18 2014
 Marital Status: Married
 Phone #: 403 246 3486

Date: 2/5/2014

ASSETS:	Value	Liabilities	Equity
Investments	\$1,652,200.00		\$1,652,200.00
Real Estate:			
126 Spring Valley Way SW	\$4,000,000.00	\$1,750,000.00	\$2,250,000.00
Graybriar Condos	\$1,067,000.00	\$425,000.00	\$642,000.00
Strathmore Lot legal Address	\$70,000.00		\$70,000.00
Totals	\$6,789,200.00	\$2,175,000.00	\$4,614,200.00

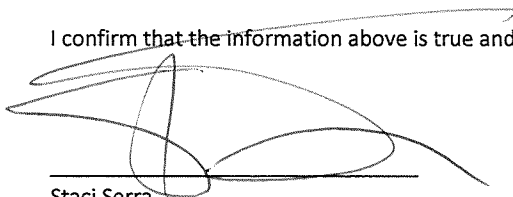
Investments:

Lash out lounge	\$400,000.00
875892 Alberta Ltd	\$500,000.00
Mortgages	\$530,000.00
Rsp	\$222,000.00

I have a credit Card that will have its balance paid off within the week that I have not included.

Total Net Worth: **\$4,614,200.00**

I confirm that the information above is true and correct. Signed on this 5 day of February, 2014


 Staci Serra

Undertaking 11A

Page 9 of 9

BORROWER/GUARANTOR INFORMATION

Please provide the following information (should additional space be required, please attach a schedule):

BORROWER:

Name:

Address:

Telephone:

Incorporation Date/Location:

Officers and Directors

Name:

Office held:

Residential Address:

Principal Occupation(s)
for the past five years:

Name:

Office held:

Residential Address:

Principal Occupation(s)
for the past five years:**GUARANTORS:**

Name:

Address (residence):

Telephone:

Occupation:

Social Insurance No.:

Staci Serra

126 SPRING VALLEY WAY S.W.

Business 403 512 6345 Residence 403 246 3496

Entrepreneur Employer SPICE LASHOUT LOUNGE

TERRAFUND

Undertaking 11B



LAND TITLE CERTIFICATE

S
 LINC SHORT LEGAL TITLE NUMBER
 0029 925 022 0311562;2;6 031 343 465

LEGAL DESCRIPTION
 PLAN 0311562
 BLOCK 2
 LOT 6
 EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE
 ATS REFERENCE: 5;2;24;1;SW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 031 170 837 +28

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
031 343 465	06/10/2003	TRANSFER OF LAND	\$148,000	\$148,000

OWNERS

STACIA SERRA
 OF 58 PATTERSON PARK SW
 CALGARY
 ALBERTA T3H 3C7

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION		
NUMBER	DATE (D/M/Y)	PARTICULARS
031 170 840	26/05/2003	UTILITY RIGHT OF WAY GRANTEE - THE CITY OF CALGARY. AS TO PORTION OR PLAN:0311563
031 170 844	26/05/2003	RESTRICTIVE COVENANT
031 259 467	01/08/2003	RESTRICTIVE COVENANT
071 581 343	29/11/2007	MORTGAGE MORTGAGEE - ROYAL BANK OF CANADA.

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

031 343 465

REGISTRATION

NUMBER

DATE (D/M/Y)

PARTICULARS

180 WELLINGTON STREET WEST
TORONTO
ONTARIO M5J1J1
ORIGINAL PRINCIPAL AMOUNT: \$1,750,000

071 607 890 18/12/2007 CERTIFICATE OF LIS PENDENS
AFFECTS INSTRUMENT: 071363496

071 616 339 28/12/2007 NOTICE OF SECURITY INTEREST
RE : FIXTURES
IN FAVOUR OF - A E SECURITY.
19, 4511 GLENMORE TRAIL SE
CALGARY
ALBERTA T2C2R9
DEBTOR - WES SERRA
DEBTOR - STACIA SERRA
BOTH OF:
126 SPRING VALLEY WAY SW
CALGARY
ALBERTA T3H5N1
AMOUNT: \$5,185
EXPIRES: INFINITY

TOTAL INSTRUMENTS: 006

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 3 DAY OF
FEBRUARY, 2014 AT 03:45 P.M.

ORDER NUMBER: 25265897

CUSTOMER FILE NUMBER: 421479.145



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

Undertaking 11C

GREGORY J. FORREST
PROFESSIONAL CORPORATION

Barrister & Solicitor

Suite 603 Dorchester Square
1333 - 8th Street S.W.
Calgary, AB T2R 1M6

Telephone: (403) 531-3303
Direct Line: (403) 531-3309
Fax: (403) 531-0807
Email: forrest@reallaw.biz

Our File: 6270
 Your File: 421479-145

February 7, 2014

Borden Ladner Gervais LLP
 Barristers and Solicitors
 1900, 520 – 3rd Avenue S.W.
 Calgary, Alberta T2P 0R3

Attention: Mr. Terence G. Lidster

- and -

TERRAPIN MORTGAGE INVESTMENT CORP.

Dear Sirs:

Re:	Borrower(s):	1798582 ALBERTA LTD.
	Lender:	TERRAPIN MORTGAGE INVESTMENT CORP.
	Loan Amount:	\$426,000.00
	Property:	CONDOMINIUM PLAN 0827766
		UNITS 48, 55, 68 AND 69
		AND ALL THE APPLICABLE UNDIVIDED ONE TEN
		THOUSANDTH SHARES IN THE COMMON PROPERTY
		EXCEPTING THEREOUT ALL MINES AND MINERALS

We have acted as counsel for the Borrower(s) in connection with borrowing arrangements made between the Borrower(s) and the Lender. In this regard, we have reviewed originally executed copies of the Mortgage, Assignment of Rents, Assignment of Leases, Environmental Agreement, Deposit Agreement and Security Agreement (hereinafter referred to as the "Security").

It is our opinion that:

1. Each Borrower is a validly subsisting corporation under the laws of the Province of Alberta and has the corporate power and authority to own the assets charged by it in the Security.

2. Each Borrower has all requisite corporate power, authority and capacity to borrow the Loan Amount and to execute, deliver and perform its obligations under the Security applicable to it.
3. Each Borrower has duly authorized, by all necessary corporate action, the execution, delivery of the Security applicable to it.
4. Each Borrower has duly executed and delivered the Security applicable to it.
5. The execution, delivery and performance by each Borrower of the Security applicable to it does not violate or conflict with the constating documents, by-laws or unanimous shareholders agreement of each Borrower, or any resolution of the directors or the shareholders of each Borrower of which we have knowledge.

This opinion is given solely for the purpose of the parties to whom it is addressed and is not to be quoted from or delivered to or relied upon by any other party except an assignee of the Lender.

Yours very truly,

GREGORY J. FORREST PROFESSIONAL CORPORATION

A handwritten signature in black ink, appearing to read 'GJF', is written over the printed name of Gregory J. Forrest.

GREGORY J. FORREST

/kab

Undertaking 11D



CITYonline™
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Property Tax Statement of Account

Query Information

Request Number: 5892707 Charged: Yes Response Date: 2014/02/03
CompanyID: BLGCAN UserID: LSCHOFIE Folio #: 421479.145
Search Key: 126 SPRING VALLEY WY SW

Title Information

Parcel Address: 126 SPRING VALLEY WY SW

Title #: 031343465

Description: 0311562;2;6

Assessment and Property Tax Information for 200322402

Roll #: 200322402 Supplementary Months: 0
2014 Assessment Value: 2,000,000 Supplementary Assessment: 0
Account Balance Owing: 4,861.05
Current Tax: 0.00 Current Penalty: 0.00
Arrears: 4,765.73 Arrears Penalty: 95.32

Property Tax Statement of Account as of 2014/02/03

For inquiries, call at 3-1-1 or (403) 268-2489 if outside the local Calgary calling area.

<u>Date</u>	<u>Transaction</u>		<u>Debits</u>	<u>Credits</u>
2010/05/01	OPENING ACCOUNT BALANCE	0.00		
2010/05/02	Property Tax Levy		9,867.31	
2010/07/01	Penalty on This Years Taxes		690.71	
2010/10/01	Penalty on This Years Taxes		690.71	
2011/01/01	Penalty on Past Years Taxes		112.49	
2011/02/01	Penalty on Past Years Taxes		112.49	
2011/03/01	Penalty on Past Years Taxes		112.49	
2011/04/01	Penalty on Past Years Taxes		112.49	
2011/05/01	Penalty on Past Years Taxes		112.49	
2011/05/02	Property Tax Levy		10,599.17	
2011/06/01	Penalty on Past Years Taxes		112.49	
2011/07/01	Penalty on Past Years Taxes		112.49	
2011/07/01	Penalty on This Years Taxes		741.94	
2011/08/01	Penalty on Past Years Taxes		112.49	

Up

Undertaking 12A

ANGUS MACINNES APPRAISALS
13202-118 AVENUE

File No. 20140109

APPRAISAL REPORT



LANDS AND IMPROVEMENTS LOCATED AT

504, Graybriar Greens
Stony Plain, AB T7Z0G1

PREPARED FOR

Arres Group of Companies
#204, 1324-11 Avenue SW
Calgary AB T3C0M6

PREPARED BY

ANGUS MACINNES
DAC, DRP, IFAS, Cert App Revr
CNAREA/AB LICENSED #0188-14
EDMONTON AB T5L4N4

EDMONTON AB, T5L4N4

CNA/TITLE0922/2003

Client Reference No.:

File No.: 20140109

ANGUS MACINNES APPRAISALS
13202-118 AVENUE
EDMONTON AB
T5L4N4

January 27,2013

Arres Group of Companies

#204, 1324-11 Avenue SW
Calgary AB T3C0M6

Address of Property: 504,Graybriar Greens
Stony Plain, AB T7Z0G1

Market Value: \$ \$250,000

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, in fee simple, for the function of 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 January 24, 2014 and have gathered and analysed all the data obtained from the local real estate board, the Multiple Listing Service, the public records and the appraisers own files. I have further completed a sales comparison approach analysis. The Cost Approach has not been considered a reliable indicator of value as it is impractical for an ordinary buyer to consider the construction of one unit in a condominium complex. The Income Approach to value has not been performed as properties like the subject are typically purchased for occupancy rather than revenue.

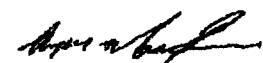
In my opinion the market value of the subject property as of January 24, 2014 is: \$250,000
TWO HUNDRED AND FIFTY THOUSAND DOLLARS, Canadian

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 this report. Please carefully read and pay particular attention to all of these descriptions, conditions and special limitations.

This appraisal and appraisal report was completed in conformity with the Code of Ethics of the Canadian National Association of Real Estate Appraisers and the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation.

I declare that I am a Licensed Real Estate Appraiser in the Province of Alberta and a Designated Certified Member of the Canadian National Association of Real Estate Appraisers (Member # 0188-14), a professional appraisal association, requiring that designated members adhere to a continuing education program. I am presently in compliance with that program and have completed all present requirements and regulations.

I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceeding acceptance of this assignment.



ANGUS MACINNES
DAC, DRP, IFAS, Cert App Revr



CLIENT(S): Arres Group of Companies		APPRaiser ANGUS MACINNES					
ADDRESS: #204, 1324-11 Avenue SW Calgary AB T3C0M6 T3C0M6		ADDRESS OF PROPERTY 504, Graybriar Greens Edmonton AB T5L4N4					
TEL: ()		TEL: (780) 499-5657					
APPLICANT NAME Arres Group of Companies		PROVINCE AB POSTAL CODE T7Z0G1					
LEGAL DESCRIPTION Plan 0827766 Unit 48							
MUNICIPALITY or DISTRICT Town of Stony Plain							
ASSESSMENT: LAND *** IMP *** TOTAL *** TAXES \$ *** YEAR ***							
PURPOSE OF APPRAISAL: To estimate the market value *** or ***							
INTENDED USER(S) Named clients							
INTENDED USE OF APPRAISAL REPORT: Financing *** or ***							
PROPERTY RIGHTS APPRAISED: Fee simple *** Leasehold *** Condominium *** Co-operative *** Other (Specify) ***							
OCCUPIED BY: Owner *** Tenant *** Vacant ***							
HIGHEST & BEST USE: *** As Is *** NOTE: IF HIGHEST & BEST USE IS NOT THE CURRENT USE - SEE COMMENTS							
NEIGHBOURHOOD DESCRIPTION							
NATURE OF DISTRICT *** RESIDENTIAL *** RURAL *** MIXED	TREND OF DISTRICT *** IMPROVING *** STABLE *** DETERIORATING *** TRANSITIONAL	CONFORMITY OF SUBJ. *** INFERIOR *** SIMILAR *** SUPERIOR	AVG. AGE OF PROPERTIES IN NEIGHBOURHOOD: <10 YEARS AREA BUILT UP 100 %	SUPPLY *** GOOD *** AVG. *** FAIR *** POOR	DEMAND *** GOOD *** AVG. *** FAIR *** POOR		
DISTANCE TO ELEMENTARY SCHOOL Close SECONDARY SCHOOL Close		PUBLIC TRANSPORTATION Close SHOPPING FACILITIES Close DOWNTOWN 10-15 minutes drivetime		PRICE RANGE IN NEIGHBOURHOOD \$ 200000-300000 immediate \$200000-275000			
SUMMARY: including VALUE TRENDS AND ADVERSE INFLUENCES IN AREA, if any (e.g. railroad tracks, commercial/industrial properties, major traffic arteries, etc.) Town of Stony Plain is located approximately 30 kilometres west from Edmonton. A n established coomunity, experiencing significant growth over the past 10 years as newer residential developments are constructed, population recorded 13,882 (November 2011). Convenient access is available to educational, employment, recreational, shopping and transportation facilities. Value trends are consistent with the overall property market. No adverse influences evident at the time of viewing. See Special Limitations comments and Certification Statements included in this report.							
SITE DESCRIPTION							
SITE DIMENSIONS: Common area SITE AREA: n/a SOURCE: ***		PAVED ROAD *** GRAVEL ROAD *** SIDEWALK *** CURBS *** STREET LIGHTS *** CABLEVISION ***		TELEPHONE *** GAS *** MUNICIPAL WATER *** WELL-PRIVATE *** WELL-COMMUNAL ***		SANITARY SEWER *** SEPTIC *** STORM SEWER *** OPEN DITCH ***	
DOES PRESENT USE CONFORM: YES NO IF NO, SEE COMMENTS.							
LANDSCAPING *** *** CUSTOM *** FAIR *** UTILITY *** PRIVATE *** SINGLE *** CONCRETE *** UNDERGROUND *** GOOD *** POOR *** ACCESS *** MUTUAL *** DOUBLE *** ASPHALT *** OVERHEAD *** AVERAGE *** NONE *** NONE		EASEMENTS *** DRIVEWAY ***		ELECTRICAL *** ***			
COMMENT ON ANY POSITIVE/NEGATIVE FEATURES: (e.g. regarding conforming of zoning, effects of easements, etc.) Conforms to zoning. Easements consistent with neighbouring properties. Interior lot location within the condominium townhouse developments of Graybriar Greens. Units are 4 plex design with 2 ground level units and 2 upper level units. Outward view over neighbouring residential developments. No adverse influences evident at time of viewing. Please refer to Special Limitations and Appraiser Certifications attached.							
DESCRIPTION OF IMPROVEMENTS - EXTERIOR							
ESTIMATED YEAR BUILT: 2012		EFFECTIVE AGE: <1		REMAINING ECONOMIC LIFE (Yrs.) 55			
CONSTRUCTION COMPLETE: Yes		PERCENTAGE COMPLETE: 100					
GLA SOURCE Survey plan 1st 129 2nd 3rd TOTAL 129 SQ.FT. *** SQ.M.	BASEMENT n/a FULL PARTIAL CRAWL SPACE TOTAL AREA SQ.FT. *** SQ.M.	TYPE OF BUILDING *** DETACHED *** SEMI-DETACHED *** ROW/TOWNHOUSE *** APARTMENT	DESIGN *** ONE-STOREY *** SPLIT-LEVEL *** 1 1/2 STOREY *** 2-STOREY	CONSTRUCTION *** WOOD FRAME *** BRICK *** STONE *** CONCRETE			
WINDOW SASH/GLAZING PVC/double	EXTERIOR FINISH *** CONCRETE *** BRICK VENEER *** STONE VENEER *** STUCCO *** WOOD SIDING	*** VINYL *** METAL	ROOFING MATERIAL *** ASPHALT SHINGLE *** WOOD SHINGLE *** FIBERGLASS SHINGLE 2 APPROX. AGE	OVERALL EXT. CONDITION *** GOOD *** AVERAGE *** FAIR *** POOR			
DESCRIPTION OF IMPROVEMENTS - INTERIOR							
INSULATION *** CEILING *** WALLS *** BASEMENT *** CRAWL	FLOORING *** W-W CARPET *** SOFTWOOD *** HARDWOOD *** LINOLEUM	*** SHEET VINYL *** VINYL TILE *** CERAMIC	WALLS ***	CEILINGS ***	FINISH *** PLYWOOD *** PLASTER *** GYPSUM BOARD		
FLOOR PLAN *** GOOD *** AVERAGE *** FAIR *** POOR	CLOSETS *** GOOD *** AVERAGE *** FAIR *** POOR	BEDROOMS 3 LARGE 3 AVERAGE 3 SMALL	BATHROOMS 2 2-Pc. 2 3-Pc. 2 4-Pc. 2 5-Pc.	FINISH *** GOOD *** AVERAGE *** POOR *** CUSTOM	OVERALL INT. CONDITION *** GOOD *** AVERAGE *** FAIR *** POOR		

Client Reference No:

File No: 20140109

FOUNDATION	PLUMBING LINES	ELECTRICAL	WATER HEATER	HEATING SYSTEM
*** POURED CONCRETE	*** COPPER	FUSES	GAS	*** FORCED AIR
CONCRETE BLOCK	*** PVC OR PLASTIC	*** BREAKERS	*** ELECTRIC	BASEBOARD
CONCRETE SLAB	GALVANIZED			HOT WATER
BRICK OR STONE		RATED CAPACITY OF MAIN	1841 CAPACITY	
		BREAKERS 100 AMPS		NG FUEL TYPE

BUILT-IN APPLIANCES/EXTRA FEATURES:

STOVE	VACUUM	CENTRAL AIR	SAUNA	SOLARIUM
OVEN	GARBAGE DISPOSAL	AIR CLEANER	WHIRLPOOL	SKYLIGHTS
*** DISHWASHER	FIREPLACE(S)	SECURITY SYSTEM	SWIMMING POOL	GARAGE OPENER

BASEMENT FINISHES, UTILITY: No basement

GARAGES/CARPORTS: 2 assigned carport stalls, with storage lockers

DECKS, PATIOS, OTHER IMPROVEMENT: Exposed aggregate balcony

COMMENTS: Building, appearance, quality of construction, condition: Subject is new construction, unoccupied in good condition. Access by interior stairway to landing and living area. Open plan, living, dining, kitchen with access to balcony; 2x 4 piece bathrooms (1 off master bedroom), 3 bedrooms, ensuite laundry. Granite counters, 4" baseboards, tiled backsplash, "distressed" appearance to all trim and interior doors. Subject described as "bungalow", more akin to single level apartment style. Normal urban services available. Please refer to Special Limitations and Appraiser Certifications.

ROOM ALLOCATION						COST APPROACH			
LEVEL:	FIRST	SECOND	THIRD		BSMT.	SOURCE OF COST DATA: <u>MS</u> <u>MANUAL</u> <u>LOCAL CONTRACTOR</u> <u>OTHER</u>			
ROOMS:						LAND VALUE: <u>N/A</u> \$ _____			
ENTRANCE	2					BUILDING		COST NEW	DEPRECIATED COST
LIVING	1					COST	<u>N/A</u> @ \$ _____	\$ <u>0</u>	
DINING	1					GARAGE:	\$ _____	\$ _____	
KITCHEN	1					BASEMENT FINISH:	\$ _____	\$ _____	
FULL BATH	2						\$ _____	\$ _____	
PART BATH						OTHER EXTRAS	\$ _____	\$ _____	
BEDROOM	3						\$ _____	\$ _____	
FAMILY							\$ _____	\$ _____	
LAUNDRY	1						\$ _____	\$ _____	
OTHER(S)						TOTAL REPLACEMENT COST:	\$ _____	\$ <u>0</u>	
						LESS: ACCRUED DEPRECIATION	0% \$ _____	\$ <u>0</u>	\$ _____ 0
						INDICATED VALUE:		\$ _____	\$ _____ 0
						INDICATED VALUE FROM THE COST APPROACH			\$ _____ 0

SALES COMPARISON APPROACH									
ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3			
		DESCRIPTION	\$ ADJUST	DESCRIPTION	\$ ADJUST	DESCRIPTION	\$ ADJUST		
ADDRESS	504 Graybriar Greens Stony Plain	115,4700-43 Avenue Stony Plain		304 Graywood Mews Stony Plain		300 Graywood Mews Stony Plain			
DATE OF SALE	n/a	07/30/2013		09/13/2013		12/09/2013			
SALES PRICE	n/a	210,000		242,522		263,500			
SITE	common	common		common		common			
GLA	129 Sq.M.	112 sqm+/-	35,700	119sqm+/-	21,000	119sqm+/-	21,000		
EFF. AGE/COND	<1 Yrs. / good	10Yrs / inferior	10,000	5Yrs / inferior	5,000	5 Yrs / inferior	5,000		
DESIGN&APPEAL	1 level apartment	1 level aptmnt grd	2,000	2 storey townhouse		2 storey townhouse			
RMS/BEDS/BATHS	6 / 3 / 2F	5 / 3 / 2F		6 / 3 / 2.5	-2,500	6 / 3 / 2.5	-2,500		
BASEMENT	n/a	n/a		Full/undeveloped	-3,000	Full/developed	-15,000		
GARAGE/PARKING	2 stalls/assigned balcony	1 u/g titled stall none	-10,000 2,500	1 car attached deck	-15,000	1 car attached deck	-15,000		
						fireplace	-4,500		
ADJUSTED VALUES/NET ADJUSTED TOTALS		28.7% 19.1%	250,200	19.2% 2.3%	248,022	23.9% -4.2%	252,500		

CONCLUSIONS: Comparables represent sales in the subject market area considered to be most similar to the subject. Comparables identical to the subject are very limited, however those selected for comparison purposes are of similar accommodation, utility, age and accessible to key facilities and services. Adjustments applied for square footage, facilities, age and condition.

INDICATED VALUE FROM THE SALES COMPARISON APPROACH \$ 250,000

FINAL DETERMINATION OF VALUE/COMMENT ON REASONABLE EXPOSURE TIME: The final estimate of value relies exclusively on the Sales Comparison Approach. Reasonable exposure time is considered to be 120 days taking into consideration type of property, location, asking price and time of year offered for sale.


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.) A review of the property history indicates that the subject has been listed for sale within the past 3 years. Listing dated March 10, 2012, list price \$255,000, listing terminated July 26, 2012; relisted August 12, 2012, expired June 27, 2013, relisted August 7, 2013, current listing, all list prices \$255,000. Comparable photos have been extracted from Multiple Listing System and are assumed to be accurate.

AS A RESULT OF MY APPRAISAL AND ANALYSIS IT IS MY OPINION THAT THE MARKET VALUE OF THE SUBJECT PROPERTY AS OF January 24, 2013 IS \$ 250,000

THIS REPORT WAS COMPLETED ON 01/27/2014

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

SIGNATURE 	DESIGNATION DAC, DRP, IFAS, Cert App	SIGNATURE _____	DESIGNATION _____
NAME ANGUS MACINNES	VIEWED PROP. (DATE)	NAME _____	VIEWED PROP. (DATE)
CNAREA/AB LIC# 0188-14	January 24, 2013		

CNASUM_14 09302013

APPRAISAL REPORT

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuring the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what they consider their best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in the currency of use in the country where the property is located or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

CONTINGENT AND LIMITING CONDITIONS:

1. The appraiser is not responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. The appraiser may provide a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size. All improvements were measured in compliance with the current guidelines of the American National Standards Institute (ANSI).
3. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
4. The appraiser has estimated the value of the land in the cost approach at its highest and best use and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.
5. The appraiser has noted in the appraisal report any adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the viewing of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not qualified in any way through experience or education in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
7. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
8. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workpersonlike manner.
9. The appraiser must provide his or her prior expressed written consent before the lender and or client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower, the mortgagee or its successors and assigns, and the mortgage insurer. The appraiser's expressed written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

APPRAISER'S CERTIFICATION: The appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties that I consider most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that in my opinion have an impact on value in my development of my opinion of market value in this appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form or as stated in the appraisal report.

APPRAISAL REPORT

4. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in any transaction that may involve the property being appraised. I did not base, either partially or completely, my analysis and/or my opinion of market value in the appraisal report on the race, color, religion, sex, disability, familial status, or national origin of either the present owners, prospective owners, or present occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.

5. I have no present or contemplated future interest in the subject property, and neither my current or future employment, nor my compensation for performing, this appraisal is contingent upon the appraised value of the property.

6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value opinion, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.

7. I have diligently attempted to perform this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value.

8. I have personally viewed at least the exterior areas of the subject property and exterior of all properties listed as comparables, where applicable, in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements or on the subject site of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about, the effect of the adverse conditions, if any on the marketability of the subject property.


9. I personally prepared all conclusions and opinions about the real estate that are set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the appraisal report. I certify that any individual so named is qualified to perform the tasks. Unless otherwise noted in the report, I have not authorized anyone to make a change to any item in the report. I am therefore not responsible for any unauthorized change made to the appraisal report.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervised the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications number 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

NOTWITHSTANDING COMMENT # 8 ABOVE, NO EXTERIOR VIEWING OF COMPARABLES WAS UNDERTAKEN. ANY COMPARABLE PHOTOGRAPHS INCLUDED IN THE REPORT HAVE BEEN EXTRACTED FROM THE MLS DATABASE, UNLESS OTHERWISE NOTED, AND ARE ASSUMED TO BE REPRESENTATIVE OF THESE PROPERTIES.

ADDRESS OF PROPERTY APPRAISED: 504, Graybriar Greens, Stony Plain, AB T7Z0G1

APPRAISER:

Signature: 
 Name: ANGUS MACINNES
 Designation: DAC, DRP, IFAS, Cert App Revr
 Date signed: 01/27/2014

SUPERVISORY APPRAISER: (only if required)

Signature: _____
 Name: _____
 Designation: _____
 Date signed: _____

☐ Did ☐ Did Not View Property

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 current use, MULTIFAMILY 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 NOT APPLICABLE 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 Arres Group of Companies (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: This appraisal and appraisal report has been completed by a qualified appraiser who is Licensed by the Real Estate Council of Alberta and Certified by the Canadian National Association of Real Estate Appraisers, a professional appraisal organisation. The Cost Approach has not been considered a reliable indicator of value as it is impractical for an ordinary buyer to consider the construction of one unit in a condominium complex.
The Income Approach to value has not been performed as properties like the subject are typically purchased for occupancy rather than revenue.

APPRAISER:

SUPERVISORY APPRAISER (only if required):

Signature:

Name: ANGUS MACINNESDesignation: DAC, DRP, IFAS, Cert App RevrDate Signed: 01/27/2014

Signature: _____

Name: _____

Designation: _____

Date Signed: _____

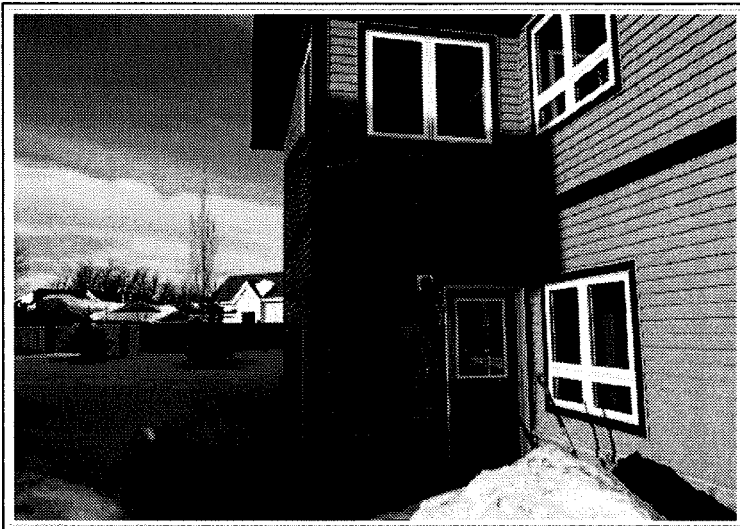
☐ DID ☐ DID NOT VIEW PROPERTY

Borrower: Arres Group of Companies		File No.: 20140109
Property Address: 504, Graybriar Greens		Case No.:
City: Stony Plain	Prov.: AB	P.C.: T7Z0G1
Lender: Arres Group of Companies		

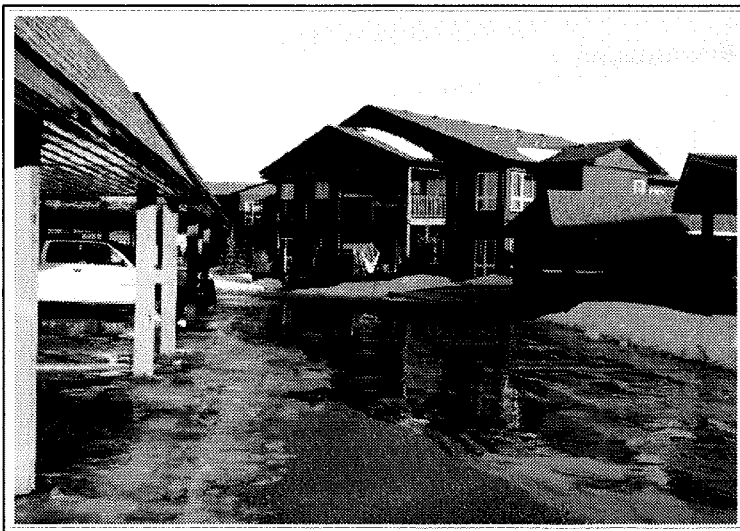


FRONT VIEW OF
SUBJECT PROPERTY

Appraised Date: January 24, 2013
Appraised Value: \$ 250,000

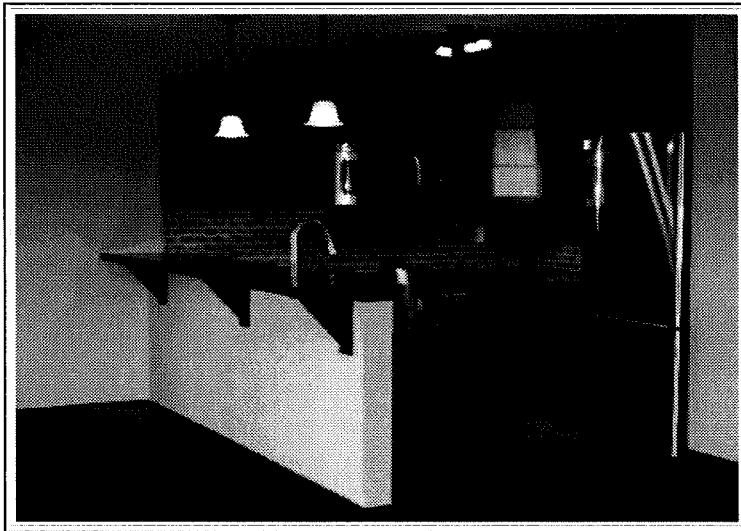


REAR VIEW OF
SUBJECT PROPERTY

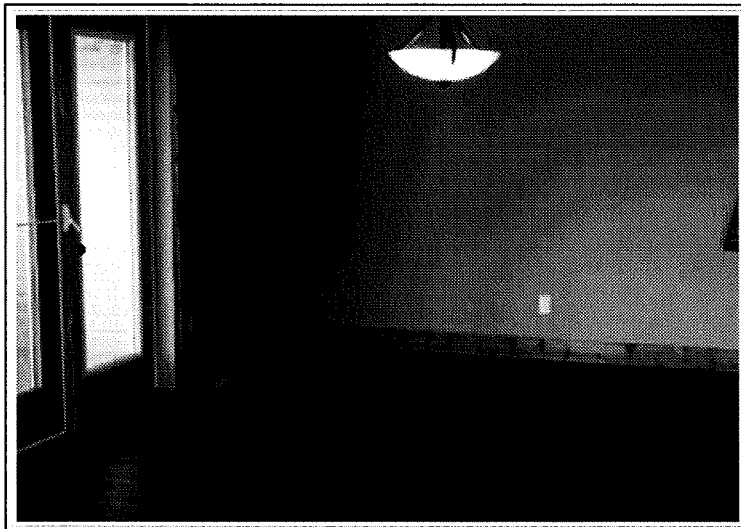


STREET SCENE

Borrower: Arres Group of Companies		File No.: 20140109
Property Address: 504, Graybriar Greens		Case No.:
City: Stony Plain	Prov.: AB	P.C.: T7Z0G1
Lender: Arres Group of Companies		



Kitchen



Dining - doors to exposed aggregate balcony



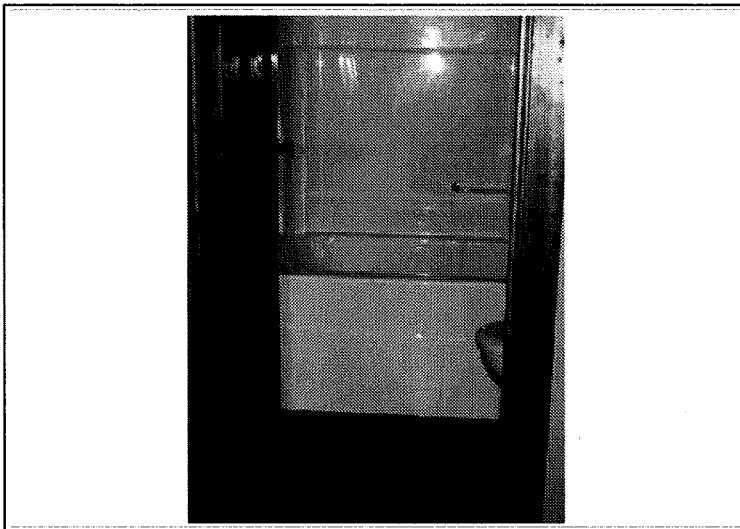
Borrower: Arres Group of Companies	File No.: 20140109
Property Address: 504, Graybriar Greens	Case No.:
City: Stony Plain	Prov.: AB P.C.: T7Z0G1
Lender: Arres Group of Companies	



Interior stair from main entry



Landing at top of entry stairs



main bath

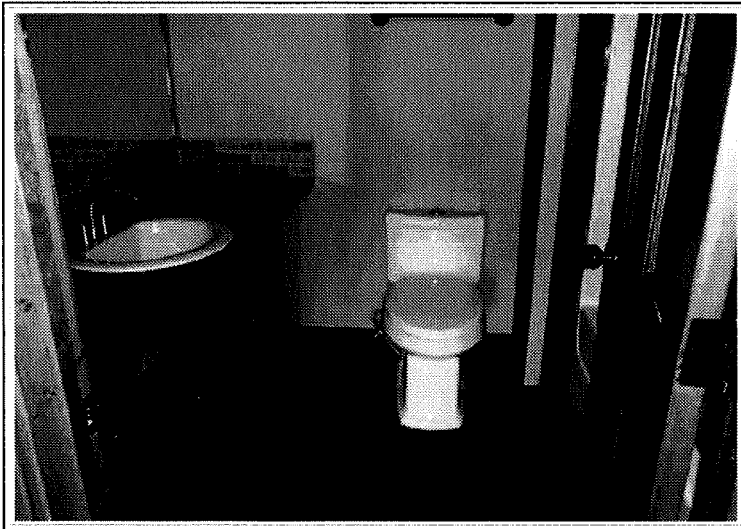
Borrower: Arres Group of Companies	File No.: 20140109
Property Address: 504, Graybriar Greens	Case No.:
City: Stony Plain	Prov.: AB P.C.: T7Z0G1
Lender: Arres Group of Companies	



master bedroom



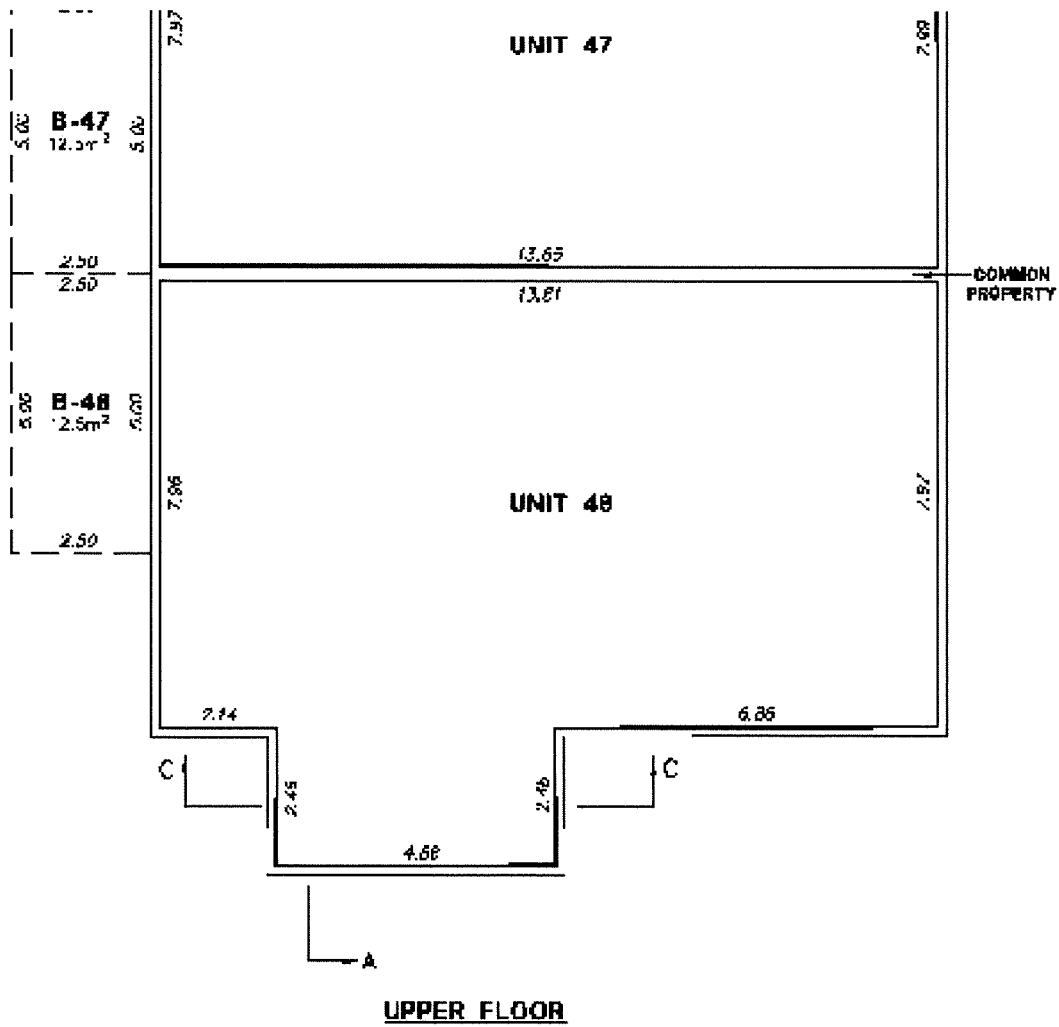
secondary bedroom (1 of 2)



master bath

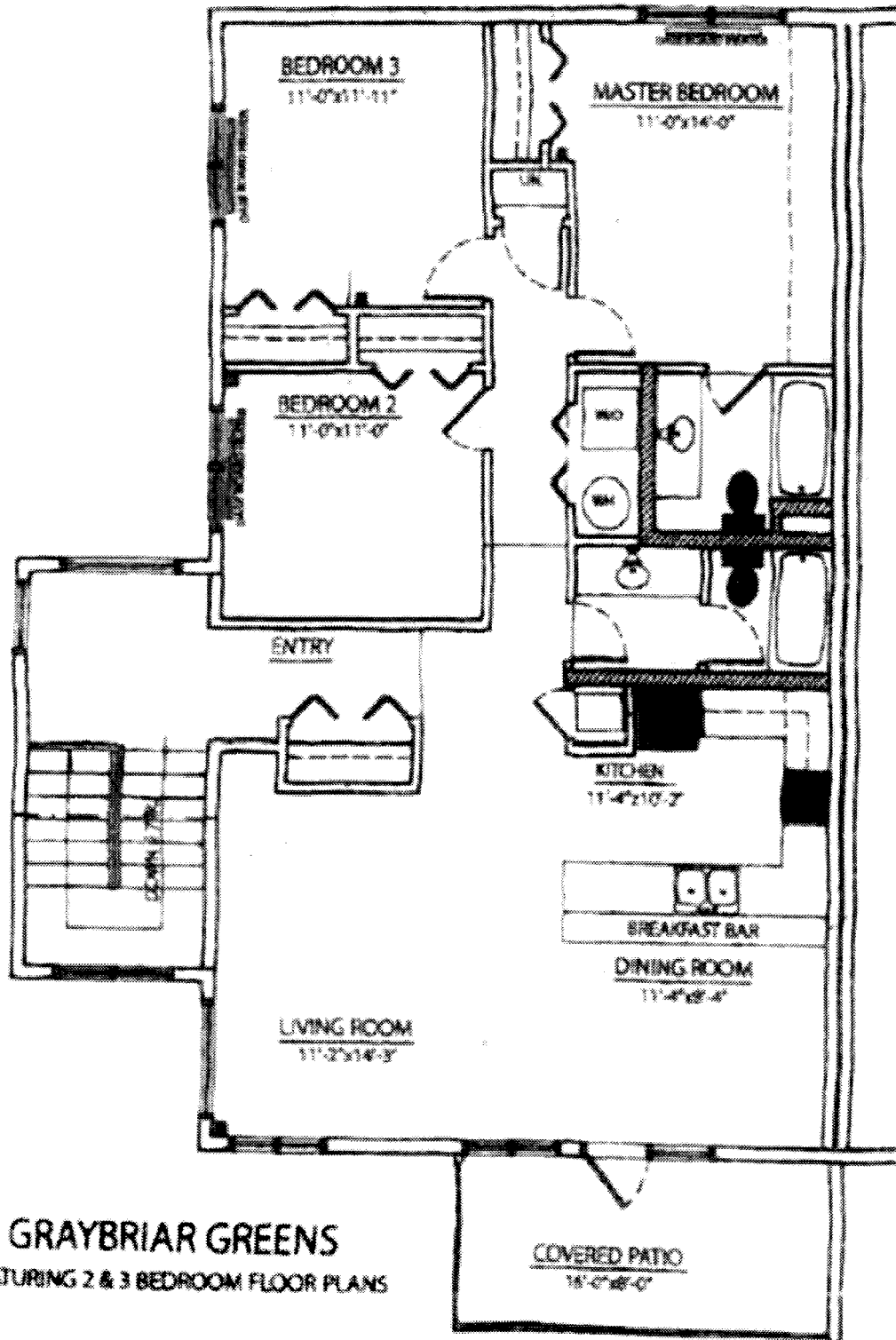
FLOORPLAN

Borrower: Arres Group of Companies	File No.: 20140109
Property Address: 504, Graybriar Greens	Case No.:
City: Stony Plain	Prov.: AB P.C.: T7Z0G1
Lender: Arres Group of Companies	



FLOORPLAN

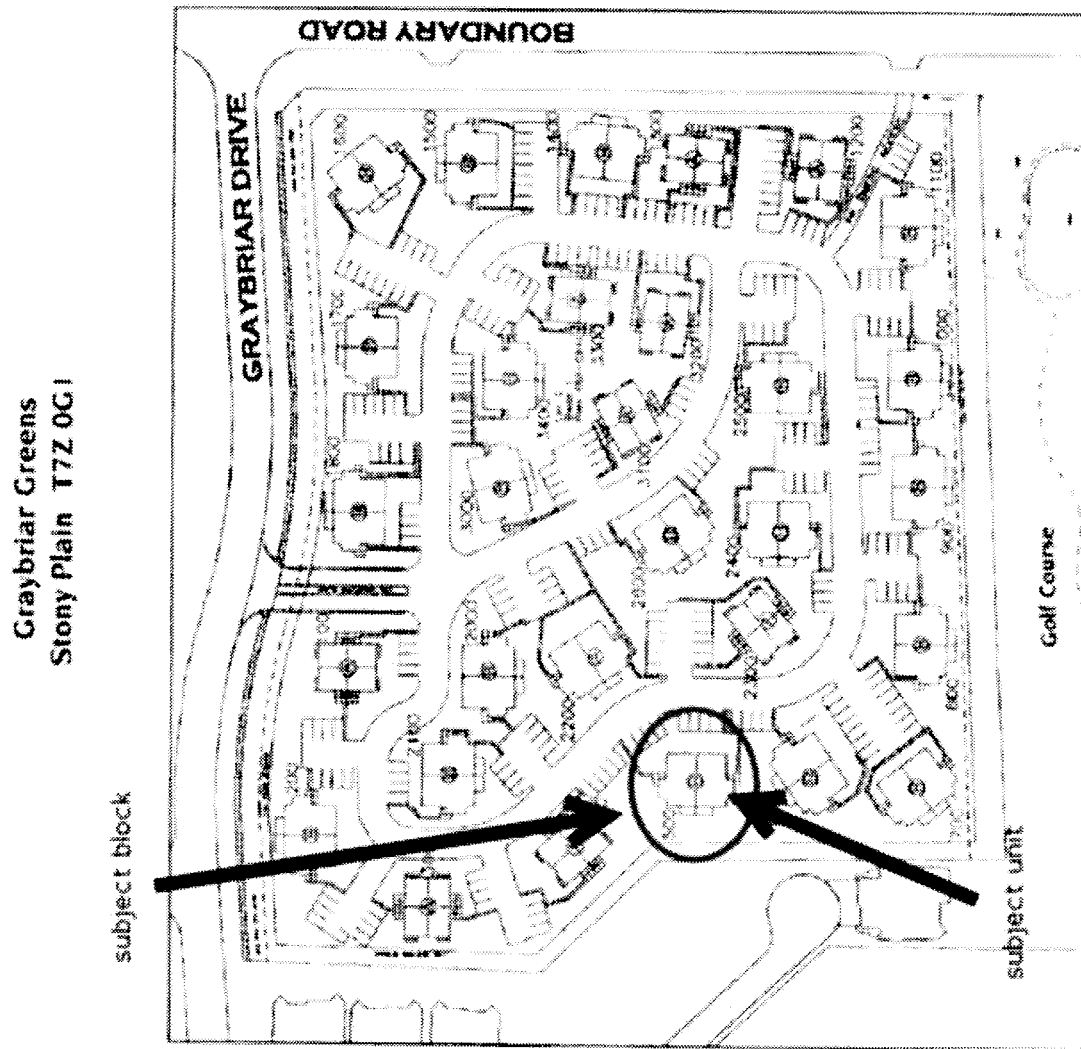
Borrower: Arres Group of Companies	File No.: 20140109
Property Address: 504, Graybriar Greens	Case No.:
City: Stony Plain	Prov.: AB P.C.: T7Z0G1
Lender: Arres Group of Companies	



GRAYBRIAR GREENS
FEATURING 2 & 3 BEDROOM FLOOR PLANS

PLOT MAP

Borrower: Arres Group of Companies	File No.: 20140109
Property Address: 504, Graybriar Greens	Case No.:
City: Stony Plain	Prov.: AB P.C.: T7Z0G1
Lender: Arres Group of Companies	



LOCATION MAP

Borrower: Arres Group of Companies

File No.: 20140109

Property Address: 504, Graybriar Greens

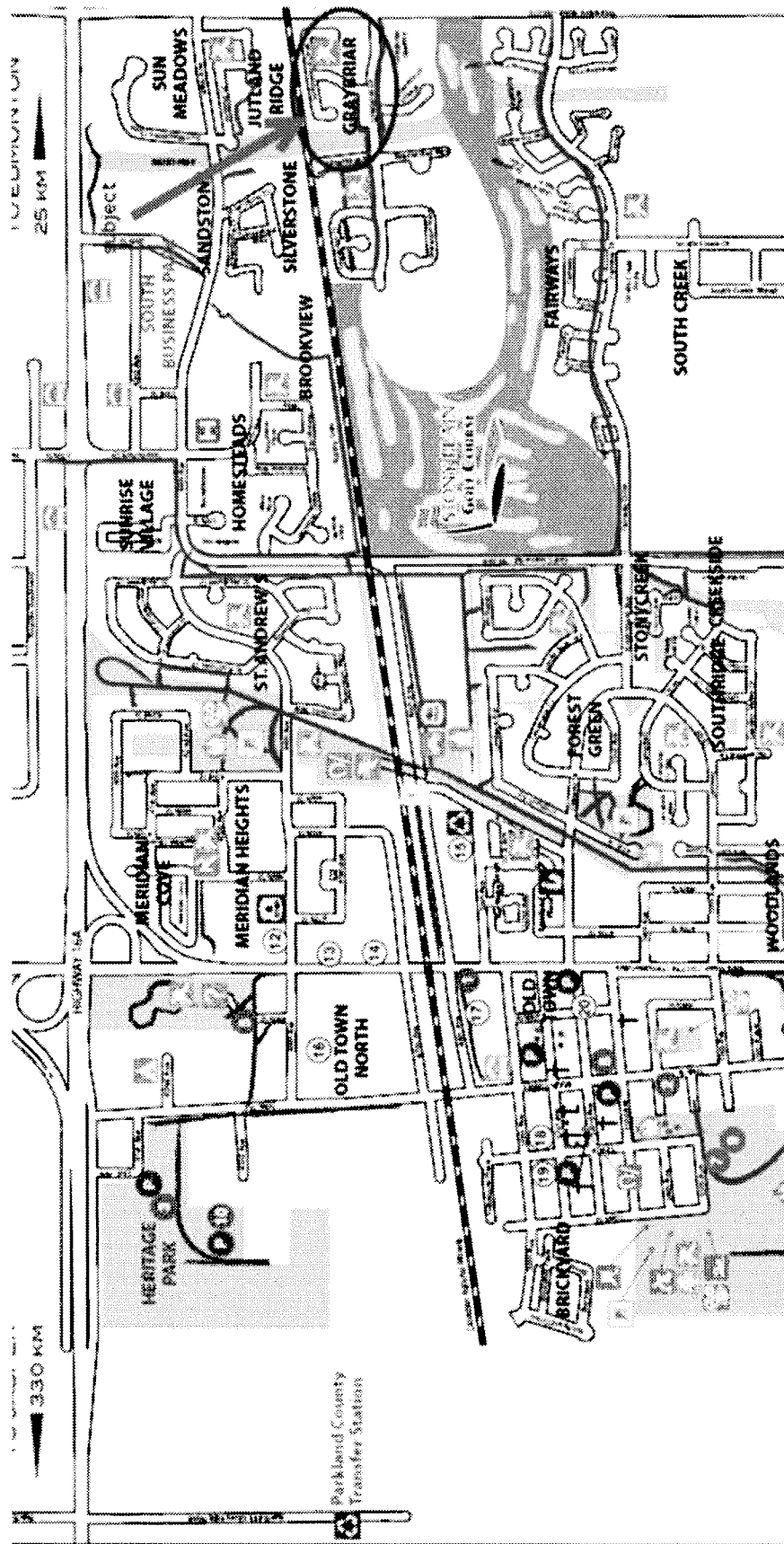
Case No.:

City: Stony Plain

Prov.: AB

P.C.: T7Z0G1

Lender: Arres Group of Companies

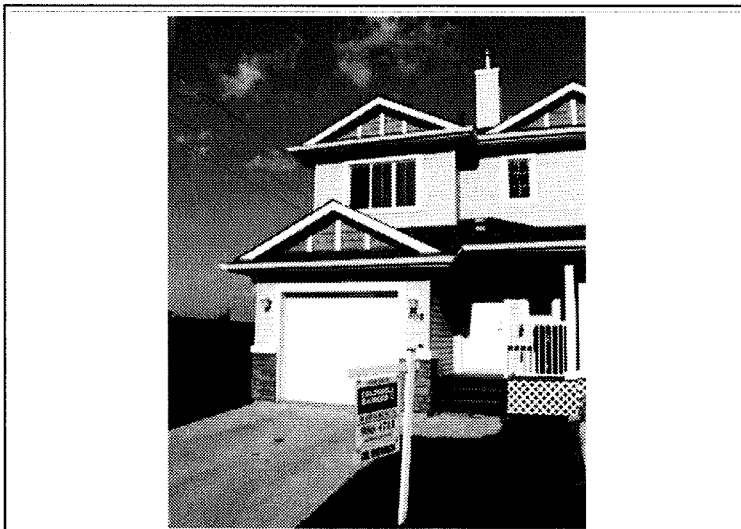


Borrower: Arres Group of Companies	File No.: 20140109
Property Address: 504, Graybriar Greens	Case No.:
City: Stony Plain	Prov.: AB P.C.: T7Z0G1
Lender: Arres Group of Companies	



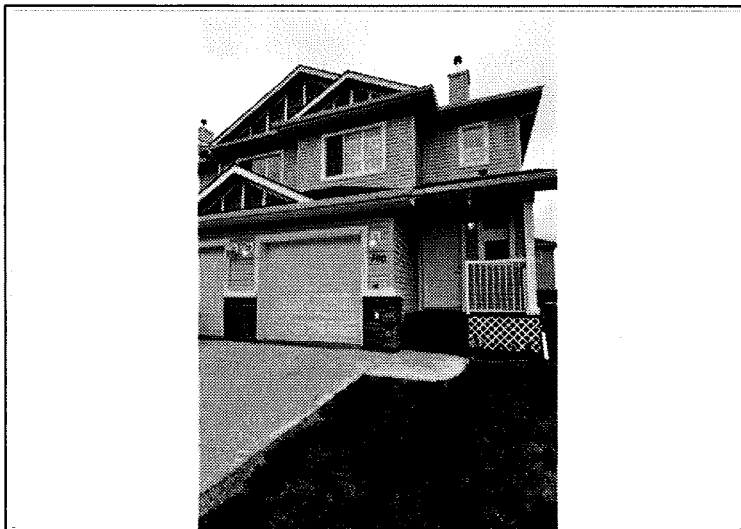
COMPARABLE SALE #1

115,4700-43 Avenue
Stony Plain
Sale Date: 07/30/2013
Sale Price: \$ 210,000



COMPARABLE SALE #2

304 Graywood Mews
Stony Plain
Sale Date: 09/13/2013
Sale Price: \$ 242,522



COMPARABLE SALE #3

300 Graywood Mews
Stony Plain
Sale Date: 12/09/2013
Sale Price: \$ 263,500

COMPARABLE PROPERTY PHOTO ADDENDUM

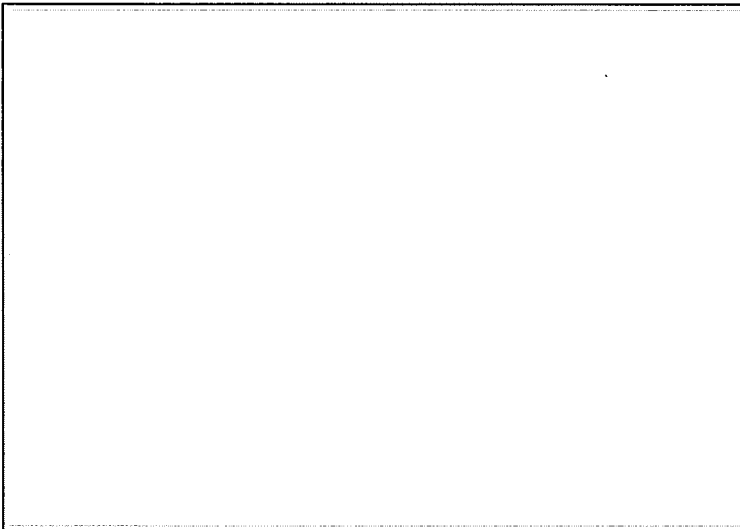
402

Borrower: Arres Group of Companies		File No.: 20140109
Property Address: 504, Graybriar Greens		Case No.:
City: Stony Plain	Prov.: AB	P.C.: T7Z0G1
Lender: Arres Group of Companies		



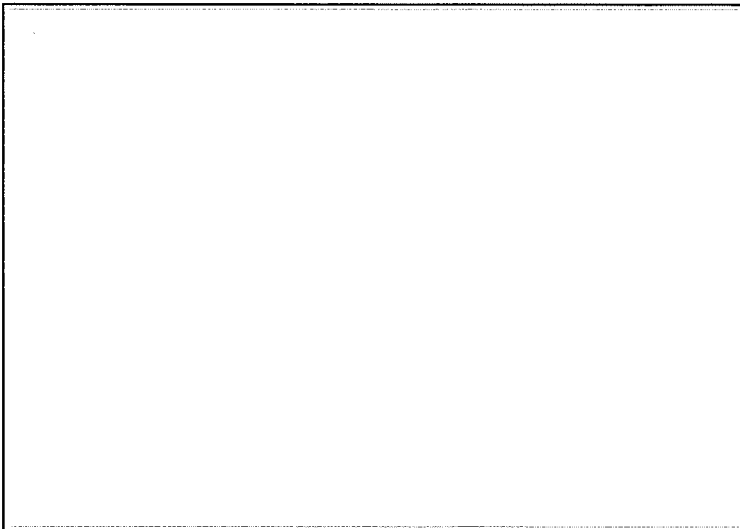
COMPARABLE SALE #4

207,7803 Golf Course Road
Stony Plain
Sale Date: 4/30/2013
Sale Price: \$ 282,000



COMPARABLE SALE #5

Sale Date:
Sale Price: \$

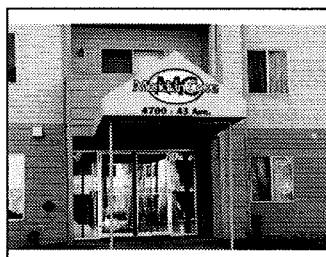


COMPARABLE SALE #6

Sale Date:
Sale Price: \$

Some Properties For Your Consideration . . .

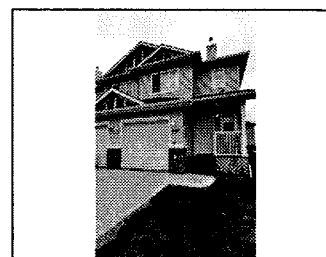
Presented by: Angus MacInnes
 Angus Macinnes Appraisals
angus@macinnesappraisals.com
 Phone: 780-499-5657
 Fax: 780-453-6060



115 4700 43 AV



304 GRAYWOOD ME



300 GRAYWOOD ME

ML#

Status

Community

City:

Type

Style

TotSqFt/SqMtrs

Year Built

Remodeled

Total Rms:

Bedrooms

Full Baths

Half Baths

Finished Fpl

Flooring

Construction

Foundation

Basement

Roof

Parking

Exterior

Features

Amenities

Site Influences

Lot Sq Mtrs

Lot Dim Info

List Price

List Pr/SqM

Sold Price

Sold Date

Sold \$/SqM

Tax Amount 201

Listed by:

E3341588

Sold

Meridian Heights

Stony Plain

Lowrise Apartment

Multi Level Apartment

1,205.57 SqFt / 112.000 SqM

2002

No

6

3

2

Carpet, Ceramic Tile

Wood Frame

Concrete

None/

Asphalt Shingles

Vinyl

Balconies, Laundry-In-Suite,
Parking-Visitor, Elevator

Golf Nearby, Schools,
Shopping Nearby

\$ 215,979

\$ 1,928

\$210,000

07/30/13

\$1,875

\$ 1,737

Bonnie Campbell

Office: Royal Lepage Westgate Re
780-962-4950

E3347603

Sold

Graybriar

Stony Plain

Townhouse

2 Storey

1,275.53 SqFt / 118.500 SqM

2008

No

5

3

2

1

1

Carpet, Laminate Flooring

Wood Frame

Concrete

Full/Unfinished

Asphalt Shingles

Single Garage Attached

Vinyl

Deck

None

None

\$ 239,900

\$ 2,024

\$242,522

09/13/13

\$2,047

\$ 1,803

Del Sveinsson

Office: Coldwell Banker Haida Real
780-986-4711

E3341437

Sold

Graybriar

Stony Plain

Townhouse

2 Storey

1,275.00 SqFt / 118.450 SqM

2008

No

6

3

2

1

1

Carpet, Linoleum

Wood Frame

Concrete

Full/Fully Finished

Asphalt Shingles

Single Garage Attached

Wood Shingle

Deck, Detectors Smoke, No
Animal Home, No Smoking
Appliances Included, Fireplaces

Flat Site, Golf Nearby,
Landscaped, Schools

\$ 267,900

\$ 2,262

\$263,500

12/09/13

\$2,225

\$ 1,877

Rod Thompson

Office: Sellerinvite.Com (Edmontor
780-994-9998

Some Properties For Your Consideration . . .

Presented by: Angus MacInnes
 Angus MacInnes Appraisals
angus@macinnesappraisals.com
 Phone: 780-499-5657
 Fax: 780-453-6060



207 7803 Golf Course RD

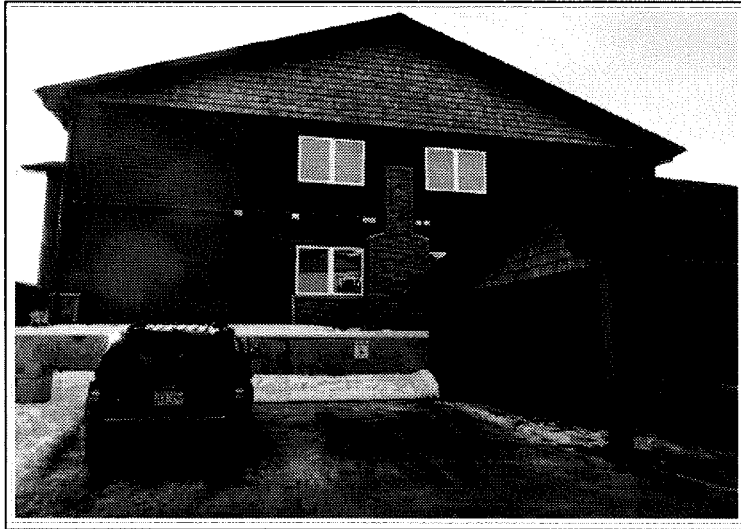
ML#	E3313801
Status	Sold
Community	High Park_STPL
City:	Stony Plain
Type	Lowrise Apartment
Style	Single Level Apartment
TotSqFt/SqMtrs	1,318.59 SqFt / 122.500 SqM
Year Built	2004
Remodeled	No
Total Rms:	6
# Bedrooms	2
# Full Baths	2
# Half Baths	
# Finished Fpl	1
Flooring	See Remarks
Construction	Wood Frame
Foundation	Concrete
Basement	None/
Roof	Asphalt Shingles
Parking	Underground
Exterior Features	Stucco
Amenities	Air Conditioning-Central, Elevator Passenger, Car Wash,
Site Influences	See Remarks
Lot Sq Mtrs	
Lot Dim Info	
List Price	\$ 289,900
List Pr/SqM	\$ 2,367
Sold Price	\$282,000
Sold Date	04/30/13
Sold \$/SqM	\$2,302
Tax Amount 201	\$ 2,179
Listed by:	Heather Dunne Office: Countryside Realty 780-892-4440

Undertaking 12B

ANGUS MACINNES APPRAISALS
13202-118 AVENUE

File No. 20140110

APPRAISAL REPORT



LANDS AND IMPROVEMENTS LOCATED AT

1004, Graybriar Greens
Stony Plain, AB T7Z0G1

PREPARED FOR

Arres Group of Companies
#204, 1324-11 Avenue SW
Calgary AB T3C0M6

PREPARED BY

ANGUS MACINNES
DAC, DRP, IFAS, Cert App Revr
CNAREA/AB LICENSED #0188-14
EDMONTON AB T5L4N4

EDMONTON AB, T5L4N4

CMATITLE09222003

Client Reference No.:

File No.: 20140110

ANGUS MACINNES APPRAISALS
13202-118 AVENUE
EDMONTON AB
T5L4N4

January 27, 2014

Arres Group of Companies
#204, 1324-11 Avenue SW

Calgary AB T3C0M6

Address of Property: 1004, Graybriar Greens
Stony Plain, AB T7Z0G1

Market Value: \$ \$260,000

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, in fee simple, for the function of 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 January 24, 2014, gathered and analysed all the data obtained from the local real estate board, Multiple Listing Service, public records and the appraisers own files. The subject property is condominium title and therefore I have further completed a sales comparison approach analysis only, as it is impractical for a buyer to undertake a cost approach analysis. The income approach has not been utilised as typically properties similar to the subject are owned for occupancy purposes and not for income generation.

In my opinion the market value of the subject property, as of January 24, 2014 is \$260,000

TWO HUNDRED AND SIXTY THOUSAND DOLLARS CANADIAN.

PLEASE READ THIS REPORT IN ITS ENTIRETY as the 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 this report. Please carefully read and pay particular attention to all these descriptions, conditions and special limitations. This appraisal and appraisal report was completed in conformity with the Code of Ethics of the Canadian National Association of Real Estate Appraisers and the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation.

I declare that I am a Licensed Real Estate Appraiser in the Province of Alberta and a Certified Member of the Canadian National Association of Real Estate Appraisers (Member #0188-14), a professional appraisal association, requiring that designated members adhere to a continuing education programme. I am presently in compliance with that programme and have completed all present requirements and regulations.

I have performed no other services, as an appraiser or in any other capacity, regarding the property that is subject of this report, within the past three year period prior to the acceptance of this assignment.



ANGUS MACINNES
DAC, DRP, IFAS, Cert App Revr



CLIENT(S): <u>Arres Group of Companies</u>		APPRaiser <u>ANGUS MACINNES</u>			
ADDRESS: #204, 1324-11 Avenue SW Calgary AB T3C0M6 T3C0M6		ADDRESS OF PROPERTY 1004, Graybriar Greens CITY <u>Stony Plain</u> PROVINCE <u>AB</u> POSTAL CODE <u>T7Z0G1</u>			
TEL: ()		ADDRESS: <u>13202-118 AVENUE</u> <u>EDMONTON AB T5L4N4</u> TEL: (<u>780</u>) <u>499-5657</u>			
APPLICANT NAME <u>Arres Group of Companies</u>					
LEGAL DESCRIPTION <u>Plan 0827766 Unit 68</u>					
MUNICIPALITY or DISTRICT <u>Town of Stony Plain</u>					
ASSESSMENT: LAND <u>undetermined</u> IMP <u>undetermined</u> TOTAL <u>0.00</u> TAXES \$ <u>n/a</u> YEAR <u>2013</u>					
PURPOSE OF APPRAISAL: To estimate the market value <u>***</u> or					
INTENDED USER(S) <u>Named clients</u>					
INTENDED USE OF APPRAISAL REPORT: Financing <u>***</u> or					
PROPERTY RIGHTS APPRAISED: Fee simple <u>***</u> Leasehold <u>***</u> Condominium <u>***</u> Co-operative <u>***</u> Other (Specify) <u>***</u>					
OCCUPIED BY: Owner <u>***</u> Tenant <u>***</u> Vacant <u>***</u>					
HIGHEST & BEST USE: <u>***</u> As Is <u>***</u> NOTE: IF HIGHEST & BEST USE IS NOT THE CURRENT USE - SEE COMMENTS					
NEIGHBOURHOOD DESCRIPTION					
NATURE OF DISTRICT <u>***</u> RESIDENTIAL <u>***</u> RURAL <u>***</u> MIXED	TREND OF DISTRICT <u>***</u> IMPROVING <u>***</u> STABLE <u>***</u> DETERIORATING <u>***</u> TRANSITIONAL	CONFORMITY OF SUBJ. <u>***</u> INFERIOR <u>***</u> SIMILAR <u>***</u> SUPERIOR	AVG. AGE OF PROPERTIES IN NEIGHBOURHOOD: <u>***</u> <10 YEARS AREA BUILT UP <u>100</u> %	SUPPLY <u>***</u> GOOD <u>***</u> AVG. <u>***</u> FAIR <u>***</u> POOR	DEMAND <u>***</u> GOOD <u>***</u> AVG. <u>***</u> FAIR <u>***</u> POOR
DISTANCE TO ELEMENTARY SCHOOL <u>Close</u> TO SECONDARY SCHOOL <u>Close</u>		PUBLIC TRANSPORTATION <u>Close</u> SHOPPING FACILITIES <u>Close</u> DOWNTOWN 10-15 minutes drivetime		PRICE RANGE IN NEIGHBOURHOOD \$ <u>200000-300000</u> immediate \$ <u>200000-275000</u>	
SUMMARY: including VALUE TRENDS AND ADVERSE INFLUENCES IN AREA, if any (e.g. railroad tracks, commercial/industrial properties, major traffic arteries, etc.) <u>Town of Stony Plain is located approximately 30 kilometres west from Edmonton. A n established coomunity, experiencing significant growth over the past 10 years as newer residential developments are constructed, population recorded 13,882 (November 2011).</u> <u>Convenient access is available to educational, employment, recreational, shopping and transportation facilities Value trends are consistent with the overall property market. No adverse influences evident at the time of viewing. See Special Limitations comments and Certification Statements included in this report.</u>					
SITE DESCRIPTION					
SITE DIMENSIONS: <u>Common area</u>		PAVED ROAD <u>***</u>		TELEPHONE <u>***</u>	
SITE AREA: <u>n/a</u> SOURCE: <u>***</u>		GRAVEL ROAD <u>***</u>		GAS <u>***</u>	
TOPOGRAPHY: <u>mostly level</u>		SIDEWALK <u>***</u>		MUNICIPAL WATER <u>***</u>	
CONFIGURATION: <u>n/a</u>		CURBS <u>***</u>		WELL-PRIVATE <u>***</u>	
ZONING: <u>R2-C (Medium Density Residential)</u>		STREET LIGHTS <u>***</u>		WELL-COMMUNAL <u>***</u>	
CABLEVISION <u>***</u>					
DOES PRESENT USE CONFORM: <u>***</u> YES <u>***</u> NO IF NO, SEE COMMENTS.					
LANDSCAPING <u>***</u> CUSTOM <u>***</u> FAIR <u>***</u> POOR <u>***</u> AVERAGE <u>***</u>		EASEMENTS <u>***</u> UTILITY <u>***</u> ACCESS <u>***</u> NONE <u>***</u>		DRIVEWAY <u>***</u> PRIVATE <u>***</u> SINGLE <u>***</u> DOUBLE <u>***</u>	
ELECTRICAL <u>***</u> UNDERGROUND <u>***</u> OVERHEAD <u>***</u>					
COMMENT ON ANY POSITIVE/NEGATIVE FEATURES: (e.g. regarding conforming of zoning, effects of easements, etc.) <u>Conforms to zoning. Easements consistent with neighbouring properties. Interior lot location within the condominium townhouse developments of Graybriar Greens. Units are 4 plex design with 2 ground level units and 2 upper level units. Outward view over neighbouring golf course and open space. No adverse influences evident at time of viewing. Please refer to Special Limitations and Appraiser Certifications attached.</u>					
DESCRIPTION OF IMPROVEMENTS - EXTERIOR					
ESTIMATED YEAR BUILT: <u>2012</u>		EFFECTIVE AGE: <u><1</u>		REMAINING ECONOMIC LIFE (Yrs.) <u>55</u>	
CONSTRUCTION COMPLETE: <u>Yes</u>		PERCENTAGE COMPLETE: <u>100</u>			
GLA	SOURCE <u>Survey plan</u>	BASEMENT <u>n/a</u>	FULL <u>***</u>	TYPE OF BUILDING <u>***</u>	DESIGN <u>***</u>
1st	<u>129</u>	PARTIAL <u>***</u>	SEMI-DETACHED <u>***</u>	ONE-STOREY <u>***</u>	WOOD FRAME <u>***</u>
2nd		CRAWL SPACE <u>***</u>	ROW/TOWNHOUSE <u>***</u>	SPLIT-LEVEL <u>***</u>	BRICK <u>***</u>
3rd		TOTAL AREA <u>***</u>	APARTMENT <u>***</u>	1 1/2 STOREY <u>***</u>	STONE <u>***</u>
TOTAL	<u>129</u>	SQ.FT. <u>***</u>	SQ.M. <u>***</u>	2-STOREY <u>***</u>	CONCRETE <u>***</u>
SQ.FT. <u>***</u>	SQ.M. <u>***</u>	EXTERIOR FINISH <u>***</u>	CONCRETE <u>***</u>	ROOFING MATERIAL <u>***</u>	OVERALL EXT. CONDITION <u>***</u>
WINDOW SASH/GLAZING <u>PVC/double</u>	CONCRETE <u>***</u>	VINYL <u>***</u>	ASPHALT SHINGLE <u>***</u>	GOOD <u>***</u>	
	BRICK VENEER <u>***</u>	METAL <u>***</u>	WOOD SHINGLE <u>***</u>	AVERAGE <u>***</u>	
	STONE VENEER <u>***</u>		FIBERGLASS SHINGLE <u>***</u>	FAIR <u>***</u>	
	STUCCO <u>***</u>			POOR <u>***</u>	
	WOOD SIDING <u>***</u>		2 APPROX. AGE <u>***</u>		
DESCRIPTION OF IMPROVEMENTS - INTERIOR					
INSULATION <u>***</u>	FLOORING <u>***</u>	WALLS <u>***</u>	CEILINGS <u>***</u>	FINISH <u>***</u>	
CEILING <u>***</u>	W-W CARPET <u>***</u>	SHEET VINYL <u>***</u>		PLYWOOD <u>***</u>	
WALLS <u>***</u>	SOFTWOOD <u>***</u>	VINYL TILE <u>***</u>		PLASTER <u>***</u>	
BASEMENT <u>***</u>	HARDWOOD <u>***</u>	CERAMIC <u>***</u>		GYPSUM BOARD <u>***</u>	
CRAWL <u>***</u>	LINOLEUM <u>***</u>				
FLOOR PLAN <u>***</u>	CLOSETS <u>***</u>	BEDROOMS <u>***</u>	BATHROOMS <u>***</u>	FINISH <u>***</u>	OVERALL INT. CONDITION <u>***</u>
GOOD <u>***</u>	GOOD <u>***</u>	LARGE <u>***</u>	2-Pc. <u>***</u>	GOOD <u>***</u>	GOOD <u>***</u>
AVERAGE <u>***</u>	AVERAGE <u>***</u>	3 AVERAGE <u>***</u>	3-Pc. <u>***</u>	AVERAGE <u>***</u>	AVERAGE <u>***</u>
FAIR <u>***</u>	FAIR <u>***</u>	SMALL <u>***</u>	4-Pc. <u>***</u>	POOR <u>***</u>	FAIR <u>***</u>
POOR <u>***</u>	POOR <u>***</u>		5-Pc. <u>***</u>	CUSTOM <u>***</u>	POOR <u>***</u>

Client Reference No:

File No: 20140110

FOUNDATION	PLUMBING LINES	ELECTRICAL	WATER HEATER	HEATING SYSTEM
*** POURED CONCRETE	*** COPPER	FUSES	GAS	*** FORCED AIR
CONCRETE BLOCK	*** PVC OR PLASTIC	*** BREAKERS	*** ELECTRIC	BASEBOARD
CONCRETE SLAB	GALVANIZED			HOT WATER
BRICK OR STONE		RATED CAPACITY OF MAIN	184I CAPACITY	
		BREAKERS	100 AMPS	NG FUEL TYPE

BUILT-IN APPLIANCES/EXTRA FEATURES:

STOVE	VACUUM	CENTRAL AIR	SAUNA	SOLARIUM
OVEN	GARBAGE DISPOSAL	AIR CLEANER	WHIRLPOOL	SKYLIGHTS
*** DISHWASHER	FIREPLACE(S)	SECURITY SYSTEM	SWIMMING POOL	GARAGE OPENER

BASEMENT FINISHES, UTILITY: No basement

GARAGES/CARPORTS: 2 assigned carport stalls, with storage lockers

DECKS, PATIOS, OTHER IMPROVEMENT: Exposed aggregate balcony

COMMENTS: Building, appearance, quality of construction, condition: Subject is new construction, unoccupied in good condition. Access by interior stairway to landing and living area. Open plan, living, dining, kitchen with access to balcony; 2x4 piece bathrooms (1 off master bedroom), 3 bedrooms, ensuite laundry. Granite counters, 4" baseboards, tiled backsplash, "distressed" appearance to all trim and interior doors. Subject described as "bungalow", more akin to single level apartment style. Normal urban services available. Please refer to Special Limitations and Appraiser Certifications.

ROOM ALLOCATION					COST APPROACH						
LEVEL:	FIRST	SECOND	THIRD		BSMT.	SOURCE OF COST DATA:	MS	MANUAL	LOCAL CONTRACTOR	OTHER	
ROOMS:						LAND VALUE:	N/A				\$
ENTRANCE	2					BUILDING			COST NEW	DEPRECIATED COST	
LIVING	1					COST	N/A @ \$		\$	0	
DINING	1					GARAGE:			\$	\$	
KITCHEN	1					BASEMENT FINISH:			\$	\$	
FULL BATH	2								\$	\$	
PART BATH						OTHER EXTRAS			\$	\$	
BEDROOM	3								\$	\$	
FAMILY									\$	\$	
LAUNDRY	1								\$	\$	
OTHER(S)						TOTAL REPLACEMENT COST:			\$	0	
						LESS: ACCRUED DEPRECIATION	0%	\$	0	\$	
						INDICATED VALUE:			\$	0	
						INDICATED VALUE FROM THE COST APPROACH			\$		

SALES COMPARISON APPROACH							
ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
		DESCRIPTION	\$ ADJUST	DESCRIPTION	\$ ADJUST	DESCRIPTION	\$ ADJUST
ADDRESS	1004 Graybriar Greens Stony Plain	115,4700-43 Avenue Stony Plain		304 Graywood Mews Stony Plain		300 Graywood Mews Stony Plain	
DATE OF SALE	n/a	07/30/2013		09/13/2013		12/09/2013	
SALES PRICE	n/a	210,000		242,522		263,500	
SITE	common	inferior outlook	10,000	inferior outlook	10,000	inferior outlook	10,000
GLA	129 Sq.M.	112 sqm+/-	35,700	119sqm+/-	21,000	119sqm+/-	21,000
EFF. AGE/COND	<1 Yrs. / good	10Yrs / inferior	10,000	5Yrs / inferior	5,000	5 Yrs / inferior	5,000
DESIGN&APPEAL	1 level apartment	1 level aptmnt grd	2,000	2 storey townhouse		2 storey townhouse	
RMS/BEDS/BATHS	6 / 3 / 2F	5 / 3 / 2F		6 / 3 / 2.5	-2,500	6 / 3 / 2.5	-2,500
BASEMENT	n/a	n/a		Full/undeveloped	-3,000	Full/developed	-15,000
GARAGE/PARKING	2 stalls/assigned balcony	1 u/g titled stall none	-10,000 2,500	1 car attached deck	-15,000	1 car attached deck	-15,000
						fireplace	-4,500
ADJUSTED VALUES/NET ADJUSTED TOTALS		33.4% 23.9%	260,200	23.3% 6.4%	258,022	27.7% -0.4%	262,500

CONCLUSIONS: Comparables represent sales in the subject market area considered to be most similar to the subject. Comparables identical to the subject are very limited, however those selected for comparison purposes are of similar accommodation, utility, age and accessible to key facilities and services. Adjustments applied for square footage, facilities, age and condition.

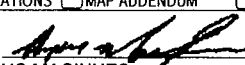
INDICATED VALUE FROM THE SALES COMPARISON APPROACH \$ 260,000

FINAL DETERMINATION OF VALUE/COMMENT ON REASONABLE EXPOSURE TIME: The final estimate of value relies exclusively on the Sales Comparison Approach. Reasonable exposure time is considered to be 120 days taking into consideration type of property, location, asking price and time of year offered for sale.

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.) A review of the property history indicates that the subject has been listed for sale within the past 3 years. Listing dated August 7, 2013, list price \$279,000, listing cancelled January 20, 2014. Comparable photos have been extracted from Multiple Listing System and are assumed to be accurate.

AS A RESULT OF MY APPRAISAL AND ANALYSIS IT IS MY OPINION THAT THE MARKET VALUE OF THE SUBJECT PROPERTY AS OF January 24, 2013
IS \$ 260,000 THIS REPORT WAS COMPLETED ON 01/27/2014

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

SIGNATURE 	DESIGNATION DAC, DRP, IFAS, Cert App	SIGNATURE _____	DESIGNATION _____
NAME ANGUS MACINNES	VIEWED PROP. (DATE)	NAME _____	VIEWED PROP. (DATE)
CNARE/AB LIC# 0188-14	January 24, 2014		

SALES COMPARISON APPROACH									
ITEM	SUBJECT PROPERTY	COMPARABLE NO. 4		COMPARABLE NO. 5		COMPARABLE NO. 6			
		DESCRIPTION	\$ ADJUST.	DESCRIPTION	\$ ADJUST	DESCRIPTION	\$ ADJUST		
ADDRESS	1004,Graybriar Greens	207,7803 Golf Course Road							
	Stony Plain	Stony Plain							
DATE OF SALE	n/a	4/30/2013							
SALE PRICE	n/a	282,000							
SITE	common	Superior outlook							
SIZE GLA	129 Sq.M.	123 sqm+/-	12,600						
EFF. AGE/COND	<1 Yrs. / good	4Yrs / inferior	4,000	/		/			
DESIGN&APPEAL	1 level apartment	1 level apartment							
RMS/BEDS/BATHS	6 / 3 / 2F	6 / 2 / 2F		/ /		/ /			
BASEMENT	n/a	n/a							
GARAGE/PARKING	2 stalls/assigned	1 u/g titled stall	-15,000						
	balcony	balcony							
		F/P; AC	-10,000						
		Social amenities	-15,000						
ADJUSTED VALUES/NET ADJUSTED TOTALS		20.1%	-8.3%	258,600	0.0% 0.0%	0 0.0% 0.0%	0		
CONCLUSIONS:									

APPRAISAL REPORT

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuring the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what they consider their best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in the currency of use in the country where the property is located or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

CONTINGENT AND LIMITING CONDITIONS:

1. The appraiser is not responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. The appraiser may provide a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size. All improvements were measured in compliance with the current guidelines of the American National Standards Institute (ANSI).
3. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
4. The appraiser has estimated the value of the land in the cost approach at its highest and best use and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.
5. The appraiser has noted in the appraisal report any adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the viewing of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not qualified in any way through experience or education in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
7. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
8. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workpersonlike manner.
9. The appraiser must provide his or her prior expressed written consent before the lender and or client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower, the mortgagee or its successors and assigns, and the mortgage insurer. The appraiser's expressed written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

APPRAISER'S CERTIFICATION: The appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties that I consider most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that in my opinion have an impact on value in my development of my opinion of market value in this appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form or as stated in the appraisal report.

APPRAISAL REPORT

4. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in any transaction that may involve the property being appraised. I did not base, either partially or completely, my analysis and/or my opinion of market value in the appraisal report on the race, color, religion, sex, disability, familial status, or national origin of either the present owners, prospective owners, or present occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.

5. I have no present or contemplated future interest in the subject property, and neither my current or future employment, nor my compensation for performing, this appraisal is contingent upon the appraised value of the property.

6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value opinion, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.

7. I have diligently attempted to perform this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value.

8. I have personally viewed at least the exterior areas of the subject property and exterior of all properties listed as comparables, where applicable, in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements or on the subject site of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions, if any on the marketability of the subject property.


9. I personally prepared all conclusions and opinions about the real estate that are set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the appraisal report. I certify that any individual so named is qualified to perform the tasks. Unless otherwise noted in the report, I have not authorized anyone to make a change to any item in the report. I am therefore not responsible for any unauthorized change made to the appraisal report.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervised the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications number 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

NOTWITHSTANDING COMMENT # 8 ABOVE, NO EXTERIOR VIEWING OF COMPARABLES WAS UNDERTAKEN. ANY COMPARABLE PHOTOGRAPHS INCLUDED IN THE REPORT HAVE BEEN EXTRACTED FROM THE MLS DATABASE, UNLESS OTHERWISE NOTED, AND ARE ASSUMED TO BE REPRESENTATIVE OF THESE PROPERTIES.

ADDRESS OF PROPERTY APPRAISED: 1004, Graybriar Greens, Stony Plain, AB T7Z0G1

APPRAISER:

Signature: 
 Name: ANGUS MACINNES
 Designation: DAC, DRP, IFAS, Cert App Revr
 Date signed: 01/27/2014

SUPERVISORY APPRAISER: (only if required)

Signature: _____
 Name: _____
 Designation: _____
 Date signed: _____

☐ Did ☐ Did Not View Property

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 current use, MULTIFAMILY 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 NOT APPLICABLE 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 Arres Group of Companies (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: This appraisal and appraisal report has been completed by a qualified appraiser who is Licensed by the Real Estate Council of Alberta and Certified by the Canadian National Association of Real Estate Appraisers, a professional appraisal organisation. The Cost Approach has not been considered a reliable indicator of value as it is impractical for an ordinary buyer to consider the construction of one unit in a condominium complex.
The Income Approach to value has not been performed as properties like the subject are typically purchased for occupancy rather than revenue.

APPRAISER:

SUPERVISORY APPRAISER (only if required):

Signature:

Name: ANGUS MACINNESDesignation: DAC, DRP, IFAS, Cert App RevrDate Signed: 01/27/2014

Signature: _____

Name: _____

Designation: _____

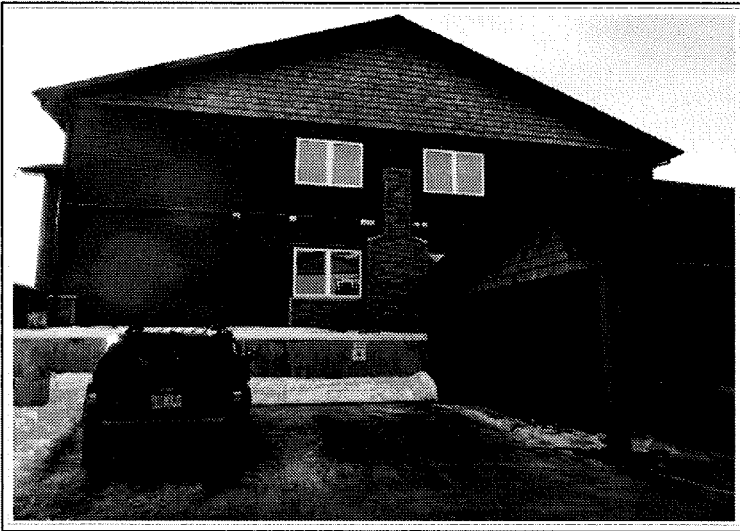
Date Signed: _____

☐ DID ☐ DID NOT VIEW PROPERTY

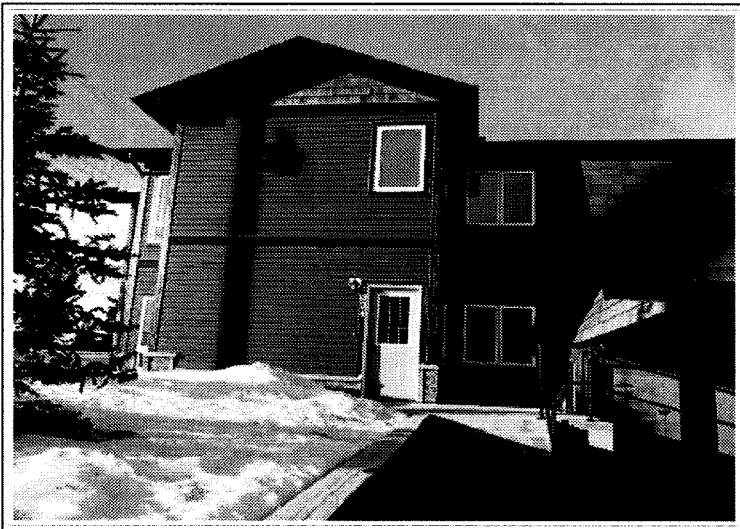
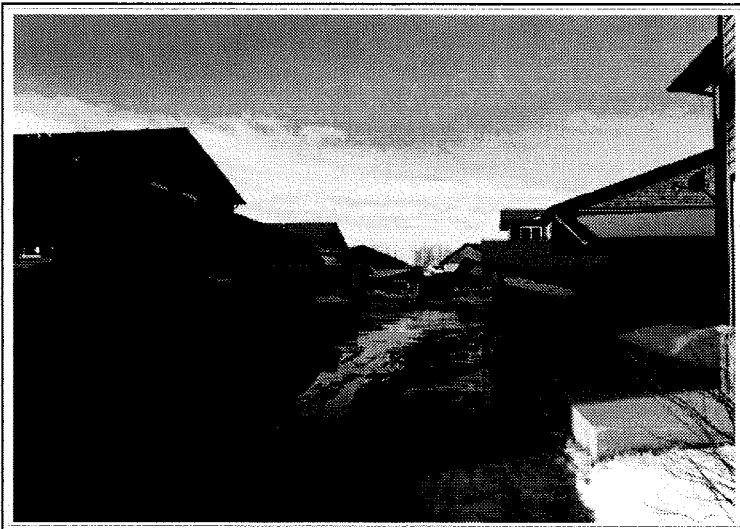
SUBJECT PROPERTY PHOTO ADDENDUM

414

Borrower: Arres Group of Companies		File No.: 20140110
Property Address: 1004, Graybriar Greens		Case No.:
City: Stony Plain	Prov.: AB	P.C.: T7Z0G1
Lender: Arres Group of Companies		

FRONT VIEW OF
SUBJECT PROPERTY

Appraised Date: January 24, 2014
Appraised Value: \$ 260,000

REAR VIEW OF
SUBJECT PROPERTY

STREET SCENE

Borrower: Arres Group of Companies		File No.: 20140110
Property Address: 1004, Graybriar Greens		Case No.:
City: Stony Plain	Prov.: AB	P.C.: T7Z0G1
Lender: Arres Group of Companies		



Kitchen



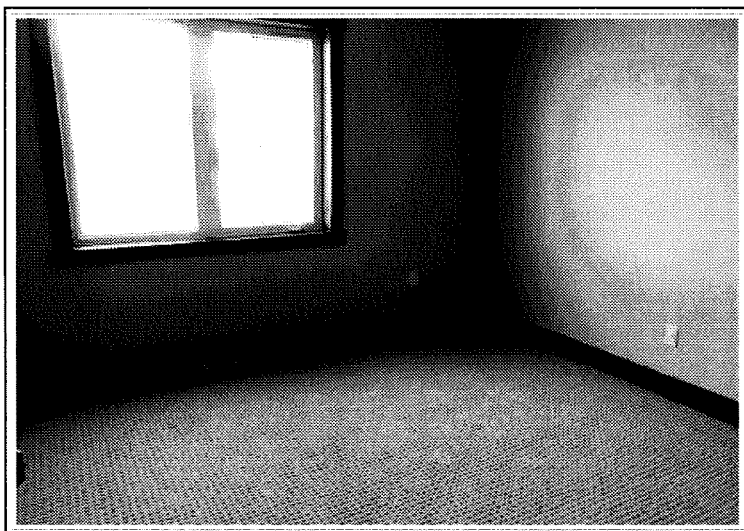
Dining - doors to exposed aggregate balcony

Living room -504 similar to 1004
(Camera malfunction on location)

Borrower: Arres Group of Companies	File No.: 20140110
Property Address: 1004, Graybriar Greens	Case No.:
City: Stony Plain	Prov.: AB P.C.: T7Z0G1
Lender: Arres Group of Companies	



main bathroom



secondary bedroom (1 of 2)



master bath

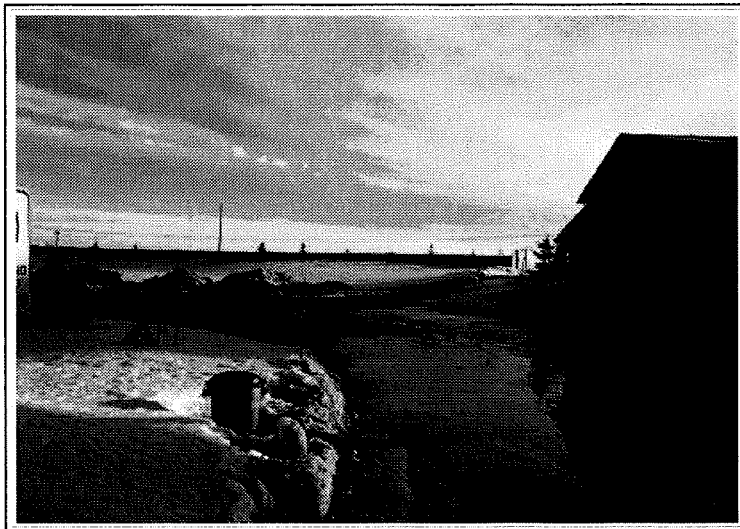
Borrower: Arres Group of Companies	File No.: 20140110
Property Address: 1004, Graybriar Greens	Case No.:
City: Stony Plain	Prov.: AB P.C.: T7Z0G1
Lender: Arres Group of Companies	



master bedroom



Outlook to golf course



alternate street view

FLOORPLAN

Borrower: Arres Group of Companies

File No.: 20140110

Property Address: 1004, Graybriar Greens

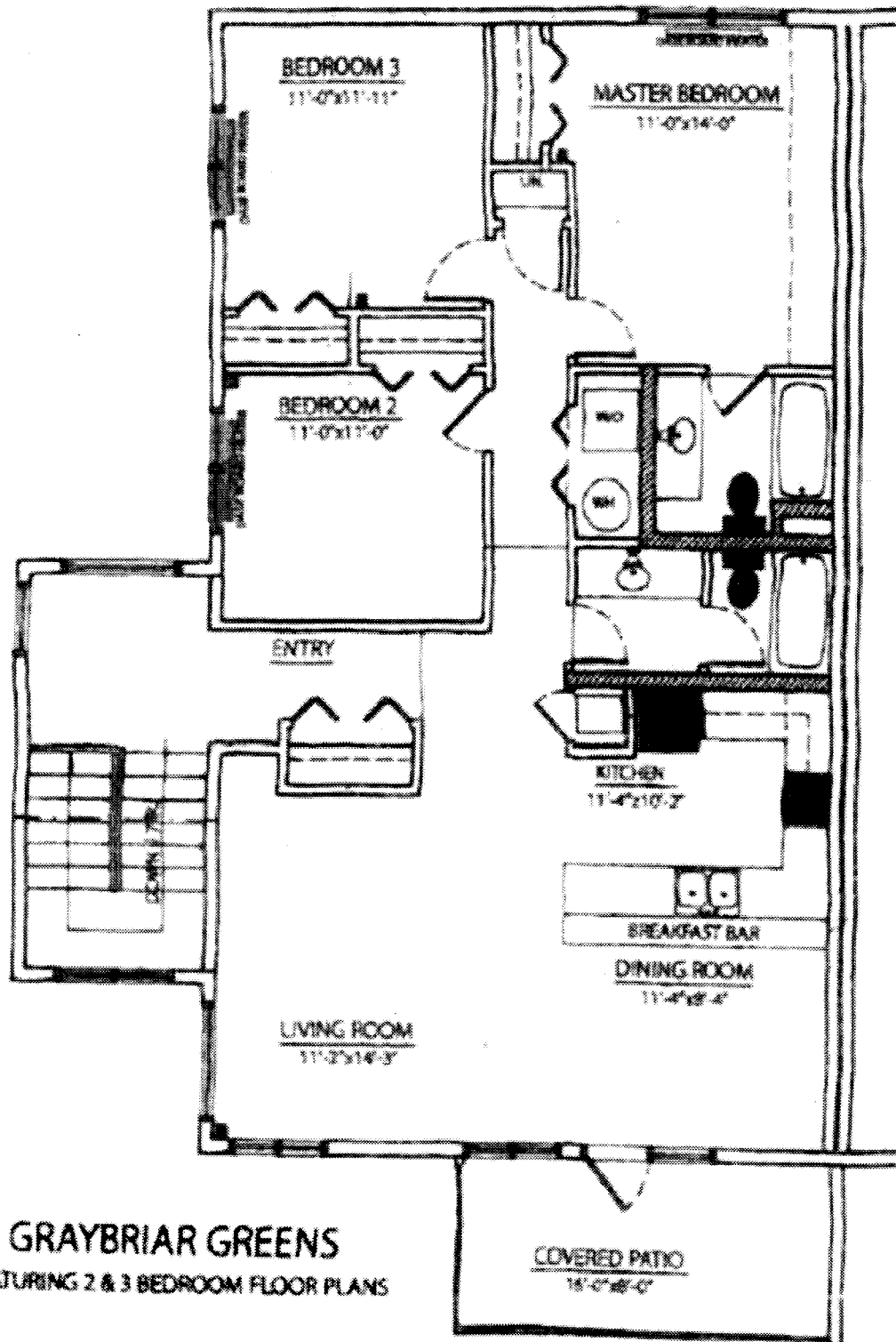
Case No.:

City: Stony Plain

Prov.: AB

P.C.: T7Z0G1

Lender: Arres Group of Companies

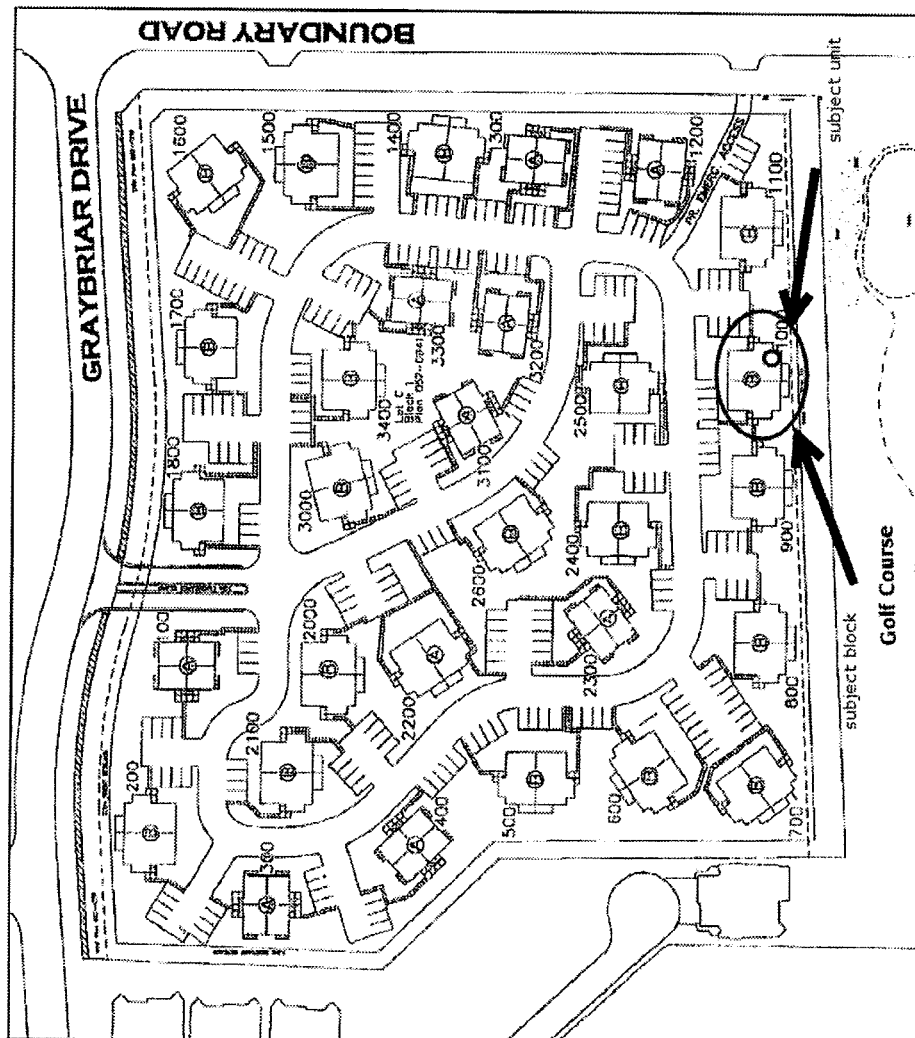


PLOT MAP

Borrower: Arres Group of Companies
 Property Address: 1004, Graybriar Greens
 City: Stony Plain
 Lender: Arres Group of Companies

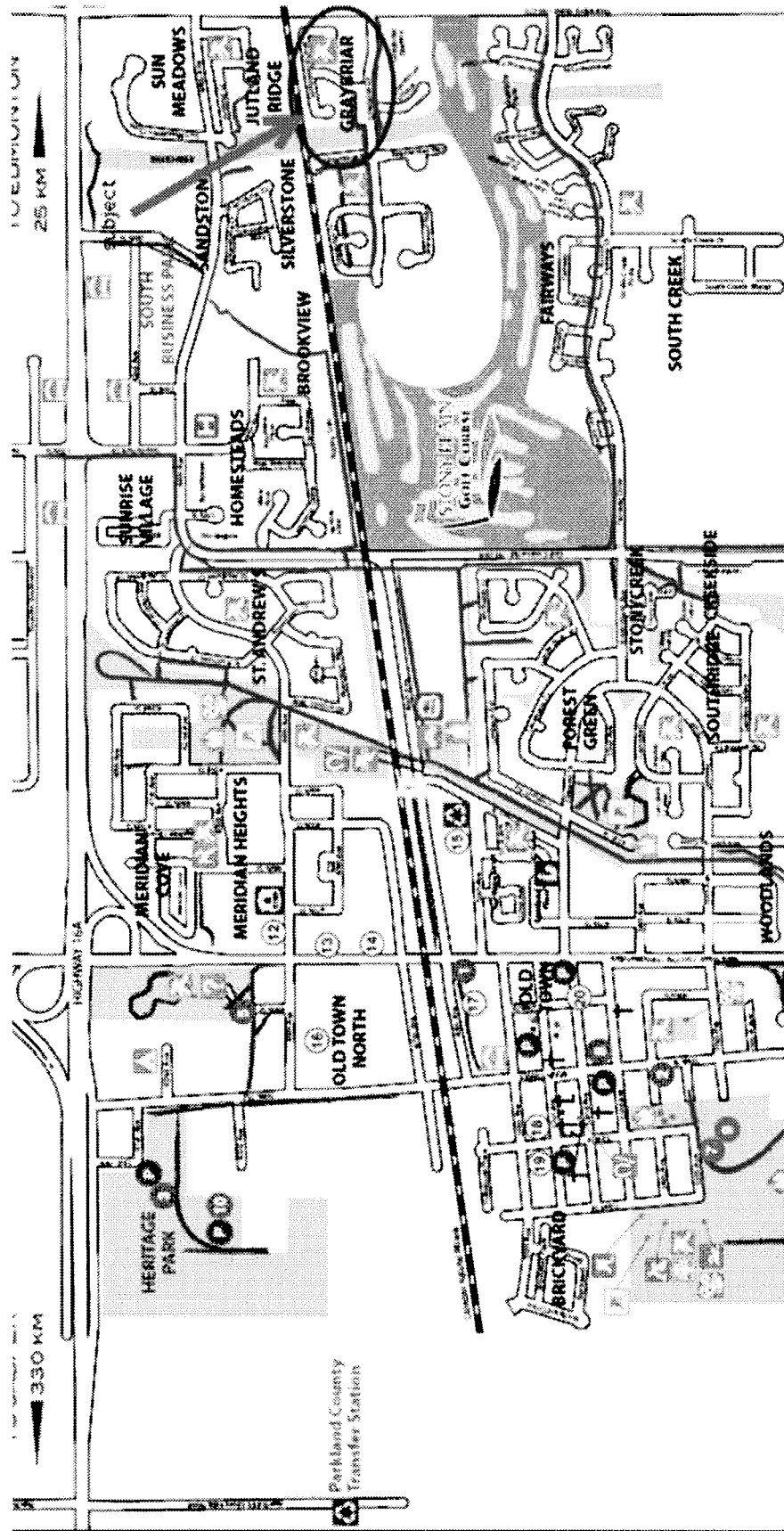
File No.: 20140110
 Case No.:
 Prov.: AB P.C.: T7Z0G1

Graybriar Greens
 Stony Plain T7Z 0G1



LOCATION MAP

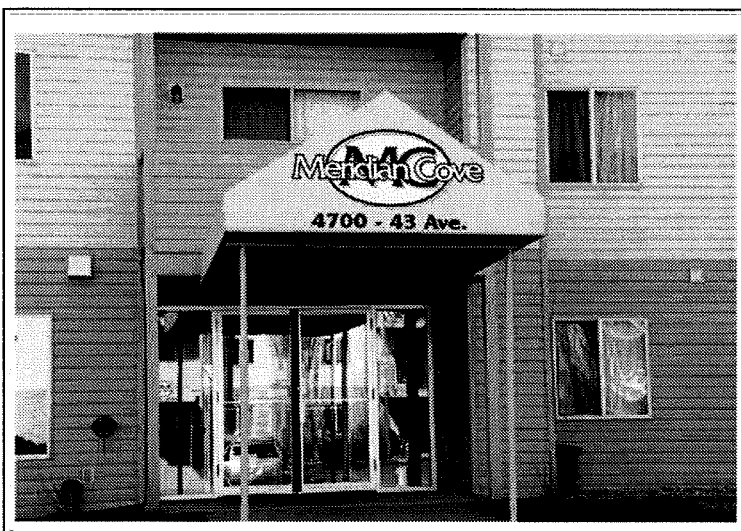
Borrower: Arres Group of Companies	File No.: 20140110
Property Address: 1004, Graybriar Greens	Case No.:
City: Stony Plain	Prov.: AB P.C.: T7Z0G1
Lender: Arres Group of Companies	



COMPARABLE PROPERTY PHOTO ADDENDUM

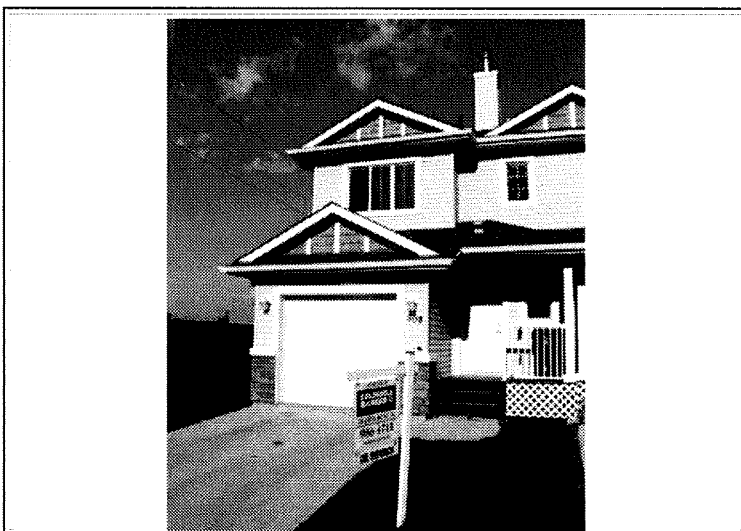
421

Borrower: Arres Group of Companies		File No.: 20140110
Property Address: 1004, Graybriar Greens		Case No.:
City: Stony Plain	Prov.: AB	P.C.: T7Z0G1
Lender: Arres Group of Companies		



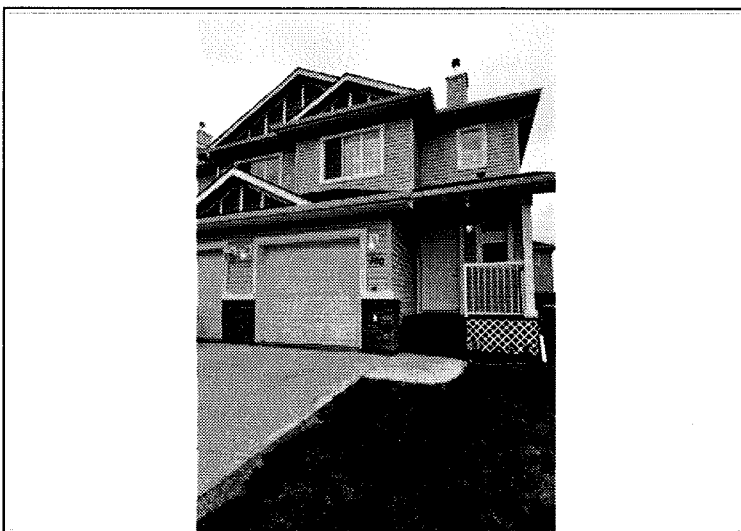
COMPARABLE SALE #1

115,4700-43 Avenue
Stony Plain
Sale Date: 07/30/2013
Sale Price: \$ 210,000



COMPARABLE SALE #2

304 Graywood Mews
Stony Plain
Sale Date: 09/13/2013
Sale Price: \$ 242,522



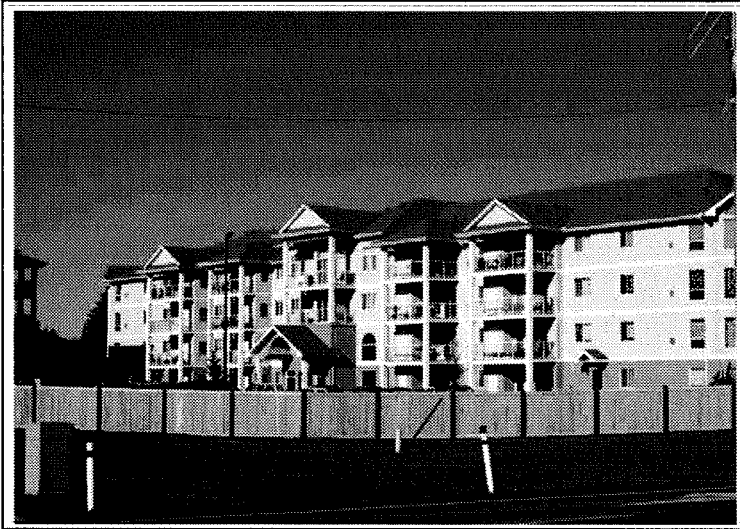
COMPARABLE SALE #3

300 Graywood Mews
Stony Plain
Sale Date: 12/09/2013
Sale Price: \$ 263,500

COMPARABLE PROPERTY PHOTO ADDENDUM

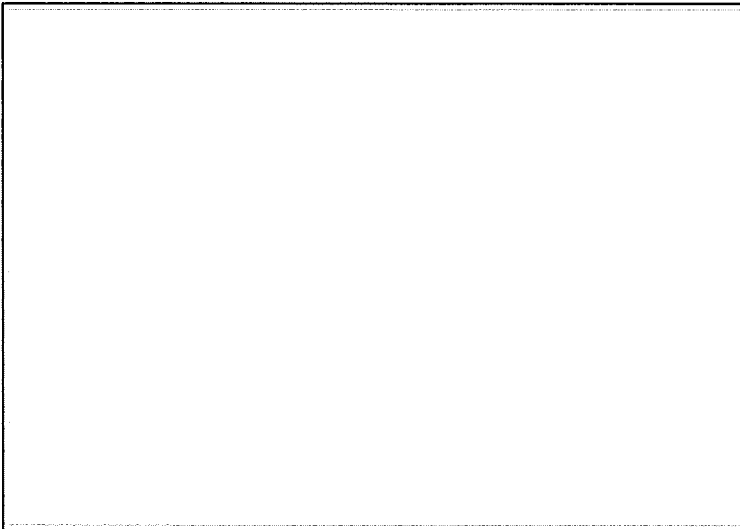
422

Borrower: Arres Group of Companies		File No.: 20140110
Property Address: 1004, Graybriar Greens		Case No.:
City: Stony Plain	Prov.: AB	P.C.: T7Z0G1
Lender: Arres Group of Companies		



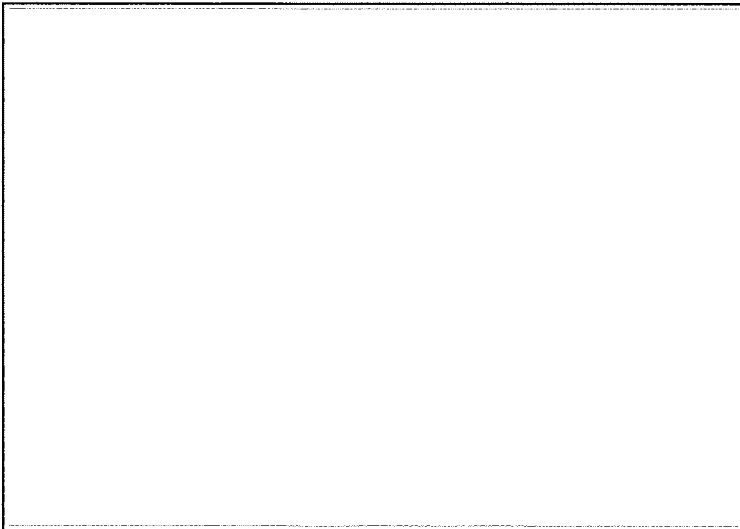
COMPARABLE SALE #4

207,7803 Golf Course Road
Stony Plain
Sale Date: 4/30/2013
Sale Price: \$ 282,000



COMPARABLE SALE #5

Sale Date:
Sale Price: \$

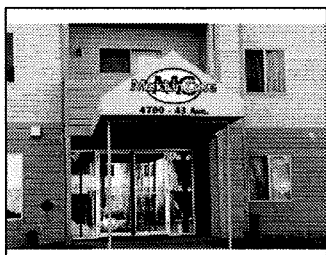


COMPARABLE SALE #6

Sale Date:
Sale Price: \$

Some Properties For Your Consideration . . .

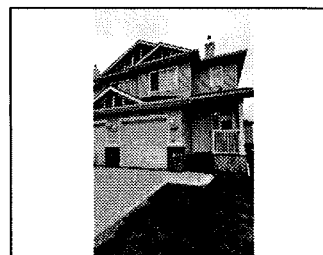
Presented by: Angus MacInnes
 Angus MacInnes Appraisals
angus@macinnesappraisals.com
 Phone: 780-499-5657
 Fax: 780-453-6060



115 4700 43 AV



304 GRAYWOOD ME



300 GRAYWOOD ME

ML#	E3341588	E3347603	E3341437
Status	Sold	Sold	Sold
Community	Meridian Heights	Graybriar	Graybriar
City:	Stony Plain	Stony Plain	Stony Plain
Type	Lowrise Apartment	Townhouse	Townhouse
Style	Multi Level Apartment	2 Storey	2 Storey
TotSqFt/SqMtrs	1,205.57 SqFt / 112.000 SqM	1,275.53 SqFt / 118.500 SqM	1,275.00 SqFt / 118.450 SqM
Year Built	2002	2008	2008
Remodeled	No	No	No
Total Rms:	6	5	6
# Bedrooms	3	3	3
# Full Baths	2	2	2
# Half Baths		1	1
# Finished Fpl		1	1
Flooring	Carpet, Ceramic Tile	Carpet, Laminate Flooring	Carpet, Linoleum
Construction	Wood Frame	Wood Frame	Wood Frame
Foundation	Concrete	Concrete	Concrete
Basement	None/	Full/Unfinished	Full/Fully Finished
Roof	Asphalt Shingles	Asphalt Shingles	Asphalt Shingles
Parking		Single Garage Attached	Single Garage Attached
Exterior Features	Vinyl	Vinyl Deck	Wood Shingle Deck, Detectors Smoke, No Animal Home, No Smoking Appliances Included, Fireplaces
Amenities	Balconies, Laundry-In-Suite, Parking-Visitor, Elevator	None	
Site Influences	Golf Nearby, Schools, Shopping Nearby	None	Flat Site, Golf Nearby, Landscaped, Schools
Lot Sq Mtrs			
Lot Dim Info			
List Price	\$ 215,979	\$ 239,900	\$ 267,900
List Pr/SqM	\$ 1,928	\$ 2,024	\$ 2,262
Sold Price	\$210,000	\$242,522	\$263,500
Sold Date	07/30/13	09/13/13	12/09/13
Sold \$/SqM	\$1,875	\$2,047	\$2,225
Tax Amount 201	\$ 1,737	\$ 1,803	\$ 1,877
Listed by:	Bonnie Campbell Office: Royal Lepage Westgate Re 780-962-4950	Del Sveinsson Office: Coldwell Banker Haida Real 780-986-4711	Rod Thompson Office: Sellerinvite.Com (Edmontor 780-994-9998

Some Properties For Your Consideration . . .

Presented by: Angus MacInnes
 Angus Macinnes Appraisals
angus@macinnesappraisals.com
 Phone: 780-499-5657
 Fax: 780-453-6060



207 7803 Golf Course RD

ML#	E3313801
Status	Sold
Community	High Park_STPL
City:	Stony Plain
Type	Lowrise Apartment
Style	Single Level Apartment
TotSqFt/SqMtrs	1,318.59 SqFt / 122.500 SqM
Year Built	2004
Remodeled	No
Total Rms:	6
# Bedrooms	2
# Full Baths	2
# Half Baths	
# Finished Fpl	1
Flooring	See Remarks
Construction	Wood Frame
Foundation	Concrete
Basement	None/
Roof	Asphalt Shingles
Parking	Underground
Exterior Features	Stucco
Amenities	Air Conditioning-Central, Elevator Passenger, Car Wash,
Site Influences	See Remarks
Lot Sq Mtrs	
Lot Dim Info	
List Price	\$ 289,900
List Pr/SqM	\$ 2,367
Sold Price	\$282,000
Sold Date	04/30/13
Sold \$/SqM	\$2,302
Tax Amount 201	\$ 2,179
Listed by:	Heather Dunne Office: Countryside Realty 780-892-4440

Undertaking 13

SCHEDULE "A"
FURTHER TERMS AND CONDITIONS

This Commitment is conditional upon the following terms and conditions, any or all of which may be waived at the sole discretion of the Lender.

A. Disbursement of Funds:

The Loan funds will be disbursed upon all of the conditions herein being fulfilled, and the mortgage security and all other security being registered free and clear of all financial encumbrances, except those encumbrances approved by the Lender in the preceding commitment letter.

B. Appraisal:

It is a condition of this commitment and the advance of the Loan that the Lender receives a copy of a satisfactory appraisal addressed to the Lender and from an appraiser approved by the Lender.

C. Survey:

It is a condition of this commitment and the advance of the loan that the Lender receive a survey or real property certificate addressed to the Lender prepared by a provincially licensed Land Surveyor indicating the boundaries of the property, the location of the improvements thereon and certification that all improvements are wholly within the boundaries of the property or where such is not the case specific identification of encroachments and that the location of the improvement is in compliance with all municipal and civic siting bylaws and regulations. A survey not older than one year from the date of this commitment shall be acceptable provided that there have not been any alterations or additions to the exterior of the building from the date of the survey. The cost of the survey is to be borne by the Borrower.

D. Insurance:

Please see attached Schedule "B" for insurance requirements.

E. Taxes:

Taxes, levies and utility charges shall be in a current position at the time of the advance or shall be brought into a current position by the solicitors for the Lender. The Lender may require that monthly instalments in an amount equal to 1/12 of the estimated annual property taxes on the Lands be paid to the Lender at the time of each instalment of principal and interest under the mortgage so as to enable the Lender to pay the Property taxes when due.

F. Sale of Property:

The whole of the amount outstanding on the Loan, including interest shall be due and payable, at the option of the Lender, if there is, in the opinion of the Lender any sale or agreement to sell in trust or otherwise, any Lands mortgaged or charged in favour of the Lender or in which the Lender has a security interest.

G. Change of Control:

If the Borrower is a corporation, the whole of the Loan amount outstanding on the Loan, including interest, shall be due and payable, at the option of the Lender, if there is, in the opinion of the Lender an effective change of control of the Borrower after the date hereof.

H. Mortgage Registration:

It is understood that neither the preparation nor the registration of any of the documents contemplated herein shall bind the Lender to advance the funds or any un-advanced portion thereof, it being agreed that the advance of funds or any part thereof from time to time shall be contingent upon the Borrower observing and performing all of the Borrower's covenants herein and the Lender being satisfied that all conditions precedent to funding have been fulfilled and complied with.

I. Documentation:

The preparation of all security documents and all other documentation in connection with the Loan, including registration thereof, shall be done by the solicitors for the Lender, and the cost thereof, including all legal, appraisal, inspection, survey and other professional fees and expenses shall be the responsibility of the Borrower and may, at the option of the Lender, be deducted from the Commitment Fee or from the proceeds of the Loan.

J. Solicitor's Opinion:

The whole of these arrangements shall be subject to the solicitors for the Lender being satisfied as to the title of the Lands, the form and content of the security documents, the corporate status of the Borrower if the Borrower is a corporation and as to all legal matters pertaining to the loan and compliance with the conditions herein, subject always to the right of the solicitors for the Lender to require an opinion from the solicitors for the Borrower pertaining to any of the aforesaid.

K. Joint Obligations:

If the Borrower is comprised of more than one person, the obligations of the Borrower herein shall be the joint and several obligations of all and each of the persons comprising the Borrower and every reference to the Borrower shall be deemed to be a reference to all and each of the persons comprising the Borrower.

L. No Assignment:

This commitment may not be transferred or assigned by the Borrower.

M. Non-Merger:

Neither the execution nor registration of the mortgage nor the advance of the Loan or any part thereof will relieve the Borrower from any obligations or conditions herein. If the provisions of the mortgage or other documents executed pursuant hereto conflict with the provisions of the mortgage commitment, the mortgage documents shall prevail.

N. Commencement of Interest Computation:

Interest on the Loan shall commence to accrue as and from the day the proceeds of the Loan are forwarded to the solicitors for the Lender, notwithstanding that proceeds may not actually be received by the Borrower on that day.

O. Rental Account:

If the Property is a rental producing property, the Borrower shall, unless the Lender otherwise agrees, maintain with the Lender an account to which all rents from the Lands will be deposited and from which all outgoings with respect to the Lands will be paid. The Lender agrees that this clause will only come into effect if the mortgage fails to remain in good standing.

P. Hazardous Substances Indemnity:

In addition to any liability on the Borrower under any instrument evidencing or securing the Loan indebtedness, the Borrower shall be liable for any and all of the Lender's costs, expenses, damages or liabilities, including, without limitation, all reasonable solicitor's fees, directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the real property security of any hazardous or noxious substances and such liability shall be evidenced in a manner satisfactory and sufficient, in the opinion of the Lender and its solicitors, to survive foreclosure of mortgage or a deed in lieu thereof or any other exercise by the Lender of any remedies available to it for any default under the mortgage Loan.

Q. Amendments to Contract:

Neither this commitment nor any provision thereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought and by a duly authorized officer of the Lender.

R. Time of Essence:

Time shall be of the essence in all respects of this agreement.

S. Waiver:

The Lender's failure to insist upon a strict performance of any obligation or covenant of this commitment by the Borrower or to exercise any option or right herein shall not be a waiver, or relinquishment for the future of such obligation or covenant, option or right, but the same shall remain in full force and effect and the Lender shall have the right to insist upon the strict performance by the mortgagor of any and all of the terms and provisions of this commitment and the mortgage documentation.

T. Interpretation of Contract:

This agreement shall be interpreted in accordance with the laws of the province in which the Lands are situate.

Undertaking 14A

[illegible]

CLERK OF THE COURT - COUNTER CLERK OF THE COURT INDEX SEARCH BY NAME PROVINCE WIDE INDEX SEARCH BY NAME PROVINCE WIDE

SEARCH : LAST/COMPANY NAME: 1798582 ALBERTA L LAST/COMPANY NAME: 1798582 ALBERTA L COMPANY: Y
CRITERIA : FIRST NAME: INITIAL: NAME TYPE: D JURISDICTION Q VS: NAME TYPE: D JURISDICTION Q

[illegible]

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SELECT ALL FILES : Y
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SELECT BY FILE # : N STARTING: 79 ENDING: 14

[illegible]

*****END OF REPORT*****

4317

BANKRUPTCY INDEX SEARCH BY NAME PROVINCE WIDE

SEARCH : LAST/COMPANY NAME: 1798582 ALBERTA L
CRITERIA : FIRST NAME: INITIAL:
NAME TYPE: B JURISDICTION B VS:

REPORT	COMMENT	:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464
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SELECT ALL FILES : Y

SELECT BY FILE # : N STARTING: 79 ENDING: 14

STARTING DOCUMENT	LAST STATUS DATE	LAST STATUS DESCRIPTION	PREVIOUS COURT	PREVIOUS COURT DATE	PREVIOUS COURT TYPE
100-1000000000	10/1/1999	100-1000000000	100-1000000000	10/1/1999	100-1000000000

*****END OF REPORT*****

Undertaking 14B

[illegible]

CLERK OF THE COURT - COUNTER INDEX SEARCH BY NAME PROVINCE WIDE:

SEARCH : LAST/COMPANY NAME: SERRA
CRITERIA : FIRST NAME: STACI
NAME TYPE: D JURISDICTION Q VS:

REPORT COMMENT : [REDACTED]

[illegible]


SELECT BY FILE # : N STARTING: 79 ENDING: 14

[illegible]

ACTION NO: Q0701 13112 SERRA, STACIA * VS. ILICH, NIKOLA ILICH, GRGO *

STATEMENT CLAIM JUDGMENT 01AUG2012 DISCONTINUANCE OF CLAIM

ACTION NO: Q1301 07437 SERRA, STACIA ANNO: Q1804 07VSF BULLAS, MICHELLE S. ANNO: Q1804 07AGS RUISTERA, MISTINEE S. ANNO: Q1804 07AMT
ORIG APP TERM CO-OWNERSHP

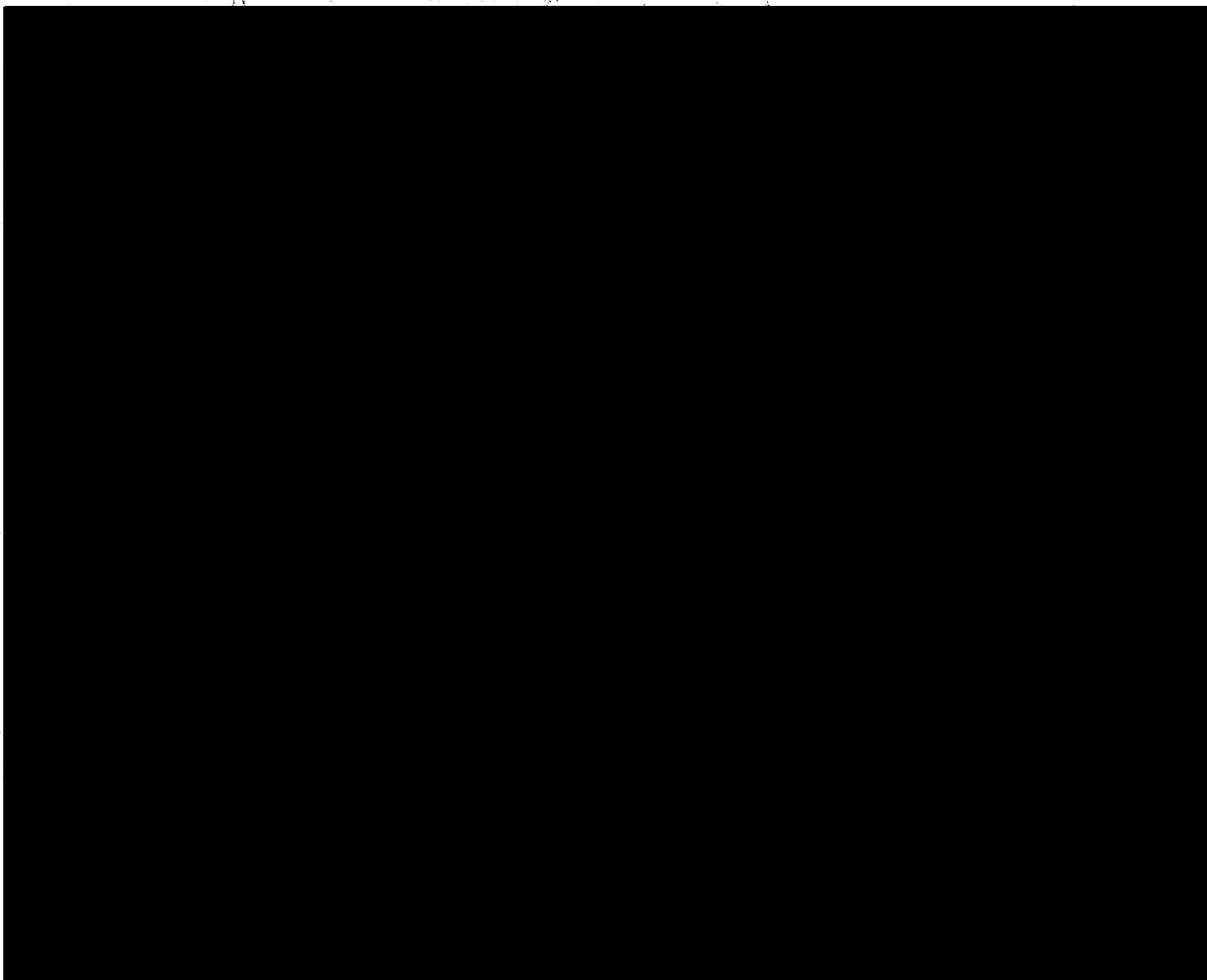


*****END OF REPORT*****

①

Undertaking 14C

Schofield, Lava



From: Ryan Pelletier [mailto:RPelletier@pelletierlaw.ca]

Sent: February-10-14 2:43 PM

To: Schofield, Lava

Cc: Sherry Fallon; Karen Bradley; Lidster, Terence G.

Subject: RE: Loan to 1798582 Alberta Ltd.

Ms. Schofield,

Further to your email below inquiring as to the details of *Michelle S. Bullas v. Stacia Serra, Arres Holdings Ltd., and Access Mortgage Corporation (2004) Limited* as Court Action No. 1301-07437 (the "Action"), I have been asked by Mr. Forrest's office to reply as I am counsel handling the matter for Arres Holdings and Mrs. Serra.

The issue in the Action is, exclusively, Ms. Bullas' Application to interplead disputed funds from her trust account and Arres Holdings/Mrs. Serra's subsequent Application to have the funds released to them.

Ms. Bullas is a lawyer here in Calgary who received funds into her trust account from a numbered company that owns the property for one of the projects that Arres Capital was involved in. Concurrent with the funds, Ms. Bullas also received a Direction to Pay which required the release of funds to a number of parties including Arres Holdings and Mrs. Serra. Prior to Ms. Bullas releasing the funds she received a verbal and written demand from Access Mortgage that involved Access Mortgage taking the position that the funds could not be released to Arres Holdings or Stacia Serra due to a *Statute of Elizabeth* argument that Access Mortgage could put forward due to a Judgment which Access Mortgage then had against Arres Capital. The original interpleader Application was otherwise to be heard in June 2013, during the week of the flood, and as a result of the scheduling issues caused by the flood and the desire on all parties to allow release of the undisputed funds, counsel for the parties entered a Consent Order which allowed the release of all but the disputed funds from Ms. Bullas' trust account, subject to further agreement of the parties or Court Order.

The relevant Order which Access Mortgage has against Arres Capital was stayed in full by the Court of Appeal in November 2013. I was in Court last Tuesday, February 4, 2014 as counsel for Arres Holdings and Mrs. Serra on their Application to have the disputed funds released to them on the basis that Access Mortgage's position vis-à-vis the *Statute of Elizabeth* is without merit. Last Tuesday Justice Wilkins adjourned my clients' Application to be heard at a Justice Special, but did see fit to generally comment on the low chance of success of Access Mortgage's position without more evidence in support.

I view my clients' chances of success as quite favourable (a comment I do not make lightly) and can advise that there is no particular exposure to Mrs. Serra whatsoever. The only "exposure" that Mrs. Serra has in the Action is that her small percentage of the funds being held in Ms. Bullas trust account will not be released to her. There is approximately \$125,000 in Ms. Bullas' trust account and Mrs. Serra is entitled to approximately 15% of that amount.

I trust this answers your inquiries, below, but please feel free to contact me directly should you require further information on this matter.

Regards,

Ryan P. Pelletier

Litigator

D. 403.407.2630

E. rpelletier@pelletierlaw.ca



350, 444 – 5th Avenue S.W.

Calgary, AB T2P 2T8

M. 403.407.2600

F. 403.407.2601

www.pelletierlaw.ca

From: Karen Bradley [mailto:karen@reallaw.biz]

Sent: February-10-14 2:11 PM

To: Ryan Pelletier

Cc: Wes Serra

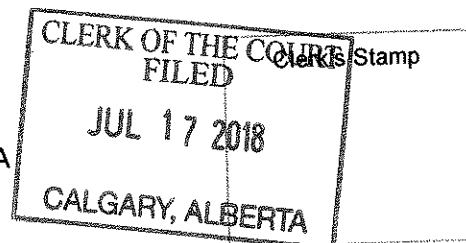
Subject: FW: Loan to 1798582 Alberta Ltd.

Good afternoon Ryan:

Are you able to respond to Terry Lidster on this?

COURT FILE NUMBER**1401-12431****COURT****COURT OF QUEEN'S BENCH OF ALBERTA****JUDICIAL CENTRE****CALGARY****APPLICANT****ACCESS MORTGAGE CORPORATION (2004) LIMITED****RESPONDENT****ARRES CAPITAL INC.****-and-****COURT FILE NUMBER****0903-17684 and 0903-17685****COURT****COURT OF QUEEN'S BENCH OF ALBERTA****JUDICIAL CENTRE****CALGARY****RESPONDENT (PLAINTIFF)****ARRES CAPITAL INC.****NON-PARTICIPANTS
(DEFENDANTS)****GRAYBRIAR LAND COMPANY LTD. And GRAYBRIAR
GREENS INC.****RESPONDENTS
(NON-PARTIES)**

**RICHCROOKS ENTERPRISES (2000) LTD.,
RICHCROOKS HOLDINGS LTD., 515476 ALBERTA
LTD., DEMEL FINANCIAL CORP., GREENMAR
HOLDINGS INC., ACCESS MORTGAGE INVESTMENT
CORPORATION (2004) LIMITED, 4-A PROFESSIONAL
SERVICES LTD., TEMPEST MANAGEMENT INC.,
HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ
BROS. LIMITED, CHRISTOPHER SCHULTZ
CONSULTING INC., CURLEW FINANCE, PAUL
HORNLYO, MAX FELDMAN, SONYA SMITH,
NORMAN MARTIN, BERNICE MARTIN, R. BRUCE
CARSON, DELORES CARSON, LEELA
KRISHNOMOURTHY, MARGUERITE MCRITCHIE,
PRITI GAUR, MADHU GAUR, WENDY MCKENNA,
JANET LORRAINE WATSON, JIM WATT, GASTO
RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFS,
ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE
KURTZ, KEVEN R. PEDERSEN, SUSAN FINE, CAROL
KIMIYO SEKIYA, HOLLY SEKIYA and STEVEN OGG
TERRAPIN MORTGAGE INVESTMENT CORP.**

**RESPONDENT
(INTERVENOR)****RESPONDENT
(INTERESTED PARTY)****11798583 ALBERTA LTD.**

-and-

COURT FILE NUMBER **1201-16440**
COURT COURT OF QUEEN'S BENCH
JUDICIAL CENTRE CALGARY

PLAINTIFFS KENZIE FINANCIAL INVESTMENTS LTD., SHELLY
 BECK, THERESE F. DAEY, LINDA JAEFER, ANDREW
 LITTLE, LAURIE LITTLE, AGNES M. OBERG, STEVENT
 OGG, LESTER S. IKUTA, BRIAN SEKIYA, HOLLY
 SEKIYA, SANDRA SOMMER, MARION SOMMER,
 ALLAN SOMMER, STEVEN REILLY, SWARTS BROS
 LIMITED and CLARA MAE WOROSCHUK

DEFENDANTS ARRES CAPITAL INC. and WESLEY SERRA

THIRD PARTY Y-K PROJECTS LTD., ALLEN BECK and SHELLY BECK
DEFENDANTS

AFFIDAVIT OF WES SERRA

DOCUMENT

ADDRESS FOR SERVICE **DBH LAW**
AND CONTACT 1200, 1015 – 4th Street S.W.
INFORMATION OF PARTY Calgary, Alberta T2R 1J4
FILING THIS DOCUMENT Attention: Irfan Tharani
 p. (403) 252-9937 f. (403) 263-8529
 Solicitor's File No. 60347

AFFIDAVIT OF WES SERRA

Sworn on this 17th day of July, 2016

1. I am a Respondent in the within action, and as such, have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be on the basis of the information and belief, and where so stated, I verily believe the same to be true.

Graybriar Land Company Ltd. and Graybriar Greens Inc ("Graybriar").

2. Arres is a corporation registered to carry on business in the Province of Alberta and is owned 100% by Mr. Wesley Serra ("Arres").
3. Arres was a full service mortgage brokerage firm specializing in unconventional financing solutions, which would include but not limited to all types of residential and

commercial, first and second mortgages, builders mortgages, debt consolidations and interim financing. As part of its business, Arres arranges mortgage loans with borrowers, raises the mortgage funds through a group of private investors and then administers the mortgages (trustee) on behalf of the investors.

4. Arres, acting as trustee for 76 investors, approved a mortgage to Graybriar in the amount of \$9,700,000, for a period of one year, renewable at the discretion of Arres (the "Graybriar Mortgage"). A letter dated August 10th, 2007, a draft of which has been included to this affidavit as Exhibit "A" captures the terms and conditions of Graybriar Mortgage.
5. On or about November 2, 2007, Arres made an agreement to purchase \$200,000 of shares in Grand Lion Entertainment Group Ltd (the "Grand Lion Assignment"). The assignment is attached to this affidavit as Exhibit "B".
6. Arres, paid \$50,000 towards the purchase. This is evidenced by the cheque attached to this affidavit as Exhibit "C".
7. 875892 Alberta Ltd., a company registered and operating in Alberta, whose sole director is Staci Serra ("875"), assumed the remainder of Arres' obligation in the Grand Lion Assignment by providing for the additional \$150,000. This is evidenced by the cheque attached to this affidavit as Exhibit "D".
8. As a result of the contribution made by 875, it received the shares that were otherwise intended for Arres pursuant to the Grand Lion Assignment.
9. Further, and pursuant to the Grand Lion Assignment, 875 agreed to transfer the shares back to Arres upon 875 receiving a mortgage receivable or new mortgage investment of not less than \$250,000 to the sole satisfaction of 875 from Arres. The additional amount was to compensate 875 for its foregone mortgage interest and risk of holding shares in lieu of mortgages as its clear preference.
10. On or about June 25th, 2008, 875 borrowed \$1,524,750 from Access Mortgage. The net proceeds from this loan, after certain debts were paid by Staci, were paid to Arres in exchange for an assignment (the "June Assignment"). The June Assignment is attached to this Affidavit as Exhibit "E".

11. Attached as Exhibit "F" to this affidavit is a Quickbook entry from Arres evidencing \$1,017,487.29 being credited to Arres representing the net proceeds of the loan paid by Staci to Arres.
12. 875 contributed an additional \$300,000 towards the June Assignment as follows. In a document dated June 4th, 2008, states that 875 agreed to sell its interest in the Bankview Mortgage to Access Mortgage for the principal amount of \$300,000 (the "Bankview Sale"). This document is attached to this affidavit as Exhibit "G".
13. The proceeds from the Bankview Sale were to be provided to Arres to be included alongside the net proceeds of the loan paid by Staci to Arres pursuant to the June Assignment. This is evidenced by the document attached to this affidavit as Exhibit "H".
14. The Bank of Montreal deposited \$300,00 pursuant to Bankview Sale to Arres on June 6th, 2008. This is evidenced by the confirmation of deposit form attached to this affidavit as Exhibit "I".
15. As part of the June Assignment Arres assigned all of its account receivables from a number of mortgages, including the Graybriar Mortgage, to 875. A meeting was held to make the investors aware of this arrangement.
16. The Graybriar Mortgage was renewed on November 11, 2008 (the "Renewal Agreement"). A copy of the Renewal Agreement is attached to this affidavit as Exhibit "J".
17. The Renewal Agreement provides that the term of the loan was for one year, renewable at the discretion of the lender and that the first term of the mortgage would mature on September 1, 2008 with a renewal fee not to exceed 2% of the principal balance owing on the mortgage payable to Arres at the time of the renewal.
18. The terms of the Renewal Agreement had been discussed with investors from the Graybriar project prior to being offered to the borrower. Discussions with investors commenced as early as August of 2009.
19. In an assignment dated September 1st, 2008, Arres agreed to transfer a portion of the loan renewal fee owed to it as per the Renewal Agreement, in the amount of \$230,000, in partial satisfaction of its obligations under the Grand Lion Assignment (the

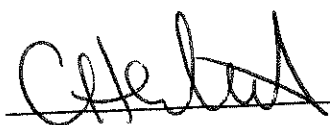
"September Assignment"). Attached to this affidavit as Exhibit "K" is the September Assignment.

20. Pursuant to paragraph 2 of the Renewal Agreement, Arres was owed \$336,232.89 towards the loan renewal fee and administration fees.
21. In an assignment dated January 31st, 2009, Arres further assigned any and all accounts receivable from the Graybriar Mortgage to Staci Serra (the "January Assignment"). The January Assignment is attached to this affidavit as Exhibit "L".
22. The consideration for the January Assignment was the amount of management bonuses deemed to be advanced to Wes and Staci Serra of January 31st, 2009, in the amount of \$2,200,000 and a further \$8,000 cash payment made by Wes Serra. Attached as Exhibit "M" to this affidavit is a Quickbook entry from Arres evidencing the deemed bonuses payable and the \$8,000 shareholder's loan.
23. The assignment of accounts receivables to Staci Serra pursuant to the January Assignment was intended to capture any and all accounts receivables that had not been captured in any of the previous Graybriar assignments. These included, but were not necessarily limited to, any pending balances or interest owed on the loan renewal fee as per the Renewal Agreement and any administrative fees that had been incurred by Arres in its role of having to service the Graybriar Mortgage.
24. In a document dated December 5th, 2009, Arres advanced \$287,360 towards New Home Warranties in relation with respect to the Graybriar project (the "New Home Warranty Advance"). The New Home Warranty Advance is attached to this affidavit as Exhibit "N".
25. On or about July 10th, 2010, Wes and Staci Serra, allotted \$105,000 from the proceeds of a separate project, Houseco (the "Houseco Project"), to Arres in further consideration towards the June Assignment and the January Assignment. Proof of this assignment and the consideration paid is attached to this affidavit as Exhibit "O".
26. In an assignment dated September 30th, 2010, Arres further assigned any and all accounts receivables with respect to the Graybriar Mortgages to Staci Serra or 875 in the amount of \$97,500 as consideration (the "September Assignment"). This assignment is attached as Exhibit "P" to this affidavit.

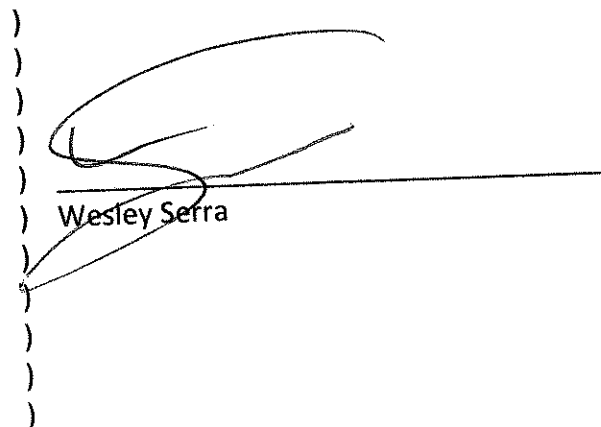
27. The cheque from Staci Serra in support of the consideration paid to Arres pursuant to the September Assignment is attached to this affidavit as Exhibit "Q".
28. In an assignment dated March 23rd, 2012 (the "March Assignment"), Staci paid an additional \$167,234.47 to Arres as additional consideration towards the June Assignments and January Assignments. This assignment is attached as Exhibit "R" to this affidavit.
29. The cheque from Staci Serra in support of the consideration paid to Arres pursuant to the March Assignment is attached to this affidavit as Exhibit "S"
30. In an assignment dated October 11th, 2012 (the "October Assignment"), Staci Serra paid an additional \$177,053.00 to Arres as additional consideration towards the June Assignment and January Assignment. This assignment is attached as Exhibit "T" to this affidavit.
31. The cheque from Staci Serra in support of the consideration paid to Arres pursuant to the October Assignment is attached to this affidavit as Exhibit "U".
32. In an assignment dated September 30th, 2013, Staci Serra paid another \$243,568.20 to Arres towards the June Assignment and January Assignment. This assignment is attached as Exhibit "V" to this affidavit.
33. Attached as Exhibit "W" to this affidavit is a Quickbook entry from Arres evidencing the consideration paid by Staci Serra in the amount of \$243,568.20 pursuant to the September 30th, 2013 assignment.
34. Staci was repaid some funds by investors directly pursuant to the assignments.
35. As of September 1st, 2017, Staci Serra or Stacia Serra or 875 or Wes Serra or Wesley Serra (the "Assignees"), by way of accounts receivables assigned from Arres, are owed approximately \$ 2,079,747.03 from the Graybriar Mortgage, a breakdown of which is as follows (these balances include interest pursuant to paragraphs 4.8 and 4.9 of the Trust Agreement, a sample of which is attached to this affidavit as Exhibit "X"):
 - a. \$425,771.21 from the Graybriar Mortgage renewal fee (attached as Exhibit "Y" is a breakdown of how this amount is derived);

- b. \$484,425.09 towards administrative costs incurred by Arres (attached as Exhibit "Z" is a breakdown of how this amount is derived);
 - c. \$737,512.86 towards an administrative spread of 0.5% on the principal amount of the Graybriar Mortgage(attached as Exhibit "1" is a breakdown of how this amount is derived); and
 - d. \$432,037.87 owed to Arres resulting from the New Home Warranty Advance (attached as Exhibit "2" is a breakdown of how this amount is derived).
36. Pursuant to paragraph 4.8 of the Trust Agreement, the Arres, in its role as Trustee charged Interest at the Loan rate, which was 15% per annum during the year preceding the Renewal Agreement, and 15.5% per annum following the Renewal Agreement.
37. Stacie paid prior to September 1st, 2010:
- a. \$230,000 towards the Graybriar Mortgage renewal fee;
 - b. \$1,524,000 pursuant to the June Assignment;
 - c. \$678,000 in deemed management bonuses pursuant to the January Assignment; and
 - d. \$105,000 from the Houseco Project.
38. Stacie was repaid some funds by investors directly. Those amounts have been accounted for pursuant to the assignments and the amounts owed to Stacie as per paragraph 27 of this affidavit.
39. I make this affidavit in support of my application that the assignments made from Arres to the Assignees be deemed valid and enforceable.

SWORN (OR AFFIRMED) BEFORE ME at
Calgary, Alberta, this 17th day of July, 2018.



(Commissioner for Oaths in and for the
Province
of Alberta)



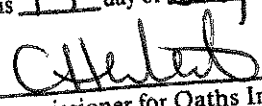
Wesley Serra

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
in and for Alberta
My Appointment Expires November 8, 2019

Exhibit A

SCHEDULE "A"
COMMITMENT LETTER

August 10, 2007
Graybriar Greens Inc.
c/o Graybriar Land Development Company Ltd.

This is Exhibit A referred to in the
Affidavit of Wes Serra
dated this 17 day of July, 2018.

A Commissioner for Oaths In and
for the Province of Alberta

Dear Sir/Madam:

Re: Loan for \$9,700,000.00

ARRES CAPITAL INC. and/or its assigns is pleased to advise that the following mortgage loan has been approved on the terms and conditions set forth below. If you agree with these terms and conditions please sign the duplicate copy of this letter in the space provided below and return it to Arres Capital Inc. and/or its assigns

1. **Borrowers:** **Graybriar Land Company Ltd. and Graybriar Greens Inc.**

2. **Amount of loan:** **\$9,700,000.00**

3. **Term:** **One year, renewable at the discretion of the Lender.**

4. **Rate of Interest:**

Interest will be charged at 15% per annum. Monthly interest owing will be adjusted and calculated from time to time. The various fees hereunder and the interest rate are based on an expected repayment of the entire loan by September 1, 2007 (the "Maturity Date").

5. **Fees:**

Lender Fees for this transaction shall be 2% of any amount Access Mortgage Corporation Limited or Access Mortgage Corporation (2004) Limited lends in this matter which at this time is One Million Dollars thus a fee of \$20,000.00 shall be deemed due and owing. The Lender Fees shall be earned and be payable to Access Mortgage Corporation Limited or Access Mortgage Corporation (2004) Limited and/or its assigns upon acceptance of this letter by the Borrowers, and the Borrowers agree that a caveatable charge against the interest and estate of the Borrowers in the Property is thereby created which shall remain in force until the Fee is paid in full. In the event that any further funds are required by the borrower from Access Mortgage Corporation Limited or Access Mortgage Corporation (2004) Limited or any re-advancement from Access Mortgage Corporation Limited or Access Mortgage Corporation (2004) Limited under this loan shall also be subject to the same terms as set out herein and fees of 2% shall be charged on re-advancement. Any other investors in this mortgage will not receive a lenders fee for this transaction.

6. **Repayment:**

Interest calculated shall accrue from the date of the advance and be paid on the same day of the month following the date of advance (the "Interest Adjustment Date"). Thereafter on the same

day as the date of the advance in each month, during the term, Interest Only payments on the principal amount advanced shall be due and payable. An interest reserve account shall be set up and all interest reserve funds will be held in trust by Hildebrand Wilde. With each advance under this loan, further interest reserve will be required for monthly interest only payments.

-In the event that the interest reserve does not cover a payment and a direct payment is required from the borrower the payments will be made payable to Arres Capital in Trust. Arres Capital will issue the pro-rated portion of the payment to each lender on my behalf

Any payments late or returned dishonoured will be charged \$125.00 NSF fee.

A standby fee of ½ % per month will be charged on progress draws that are scheduled and not drawn within 7 calendar days of scheduled draw date.

7. Prepayment:

The Borrowers, when not in default hereunder shall have the privilege to prepay the whole or any part of the monies without penalty.

8. Security and other documents:

The Borrowers agree to provide to Arres Capital Inc. and/or its assigns in form and substance satisfactory to it, all security requested by Arres Capital Inc. and/or its assigns including, without limitation, the following documentation (the "Security") which will be held by Arres Capital Inc. and/or its assigns as security for the loan and all other direct and indirect liabilities of the Borrowers or any of them to Arres Capital Inc. and/or its assigns from time to time:

A corporate Guarantee of: Graybriar Land Company Ltd. and Graybriar Greens Inc.

A mortgage over the properties described as: Will initially be a second charge on the whole property but will be a first charge on the titles to the 13 buildings once land is subdivided.

PLAN 052-0941, BLOCK 1, LOT C

A general security agreement compromising a first charge on all assets of the Borrowers.

A certified copy of a Resolution of the Directors of the Company approving the loan request and the security to be granted.

A Certificate of Encumbrance of the Company.

An opinion of Counsel to the Company indicating that the Company has the corporate capacity to enter into this agreement.

An opinion of Counsel to Arres Capital Inc. and/or its assigns satisfactory to Arres Capital Inc. and/or its assigns

9. Conditions and/ or Pre-Conditions:

That the security set forth in paragraph 8 above is registered as therein described.

That there be no prior mortgages to the mortgage of Arres Capital Inc. and/or its assigns over the Properties.

That all property taxes payable to local authorities shall have been paid.

That all amounts due to Revenue Canada by the Borrowers whether for income Taxes, Employee Deductions or GST are current and that there are no arrears;

That all dues to Workers Compensation Board have been paid.

A satisfactory inspection of the property, which inspection is to the sole satisfaction of Arres Capital Inc.

Assignment of Rents

Assignment of all plans and permits

Assignment of all drawings as completed by the architect

That an interest reserve account be set up for monthly interest only payments. The initial interest reserve will be for 6 months and any further advances under this mortgage will require further interest reserves to be put in place.

Partial Discharges will be granted for 95% of net sales proceeds. All sales must be within 3% of list price unless agreed to in writing by Arres Capital Inc and/or its assigns.

In the event of default all sales proceeds are due to the lender.

USE OF FUNDS:

\$ 863,200.00 to be paid for services completed

\$ 20,000.00 Lender fees to Access

\$ 883,200.00 TOTAL FIRST ADVANCE

Other disbursements to be made in due course

Legal Fees TBD

Interest Reserve TBD

Land Purchase TBD

\$5,720,000.00 approximate balance available for future improvements and services to the site as work is completed and invoices are submitted and approved by Arres Capital Inc. and or its assigns.

\$9,700,000.00 TOTAL MORTGAGE AMOUNT APPROVED AT THIS TIME.

Any advances made shall be for strictly for the benefit of the project

10. Taxes:

That all taxes due to federal, provincial and local governments and amounts due to Workers Compensation Board shall be paid as they become due.

The borrower will pay all real property taxes when then are due. During the term of this mortgage, should the borrower not pay the real property taxes when due, the lender may, but is not obligated to, attend to payment of the real property taxes on behalf of the borrower, and charge the amount of the real property taxes payment plus a \$250.00 service fee to the mortgage balance.

11. Insurance:

The borrower shall insure the property in favour of the lender to the amount of a sum not less than the total of the principal sum of money being secured or, to the amount of its full insurable value if such sum be greater than the insurable value. It is further agreed that should the policy expire during the term of the Mortgage and not be replaced with satisfactory coverage, then the lender may place insurance with its own carriers and charge the premium plus a \$250.00 service fee to the mortgage balance.

As well, the borrower must agree to the following (which agreement is acknowledged by the signing of this commitment letter):

All risk insurance covering the tenants improvements and equipment of the borrower with the first loss payable to Arres Capital Inc. and/or its assigns

Flood insurance if the secured property is within 2 kilometres of any lake, river, creek, ocean, or other body of water which may cause any type of flooding to the secured property.

That the borrower agrees that in the event that any insurance claim is made during the term of this mortgage or any renewal terms, Arres Capital Inc. shall have full entitlement to any amounts collected under such claim.

The borrower must always be assured that it is names the lender as a first or second loss payable as appropriate on all insurance policies. It will be a requirement prior to any funds being released, the lawyer must be in receipt of an insurance binder which must be satisfactory to Arres Capital with no obscure clauses. Any funds sent with trust conditions will not be relatable until the binder has been received and reviewed.

12. Documentation:

The security documents set out in the paragraph 8 herein, shall be in all respects satisfactory to Arres Capital Inc. and/or its assigns (acting reasonable) and its solicitors in their absolute discretion. Arres Capital Inc. and/or its assigns solicitors in this transaction are:

13. Title:

The Borrower will have, as the registered owner of the property, good title in fee simple to the property, and Arres Capital's Inc. and/or its assigns Charge on the property will be **FIRST** in priority over this portion of the land once subdivided, all other financial encumbrances, leases, agreements for leases, restrictions, agreements, liens, assignments and charges whatsoever to the

full extent of the loan except as Arres Capital Inc. and/or its assigns may in writing consent to or the law may require.

The security required by Arres Capital Inc. and/or its assigns shall have been duly authorized and comply in all respects with all applicable laws, by-laws, government requirements, whether federal, provincial, municipal including without restriction, those dealing with planning, zoning, use occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped areas, pollution of the environment, toxic material or other environmental hazards, building construction, public health and safety and there shall be no outstanding work orders against the property and or the improvements or any part thereof.

The Borrower shall provide such certificates or other written confirmation as Arres Capital Inc. and/or its assigns solicitors may reasonable require, certifying that no control orders, stop orders, or prosecutions exist with respect to the property or any activity or operation carried out thereon pursuant to any federal, provincial, municipal, or local environment, health and safety laws, statues and regulations as may apply to the property or the activities or operations carried out thereon.

14. Costs and Fees:

Whether or not the transaction contemplated hereby is completed, you will pay all Arres Capital's and/or its assigns costs associated with this transaction including the legal fees and disbursements of our solicitor (on a solicitor and his own client basis) together with the costs to incorporate Arres Capital Inc. and/or its assigns in the Province of Alberta. Such fees, disbursements, and GST shall be deducted from the Mortgage Proceeds.

Other

If Arres Capital Inc or any affiliate of Arres Capital Inc. is required to deal with the needs of your business in order to protect the security of the mortgagor and in order for you to carry on your business in its usual fashion a fee of \$50.00 per occurrence or \$200.00 per hour (whichever is the lesser amount) will be charged in addition to any other fees or costs set out in this document and such fees will be invoiced and deducted from the next mortgage advance requested. (ie. Dealing with a creditor regarding outstanding payment of an invoice).

15. Right of Termination:

Arres Capital Inc. and/or its assigns shall have the right to terminate its agreement to provide the loan to you and be relieved of all obligations in connection therewith in the event that any of the following events should occur:

You fail or are unable or are unwilling for any reason whatsoever to comply with any of the terms and conditions set out in this letter within the time indicated for such compliance; or

You fail or refuse to execute any documentation as per this Commitment Letter requested by our solicitors or to deliver such documentation to our solicitors; or

The net proceeds of the loan have not been fully advanced on or before the commitment expiry date referred to herein; or

Your refuse to accept the funds when advanced; or

You or any other person or Corporation whose covenant is required should become bankrupt, or subject to bankruptcy, receivership or insolvency proceedings; or

There has been, in the sole opinion of Arres Capital Inc. and/or its assigns, a material adverse change in the condition of the property or Collateral Property or the Borrowers; or

Arres Capital Inc. and/or its assigns, acting reasonable, is not satisfied with the matters set out in paragraph 13; or

All legal matters and documentation relating to the transaction have not been completed to Arres Capital's Inc. and/or its assigns and its council's satisfaction.

If Arres Capital Inc. and/or its assigns elects to terminate its agreement to provide the loan to you prior to the advance of the entire amount of the loan, the amount advanced on the loan, if any, together with interest thereon at the rate set out herein shall become immediately due and payable and Arres Capital Inc. and/or its assigns shall, whether or not any proceeds have been advanced, be entitled to retain the commitment fee, if any, as compensation for all damages sustained by it, it being agreed that the amount of such commitment fee is a fair estimate of the damages which will be suffered by Arres Capital Inc. and/or its assigns in such event.

16. Renewal of Mortgage after Maturity

Upon maturity of each term of the mortgage, the mortgage may be renewed at the discretion of the lender. You will be required to sign a Renewal Agreement prior to the maturity date in order to keep the mortgage current. The first term of this mortgage will mature on September 1, 2008 and a renewal fee not to exceed 2% of the principal balance owing on the mortgage at the time of renewal will be payable to Arres Capital Inc. at the time of the renewal. The Renewal Agreement will set out the balance owing at time of maturity along with the interest rate, the payment amount, and the length of term.

In the event that the mortgage matures and is not renewed, the entire balance owing including any extra fees resulting from NSF's or any other charges incurred in relation to the mortgage will be due and payable in full after the date of maturity and all legal remedies will be enforced for such payment. Until such time as entire balance is paid in full, interest will be charged as set out in the "Rate of Interest" paragraph #4 of this commitment letter.

17. Commitment Expiry Date:

In the event the initial funds are not fully disbursed by the close of business on September 1, 2007 Arres Capital Inc. and/or its assigns agreement to provide the loan or advance any funds, at

the sole discretion of Arres capital Inc. and/or its assigns, shall expire.

18. Amendment:

Any amendment to this commitment or Security documents must be in writing and signed by a duly authorized officer of Arres Capital Inc. and/or its assigns

19. Governing Laws:

The agreement constituted by your acceptance of this letter shall be governed by the laws of the Province of Alberta and any and all Court actions commenced shall be commenced and take place in the City of Calgary in the Province of Alberta regardless of where the mortgage property is located.

20. Headings:

The headings contained in this letter are for reference only and shall not constitute any part of the terms and conditions contained herein.

21. Previous Agreements: n/a

22. Successors and Assigns:

Subject to the provisions hereof, this agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

23. Severability:

Each provision of this agreement is severable and any terms or provision hereby declared to be contrary to, prohibited by, or invalid under applicable laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining terms and provisions hereof.

24. Survival:

The terms and conditions of this letter shall, after acceptance by you, survive the execution and registration of all security documentation and there shall be no merger of these provisions or conditions in the Security and that in case of a conflict between the provisions hereof and of any of the security documents, Arres Capital Inc. and/or its assigns may elect which provision shall prevail.

25. Time:

Time shall in all respects be of the essence hereof.

26. Waiver:

No terms or requirements of this commitment of any security documents may be waived or varied orally or by any course of conduct of any office, employee, or agent of the lender. Any failure by

Arres Capital Inc. and/or its assigns to exercise any rights or remedies hereunder or under any of the Security shall not constitute a waiver thereof.

The terms of this letter are open for acceptance by you by executing the duplicate copy of this letter where indicated below and returning it to Arres Capital Inc. and/or its assigns on or before 2:00 p.m. on October 15, 2007, after which date and time, this offer shall lapse, if it is not accepted.

Sincerely,
Arres Capital Inc.

Wes Serra
President

SCHEDULE "B"

#1002, 1520 – 4th Street SW
 Calgary, AB T2R 1H5
 tharres@telus.net
 Tel: (403) 261-9955

Tracy Hildenbrand
 Email:

Fax: (403) 264-9954

LOAN SUMMARY – Graybriar Greens PHASE 2 – Stony Plain

Applicant: Graybriar Greens Inc.

Applicant Principals: Graybriar Land Company – Directors are Wes Serra, Bill McQuitty, Chris Saunders, Doreen Richards

Applicant Project:

The applicants are looking to start Phase 2 of a multi family housing project on a portion of a nine acre parcel of land located in Stony Plain. The directors of Graybriar Land Company Ltd. have agreed to sell this land to Graybriar Greens on a phase by phase basis. Graybriar Greens and Pat High will then develop the land and build the units under the Joint Venture Agreement. Phase one which is well underway contains a total of 24 units (6 four-plex buildings), all of which are sold and will be completed in the next few months as long as the rain holds off long enough for the work to be done. The units range in size from 980 sq ft to 1200 sq ft (most of which are the bigger units) and will be affordable entry level housing which is much required in the Edmonton area given the rapid growth taking place there at this time.

The plan Phase 2 calls for a total of 52 units (13 four-plex buildings) which are all sold with reservation deposits. These units are sold for prices ranging from \$210,000.00 to \$280,000.00 with an average sale price of \$248,000.00. The total sale value of the units which is based on the average sale price which is being conservative given there is more larger units than small is \$12,896,000.00.

The big picture for the 9 acres is 30 four-plex buildings for a grand total of 120 units. All 120 units are sold with reservation deposits and therefore all that is left to do is build them all. In total there will be 3 Phases, Phase 1 will have 6 buildings units, Phase 2 will be 13

buildings, Phase 3 will be 11 buildings (44 units).

There has been much site preparation completed to date for the entire project. It is the plan to dig all basements for all 52 units in the near future and the buildings are being pre-fabricated off site and delivered so once the rain lets up and the basements can be dug prior to winter, the buildings will progress faster than usual construction. Also, the entire site is ready to be paved and that will start as soon as it dries up.

**Proposed
Financing:**

The loan amount will be \$9,700,000.00

**Financing
Details:**

The initial advance will pay for the land required for the second phase, interest reserve, payment for the servicing the land in this phase(which is already complete), landscaping and the infrastructure for this phase. Additionally we will fund the construction of the 13 buildings over time while taking all the necessary net sales proceeds as the units are closed.

Terms:

Mortgage Position: First

Interest Rate: 15%

Term: 1 year

Open for Term

Repayment: Monthly Interest only from 4 month interest reserve to be set up and further interest reserve to be set aside with each advance.

LTV: Not to exceed 75% of once completed value determined by pre-sales of the buildings.

Summary: The applicant is well known partner to Arres Capital. We are borrowing on the successful design elements and cost effectiveness of the project from Timber Creek in Radium. Timber Creek is currently into their project just over a year with 48/48 units now sold WITHOUT ever having had a show suite, plan works.

Patrick High is from the town of Stony Plain. Aside from his experience in the Edmonton area, he has hired an Alderman to be the realtor for the project and 120 of 120 units are reserved for sale. This will be a benefit as it will likely fast-track some traditionally slower items from the town.

Sincerely,

Arres Capital Inc.

Wes Serra
President

LENDER COMMITMENT
GRAYBRIAR GREENS – Phase 2

I, _____, in signing this Lender Commitment, acknowledge that I commit to fund the amount of \$ _____ towards the total mortgage amount of \$9,700,000.00 as set out and according to the terms and conditions of this loan summary. I understand and acknowledge that this funding is to take place on or about _____ and I will be advised a minimum of two days prior to funding by Arres Capital Inc. or by the solicitor preparing the mortgage when my certified cheque or bank draft for the amount committed to above will be required

Signature

Date

Address:

Phone Number:

*Please fill in the name you wish to lend under in the first blank and the amount you are committing to lend in the second blank, then sign and date and insert your Address and phone number

Exhibit B

875892 Alberta Grand Lion Assignment

November 20 2007

To Arres Capital

From: 875892 Alberta LTD.

Arres Capital made an agreement to purchase \$200,000 of shares in Grand Lion. Arres Capital has partially paid \$50,000 towards this obligation and cannot complete its obligation. 875892 Alberta Ltd is willing to assume the remainder agreement of Arres Capital to purchase a total of \$200,000 of shares in Grand Lion. In accepting this assignment, Arres Capital acknowledges that it has assigned the initial deposit of \$50,000 made to Grand Lion to 875892 Alberta Ltd that has been made to Grand Lion as attached. Arres is to have the share subscription redrafted in favor of 875892 Alberta Ltd prior to funding of the \$150,000 from 875892.

As part of the assumption condition, 875892 Alberta Ltd will receive a mortgage receivable or new mortgage investment of not less than \$250,000 to the sole satisfaction of 875892 Alberta Ltd and will transfer the shares of Grand Lion back to Arres Capital for the full amount of the \$200,000 investment provided the mortgage assigned is acceptable to the sole satisfaction of 875892 Alberta Ltd. The mortgage swap condition is to be completed within 12 months of purchase of shares by 875892. The mortgage swap must be a first mortgage in good standing in an amount of more than \$200,000 to the sole satisfaction of 875892 Alberta LTD.

If terms as proposed above are acceptable, Arres is to instruct Grand Lion to reissue the shares to 875892 Alberta Ltd in the amount of \$200,000. 875892 Ltd will provide a check (#999) in the amount of \$150,000.

These are the acceptable terms to 875892 Alberta Ltd.


 875892 Alberta Ltd

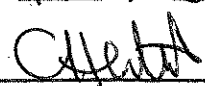
We accept the terms and agree to a further assignment of a mortgage to be determined by 875892 Alberta to be assigned within 12 months in their sole discretion as of November 20 2007. I agree to these terms and confirm receipt of this document.


 Arres Capital Inc

This is Exhibit B referred to in the

Affidavit of Wes Serra

dated this 17 day of July 20 18


 A Commissioner for Oaths In and
 for the Province of Alberta

CHRISTINA LOUISE HERBERT
 A Commissioner for Oaths
 In and for Alberta

My Appointment Expires November 6, 2019

Assignment of Mortgage

Dated this 1 of Sept 2008

To Arres Capital

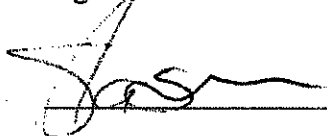
From: 875892 Alberta LTD.

The assignment to purchase Grand Lion shares as assumed by 875892 Alberta from Arres Capital called for an acceptable mortgage receivable to 875892 Alberta Ltd sole satisfaction. 875892 Alberta LTD agrees to accept the assignment of the mortgage renewal in the Gray Briar Greens 2 to complete the Grand Lion share transaction. The amount of mortgage renewal assignment and the fees outstanding to be assigned are agreed to be \$230,000 at this time. Interest to accrue at the rate of the mortgage. The share return to Arres Capital of Grand Lion will be swapped once the mortgage is paid in full.

Arres Capital will allow 875892 Alberta ltd or its assigns will allow the swap of mortgage debt for against the purchase a unit(s) at full price . This option price and swap for mortgage receivable maybe exercised at any time as per the priority assignment provided in the trust agreement. Arres agrees that it will not restrict the resale of the unit to 875892 Alberta family member for any price provided the terms of the sale to 875892 Alberta are for full list price that any investor may purchase. The realtors fee will not be paid but this benefit is NOT to be assumed by 875892 Alberta Ltd as part of the purchase price. The price of units are subject to change based on market conditions with the minimum sale price at this time for 875892 Alberta to be the listed price as set by Graybriar. In the interim 875892 has elected to not receive monthly payments as indicated by their agreement below until the time that they revoke this notice or take unit (s) as payment in kind.

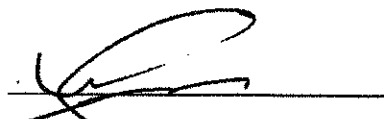
I accept the Graybriar Green Two mortgage renewal as funded into the mortgage as collateral acceptable to 875892 Alberta LTD as per the Grand Lion assignment. Dated this 1st of September 2008 in the city of Calgary. Receipt of this assignment acknowledged by Arres Capital by signature below.

I agree to these terms




875892 Alberta Ltd

Arres agrees to the Assignment



Arres Capital Inc.

Exhibit C

ARRES CAPITAL INC. 1002-1520-4 ST. S.W. CALGARY, ALBERTA T2R 1H5		4584
PAY to the order of <u>Grand Lion Entertainment Group Ltd.</u>		DATE <u>676 09 2007</u>
<u>Fifty thousand</u>		\$ <u>50,000</u>
BMO Bank of Montreal CANADIAN OXY BUILDING 635 - 8TH AVENUE S.W. TEL: (403) 234-1804 CALGARY, ALBERTA T2P 3M3		ARRES CAPITAL INC.
RE _____		PER <u>[Signature]</u>
⑈004584⑈ ⑆25159⑈001⑆ 1068⑈898⑈		

This Exhibit C referred to in the
 Affidavit of Wes Serra
 dated this 17 day of July, 2018

[Signature]

Commissioner for Oaths In and
 for the Province of Alberta

*Put in
 investment
 file
 when we know
 who's
 name investment
 is in*


CHRISTINA LOUISE HERBERT
 A Commissioner for Oaths
 In and for Alberta
 My Appointment Expires November 6, 2019

Exhibit D

This is Exhibit D referred to in the
Affidavit of Wes Serra
dated this 17 day of July, 2018.

Christina
A Commissioner for Oaths In and
for the Province of Alberta

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
In and for Alberta
My Appointment Expires November 6, 2019

NAME <u>WES SERRA</u>		999
ADDRESS <u>176 Spring Valley Way SW.</u>		DATE <u>20 11 2007</u>
CITY, PROVINCE, POSTAL CODE <u>CALGARY, AB.</u>		
PAY TO THE ORDER OF	<u>GRAND LION Entertainment Group Ltd.</u>	
	<u>One Hundred Fifty Thousand</u> <u>150,000</u> —	
	<u>150,000</u> DOLLARS	<input checked="" type="checkbox"/> 100 DOLLARS <input type="checkbox"/> Security features included. Details on back.
 ROYAL BANK OF CANADA STRATHCONA SQUARE SHOPPING CENTRE 100-555 STRATHCONA BLVD SW CALGARY AB T3H 2Z9		
MEMO	<u>[Signature]</u>	

⑈999⑈

⑆02349⑈003⑆505⑈452⑈3⑈

AJE #28 - To record additional interest
Date - Nov 20/07

Exhibit E

NOTICE OF ASSIGNMENT

THIS NOTICE OF ASSIGNMENT is given on the 25 day of June, 2008

TO: Arres Capital

(The "Trustee")

FROM: Arres Capital Inc

TO : Arres Capital Inc

875892 Alberta Ltd has agreed to borrow \$1524750 from Access Mortgage with conditions. 875892 Alberta and has agreed to allow the proceeds to be utilized for an a option loan for the benefit of investors and to be held by Arres Capital for 875892 Alberta Ltd. As part of this agreement Arres Capital will assign all of its accounts receivable in the following projects Strathmore mortgages including the Strathmore first and 2 million mortgage, the Rise (all mortgages) , Jervis , Dockman Koeller , Chateau, Columbia River, Prospector and all Greens Mortgages as due and owing under the administration agreements. This includes any monthly charges, the interest differential payment and the rights to enforce payments. The funds paid towards an option agreement will be registered in Arres Capital name but will be paid to 875892 Alberta Ltd on payout. Arres Capital agrees to call special meeting of the investors and advise the investors that this priority is to be repaid in priority by the Strathmore investors.

As per the trust agreements all rights are assigned to 875892 Alberta Ltd. These agreements to be held by Arres in trust until 875892 Alberta Ltd or it assigns provides notice to have these agreements reassigned as part of financial restructuring or upon payment.

We accept the copy of the mortgage agreement and direction to pay as proof of consideration of this assignment.

Arres Capital Inc.

Per:

Arres Capital Inc.
Wesley Serra

875892 Alberta Ltd

Per:

This is Exhibit E referred to in the
Affidavit of Wes Serra
dated this 17 day of July, 2018

[Signature]
A Commissioner for Oaths In and
for the Province of Alberta

Acknowledgement

Receipt of this notice is hereby acknowledged by the trustee/company this 25 day of June, 2008

[Signature]

Arres Capital Inc.

CHRISTINA LOUISE HERBERT

A Commissioner for Oaths

In and for Alberta

My Appointment Expires November 6, 2019

Exhibit F

ARRES CAPITAL INC. Transactions by Account

As of 31 July 2017

Type	Date	Num	Adj	Name	Memo	Clr	Split	Debit	Credit	Balance
TRUST bank										
General Journal	31/08/2007	KIM10			To record trust balance at the correct amount		TRUST liability	216,876.33		546,287.24
General Journal	30/09/2007	KIM11			To record trust balance at the correct amount		TRUST liability	1,419.10		783,183.57
General Journal	31/10/2007	KIM12			To record trust balance at the correct amount		TRUST liability	54,121.55		784,582.67
General Journal	30/11/2007	KIM13			To record trust balance at the correct amount		TRUST liability	39,186.51		848,764.22
General Journal	28/02/2008	Kim			Adjust Trust bank to actual per Albert		TRUST liability	250,715.55		886,870.53
Transfer	30/04/2008	Kim			Adjust trust bal to actual		TRUST liability	408,167.72		1,167,986.06
General Journal	31/05/2008	Kim			Adjust Trust bank to actual per Albert		TRUST liability	653,566.53		1,573,753.80
Cheque	30/06/2008	Kim					TRUST liability		1,017,487.29	2,227,310.13
Transfer	31/07/2008	Kim			Adjust Trust balance to actual per bank recon...		TRUST liability	384,030.12		1,209,822.84
General Journal	31/08/2008	Kim			Adjust Trust bank to actual per Casien		TRUST liability			1,593,852.96
Transfer	30/09/2008	Kim					TRUST liability		182,706.22	1,411,746.74
Cheque	31/10/2008	2					TRUST liability		449,816.51	961,930.23
Cheque	30/11/2008	3					TRUST liability		312,509.96	649,420.27
Cheque	31/12/2008	4					TRUST liability		6,050.26	643,370.01
Cheque	31/01/2009	5					TRUST liability		235,049.74	408,320.27
General Journal	28/02/2009	Kim			Adjust Trust bank to actual		TRUST liability		191,236.98	217,083.29
Cheque	31/03/2009	6			Adjust to actual		TRUST liability	81,424.16		308,507.45
Cheque	30/04/2009	7					TRUST liability		181,756.94	116,750.51
Transfer	31/05/2009				Funds Transfer		TRUST liability		58,580.76	58,169.75
Transfer	30/06/2009				Funds Transfer		TRUST liability	403,968.72		482,158.47
Transfer	31/07/2009				Funds Transfer		TRUST liability		363,867.12	98,291.35
Transfer	31/08/2009				Funds Transfer		TRUST liability		45,598.87	52,692.48
Transfer	30/09/2009				Funds Transfer		TRUST liability	37,188.92		89,881.40
Transfer	31/10/2009				Funds Transfer		TRUST liability	22,296.52		112,177.92
Transfer	30/11/2009				Funds Transfer		TRUST liability	113,770.63		225,948.55
General Journal	31/12/2009	Kim			Funds Transfer		TRUST liability	292,551.37		518,499.92
Transfer	31/01/2010	Kim			Reduce trust balance to actual		TRUST liability		204,430.71	314,069.21
Transfer	28/02/2010	Kim			Funds Transfer		TRUST liability		189,367.03	127,696.18
Transfer	31/03/2010				Funds Transfer		TRUST liability	3,420.76		131,116.94
Transfer	30/04/2010				Funds Transfer		TRUST liability		119,214.72	11,902.22
Transfer	31/05/2010				Funds Transfer		TRUST liability	7,488.67		19,390.89
Transfer	30/06/2010				Funds Transfer		TRUST liability		3,512.98	15,877.91
Transfer	31/07/2010				Adjust to actual		TRUST liability	7,525.84		23,403.75
Transfer	31/08/2010				Adjust to actual		TRUST liability	255,834.57		279,038.32
Transfer	30/09/2010				Adjust to actual		TRUST liability	100,553.70		379,592.11
Transfer	31/10/2010				Adjust to actual		TRUST liability		111,792.60	267,799.31
Transfer	30/11/2010				Adjust to actual		TRUST liability		208,547.77	59,251.54
Transfer	31/12/2010				Adjust to actual		TRUST liability	382,083.45		441,334.99
Transfer	31/01/2011				Adjust to actual		TRUST liability		401,382.96	36,952.03
Transfer	28/02/2011				Adjust to actual		TRUST liability		5,218.40	34,733.63
Transfer	31/03/2011				Funds Transfer		TRUST liability	176,320.80		211,954.52
Transfer	30/04/2011				Funds Transfer		TRUST liability		58,581.79	152,492.73
Transfer	31/05/2011				Funds Transfer		TRUST liability		97,728.82	54,763.91
Transfer	30/06/2011	Kim			Funds Transfer		TRUST liability		2,527.99	52,235.92
Transfer	31/07/2011				Funds Transfer		TRUST liability	158,081.04		208,316.96
Transfer	31/08/2011				Funds Transfer		TRUST liability		150,126.96	58,190.00
Transfer	30/09/2011				Funds Transfer		TRUST liability	760,920.66		819,110.66
Transfer	31/10/2011				Funds Transfer		TRUST liability		669,255.56	149,855.08
Transfer	30/11/2011				Funds Transfer		TRUST liability		99,627.53	50,157.55
Transfer	31/12/2011				No balance change from Oct 31, 11		TRUST liability	0.00		42,062.93
Transfer	31/01/2012				Funds Transfer		TRUST liability		8,094.62	80,535.88
Transfer	29/02/2012				Funds Transfer		TRUST liability	18,472.85		168,900.69
Transfer	31/03/2012				Funds Transfer		TRUST liability	128,364.81		711,999.36
Transfer	30/04/2012				Funds Transfer		TRUST liability	523,098.67		29,932.52
General Journal	31/05/2012	Kim			Funds Transfer		TRUST liability		682,086.84	56,990.07
Transfer	30/06/2012	Kim			Adjust Trust bank to actual per Trevor		TRUST liability	26,857.55		342,533.63
Transfer	31/07/2012				adjust trust to actual		TRUST liability	285,643.46		775,214.49
General Journal	31/08/2012	Kim			Reduce trust bank to actual		TRUST liability	432,680.90		21,440.95
Deposit	30/09/2012	Kim			Record trust to actual		TRUST liability		753,764.54	1,840,361.12
Cheque	31/10/2012	Kim			Record trust to actual		TRUST liability	1,818,911.17		584,951.43
General Journal	06/11/2012	crystal			NSF Fee transferred from Trust account		TRUST liability		1,255,409.69	584,993.93
Total TRUST bank								42.50		
TOTAL								8,110,475.07	8,071,768.36	584,993.93
								8,110,475.07	8,071,768.36	584,993.93

This is Exhibit F referred to in the
Affidavit of Wes Serra
dated this 17 day of July, 2018.

Christina Louise Herbert
A Commissioner for Oaths In and
for the Province of Alberta

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
In and for Alberta
My Appointment Expires November 6, 2019

Exhibit G

June 4, 2008

Re: BankView Mortgage

By signing below, 875892 Alberta Ltd, agrees that its interest in the Bankview Mortgage will be transferred to Access Mortgage for the principal amount \$300,000. These funds will be transferred to the Strathmore Mortgage. Access mortgage is to make the payment to Arres Capital in Trust.

We also confirm that upon payment in full the shares of Copper Tree meadows will be transferred to Arres Capital. Payments on this mortgage will continue to be paid to Arres Capital in Trust. 875892 Alberta will provide written notice to Arres for payments to stop accruing and for these monthly payments to be made directly to 875892 Alberta Ltd. In the event that this mortgage defaults in any manor to the sole discretion of 875892 Alberta or Staci Serra, Arres Capital will provide an alternative mortgage or administration agreement as collateral for the loan

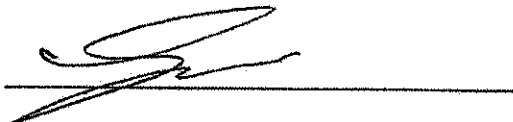
By signing below, I also agree that authorize Arres Capital to sign the discharge on Bank View mortgage on my behalf.

Agreed to this June 4 2008



875892 Alberta Ltd

Agreed to this 4 day of June 2008

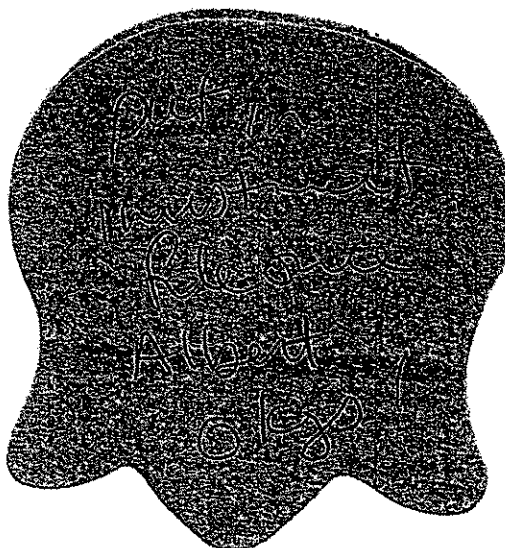


Arres Capital Inc

This is Exhibit G referred to in the
Affidavit of Wes Serra
dated this 17 day of July 20 18



A Commissioner for Oaths In and
for the Province of Alberta



CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
In and for Alberta
My Appointment Expires November 8, 2019

Exhibit H

Re: \$300,000 Paydown of Investment in Bank View Mortgage

This is to acknowledge that 875892 Alberta Ltd has received \$300,000 for the sale of our investments in Bank View Mortgage 2nd mortgage from Access Mortgage (2004) Ltd. and that as per our instructions, Access mortgage is to make funds payable directly to Arres Capital Inc for the purpose investing in the Strathmore Mortgage of 2 Million dollars.


Date at Calgary, Alberta this 4 June 2008

Per: 

Staci Serra

875892 Alberta Ltd.

This is Exhibit H referred to in the
Affidavit of Wes Serra
dated this 17 day of July 2008


A Commissioner for Oaths In and
for the Province of Alberta

- Assignment
- note to Access
for Lending

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
In and for Alberta
My Appointment Expires November 8, 2019

Exhibit I

BMO Bank of Montreal

PRESS FIRMLY FOR CLEAR COPIES

BR. TR. 2515 DATE DAY MONTH YEAR 06 06 2008

ACCOUNT NUMBER 1068-900

ACCOUNT NAME Hanes Capital in Trust

DEPOSIT SLIP

DEPOSITED BY:

BR. TR. 2515 DATE DAY MONTH YEAR 06 06 2008

ACCOUNT NUMBER 1068-900

ACCOUNT NAME Hanes Capital in Trust

Do Not List US\$ and CDN\$ cheques on same deposit slip

CHEQUE PARTICULARS

AMOUNT

1. Accr. Mortgage

2. Corp. (100%) Ltd.

3. Automobile

4. Mortgage

5. Straddle move \$2M.

6.

7.

8.

9.

10.

11.

12.

13.

14.

15.

OF CHEQUES

TOTAL CHEQUES DEPOSITED

\$ 300,000.00

CASH COUNT

X 5

X 10

X 20

X 50

X 100

X

US\$ TOTAL CASH (NOTES) DEPOSITED

CAN\$ TOTAL COIN DEPOSITED

TOTAL CASH/COIN DEPOSITED

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Prod. 1045171 - Form. 838 BK (10/02)

This is Exhibit I referred to in the Affidavit of Wes Serra dated this 17 day of July, 2018

A Commissioner for Oaths In and for the Province of Alberta

CHRISTINA LOUISE HERBERT

A Commissioner for Oaths

In and for Alberta

My Appointment Expires November 6, 2019

Exhibit J

THIS AGREEMENT MADE AS OF AND EFFECTIVE THIS 11 DAY OF
November, 2008.

BETWEEN:

Graybriar Land Company Ltd. and Graybriar Greens Inc.
of the City of Calgary in the Province of Alberta
(Hereinafter referred to as the "Mortgagor")

OF THE FIRST PART

- and -

Arres Capital Inc
of the City of Calgary, in the Province of Alberta
(Hereinafter referred to as the "Mortgagee")

OF THE SECOND PART

RENEWAL AGREEMENT

WHEREAS by a certain Mortgage dated and registered in the Alberta Land Title Office. The Mortgagor did mortgage to the Mortgagee certain lands situated in the City of Stony Plain, in the Province of Alberta, as particularly described in the said Mortgage, to secure the sum of \$9,000,000.00 and interest at the rate of 15.5 % per annum.

AND WHEREAS the Mortgagor has requested and the Mortgagee has agreed that the Mortgage shall be renewed for a further term of one year.

NOW THEREFORE THE PARTIES HERETO AGREE AS FOLLOWS:

1. The term of the mortgage shall be renewed for one year commencing on September 01 2008 and continuing thereafter until September 01, 2009;
2. The Mortgagor shall pay the Mortgagee a renewal and administration fee of 2% of the total outstanding advanced amount as at the date of renewal, being September 01 2008. The total outstanding as of the renewal date is \$8,405,822.36 and therefore the renewal fee for the one year term will be \$336,232.89. This fee is deemed to be due and payable at the time of signing of this renewal agreement and interest will be applicable to this amount, however, it is agreed that this amount will be added to the principal amount outstanding and the full principal balance including this renewal amount is to be paid out in full prior to any discharge of this mortgage being granted. The new principal balance outstanding as of September 01 2008 will be \$8,742,055.25 and interest will be charged on this amount from September 01 2008 onwards.

This Exhibit J referred to in the
Affidavit of Wes Serra
dated this 17 day of July 2018

Christina Louise Herbert
A Commissioner for Oaths in and
for the Province of Alberta

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
in and for Alberta
My Appointment Expires November 6, 2019

3. Interest only Payments shall commence on September 01 2008 and continue thereafter until September 01, 2009;
4. Interest shall remain at the rate of 15.5% per cent per annum and shall be calculated half yearly and not in advance.
5. If the Mortgagee presents a cheque executed by the mortgagor and that cheque is refused or dishonored for any reason including insufficient funds or stopped payment, then ONE HUNDRED AND TWENTY FIVE (\$125.00) Dollars shall be added to the principal amount then owing.
6. The Mortgagor, when not in default hereunder, shall have the privilege of prepaying the entire Principal balance outstanding hereunder.
7. All other terms of the Mortgage shall remain in full force and effect and shall be binding on both parties.

IN WITNESS WHEREOF the Mortgagor has executed this Agreement for
Renewal as of the day and year first above written.

Graybriar Land Company Ltd. & Graybriar Greens Inc.

Per: 



ARRES

Capital Inc.

#1002, 15020 - 4th Street SW
Calgary, AB T2R 1H5
Tel: (403) 261-9955 Fax: (403) 264-9954

RE: \$9,000,000.00 Mortgage to Graybriar Greens Phase 2.


We are writing to advise you that the above mentioned mortgage is up for renewal as of September 1, 2008. The borrower has agreed to a renewal and we require your signature below as your acceptance to renew this mortgage.

Please acknowledge below that you are agreeable to the renewal of this mortgage in the name of **Richcrooks Enterprises (2000) Ltd** in the amount of **\$100,000.00** for a one year term with the same interest rate of 15% per annum in the second position.

Please fax a copy of this letter back to our office with your acceptance below to 264-9954 as soon as possible. Please contact Melissa Melnyk if you have any questions or concerns.

Sincerely,
Arres Capital Inc.

I acknowledge that I am agreeable
to renewing the above mentioned
mortgage on the terms referred to
herein


Name: **Richcrooks Enterprises (2000) Ltd**
Doreen Richards

Dated: _____, 2008.

Quite a few of the units have the kitchen cabinets installed. The flooring is complete in them as well. They have installed the electrical fixtures in a few of the units. The landscapers have moved in the trees for the project. Construction is moving along nicely on this phase of the project and we are expecting closings to start in the next few months

**ARRES**

Capital Inc.

#1002, 15020 - 4th Street SW
Calgary, AB T2R 1H5
Tel: (403) 261-9955 Fax: (403) 264-9954

RE: \$9,000,000.00 Mortgage to Graybriar Greens Phase 2.

We are writing to advise you that the above mentioned mortgage is up for renewal as of September 1, 2008. The borrower has agreed to a renewal and we require your signature below as your acceptance to renew this mortgage.

Please acknowledge below that you are agreeable to the renewal of this mortgage in the name of **Richcrooks Holdings Ltd** in the amount of **\$180,000.00** for a one year term with the same interest rate of 15% per annum in the second position.

Please fax a copy of this letter back to our office with your acceptance below to 264-9954 as soon as possible. Please contact Melissa Melnyk if you have any questions or concerns.

Sincerely,
Arres Capital Inc.

I acknowledge that I am agreeable
to renewing the above mentioned
mortgage on the terms referred to
herein

Name: **Richcrooks Holdings Ltd**
Doreen Richards

Dated: _____, 2008.

Quite a few of the units have the kitchen cabinets installed. The flooring is complete in them as well. They have installed the electrical fixtures in a few of the units. The landscapers have moved in the trees for the project. Construction is moving along nicely on this phase of the project and we are expecting closings to start in the next few months

Exhibit K

Assignment of MortgageDated this 1 of Sept 2008

To Arres Capital

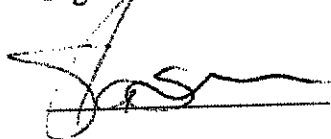
From: 875892 Alberta LTD.

The assignment to purchase Grand Lion shares as assumed by 875892 Alberta from Arres Capital called for an acceptable mortgage receivable to 875892 Alberta Ltd sole satisfaction. 875892 Alberta LTD agrees to accept the assignment of the mortgage renewal in the Gray Briar Greens 2 to complete the Grand Lion share transaction. The amount of mortgage renewal assignment and the fees outstanding to be assigned are agreed to be \$230,000 at this time. Interest to accrue at the rate of the mortgage. The share return to Arres Capital of Grand Lion will be swapped once the mortgage is paid in full.

Arres Capital will allow 875892 Alberta ltd or its assigns will allow the swap of mortgage debt for against the purchase a unit(s) at full price. This option price and swap for mortgage receivable maybe exercised at any time as per the priority assignment provided in the trust agreement. Arres agrees that it will not restrict the resale of the unit to 875892 Alberta family member for any price provided the terms of the sale to 875892 Alberta are for full list price that any investor may purchase. The realtors fee will not be paid but this benefit is NOT to be assumed by 875892 Alberta Ltd as part of the purchase price. The price of units are subject to change based on market conditions with the minimum sale price at this time for 875892 Alberta to be the listed price as set by Graybriar. In the interim 875892 has elected to not receive monthly payments as indicated by their agreement below until the time that they revoke this notice or take unit (s) as payment in kind.

I accept the Graybriar Green Two mortgage renewal as funded into the mortgage as collateral acceptable to 875892 Alberta LTD as per the Grand Lion assignment. Dated this 1st of September 2008 in the city of Calgary. Receipt of this assignment acknowledged by Arres Capital by signature below.

I agree to these terms




875892 Alberta Ltd

Arres agrees to the Assignment



Arres Capital Inc.

This is Exhibit K referred to in the
Affidavit of Wes Serra
dated this 17 day of July 2018.


A Commissioner for Oaths In and
for the Province of Alberta

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
In and for Alberta

My Appointment Expires November 6, 2019

Exhibit L

ASSIGNMENT Bill of SALE

The January 31 2009 assignments of Administrative fees on the Rise 1st, 2nd, 3rd mortgages inclusive, Discovery Center, Winery Lands, Showhome, Watermark Mortgage, housco Rise Mortgages as well the Dockman mortgage, prospector, Greens 1 & 2 & 3 inclusive, Chateau, Koeller, Timber Creek, Whitecourt, Millet, Copper Oaks are hereby fully assigned.

The purchase price of this assignment is the amounts of management bonuses deemed to be advanced to Wes and Staci Serra as of January 31, 2009 and at the \$8,000 cash payment made by Wes Serra on January 13 2009. As further evidence this payment Wes or Staci Serra will agree to deposit at least this amount, submit invoices for business expense exceeding these amounts (deemed as accepted by bookkeeper entry) or for expenses of the business or by check within 120 days of at least this amount. Any further share holder advances on these mortgages are deemed to be received on this assignment as well any other administrative charge on any of the above mortgages are to be assigned to this mortgage. As well as any advance to protect the mortgage security, all legal fees for any matters on a solicitor and client basis are to be paid by Arres Capital for the benefit of this assignment as advanced by shareholders with this assignment. All interest and fees due what so ever under the existing administration agreements are fully assigned and are binding on Arres Capital.

This is not a loan or a guarantee by Arres Capital and only an assignment. This assignment maybe partially or in whole assigned to any related party including Marlene or Wesley Serra or to third parties. Arres will not unreasonably withhold recognition of such assignment. Receipt of the assignments payments acknowledged and agreed to this 31 January 2009. This agreement confirms that the payment of \$8000 cash has been received.

Arres Capital Inc.

Per: 

Arres Capital Inc.
Wesley Serra

I agree to these terms and will provide notice to Arres Capital in due course of my further assignment in whole or in part of this assignment.

Per: 

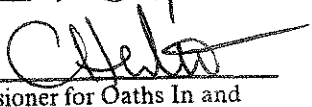
Staci Serra

Acknowledgement

Receipt of this notice is hereby acknowledged by the trustee/company this 31 day of January 2009

Arres Capital Inc.

This is Exhibit L referred to in the
Affidavit of Wes Serra
dated this 17 day of July 2018


A Commissioner for Oaths In and
for the Province of Alberta

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
In and for Alberta
My Appointment Expires November 6, 2019

Exhibit M

ARRIS CAPITAL INC.
Account QuickReport
All Transactions

SHI LOAN Management Wages

Type	Date	Amount	Debit	Credit	Amount
General Journal	01/21/2004	5			4,702.41
Deposit	01/21/2007				40,000.00
General Journal	01/21/2007	15,499.99			200,000.00
General Journal	11/20/2007	458			171,422.97
General Journal	12/01/2007	11,100			2,300.00
General Journal	01/20/2008	1,100			1,412,000.00
General Journal	01/20/2008	1,100			12,825.19
General Journal	01/20/2008	1,100			95,000.75
General Journal	01/20/2008	1,100			6,790.08
General Journal	01/20/2008	1,100			8,000.00
General Journal	01/20/2008	1,100			40,000.00
General Journal	01/20/2008	1,100			8,502.18
General Journal	01/20/2008	1,100			17,000.00
General Journal	01/20/2008	1,100			11,004.06
General Journal	01/20/2008	1,100			120,000.00
General Journal	01/20/2008	1,100			8,000.00
General Journal	01/20/2008	1,100			2,900.00
General Journal	01/20/2008	1,100			260.00
General Journal	01/20/2008	1,100			60,000.00
General Journal	01/20/2008	1,100			120,000.00
General Journal	01/20/2008	1,100			5,375.15
General Journal	01/20/2008	1,100			120.00
General Journal	01/20/2008	1,100			13,002.26
General Journal	01/20/2008	1,100			1,800.26
General Journal	01/20/2008	1,100			2,600.00
General Journal	01/20/2008	1,100			6,966.04
General Journal	01/20/2008	1,100			1,102.36
General Journal	01/20/2008	1,100			880.87
General Journal	01/20/2008	1,100			6,000.00
General Journal	01/20/2008	1,100			4,702.36
General Journal	01/20/2008	1,100			4,702.36
General Journal	01/20/2008	1,100			822.81
General Journal	01/20/2008	1,100			1,200.00
General Journal	01/20/2008	1,100			12,515.72
General Journal	01/20/2008	1,100			1,270.84
General Journal	01/20/2008	1,100			9,000.81
General Journal	01/20/2008	1,100			40,000.00
General Journal	01/20/2008	1,100			31,000.00
General Journal	01/20/2008	1,100			7,402.20
General Journal	01/20/2008	1,100			1,200.20
General Journal	01/20/2008	1,100			3,301,002.60
General Journal	01/20/2008	1,100			3,301,002.60

Total SHI LOAN Management Wages

This is Exhibit M referred to in the
Affidavit of Wes Serra
dated this 17 day of July 2018
Christina Louise Herbert
A Commissioner for Oaths In and
for the Province of Alberta

① 2.5M Bonus

TH Assets - 2008 was \$1,412,000
- 2009 was 550,000
2008 Stock 120,000
2009 Stock 120,000

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
In and for Alberta
My Appointment Expires November 6, 2019

300,000 : 2007

10:33 AM

17/07/18

Accrual Basis

ARRES CAPITAL INC.

Transactions by Account

As of 18 January 2009

Type	Date	Num	Adj	Name	Memo	Clr	Split	Debit	Credit	Balance
BANK OF MONTREAL										
Deposit	05/01/2009			DEPOSIT	Deposit	X	-SPLIT-			1,860.62
Cheque	07/01/2009			A PLUS COURIER	35143	X	Rental Income	5,444.88		7,305.50
Cheque	08/01/2009	7157		Caron & Partners	48047	X	COURIER	1,830.47		9,135.97
Cheque	08/01/2009	7158		Caron & Partners	48048	X	AM Homes Bills Paid		300.26	8,835.71
Cheque	08/01/2009	7159		CITY OF CALGARY	ENO 00059641	X	AM Homes Bills Paid		4,585.72	4,249.99
Cheque	08/01/2009	7160		Dawson's Coffee Ser...	48956	X	SEARCHES		1,832.58	2,617.41
Cheque	08/01/2009	7161		FEDERAL EXPRESS	8-926-31860	X	OFFICE EXPENSE		19.50	2,597.91
Cheque	08/01/2009	7162		Good For You	900152	X	COURIER		26.25	2,571.66
Cheque	08/01/2009	7163		Konica Minolta	4032649955	X	OFFICE EXPENSE		146.53	2,425.13
Cheque	08/01/2009	7164		Olympia Benefits Inc.	Billie Receipts...	X	OFFICE EXPENSE		21.50	2,403.63
Cheque	08/01/2009	7165		TELUS	4032649955	X	Employee Benefits		76.97	2,326.66
Cheque	08/01/2009	7166		TELUS	403261-8962	X	TELEPHONE EXPENSE		268.11	2,058.55
Cheque	08/01/2009	7167		Thomas Butler, LLP	13460 KAC	X	TELEPHONE EXPENSE		1,899.67	158.88
Cheque	08/01/2009	7168		Advantage Accountin...	Jan 8	X	LEGAL & ACCOUNTING FEES		77.12	81.76
Cheque	08/01/2009	7169		Receiver General	VOID:	X	Parking		280.00	-198.24
Liability Cheque	08/01/2009	7170		DEPOSIT	Jem	X	-SPLIT-		22.00	-220.24
Deposit	08/01/2009			Split Five Media	1483	X	Broker Fees	0.00		-220.24
Cheque	08/01/2009	7171		Billie-Joe Morrey		X	ADVERTISING & PROMOTION	27,300.00		27,079.76
Pay Cheque	15/01/2009	eft		Caslen A. Anderson		X	-SPLIT-		1,321.95	25,757.81
Pay Cheque	15/01/2009	eft		Chris Puddicombe		X	-SPLIT-		1,194.81	24,563.00
Pay Cheque	15/01/2009	eft		Gemma Darling		X	-SPLIT-		1,288.45	23,274.55
Pay Cheque	15/01/2009	eft		Jennifer Aguirre		X	-SPLIT-		2,503.63	20,770.92
Pay Cheque	15/01/2009	eft		Tracy Hildenbrand		X	-SPLIT-		1,407.51	19,363.41
Pay Cheque	15/01/2009	eft		Trevor Franko		X	-SPLIT-		1,052.32	18,301.09
Pay Cheque	15/01/2009	eft		Wendy McKenna		X	-SPLIT-		1,643.86	16,657.23
Cheque	15/01/2009	eft		BANK CHARGES		X	-SPLIT-		2,129.30	14,527.93
Pay Cheque	15/01/2009	eft		Annette Siemens		X	-SPLIT-		2,014.32	12,513.61
Cheque	15/01/2009	7172		reimbursement...		X	BANK CHARGES		3,836.20	8,677.41
Cheque	15/01/2009	7173		Minister of Finance		X	-SPLIT-		289.25	8,388.16
Cheque	15/01/2009	7174		Greyhound Courier E...		X	OFFICE EXPENSE		343.17	8,044.99
Cheque	15/01/2009	7175		Deiron Laser Product...		X	SEARCHES		102.77	7,942.22
Cheque	15/01/2009	7176		TELUS		X	COURIER		82.00	7,860.22
Cheque	15/01/2009	7177		EQUIFAX		X	OFFICE EXPENSE		42.68	7,817.56
Cheque	15/01/2009	7178		STAPLES		X	TELEPHONE EXPENSE		194.10	7,623.46
Cheque	15/01/2009	7179		Dawson's Coffee Ser...		X	SEARCHES		152.71	7,470.75
Cheque	15/01/2009	7180		Roz Industries (2005)...		X	OFFICE EXPENSE		105.00	7,365.75
Cheque	15/01/2009	7181		2020 - 11 Avenue		X	OFFICE EXPENSE		477.82	6,887.93
Cheque	15/01/2009	7182		Advantage Accountin...		X	Bankview 2nd (19%)(allowance)		226.66	6,661.27
Cheque	15/01/2009	7183		Receiver General		X	Due From Related Company		513.66	6,147.61
Liability Cheque	15/01/2009	7185		DEPOSIT		X	Parking		1,301.27	4,846.34
Deposit	15/01/2009			DEPOSIT		X	-SPLIT-		24.00	4,822.34
Cheque	15/01/2009	7188		4-A Professional Serv...		X	SH LOAN/Management Wages		8,940.03	-4,117.69
						X	-SPLIT-	8,000.00		3,882.31
						X	-SPLIT-	15,137.17		19,019.48
Total BANK OF MONTREAL										15,970.35
TOTAL										15,970.35

Exhibit N



ARRES

Capital Inc.

#205, 707 - 10 Ave SW
Calgary, AB T2R 0B3
Tel: (403) 261-9955 Fax: (403) 264-9954

December 15, 2009

Graybiar Mortgage
c/o Arres Capital Inc.

Dear Sirs:

Re: New Home Warranty Guarantee

We are pleased to advise that your application for new home warranty guarantee for the Graybriar Greens project totaling (\$287,360) has been approved by Arres Capital Inc., on the basis and subject to the terms and conditions outlined below:

LENDER:

1499760 Alberta Ltd and Wes Serra

BORROWER:

Arres Capital Inc as trustee for the mortgage on
Phase 2 (see loan Administration agreement)

GUARANTORS:

1499760 Alberta LTD and Wes Serra (the "Guarantor")

PURPOSE OF LOAN:

The loan advanced by Arres Capital Inc., are to be used by the Borrower as follows:

This is Exhibit N referred to in the
Affidavit of Wes Serra
dated this 17 day of July, 2018

Provide a personal guarantee for the Phase two lands such that the units are to be completed and sold with new home warranty. Pay all costs and holdbacks associated with the loan.

Christina Louise Herbert
A Commissioner for Oaths In and
for the Province of Alberta

Any costs of work or any claim what so ever on the new home warranty is to be paid through the sales of units of Graybriar units firstly and then by reserves held back from sales.

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
In and for Alberta
My Appointment Expires November 8, 2019

All fees associated with new home warranty costs

AMOUNT:

Subject to all conditions precedent being fulfilled, that

Arres Capital Inc. is prepared to offer the following Credit Facility:

A corporate and personal guarantee without any funds to be advanced.

INTEREST RATES:

Any amounts advanced by Arres to the Borrower shall bear Interest while outstanding before and after maturity and default at the mortgage rate of interest.

REPAYMENT:

Borrower shall repay loans as follows:

On Demand from sales of units and/or interest reserve account in the amount of \$287,360.00 assigned by Arres Capital Inc. to the guarantor 1499760 Alberta ltd.

Repayment in full from 100 % of the net proceeds of unit sales, by no later than December 31 2012.

Although the note(s) and the securities taken in relation to all loans are stated to be on a demand basis it is understood that Arres Capital Inc., will not demand payment amounts advanced in receipt of the term loans unless:

- a) Borrower is in default of its obligations, or
- b) In the opinion of 1499760 Alberta Ltd., there has been a change in the business, financial condition, operations or conduct of the Borrower which will adversely affect either the Borrower's ability to fulfill its obligations or Arres Capital Inc.
- c) The term is not extended by agreement.

FEES:

- 1) Application fee: Waived
- 2) Commitment fee: 2%
- 3) Ongoing monitoring costs as incurred at a rate of the current charge of Arres Capital trustee fees.

SECURITY:

Assignment of sales proceeds to be paid by Arres for the fees, all costs and holdbacks to it to 1499760 Alberta Ltd sole satisfaction.

HOLDBACKS:

The holdback amount is to be determined by either legal

advice and/or New Home Warranty to the sole satisfaction of the guarantor for any amount that may have to be paid over the course of the guarantee.

REVIEW:

The guarantee facility is subject to review at any time with the review date established at January 1, 2012—(date of repayment). At which time any and all amounts outstanding may become due at the sole discretion of 1499760 Alberta Ltd.

COSTS:

All costs, including legal incurred by Arres Capital Inc., and 1499760 Alberta Ltd. relative to security and other documentation, shall be for the account of the Borrower (Graybriar Green Mortgage Phase Two) and may be charged to the Borrower's deposit account or from sales of units when submitted.

ACCEPTANCE:

To become effective, this Commitment Letter must be accepted in writing by the Borrower.

Your acceptance of this letter will constitute authority for Arres Capital Inc., to instruct its solicitors to prepare the necessary documentation.

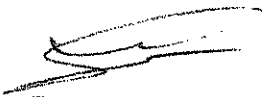
If you are in agreement with the above terms and conditions, please sign and return the enclosed copy of this letter to Arres Capital Inc.

This offer of credit will expire at the close of business on December 22, 2009, if not accepted by the guarantor.

The foregoing Commitment Letter is offered in good faith and is to be held in strict confidence.

Yours truly,

Sincerely,
Arres Capital Inc.

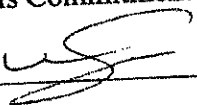


Wes Serra
President

Arres Capital Inc for the phase Two lands Graybriar.

I hereby accept this Commitment Letter as outlined above.

Signed
Name



Accepted

DEC 15 2009
Date:

GUARANTOR:

I hereby accept this Commitment Letter as outlined above.

Signed
Name



Accepted

DEC 15 2009

Exhibit O

NOTICE OF ASSIGNMENT

THIS NOTICE OF ASSIGNMENT is given the 10th day of July 2010

TO: Arres Capital Inc.
(The "Trustee")

FROM: Wes & Staci Serra

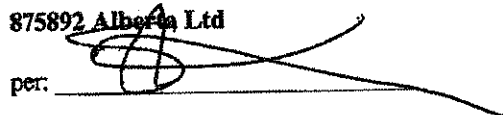
RE: Sale of Houseco to Steven Ogg and payment rollover for existing assignment of accounts receivable.

Take notice that Arres Capital Inc. has agreed to assign the remaining amount of Houseco to Steven Ogg. Wes & Staci have agreed to allow the funds to roll over as further payment of the assignment of June 2008 of all accounts receivable related to the 875892 Alberta borrowing funds for the benefit of Arres Capital. The amount that is paid as of this day on account of the assignment of Arres Accounts receivable is \$105,000.00. It also is a payment on the January 31 2009 assignment of accounts receivable. One payment with two assignments as security. In witness of the signatures below all parties agree to the further assignment and rollover of funds as additional payment of to the existing assignments of accounts receivable.


Staci Serra


Wesley Serra


ARRES CAPITAL INC.
Per: 

875892 Alberta Ltd
per: 

Acknowledgement

Receipt of this notice is hereby acknowledged by the trustee this 10 th day of July 2010.

This is Exhibit 0 referred to in the
Affidavit of Wes Serra
dated this 17 day of July 20 18.


A Commissioner for Oaths In and
for the Province of Alberta

Arres Capital Inc as Trustee

Per: 
Authorized signatory

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
In and for Alberta
My Appointment Expires November 6, 20 19

Exhibit P

This agreement made the 30th day of September 2010

**Assignment of account receivable with Arres capital
(Herein after called "Arres")**

Between: Arres Capital A corporation with head office located in the city of Calgary (Hereinafter "Arres")

And

Staci Serra and /or 875892 Alberta Ltd
(Hereinafter "Serra")

WHEREAS Arres has agreed to assign its accounts receivable/ investment with respect to the GRAYBRIAR 2 Mortgage and its receivables derived from the loan administration agreement in the amount of \$97,500.00

Whereas Staci Serra and 875892 Alberta Ltd will receive all amounts owing under the loan administration agreement of Graybriar 2 and of the principal investment and all of Arres' rights, title and ongoing and accrued interest in and to that portion of the loan and related loan security over the lands with respect to the

land mortgage registered to plan 052-0941 block 1 lot c
(As per loan administration agreement)

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of mutual covenants and agreements set out below, the parties hereby agree as follows:

1. Arres hereby assigns to Serra all of original principal investment and all of Arres rights, title and ongoing accrued interest in and to that portion of the loan and related security over the lands and premises.
2. Arres hereby assigns to Serra all of its receivables with respect to the loan administration agreement on the project.
3. All notices to be given pursuant to this agreement shall be delivered personally or by mail to

205 707 10 ave sw t2r 0b3 (Arres)
126 Spring Valley Way (Serra)

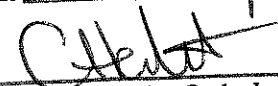
Arres Capital

Per: 

875892 Alberta Ltd

PER: 

This is Exhibit P referred to in the
Affidavit of Wes Serra
dated this 17 day of July 20 18.


A Commissioner for Oaths In and
for the Province of Alberta

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
In and for Alberta

My Appointment Expires November 8, 20 19

This agreement made the 30th day of September 2010

Assignment of account receivable with Arres capital
(Herein after called "Arres")

Between: Arres Capital A corporation with head office located in the city of Calgary (Hereinafter "Arres")

And

Staci Serra and/or 875892 Alberta Ltd
(Hereinafter "Serra")

WHEREAS Arres has agreed to assign its accounts receivable/ investment with respect to the GRAYBRIAR 2 Mortgage and its receivables derived from the loan administration agreement in the amount of \$97,500.00

Whereas Staci Serra and 875892 Alberta Ltd will receive all amounts owing under the loan administration agreement of Graybriar 2 and of the principal investment and all of Arres' rights, title and ongoing and accrued interest in and to that portion of the loan and related loan security over the lands with respect to the

land mortgage registered to plan 052-0941 block 1 lot c
(As per loan administration agreement)

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of mutual covenants and agreements set out below, the parties hereby agree as follows:

1. Arres hereby assigns to Serra all of original principal investment and all of Arres rights, title and ongoing accrued interest in and to that portion of the loan and related security over the lands and premises.
2. Arres hereby assigns to Serra all of its receivables with respect to the loan administration agreement on the project.
3. All notices to be given pursuant to this agreement shall be delivered personally or by mail to

205 707 10 ave sw t2r 0b3 (Arres)
126 Spring Valley Way (Serra)

Arres Capital

Per:



875892 Alberta Ltd

PER:

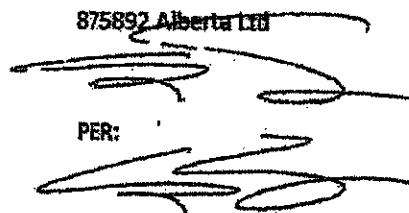


Exhibit Q

002

RCL

DATE 30092019

STACI SERRA
WESLEY BRENT SERRA
68 PATTERSON PARK SW
CALGARY AB T3H 3C7
403-246-3486

PAY TO THE ORDER OF Caracas Capital

Ninety Seven thousand five hundred \$ 97,500.00

100 DOLLARS

Security features included. Details on back.

ROYAL BANK OF CANADA
STRATHCONA SQUARE SHOPPING CENTRE
100-886 STRATHCONA BLVD SW
CALGARY AB T3H 2Z9

MEMO Caracas Capital

⑈001⑈ ⑆02349⑈003⑈ 261737400510⑈

This is Exhibit Q referred to in the
Affidavit of Wes Serra
dated this 17 day of July 2018.

Christina
A Commissioner for Oaths in and
for the Province of Alberta

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
in and for Alberta
My Appointment Expires November 6, 2019

Exhibit R

NOTICE OF ASSIGNMENT

THIS NOTICE OF ASSIGNMENT is given the 23 day of March 2012

TO: Arres Capital Inc.
(The "Trustee")

FROM: Staci Serra

Take notice that Staci Serra has agreed to allow funds received of \$167234.71 to be paid as further advance on assignments date June 2008 and January 2009 towards the accounts receivable, renewal fees and all administration charges of any kind in the Accounts Receivable of Arres Capital.

ARRES CAPITAL INC.

Per: 

Staci Serra

per: 

for: Staci Serra

Acknowledgement

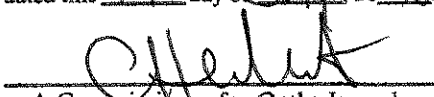
Receipt of this notice is hereby acknowledged by the trustee this 23 day of March 2012

Arres Capital Inc as Trustee

Per: 

Authorized signatory

This is Exhibit R referred to in the
Affidavit of Wes Serra
dated this 17 day of July 2018


A Commissioner for Oaths In and
for the Province of Alberta

CHRISTINA LOUISE HERBERT

A Commissioner for Oaths

In and for Alberta

My Appointment Expires November 6, 2019

Exhibit S

ISN: 2200102973

Cheque #37752

90,000.00

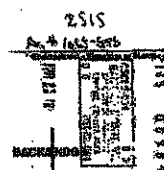
ARRES CAPITAL INC.
IN TRUST
SUA, 1201 - 11th Ave. SW
CALGARY, AB T2C 0A8
TEL: 403-261-8853 FAX: 403-264-8854

DATE 02222012
AMOUNT \$ 90,000.00

TO THE ORDER OF
Arres Capital Inc.

MEMO
Full Payment - Broker Fees Bunko Building

#037752# 425159-0014 1068-900# /000900004



ISN: 2200187090

Cheque #37641

1,392.24

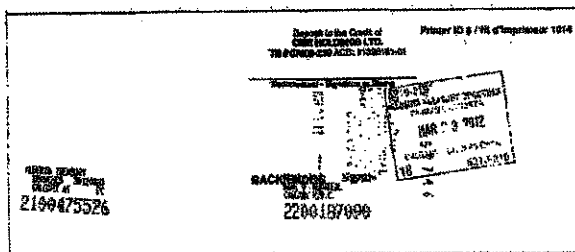
ARRES CAPITAL INC.
IN TRUST
SUA, 1201 - 11th Ave. SW
CALGARY, AB T2C 0A8
TEL: 403-261-8853 FAX: 403-264-8854

DATE 03072012
AMOUNT \$ 1,392.24

TO THE ORDER OF
CME Holdings Ltd
2000 - 11th Ave. SW
Calgary, AB T2C 0A8

MEMO
Full Payment - Guyanese Grants 2 Providence Bldg

#037641# 425159-0014 1068-900# /0000139224



ISN: 2200188149

Cheque #37591

1,500.00

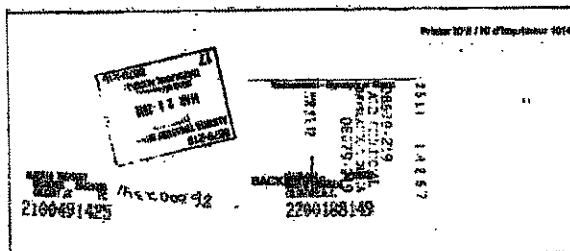
ARRES CAPITAL INC.
IN TRUST
SUA, 1201 - 11th Ave. SW
CALGARY, AB T2C 0A8
TEL: 403-261-8853 FAX: 403-264-8854

DATE 02222012
AMOUNT \$ 1,500.00

TO THE ORDER OF
Alan Under Bunko Scanner

MEMO
Alan Under Bunko Scanner

#037591# 425159-0014 1068-900# /0000150000



ISN: 2200218101

Cheque #37724

61,028.17

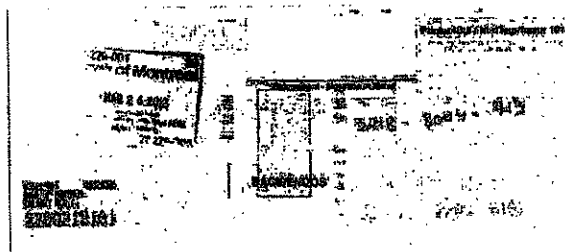
ARRES CAPITAL INC.
IN TRUST
SUA, 1201 - 11th Ave. SW
CALGARY, AB T2C 0A8
TEL: 403-261-8853 FAX: 403-264-8854

DATE 02222012
AMOUNT \$ 61,028.17

TO THE ORDER OF
Full Over 60 Payments Month 10/11

MEMO
Full Over 60 Payments Month 10/11

#037724# 425159-0014 1068-900# /0000218101

This is Exhibit S referred to in theAffidavit of Wes Serra

Page 36 of 47

dated this 7 day of July, 2018

Christina Louise Herbert
A Commissioner for Oaths In and
for the Province of Alberta

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
In and for Alberta
My Appointment Expires November 6, 2019

048772

BMMEC12300_3551010_001 - 0002122

Business Banking statement

IN TRUST FOR ARRES CAPITAL INC
For the period ending March 30, 2012

502

Business Banking



ISN: 2200058885
Cheque #37584

3,750.00

ARRES CAPITAL INC.
100-1201-1100 AVE. S.W.
CALGARY, AB T2C 0A9
TEL: 403-261-8885 FAX: 403-261-8884

CHEQUE NO. 37584
DATE 03/22/2012

TO THE ORDER OF
Three Thousand Seven Hundred Fifty and 00/100 \$ 3,750.00

Pay to the order of
Lance Phylips

Exact Deposit
Payable - Prepaid Contribution Phase 1

ARRES CAPITAL INC. (Stamp)
Lance Phylips (Signature)

⑆037584⑆ 425159⑉0014 1058⑉900⑆ ⑆0000175000⑆

Bank of Montreal (Stamp)
2515
ARRES CAPITAL INC. (Stamp)
37584
1058⑉900⑆

ISN: 8600239673
Cheque #37657

2,122.64

ARRES CAPITAL INC.
100-1201-1100 AVE. S.W.
CALGARY, AB T2C 0A9
TEL: 403-261-8885 FAX: 403-261-8884

CHEQUE NO. 37657
DATE 05/07/2012

TO THE ORDER OF
Two Thousand One Hundred Twenty-Two and 64/100 \$ 2,122.64

Pay to the order of
ARRES CAPITAL INC. (Stamp)
Lance Phylips (Signature)

⑆037657⑆ 425159⑉0014 1058⑉900⑆ ⑆0000212264⑆

Bank of Montreal (Stamp)
2515
ARRES CAPITAL INC. (Stamp)
37657
1058⑉900⑆

ISN: 2200102971
Cheque #37734

1,637.12

ARRES CAPITAL INC.
100-1201-1100 AVE. S.W.
CALGARY, AB T2C 0A9
TEL: 403-261-8885 FAX: 403-261-8884

CHEQUE NO. 37734
DATE 03/22/2012

TO THE ORDER OF
One Thousand Six Hundred Thirty-Seven and 12/100 \$ 1,637.12

Pay to the order of
Arres Capital Inc.

Payable - Bank Building Preservation Fee

ARRES CAPITAL INC. (Stamp)
Lance Phylips (Signature)

⑆037734⑆ 425159⑉0014 1058⑉900⑆ ⑆0000163712⑆

Bank of Montreal (Stamp)
2515
ARRES CAPITAL INC. (Stamp)
37734
1058⑉900⑆

ISN: 2200102972
Cheque #37753

77,234.71

ARRES CAPITAL INC.
100-1201-1100 AVE. S.W.
CALGARY, AB T2C 0A9
TEL: 403-261-8885 FAX: 403-261-8884

CHEQUE NO. 37753
DATE 03/22/2012

TO THE ORDER OF
Seventy-Seven Thousand Two Hundred Thirty-Four and 71/100 \$ 77,234.71

Pay to the order of
Arres Capital Inc.

Payable - Bank Building Preservation Fee

ARRES CAPITAL INC. (Stamp)
Lance Phylips (Signature)

⑆037753⑆ 425159⑉0014 1058⑉900⑆ ⑆0007723471⑆

Bank of Montreal (Stamp)
2515
ARRES CAPITAL INC. (Stamp)
37753
1058⑉900⑆

Exhibit T

NOTICE OF ASSIGNMENT

THIS NOTICE OF ASSIGNMENT is given the 11 day of October 2012

TO: Arres Capital Inc.
(The "Trustee")

FROM: ARRES CAPITAL INC. & Wes and/or Staci Serra

RE

Take notice that Staci Serra has agreed to rollover the amounts that she has received this day from the payout of accounts receivable from Arres Capital regarding the Burns Mortgage in the amount of \$177,053.00. This was related to previous paid in full assignment of the Chateau.

Arres Capital agrees to accept this amount from Staci Serra as an additional payment towards the assignment of June 2008 made in her favor for amounts paid in full at that time. This is an additional advance on this assignment. In signing Arres agrees that this is a further payment on this assignment and Serra agrees to allow Arres to use these funds for its regular course of business..

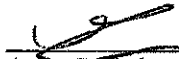
Per: 

875892 Alberta Ltd

per: 

Staci Serra


Agreed to this day proven by signature below


Arres Capital Inc


Acknowledgement

Receipt of this notice is hereby acknowledged by the trustee this 11 day of OCTOBER 2012

This is Exhibit I referred to in the
Affidavit of Wes Serra
dated this 17 day of July 2018


A Commissioner for Oaths In and
for the Province of Alberta

Arres Capital Inc as Trustee

Per: 
Authorized signatory

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
In and for Alberta
My Appointment Expires November 8, 2019

Exhibit U

ISN: 2200548156
Cheque #38361

3,415.96

ARDES CAPITAL INC.
100-1000-0000-0000
100-1000-0000-0000
100-1000-0000-0000

38361

DATE 10/17/17

AMOUNT \$ 3,415.96

Three Thousand Four Hundred Fifteen and 96/100

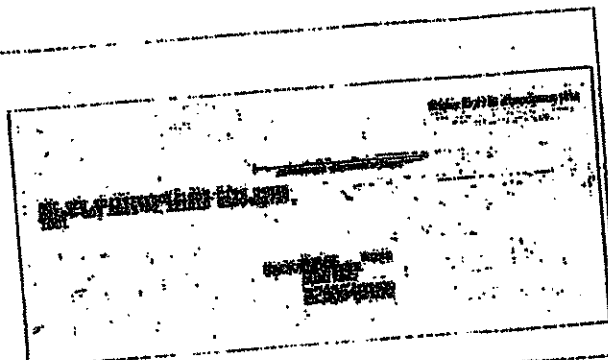
Pay to the order of

Pay & Forfeiture Office
100-1000-0000-0000
Cheque # 38361

100-1000-0000-0000

100-1000-0000-0000

100-1000-0000-0000



ISN: 220062600
Cheque #38367

581.92

ARDES CAPITAL INC.
100-1000-0000-0000
100-1000-0000-0000
100-1000-0000-0000

38367

DATE 10/17/17

AMOUNT \$ 581.92

Five Hundred Eighty One and 92/100

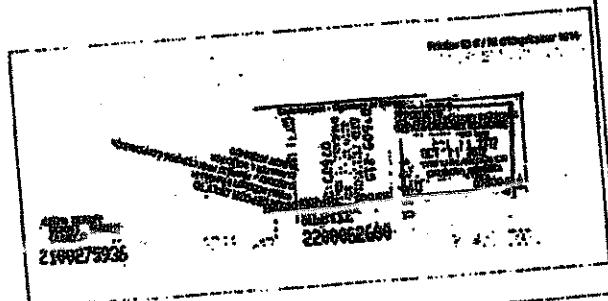
Pay to the order of

Pay & Forfeiture Office
100-1000-0000-0000
Cheque # 38367

100-1000-0000-0000

100-1000-0000-0000

100-1000-0000-0000



ISN: 2200160922
Cheque #38358

39.22

ARDES CAPITAL INC.
100-1000-0000-0000
100-1000-0000-0000
100-1000-0000-0000

38358

DATE 09/12/17

AMOUNT \$ 39.22

Thirty Nine and 22/100

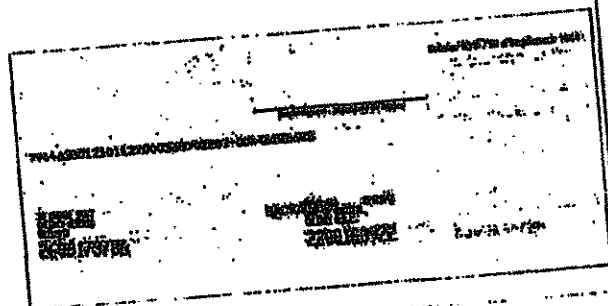
Pay to the order of

Pay & Forfeiture Office
100-1000-0000-0000
Cheque # 38358

100-1000-0000-0000

100-1000-0000-0000

100-1000-0000-0000



ISN: 2200100210
Cheque #38387

177,053.00

ARDES CAPITAL INC.
100-1000-0000-0000
100-1000-0000-0000
100-1000-0000-0000

38387

DATE 07/11/2018

AMOUNT \$ 177,053.00

One Hundred Seventy Seven Thousand Five Hundred Three and 00/100

Pay to the order of

Pay & Forfeiture Office
100-1000-0000-0000
Cheque # 38387

100-1000-0000-0000

100-1000-0000-0000

100-1000-0000-0000



This is Exhibit u referred to in the
Affidavit of Wes Serral
dated this 17 day of July, 20 18

Exhibit V

Funds advancement on existing Graybriar Assignment

September 30 2013

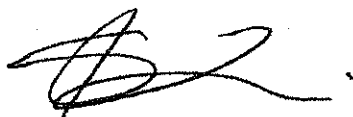
To: Arres Capital

Re: Funds from personal mortgage

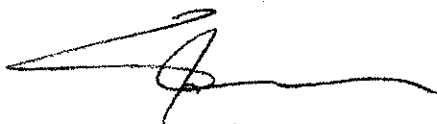
From: Staci Serra

This note is to confirm that we have received a total of \$243,568.20 from the sale of funds and that you have agreed that this to apply this payment as further amount advanced on the existing and paid in full assignment of funds from the Graybriar Mortgage receivables.

The amount of \$243,568.20 will be applied as additional payment to the existing 2008 assignment of receivables from Arres Capital.



Staci Serra

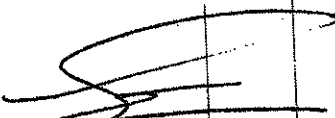


875892 Alberta Ltd

We acknowledge receipt and are in agreement with the terms above

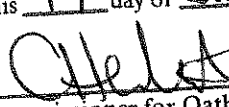


875892 Alberta Ltd

Per: 
Arres Capital

Received this day of September 2013.

This is Exhibit V referred to in the
Affidavit of Wes Serra
dated this 17 day of July, 2018


A Commissioner for Oaths In and
for the Province of Alberta

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths
In and for Alberta
My Appointment Expires November 6, 2019

Exhibit W

10:38 AM

17/07/18

Accrual Basis

ARRES CAPITAL INC.
Transactions by Account

As of 15 October 2013

Type	Date	Num	Adj	Name	Memo	Clr	Split	Debit	Credit	Balance
										-6.13
BANK OF MONTREAL										100.00
General Journal	03/10/2013	Transfer			Transfer from..		Due to Arres H..	105.13		
Deposit	07/10/2013				Deposit		Broker Fees	243,568.20	243,650.70	243,658.20
General Journal	07/10/2013	Transfer					-SPLIT-			17.50
								243,674.33	243,650.70	17.50
Total BANK OF MONTREAL								243,674.33	243,650.70	17.50

TOTAL

This is Exhibit W referred to in the
 Affidavit of Wes Serra
 dated this 17 day of July 2018
Christina Louise Herbert
 A Commissioner for Oaths In and
 for the Province of Alberta

CHRISTINA LOUISE HERBERT
 A Commissioner for Oaths
 In and for Alberta
 My Appointment Expires November 8, 2019

Exhibit X

TRUST AGREEMENT
GRAYBRIAR GREENS INC. – PHASE 2

Made this 29 day of September, 2008:

BETWEEN:

ARRES CAPITAL INC.
 (hereinafter referred to as the "Trustee")

and

ACCESS MORTGAGE CORPORATION (2004) LTD.
 (hereinafter referred to as the "Investor")

FILE COPY

This is Exhibit X referred to in the
 Affidavit of Wes Serra
 dated this 17 day of July 2018
[Signature]
 A Commissioner for Oaths In and
 for the Province of Alberta

CHRISTINA LOUISE HERBERT
 A Commissioner for Oaths
 In and for Alberta
 My Appointment Expires November 6, 2019

WHEREAS:

- A. The meaning of certain capitalized words and phrases used in this Agreement are defined in Article I hereof;
- B. The Trustee is a mortgage broker licensed and registered in accordance with the *Real Estate Act* (Alberta);
- C. The Trustee has entered into a Commitment Letter with the Borrower to lend the Borrower the Loan Amount to be secured primarily against the title to the Borrower's Lands;
- D. The Investor desires to participate in the loan on the terms and conditions contained in this Agreement to the extent of the Investor's Proportionate Share being **\$1,785,677.64**
- E. The Parties have agreed that the Loan Security shall be held in the name of the Trustee and the Proportionate Share of the Loan shall be administered and held by the Trustee acting as bare trustee for the Investor;
- F. The Investor has agreed with the Trustee that the Trustee shall be entitled to deduct placement and administration fees from the proceeds of the Loan and the Investor's net rate of return on his Proportionate Share of the Loan is set out in the Loan Summary;

NOW THEREFORE:

Article 1
DEFINITIONS

- 1.1 **"Agreement"** means this Agreement and any amendment thereto;
- 1.2 **"Borrower"** means GRAYBRIAR GREENS INC.;
- 1.3 **"Commitment Letter"** means that letter agreement entered into between the Trustee and the Borrower to grant the Loan dated August 10, 2007, a copy of which is attached hereto as Schedule A;

- 1.4 **"Lands"** means those lands and premises described in the Land Schedule annexed hereto;
- 1.5 **"Loan"** means the Loan Amount advanced or to be advanced to the Borrower by the Investor on the terms subject to the conditions set out in the Commitment Letter and includes, without limitation, all principal, interest, fees, expenses, charges and all other amounts owing by the Borrower from time to time to the Investor pursuant to the Commitment Letter and also includes the Loan Security;
- 1.6 **"Loan Amount"** shall mean the sum of NINE MILLION SEVEN HUNDRED THOUSAND (\$9,700,000.00) in Canadian currency;
- 1.7 **"Loan Security"** shall mean any mortgage, charge, pledge, lien, hypothec, encumbrance, conditional sale, title retention agreement, assignment, general security agreement, guarantee or other security interest whatsoever, and shall include that security listed the Commitment Letter;
- 1.8 **"Loan Summary"** means the structure of the loan and return to the Investor on the Investor's Proportionate Share of the Loan as contained in Schedule "B" to this Agreement;
- 1.9 **"Other Investors"** shall mean those parties additional to the Investor who agree to participate in the Loan on the same terms as those herein;
- 1.10 **"Proportionate Share"** shall mean the undivided ownership interest of the in the Loan, expressed as a percentage, equal to the fraction having as its numerator the total principal advanced by the Investor, from time to time, pursuant to this Agreement and having as its denomination the total principal of the Loan advanced, from time to time, to the Borrower;
- 1.11 **"Schedules"** The following schedules shall be deemed for all purposes to comprise and form part of this Agreement:
- | | |
|-----------------|-------------------|
| Land Schedule - | Lands |
| Schedule "A" - | Commitment Letter |
| Schedule "B" - | Loan Summary |

Article 2 – Loan Acquisition and Participation

- 2.1 **Acquisition of Loan** The Trustee shall be responsible for the acquisition and processing of the Loan including, without limitation, the following:
- (a) acquiring, assembling, recording and processing all the necessary information, data, applications, forms and reports in connection with the Loan;
 - (b) retaining solicitors to perform and carry out instructions and requirements necessary to complete the Loan including, without limitation, all requisite searches, preparing and attending upon the execution and delivery of the Loan Security and attending to all necessary registrations and filings as may be required to ensure the perfection and the priority of the Loan Security, subject only to such encumbrances and other qualifications specifically permitted by the Commitment Letter or by the Investor in writing;
 - (c) ensuring that the Borrower has made satisfactory arrangements for insurance as is required by the Commitment Letter and the Loan Security, and

- (d) if a requirement for the Loan, obtaining copies of Real Property Reports and specifications in respect of the improvements being constructed on the Lands and verifying that the completion of construction is in accordance with the plans and specifications provided to the Investor by the Borrower and as contemplated by the Commitment Letter.

2.2 Interest in the Loan

Upon the Investor delivering to the Trustee advances in accordance with Article 3.1, the Investor shall have a beneficial interest in the Loan to the extent of its Proportionate Share in the Loan. Interest shall be paid to the Investor at the rate of 15% per annum.

Total Interest to be paid by the borrower is to be 15% per annum, (being 15% per annum to the Investor and 0.00% per annum to the Trustee for administration and loan servicing.

2.3 Acknowledgment of Other Investors and Endorsement of Loan Security

All loan documents shall be taken, held and registered only in the name of the Trustee and the Trustee shall hold the same at all times as bare trustee for the Investor and other Investors as to their respective Proportionate Shares. The Investor recognizes and agrees that the Trustee may be participating in the Loan as an Investor.

2.4 Non-Interference

The Investor covenants and agrees with the Trustee that it will not act, or deal with its Proportionate Share in the Loan and the Loan Security in such a manner as to prejudice or reduce the rights of the Trustee of any Other Investor or the Loan Security, and further covenants and agrees to maintain this Agreement in full force and effect as it relates to the Loan as long as the Loan is owned in part by the Investor.

2.5 Further Documents

The Trustee shall, at the request of the Investor, execute and deliver such further assignment, transfer, conveyance, assurance, document or instrument which may be reasonably required by the Investor to evidence the Proportionate Share of the Investor in the Loan, provided only that such further assignment, transfer, conveyance, assurance, document or instrument shall not impair the Trustee.

2.6 Acknowledgements

The Lender will, at the request and expense of the Investor, execute and deliver from time to time such additional acknowledgements as the Investor may reasonably require to confirm the Investor's beneficial ownership of its Proportionate Share including all profits and losses.

Article 3 - Advances

3.1 Advanced Generally

Upon request from the Trustee, the Investor shall remit by bank draft to the Trustee, or as the Trustee may otherwise direct in writing, an amount equal to its Proportionate Share of any portion of the Loan to be advanced to the Borrower pursuant to the Commitment Letter.

3.2 Interest on Advances

Funds will be requested by the trustee from the investor. When the investors certified cheque or bank draft payable to the law firm is brought to the trustee, or in cases of RSP money, when the trustee advances the funds, prior to noon in both cases, interest will start accruing. If funds are received after noon, interest will start the following banking day. In the event of a BC mortgage, interest will start one banking day after receipt of the bank draft payable to the law firm being received in the Trustee's office.

3.3 No Obligation to Advance

Other than in its capacity as a participating investor, the Trustee shall not be required to advance its own funds for any purpose.

3.4 Advanced To Preserve or Enforce Loan Security

The Investor acknowledges and agrees that excess advances may be required from it from time to time in the event of the Borrower's default to preserve or recover the Loan in the same ratio as its Proportionate Share.

3.5 Failure to Advance

The Investor acknowledges and agrees that its failure to advance funds pursuant to Article 3.1 may result in the Trustee being unable to fund the loan as required by the Commitment Letter and thereby may be subject to damages. In addition to any other provisions to this Agreement, the Investor hereby indemnifies the Trustee and the Other Investors for any losses, expenses, costs, suits or liabilities that may be incurred as a result of the Investor's failure to advance its Proportionate Share of the Loan under this Agreement. In addition to any other rights or remedies that the Other Investors may have, any amounts owing under this Agreement to the defaulting Investor shall be set off against the amount owing under such indemnity.

Article 4 Administration of the Loan

4.1 Servicing of the Loan

The Trustee shall administer and service the Loan on the terms and subject to the conditions to this Agreement.

4.2 [REDACTED]

The Trustee shall administer the Loan and the Loan Security on behalf of the Investor and the Other Investors, and shall exercise its powers and discharge its duties hereunder honestly, in good faith and in the best collective interest of the Investor and the Other Investors and, in connection therewith, shall exercise that degree of care, diligence and skill that a reasonably prudent lender would exercise in comparable circumstances.

4.3 Maintain Accounts

The Trustee agrees with the Investor to maintain proper records and accounts showing all receipts, payments and disbursements in respect of the Loan, all according to generally accepted accounting principals, and the Trustee agrees with the Investor that such books as they relate to the Investor shall be open to the Investor on reasonable request.

4.4 Periodic Accounting

The Trustee shall provide an accounting of the Loan and the interest earned thereon to the Investor, and shall do so by the provision to the Investor of a report showing the payments received by the Trustee from the Borrower pursuant to the Loan.

4.5 Periodic Payment

The Trustee shall on a monthly basis, remit to the Investor all amounts received by the Trustee on account of the Investor's Proportionate Share including interest payable thereon at the rate set out in the Loan Summary, less any expenses or disbursements properly payable to the Trustee by the Investor with regard to the Loan.

4.6 Specific Authorization to Discharge

The Investor hereby specifically authorizes the Trustee to grant partial discharges of the Loan Security when required under the terms of the Commitment Letter.

4.7 Collection of Debts Due

The Trustee shall make reasonable efforts to collect all payments on account of the Loan and to cause the Borrower and guarantors, if any, to perform their obligations under the Loan Security.

4.8 Retain Experts

The Trustee shall retain, when necessary, solicitors or other professional advisors to protect and enforce the Investor's rights and interests against the Borrower. Prior to such expenditures, the Trustee will endeavor, but is not obligated, to notify and obtain the agreement of the Investor of its intention to make the expenditure. Regardless of such prior approval by the Investor, the Trustee will endeavor to collect such costs incurred or advances made ("**Costs**") from The Borrower but, in all events, the Investor shall pay to the Trustee, and shall indemnify the Trustee for, the Investor's Proportionate Share of the Costs, such payment to be made within five (5) business days of demand by the Trustee. ~~Interest at the applicable rate shall be payable by the Investor on all such sums commencing Five (5) business days from demand by the Trustee.~~

4.9 Reimbursement of Expenses

~~The Investor covenants and agrees that it is responsible for expenses and liabilities incurred by the Trustee in the administration of the Loan on a pro rata basis according to the Investor's Proportionate Share of the Loan.~~

4.10 Security for Trustee's Costs

As security for the due and punctual payment and performance of all obligations of the Investor to the Trustee including, without limitation, the payment of all monetary obligations of the Investor, the Investor hereby grants the Trustee a security interest, charge and lien over and in respect of the Investor's Proportionate Share in the Loan and Loan Security. ~~The Investor further grants the Trustee the right to set off, deduct and withhold from any monies payable to the Investor the Investor's full amount of all monies and expenses or indemnified amounts and all interest thereon which is owed or is accruing due by the Investor to the Trustee or which the Trustee considers should be reserved as security for costs or amounts which the Trustee anticipates will be incurred or become due acting reasonably.~~

Article 5 Warranties or Representations

5.1 No Warranties or Representations Notwithstanding that the Loan may have been presented by the Trustee to the Investor for the Investor's consideration, the Trustee makes no warranty or representation with respect to the Investment and shall not be responsible for the

observance or performance of any of the terms, covenants, conditions or obligations of the Borrower pursuant to the Commitment Letter or the Loan Security and the Investor acknowledges that it has made its own decision to participate in the Investment without any inducement from or reliance upon the Trustee. The Trustee further makes no warranty or representation as to the financial viability of the Borrower or any guarantor nor to the due execution, legality, validity, enforceability, genuineness or sufficiency of the Loan Security.

5.2 Reliance on Information and Advice Subject to the Trustee upholding the standard of care provided for in article 4.2 hereof, the Trustee shall incur no liability under or with respect to this Agreement, the Commitment Letter, the Investment or the Loan Security by acting in good faith or by refraining, in good faith, from acting upon: (a) any notice, consent, certificate or other instrument or writing (sent by letter, telephone, telegram, cable, telex, facsimile or otherwise) believed by the Trustee to be genuine and signed or sent by the proper party or parties; (b) any representation or warranty made by the Borrower, the Guarantors, or any of them under the Commitment Letter or the Loan Security or in connection therewith; and (c) any advice solicited by or given to the Trustee by experts retained by the Trustee.

Article 6 Investing through RRSP

6.1 The Investor acknowledges and agrees that if it is investing through an RRSP it is required to have its RRSP administer the loan on its behalf. As such the names of the RRSP administrator will show on the Loan Security and payments will be made by the Trustee to such RRSP administrators. To the extent that such loans are already administered by the RRSP administrator, then the Trustee is not acting on behalf of the Investor. Such Investors are, however, subject to the remaining terms of this Agreement.

Article 7 Compensation for the Trustee

7.1 The Investor acknowledges and agrees that the Trustee may be compensated for its brokerage of the Loan by payment to it by the Borrower of a brokerage fee. [REDACTED] shall be compensated for its administration of the Loan.

Article 8 Disposition of Interest

8.1 Disposal of Percentage in Loan

If, at the time of renewal, the Investor desires to sell or dispose of its Proportionate Share in a Loan, the Investor shall forthwith deliver to the Trustee notice in writing of its intention to sell or dispose. Upon receipt of the said notice, the Trustee shall have a period of Fifteen (15) days within which to acquire, on his own behalf or as agent for an new Other Investor, the Investor's Proportionate Share in the Loan, after which time the Investor shall be at liberty to sell its Proportionate Share in the Loan to a third party purchaser or an existing Other Investor, in which event the Investor shall, before transferring his interest the Loan, obtain and deliver to the Trustee confirmation by the purchaser, in form acceptable to the Trustee, that the purchaser is bound to the terms of this Agreement. In the event that the Trustee incurs any extra-ordinary expense in assisting the Investor in any of the activities outlined herein, such extra-ordinary expense shall be borne by the Investor. In the event that the Investor's interest cannot be sold or disposed of, the Investor must retain his Proportionate Share in the Loan until maturity of the term of the Loan.

8.2 Purchase Right

Both the Trustee and the Investor agree to act in good faith and to act reasonably in attempting to resolve any disagreement regarding the Loan. In the event of disagreement between the Trustee and the Investor with respect to the administration of the Loan which they are unable to resolve, the Trustee shall have the right, but not the obligation, to purchase all but not less than all of the Investor's Proportionate Share in the Loan upon written notice to the Investor and payment to the

Investor of his Proportionate Share of the outstanding principal amount of the Loan and all accrued but unpaid interest on such principal calculated at the rate in the Loan Summary to the date of payment to the Investor. The Investor hereby irrevocably appoints the Trustee as his irrevocable attorney for the purpose of executing and delivering all deeds, instruments, transfers, and agreements necessary or desirable to complete and perfect any sale as aforesaid.

Article 9 Indemnification of the Trustee and the Other Investors

9.1 Indemnity

To the extent of its Proportionate Share, the Investor hereby agrees to indemnify, save and hold harmless the Trustee and Other Investors from and against any and all legal actions or law suits of any nature and kind with respect to or arising out of the processing, administration and servicing of the Loan or in otherwise fulfilling its obligations, duties and responsibilities set out in this Agreement and any costs, expenses or disbursements incurred in connection therewith, save and except where any such legal action or law suit results from the failure of the Trustee to fulfil and satisfy the terms and conditions of this Agreement including, without limitation, failure of the Trustee to uphold the standard of care or from the fraud, gross negligence or wilful misconduct of the Lender or its agents or employees. The obligation of the Investor to so indemnify and save harmless shall only survive the termination of this Agreement if the cause of action upon which such legal action or law suit is based, arose prior to the termination of the Investor's interest in the Loan under this Agreement.

Article 10 Acknowledgement of Participation of the Trustee

10.1 The Investor hereby acknowledges that the Trustee, or its principals may purchase with its own funds and own as an Other Investor, a Proportionate Share in the Loan. The Trustee shall not, however, be obligated to purchase or maintain a Proportionate Share in the Loan.

Article 11 Termination

11.1 Termination of the Role of the Trustee

The role of the Trustee in servicing and administering the Loan on behalf of the Investor may be terminated upon the Investor giving notice to that effect in writing to the Trustee only upon the happening of any of the following events:

- (a) If any proceedings in insolvency, bankruptcy, receivership or liquidation is taken against the Trustee;
- (b) The Trustee makes any assignment for the benefit of its creditors or commits any act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act (Canada)*;
- (c) If the Trustee assigns or purports to assign this Agreement or any of its rights hereunder without the prior written consent of the Investor;
- (d) If the Trust commits a breach or default under this Agreement, which is not remedied within Fifteen (15) days after written notice of such breach has been received by the Trustee from the Investor

Upon such termination, the Investor shall be entitled to request and receive from the Trustee a transfer of title to the Investor of the Investor's Proportionate Interest in the Loan and, for such purposes, the Trustee provides the Investor with its irrevocable Power of Attorney for such purposes.

11.2 Termination of the Investor

The interest of the Investor in the Investment may be terminated by the Trustee upon notice in writing to the Investor only upon the happening of any of the following events:

- (a) if any proceedings in insolvency, bankruptcy, receivership or liquidation be taken against the Investor;
- (b) if the Investor makes any assignment for the benefit of its creditors or commits any act of bankruptcy within the meaning of the Bankruptcy Act;
- (c) except as expressly permitted hereby, if the Investor assigns or purports to assign its Proportionate Share or any of its rights under this Agreement;
- (e) if the Investor commits a breach or default under this Agreement, which is not remedied within fifteen (15) days after written notice has been received by the Investor.

11.3 Postponement After Termination

In addition to any other rights that the Trustee may have, in the event that the interest of the Investor in the Investment is terminated, all amounts that have been advanced by the Investor on account of the Loan prior to the date of termination shall be postponed in favour of, and shall rank subordinate to, all amounts advanced by the Other Investors subsequent to such termination on account of the Loan.

11.4 Termination Generally

This Agreement shall remain in full force and effect until the Loan and any other amounts expressed to be owing to the Trustee under the Loan Security have been paid in full and the Loan Security has been reassigned or discharged or shall have been realized upon and the proceeds or realization shall have been distributed among the Investor and Other Investors in accordance with this Agreement.

Article 12 Notices

12.1 Addresses for Notices

All notices to be given under this Agreement shall be deemed to have been duly given if mailed by registered mail to the addresses, or sent by facsimile transmission to the fax numbers, as follows:

To the Trustee:

Arres Capital Incorporated
#1002, 1520 - 4th Street S.W.
Calgary, Alberta T2P 3C8
Fax (403) 264-9954

To the Investor:

Investor: Access Mortgage Corporation (2004) Ltd.
Address: 1610, 700 - 4 Ave SW
Calgary, Alberta T2P 3J4

Article 13 Additional Provisions

13.1 Liability of the Trustee

Notwithstanding anything contained in this Agreement or any Loan documentation, the Trustee shall not be liable to the Investor for any losses or damages incurred by the Investor in respect of any Loan save and except for any loss or damage caused directly by the gross negligence or willful misconduct of the Trustee or its officers, agents or employees

13.2 Time

Time shall be of the essence in this Agreement.

13.3 Governing Law and Jurisdiction

This Agreement shall be governed by the law of the Province of Alberta and the parties hereto hereby irrevocably attorn to that jurisdiction.

13.4 Further Acts

The parties hereto agree that they shall do all further things and take all further steps, including the execution of further documents that may be required to carry out and give effect to this Agreement.

13.5 Entire Agreement

This Agreement is the entire agreement between the parties and supersedes and replaces any prior written or oral agreement that may have been made between the parties.

13.6 Severability

In the event that any part of this Agreement shall be determined to be null, void or of no effect, that part of this Agreement shall be severed herefrom and the balance of this Agreement shall continue in full force and effect.

13.7 Amendments

This agreement may only be amended by an agreement in writing duly executed by each of the parties hereto.

13.8 Assignment

Except as may be otherwise permitted herein, neither party to this Agreement may assign its interest to another party without the prior written consent of the other party, such consent not to be unreasonably withheld.

13.9 Real Estate Act

Without in any way limiting or derogating from its obligations or responsibilities under this Agreement, the Trustee in fulfilling its obligations and responsibilities with respect to the administration of the Loan and the Loan Security will at all times comply with the provisions of the *Real Estate Act (Alberta)*, as amended, replaced or substituted from time to time.

13.10 Relationship

Neither the execution of this Agreement, nor the sharing of the Loan nor any agreement to share in profits or losses arising as a result of this transaction is intended to be nor shall it be construed to be the formation of a partnership or joint venture between the Trustee and the Investor or Other Investors.

13.11 Counterparts


This document may be executed in counterparts, each of which executed counterpart shall be deemed to be an original and such counterparts together shall constitute one and the same document, and notwithstanding different dates of execution, shall be deemed to have been executed on the same date, being the later of the dates of execution of such counterparts.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

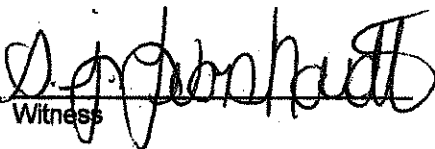
ARRES CAPITAL INC.

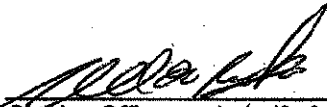
Per:  (c/s)

INVESTOR

Per:  (c/s)
Signing Officer on behalf of
Access Mortgage Corporation (2004) Ltd.

Witness


Witness

Per:  (c/s)
Signing Officer on behalf of
Access Mortgage Corporation (2004) Ltd.

LAND SCHEDULE

PLAN 052-0941, BLOCK 1, LOT C

SCHEDULE "A"

COMMITMENT LETTER

August 10, 2007
 Graybriar Greens Inc.
 c/o Graybriar Land Development Company Ltd.

Dear Sir/Madam:

Re: Loan for \$9,700,000.00

ARRES CAPITAL INC. and/or its assigns is pleased to advise that the following mortgage loan has been approved on the terms and conditions set forth below. If you agree with these terms and conditions please sign the duplicate copy of this letter in the space provided below and return it to Arres Capital Inc. and/or its assigns

1. **Borrowers:** Graybriar Land Company Ltd. and Graybriar Greens Inc.

2. **Amount of loan:** \$9,700,000.00

3. **Term:** One year, renewable at the discretion of the Lender.

4. **Rate of Interest:**

Interest will be charged at 15% per annum. Monthly interest owing will be adjusted and calculated from time to time. The various fees hereunder and the interest rate are based on an expected repayment of the entire loan by September 1, 2007 (the "Maturity Date").

5. **Fees:**

Lender Fees for this transaction shall be 2% of any amount Access Mortgage Corporation Limited or Access Mortgage Corporation (2004) Limited lends in this matter which at this time is One Million Dollars thus a fee of \$20,000.00 shall be deemed due and owing. The Lender Fees shall be earned and be payable to Access Mortgage Corporation Limited or Access Mortgage Corporation (2004) Limited and/or its assigns upon acceptance of this letter by the Borrowers, and the Borrowers agree that a caveatable charge against the interest and estate of the Borrowers in the Property is thereby created which shall remain in force until the Fee is paid in full. In the event that any further funds are required by the borrower from Access Mortgage Corporation Limited or Access Mortgage Corporation (2004) Limited or any re-advancement from Access Mortgage Corporation Limited or Access Mortgage Corporation (2004) Limited under this loan shall also be subject to the same terms as set out herein and fees of 2% shall be charged on re-advancement. Any other investors in this mortgage will not receive a lenders fee for this transaction.

6. **Repayment:**

Interest calculated shall accrue from the date of the advance and be paid on the same day of the month following the date of advance (the "Interest Adjustment Date"). Thereafter on the same

day as the date of the advance in each month, during the term, Interest Only payments on the principal amount advanced shall be due and payable. An interest reserve account shall be set up and all interest reserve funds will be held in trust by Hildebrand Wilde. With each advance under this loan, further interest reserve will be required for monthly interest only payments.

-In the event that the interest reserve does not cover a payment and a direct payment is required from the borrower the payments will be made payable to Arres Capital in Trust. Arres Capital will issue the pro-rated portion of the payment to each lender on my behalf

Any payments late or returned dishonoured will be charged \$125.00 NSF fee.

A standby fee of ½ % per month will be charged on progress draws that are scheduled and not drawn within 7 calendar days of scheduled draw date.

7. Prepayment:

The Borrowers, when not in default hereunder shall have the privilege to prepay the whole or any part of the monies without penalty.

8. Security and other documents:

The Borrowers agree to provide to Arres Capital Inc. and/or its assigns in form and substance satisfactory to it, all security requested by Arres Capital Inc. and/or its assigns including, without limitation, the following documentation (the "Security") which will be held by Arres Capital Inc. and/or its assigns as security for the loan and all other direct and indirect liabilities of the Borrowers or any of them to Arres Capital Inc. and/or its assigns from time to time:

A corporate Guarantee of: Graybriar Land Company Ltd. and Graybriar Greens Inc.

A mortgage over the properties described as: Will initially be a second charge on the whole property but will be a first charge on the titles to the 13 buildings once land is subdivided.

PLAN 052-0941, BLOCK 1, LOT C

A general security agreement comprising a first charge on all assets of the Borrowers.

A certified copy of a Resolution of the Directors of the Company approving the loan request and the security to be granted.

A Certificate of Encumbrance of the Company.

An opinion of Counsel to the Company indicating that the Company has the corporate capacity to enter into this agreement.

An opinion of Counsel to Arres Capital Inc. and/or its assigns satisfactory to Arres Capital Inc. and/or its assigns

9. Conditions and/ or Pre-Conditions:

That the security set forth in paragraph 8 above is registered as therein described.

That there be no prior mortgages to the mortgage of Arres Capital Inc. and/or its assigns over the Properties.

That all property taxes payable to local authorities shall have been paid.

That all amounts due to Revenue Canada by the Borrowers whether for income Taxes, Employee Deductions or GST are current and that there are no arrears;

That all dues to Workers Compensation Board have been paid.

A satisfactory inspection of the property, which inspection is to the sole satisfaction of Arres Capital Inc.

Assignment of Rents

Assignment of all plans and permits

Assignment of all drawings as completed by the architect

That an interest reserve account be set up for monthly interest only payments. The initial interest reserve will be for 6 months and any further advances under this mortgage will require further interest reserves to be put in place.

Partial Discharges will be granted for 95% of net sales proceeds. All sales must be within 3% of list price unless agreed to in writing by Arres Capital Inc and/or its assigns.

In the event of default all sales proceeds are due to the lender.

USE OF FUNDS:

\$ 863,200.00	to be paid for services completed
\$ 20,000.00	Lender fees to Access
\$ 883,200.00	TOTAL FIRST ADVANCE
Other disbursements to be made in due course	
Legal Fees	TBD
Interest Reserve	TBD
Land Purchase	TBD
\$5,720,000.00	approximate balance available for future improvements and services to the site as work is completed and invoices are submitted and approved by Arres Capital Inc. and or its assigns.
\$9,700,000.00	TOTAL MORTGAGE AMOUNT APPROVED AT THIS TIME.

Any advances made shall be for strictly for the benefit of the project

10. Taxes:

That all taxes due to federal, provincial and local governments and amounts due to Workers Compensation Board shall be paid as they become due.

The borrower will pay all real property taxes when then are due. During the term of this mortgage, should the borrower not pay the real property taxes when due, the lender may, but is not obligated to, attend to payment of the real property taxes on behalf of the borrower, and charge the amount of the real property taxes payment plus a \$250.00 service fee to the mortgage balance.

11. Insurance:

The borrower shall insure the property in favour of the lender to the amount of a sum not less than the total of the principal sum of money being secured or, to the amount of its full insurable value if such sum be greater than the insurable value. It is further agreed that should the policy expire during the term of the Mortgage and not be replaced with satisfactory coverage, then the lender may place insurance with its own carriers and charge the premium plus a \$250.00 service fee to the mortgage balance.

As well, the borrower must agree to the following (which agreement is acknowledged by the signing of this commitment letter):

All risk insurance covering the tenants improvements and equipment of the borrower with the first loss payable to Arres Capital Inc. and/or its assigns

Flood insurance if the secured property is within 2 kilometres of any lake, river, creek, ocean, or other body of water which may cause any type of flooding to the secured property.

That the borrower agrees that in the event that any insurance claim is made during the term of this mortgage or any renewal terms, Arres Capital Inc. shall have full entitlement to any amounts collected under such claim.

The borrower must always be assured that it is names the lender as a first or second loss payable as appropriate on all insurance policies. It will be a requirement prior to any funds being released, the lawyer must be in receipt of an insurance binder which must be satisfactory to Arres Capital with no obscure clauses. Any funds sent with trust conditions will not be relatable until the binder has been received and reviewed.

12. Documentation:

The security documents set out in the paragraph 8 herein, shall be in all respects satisfactory to Arres Capital Inc. and/or its assigns (acting reasonable) and its solicitors in their absolute discretion. Arres Capital Inc. and/or its assigns solicitors in this transaction are:

13. Title:

The Borrower will have, as the registered owner of the property, good title in fee simple to the property, and Arres Capital's Inc. and/or its assigns Charge on the property will be **FIRST** in priority over this portion of the land once subdivided, all other financial encumbrances, leases, agreements for leases, restrictions, agreements, liens, assignments and charges whatsoever to the

full extent of the loan except as Arres Capital Inc. and/or its assigns may in writing consent to or the law may require.

The security required by Arres Capital Inc. and/or its assigns shall have been duly authorized and comply in all respects with all applicable laws, by-laws, government requirements, whether federal, provincial, municipal including without restriction, those dealing with planning, zoning, use occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped areas, pollution of the environment, toxic material or other environmental hazards, building construction, public health and safety and there shall be no outstanding work orders against the property and or the improvements or any part thereof.

The Borrower shall provide such certificates or other written confirmation as Arres Capital Inc. and/or its assigns solicitors may reasonable require, certifying that no control orders, stop orders, or prosecutions exist with respect to the property or any activity or operation carried out thereon pursuant to any federal, provincial, municipal, or local environment, health and safety laws, statutes and regulations as may apply to the property or the activities or operations carried out thereon.

14. Costs and Fees:

Whether or not the transaction contemplated hereby is completed, you will pay all Arres Capital's and/or its assigns costs associated with this transaction including the legal fees and disbursements of our solicitor (on a solicitor and his own client basis) together with the costs to incorporate Arres Capital Inc. and/or its assigns in the Province of Alberta. Such fees, disbursements, and GST shall be deducted from the Mortgage Proceeds.

Other

If Arres Capital Inc or any affiliate of Arres Capital Inc. is required to deal with the needs of your business in order to protect the security of the mortgagor and in order for you to carry on your business in its usual fashion a fee of \$50.00 per occurrence or \$200.00 per hour (whichever is the lesser amount) will be charged in addition to any other fees or costs set out in this document and such fees will be invoiced and deducted from the next mortgage advance requested. (ie. Dealing with a creditor regarding outstanding payment of an invoice).

15. Right of Termination:

Arres Capital Inc. and/or its assigns shall have the right to terminate its agreement to provide the loan to you and be relieved of all obligations in connection therewith in the event that any of the following events should occur:

You fail or are unable or are unwilling for any reason whatsoever to comply with any of the terms and conditions set out in this letter within the time indicated for such compliance; or

You fail or refuse to execute any documentation as per this Commitment Letter requested by our solicitors or to deliver such documentation to our solicitors; or

The net proceeds of the loan have not been fully advanced on or before the commitment expiry date referred to herein; or

Your refuse to accept the funds when advanced; or

You or any other person or Corporation whose covenant is required should become bankrupt, or subject to bankruptcy, receivership or insolvency proceedings; or

~~There has been, in the sole opinion of Arres Capital Inc. and/or its assigns, a material adverse change in the condition of the property or Collateral Property of the Borrowers, or~~

Arres Capital Inc. and/or its assigns, acting reasonable, is not satisfied with the matters set out in paragraph 13; or

All legal matters and documentation relating to the transaction have not been completed to Arres Capital's Inc. and/or its assigns and its council's satisfaction.

If Arres Capital Inc. and/or its assigns elects to terminate its agreement to provide the loan to you prior to the advance of the entire amount of the loan, the amount advanced on the loan, if any, together with interest thereon at the rate set out herein shall become immediately due and payable and Arres Capital Inc. and/or its assigns shall, whether or not any proceeds have been advanced, be entitled to retain the commitment fee, if any, as compensation for all damages sustained by it, it being agreed that the amount of such commitment fee is a fair estimate of the damages which will be suffered by Arres Capital Inc. and/or its assigns in such event.

16. Renewal of Mortgage after Maturity

Upon maturity of each term of the mortgage, the mortgage may be renewed at the discretion of the lender. You will be required to sign a Renewal Agreement prior to the maturity date in order to keep the mortgage current. The first term of this mortgage will mature on September 1, 2008 and a renewal fee not to exceed 2% of the principal balance owing on the mortgage at the time of renewal will be payable to Arres Capital Inc. at the time of the renewal. The Renewal Agreement will set out the balance owing at time of maturity along with the interest rate, the payment amount, and the length of term.

In the event that the mortgage matures and is not renewed, the entire balance owing including any extra fees resulting from NSF's or any other charges incurred in relation to the mortgage will be due and payable in full after the date of maturity and all legal remedies will be enforced for such payment. Until such time as entire balance is paid in full, interest will be charged as set out in the "Rate of Interest" paragraph #4 of this commitment letter.

17. Commitment Expiry Date:

In the event the initial funds are not fully disbursed by the close of business on September 1, 2007 Arres Capital Inc. and/or its assigns agreement to provide the loan or advance any funds, at

the sole discretion of Arres capital Inc. and/or its assigns, shall expire.

18. Amendment:

Any amendment to this commitment or Security documents must be in writing and signed by a duly authorized officer of Arres Capital Inc. and/or its assigns

19. Governing Laws:

The agreement constituted by your acceptance of this letter shall be governed by the laws of the Province of Alberta and any and all Court actions commenced shall be commenced and take place in the City of Calgary in the Province of Alberta regardless of where the mortgage property is located.

20. Headings:

The headings contained in this letter are for reference only and shall not constitute any part of the terms and conditions contained herein.

21. Previous Agreements: n/a

22. Successors and Assigns:

Subject to the provisions hereof, this agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

23. Severability:

Each provision of this agreement is severable and any terms or provision hereby declared to be contrary to, prohibited by, or invalid under applicable laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining terms and provisions hereof.

24. Survival:

The terms and conditions of this letter shall, after acceptance by you, survive the execution and registration of all security documentation and there shall be no merger of these provisions or conditions in the Security and that in case of a conflict between the provisions hereof and of any of the security documents, Arres Capital Inc. and/or its assigns may elect which provision shall prevail.

25. Time:

Time shall in all respects be of the essence hereof.

26. Waiver:

No terms or requirements of this commitment of any security documents may be waived or varied orally or by any course of conduct of any office, employee, or agent of the lender. Any failure by

Arres Capital Inc. and/or its assigns to exercise any rights or remedies hereunder or under any of the Security shall not constitute a waiver thereof.

The terms of this letter are open for acceptance by you by executing the duplicate copy of this letter where indicated below and returning it to Arres Capital Inc. and/or its assigns on or before 2:00 p.m. on October 15, 2007, after which date and time, this offer shall lapse, if it is not accepted.

Sincerely,
Arres Capital Inc.

Wes Serra
President

SCHEDULE "B"**ARRES**

Capital Inc.

#1002, 1520 – 4th Street SW
 Calgary, AB T2R 1H5
 tharres@telus.net
 Tel: (403) 261-9955

Tracy Hildenbrand
 Email:

Fax: (403) 264-9954

LOAN SUMMARY – Graybriar Greens PHASE 2 – Stony Plain

Applicant: Graybriar Greens Inc.

Applicant Principals: Graybriar Land Company – Directors are Wes Serra, Bill McQuitty, Chris Saunders, Doreen Richards

Applicant Project:

The applicants are looking to start Phase 2 of a multi family housing project on a portion of a nine acre parcel of land located in Stony Plain. The directors of Graybriar Land Company Ltd. have agreed to sell this land to Graybriar Greens on a phase by phase basis. Graybriar Greens and Pat High will then develop the land and build the units under the Joint Venture Agreement. Phase one which is well underway contains a total of 24 units (6 four-plex buildings), all of which are sold and will be completed in the next few months as long as the rain holds off long enough for the work to be done. The units range in size from 980 sq ft to 1200 sq ft (most of which are the bigger units) and will be affordable entry level housing which is much required in the Edmonton area given the rapid growth taking place there at this time.

The plan Phase 2 calls for a total of 52 units (13 four-plex buildings) which are all sold with reservation deposits. These units are sold for prices ranging from \$210,000.00 to \$280,000.00 with an average sale price of \$248,000.00. The total sale value of the units which is based on the average sale price which is being conservative given there is more larger units than small is \$12,896,000.00.

The big picture for the 9 acres is 30 four-plex buildings for a grand total of 120 units. All 120 units are sold with reservation deposits and therefore all that is left to do is build them all. In total there will be 3 Phases, Phase 1 will have 6 buildings units, Phase 2 will be 13

buildings, Phase 3 will be 11 buildings (44 units).

There has been much site preparation completed to date for the entire project. It is the plan to dig all basements for all 52 units in the near future and the buildings are being pre-fabricated off site and delivered so once the rain lets up and the basements can be dug prior to winter, the buildings will progress faster than usual construction. Also, the entire site is ready to be paved and that will start as soon as it dries up.

**Proposed
Financing:**

The loan amount will be \$9,700,000.00

**Financing
Details:**

The initial advance will pay for the land required for the second phase, interest reserve, payment for the servicing the land in this phase (which is already complete), landscaping and the infrastructure for this phase. Additionally we will fund the construction of the 13 buildings over time while taking all the necessary net sales proceeds as the units are closed.

Terms:

Mortgage Position: First

Interest Rate: 15%

Term: 1 year

Open for Term

Repayment: Monthly Interest only from 4 month interest reserve to be set up and further interest reserve to be set aside with each advance.

LTV: Not to exceed 75% of once completed value determined by pre-sales of the buildings.

Summary: The applicant is well known partner to Arres Capital. We are borrowing on the successful design elements and cost effectiveness of the project from Timber Creek in Radium. Timber Creek is currently into their project just over a year with 48/48 units now sold WITHOUT ever having had a show suite, plan works.

Patrick High is from the town of Stony Plain. Aside from his experience in the Edmonton area, he has hired an Alderman to be the realtor for the project and 120 of 120 units are reserved for sale. This will be a benefit as it will likely fast-track some traditionally slower items from the town.

Sincerely,

Arres Capital Inc.

Exhibit Y

Graybriar Greens 2 Renewal fee Owning calculations

Mortgage Int'l	15.00%		
Renewal Fee	2%		
		Owing to Arres as at Sep 1, 2017	
		\$ 425,771.21	

Period ending	From prior period	Payment Owed	Interest	New Balance
8/30/2008		336,232.89		336,232.89
9/30/2008	336,232.89	14,683.55	4,202.91	355,119.35
10/30/2008	355,119.35	-	4,438.99	359,558.34
11/30/2008	359,558.34	-	4,494.48	364,052.82
12/30/2008	364,052.82	-	4,550.66	368,603.48
1/30/2009	368,603.48	-	4,607.54	373,211.02
2/28/2009	373,211.02	-	4,665.14	377,876.16
3/31/2009	377,876.16	3,800.00	4,723.45	386,399.61
4/30/2009	386,399.61	-	4,830.00	391,229.61
5/31/2009	391,229.61	5,700.00	4,890.37	401,819.98
6/30/2009	401,819.98	3,218.47	5,022.75	410,061.21
7/31/2009	410,061.21	3,192.73	5,125.77	418,379.70
8/31/2009	418,379.70	-	5,229.75	423,609.45
9/30/2009	423,609.45	1,000.00	5,295.12	429,904.57
10/30/2009	429,904.57	1,752.23	5,373.81	437,030.61
11/30/2009	437,030.61	5,637.75	5,462.88	448,131.24
12/30/2009	448,131.24	-	5,601.64	453,732.88
1/30/2010	453,732.88	-	5,671.66	459,404.54
2/28/2010	459,404.54	402.07	5,742.56	465,549.17
3/31/2010	465,549.17	-	5,819.36	471,368.53
4/30/2010	471,368.53	-	5,892.11	477,260.64
5/31/2010	477,260.64	-	5,965.76	483,226.40
6/30/2010	483,226.40	-	6,040.33	489,266.73
7/31/2010	489,266.73	-	6,115.83	495,382.56
8/31/2010	495,382.56	-	6,192.28	501,574.84
9/30/2010	501,574.84	-	6,269.69	507,844.53
10/30/2010	507,844.53	-	6,348.06	514,192.59
11/30/2010	514,192.59	-	6,427.41	520,620.00
12/30/2010	520,620.00	-	6,507.75	527,127.75
1/30/2011	527,127.75	-	6,589.10	533,716.85
2/28/2011	533,716.85	-	6,671.46	540,388.31
3/31/2011	540,388.31	-	6,754.85	547,143.16
4/30/2011	547,143.16	-	6,839.29	553,982.45
5/31/2011	553,982.45	-	6,924.78	560,907.23
6/30/2011	560,907.23	-	7,011.34	567,918.57
7/31/2011	567,918.57	-	7,098.98	575,017.55
8/31/2011	575,017.55	-	7,187.72	582,205.27
9/30/2011	582,205.27	-	7,277.57	589,482.84
10/30/2011	589,482.84	-	7,368.54	596,851.38
11/30/2011	596,851.38	-	7,460.64	604,312.02
12/30/2011	604,312.02	-	7,553.90	611,865.92
1/30/2012	611,865.92	-	7,648.32	619,514.24
2/28/2012	619,514.24	-	7,743.93	627,258.17
3/31/2012	627,258.17	-	7,840.73	635,098.90
4/30/2012	635,098.90	-	7,938.74	643,037.64
5/31/2012	643,037.64	-	8,037.97	651,075.61
6/30/2012	651,075.61	-	8,138.45	659,214.06
7/31/2012	659,214.06	-	8,240.18	667,454.24
8/31/2012	667,454.24	-	8,343.18	675,797.42
9/30/2012	675,797.42	-	8,447.47	684,244.89
10/30/2012	684,244.89	-	8,553.06	692,797.95
11/30/2012	692,797.95	-	8,659.97	701,457.92
12/30/2012	701,457.92	-	8,768.22	710,226.14
1/30/2013	710,226.14	-	8,877.83	719,103.97
2/28/2013	719,103.97	-	8,988.80	728,092.77
3/31/2013	728,092.77	-	9,101.16	737,193.93
4/30/2013	737,193.93	(8,513.76)	9,108.50	737,788.67
5/31/2013	737,788.67	(481,829.23)	3,199.49	259,158.93
6/30/2013	259,158.93	-	3,239.49	262,398.42
7/31/2013	262,398.42	-	3,279.98	265,678.40
8/31/2013	265,678.40	-	3,320.98	268,999.38
9/30/2013	268,999.38	-	3,362.49	272,361.87
10/30/2013	272,361.87	-	3,404.52	275,766.39
11/30/2013	275,766.39	-	3,447.08	279,213.47
12/30/2013	279,213.47	-	3,490.17	282,703.64
1/30/2014	282,703.64	-	3,533.80	286,237.44
2/28/2014	286,237.44	-	3,577.97	289,815.41
3/31/2014	289,815.41	-	3,622.69	293,438.10
4/30/2014	293,438.10	-	3,667.98	297,106.08
5/31/2014	297,106.08	-	3,713.83	300,819.91
6/30/2014	300,819.91	-	3,760.25	304,580.16
7/31/2014	304,580.16	-	3,807.25	308,387.41
8/31/2014	308,387.41	-	3,854.84	312,242.25
9/30/2014	312,242.25	-	3,903.03	316,145.28
10/30/2014	316,145.28	-	3,951.82	320,097.10
11/30/2014	320,097.10	-	4,001.21	324,098.31
12/30/2014	324,098.31	-	4,051.23	328,149.54
1/30/2015	328,149.54	-	4,101.87	332,251.41
2/28/2015	332,251.41	-	4,153.14	336,404.55
3/31/2015	336,404.55	-	4,205.06	340,609.61
4/30/2015	340,609.61	-	4,257.62	344,867.23
5/31/2015	344,867.23	-	4,310.84	349,178.07
6/30/2015	349,178.07	-	4,364.73	353,542.80
7/31/2015	353,542.80	-	4,419.29	357,962.09
8/31/2015	357,962.09	-	4,474.53	362,436.62

Period ending	Payment Owed / repayment	Notes
8/30/2008	336,232.89	Initial renewal fee
9/30/2008	14,683.55	Renew fee on Advances in September 2008
10/30/2008		
11/30/2008		
12/30/2008		
1/30/2009		
2/28/2009		
3/31/2009		
4/30/2009		
5/31/2009		
6/30/2009		
7/31/2009		
8/31/2009	3,800.00	Priority mortgage advance
9/30/2009		
10/31/2009	5,700.00	Priority mortgage advance
11/30/2009	3,218.47	Priority mortgage advance
12/31/2009	3,192.73	Priority mortgage advance
1/31/2010		
2/28/2010		
3/31/2010	1,000.00	Priority mortgage advance
4/30/2010	1,752.23	Priority mortgage advance
5/31/2010	5,637.75	Priority mortgage advance
6/30/2010		
7/31/2010		
8/31/2010	402.07	Priority mortgage advance
9/30/2010		
10/31/2010		
11/30/2010		
12/31/2010		
1/31/2011		
2/28/2011		
3/31/2011		
4/30/2011		
5/31/2011		
6/30/2011		
7/31/2011		
8/31/2011		
9/30/2011		
10/31/2011		
11/30/2011		
12/31/2011		
1/31/2012		
2/29/2012		
3/31/2012		
4/30/2012		
5/31/2012		
6/30/2012		
7/31/2012		
8/31/2012		
9/30/2012		
10/31/2012		
11/30/2012		
12/31/2012		
1/31/2013		
2/28/2013		
3/31/2013		
4/30/2013		
5/31/2013		
6/30/2013		
7/31/2013		
8/31/2013		
9/30/2013	(8,513.76)	offsets and paydown on renewal fees (Sep 27, 13)
10/18/2013	(481,829.23)	Offset from sale of unit 1104
11/30/2013		
12/31/2013		
1/31/2014		
2/28/2014		
3/31/2014		
4/30/2014		
5/31/2014		
6/30/2014		
7/31/2014		
8/31/2014		
9/30/2014		
10/31/2014		
11/30/2014		
12/31/2014		
1/31/2015		
2/28/2015		
3/31/2015		
4/30/2015		
5/31/2015		
6/30/2015		
7/31/2015		
8/31/2015		
9/30/2015		
10/31/2015		
11/30/2015		
12/31/2015		
1/31/2016		

This is Exhibit Y referred to in the
 Affidavit of Wes Serra
 dated this 17 day of July 2018
Christina Louise Herbert
 A Commissioner for Oaths In and
 for the Province of Alberta

CHRISTINA LOUISE HERBERT
 A Commissioner for Oaths
 In and for Alberta
 My Appointment Expires November 8, 2019

2/29/2016	362,436.82	-	4,530.46	366,967.08					2/29/2016							
3/31/2016	366,967.08	-	4,587.09	371,554.17					3/31/2016							
4/30/2016	371,554.17	-	4,644.43	376,198.60					4/30/2016							
5/31/2016	376,198.60	-	4,702.48	380,901.08					5/31/2016							
6/30/2016	380,901.08	-	4,761.26	385,662.34					6/30/2016							
7/31/2016	385,662.34	-	4,820.78	390,483.12					7/31/2016							
8/31/2016	390,483.12	-	4,881.04	395,364.16					8/31/2016							
9/30/2016	395,364.16	-	4,942.05	400,306.21					9/30/2016							
10/31/2016	400,306.21	-	5,003.83	405,310.04					10/31/2016							
11/30/2016	405,310.04	-	5,066.38	410,376.42					11/30/2016							
12/31/2016	410,376.42	-	5,129.71	415,506.13					12/31/2016							
1/15/2017	415,506.13	-	2,561.34	418,067.47					1/15/2017							
1/31/2017	418,067.47	(30,465.19)	2,548.62	390,150.90					1/31/2017	(30,465.19)	Offset from Timbercreek seizure					
2/28/2017	390,150.90	-	4,876.89	395,027.79					2/28/2017							
3/31/2017	395,027.79	-	4,937.85	399,965.64					3/31/2017							
4/30/2017	399,965.64	-	4,999.57	404,965.21					4/30/2017							
5/31/2017	404,965.21	-	5,062.07	410,027.28					5/31/2017							
6/30/2017	410,027.28	-	5,125.34	415,152.62					6/30/2017							
7/31/2017	415,152.62	-	5,189.41	420,342.03					7/31/2017							
8/31/2017	420,342.03	-	5,254.28	425,596.31					8/31/2017							
9/1/2017	425,596.31	-	174.90	425,771.21					9/1/2017							

Exhibit Z

Graybrier Greens 2 Trustee and 3rd Party Owning calculations

Mortgage Interest	15.00%		
Spread	0.5%		
		Owing to Arres as at Sep 1, 2017	
		\$ 484,425.09	

Period ending	From prior period	Payment Owed	Interest	New Balance
8/30/2008	-	-	-	-
9/30/2008	-	-	-	-
10/30/2008	-	-	-	-
11/30/2008	-	-	-	-
12/30/2008	-	-	-	-
1/30/2009	-	-	-	-
2/28/2009	-	-	-	-
3/31/2009	-	-	-	-
4/30/2009	-	-	-	-
5/31/2009	-	-	-	-
6/30/2009	-	-	-	-
7/31/2009	-	-	-	-
8/31/2009	-	-	-	-
9/30/2009	-	937.23	-	937.23
10/31/2009	937.23	-	11.72	948.95
11/30/2009	948.95	-	11.86	960.81
12/31/2009	960.81	3,000.00	12.01	3,972.82
1/31/2010	3,972.82	-	49.66	4,022.48
2/28/2010	4,022.48	2,241.65	50.28	6,314.41
3/31/2010	6,314.41	-	78.93	6,393.34
4/30/2010	6,393.34	-	79.92	6,473.26
5/31/2010	6,473.26	1,930.32	80.92	8,484.50
6/30/2010	8,484.50	-	108.06	8,590.56
7/31/2010	8,590.56	-	107.38	8,697.94
8/31/2010	8,697.94	-	108.72	8,806.66
9/30/2010	8,806.66	-	110.08	8,916.74
10/31/2010	8,916.74	-	111.46	9,028.20
11/30/2010	9,028.20	-	112.85	9,141.05
12/31/2010	9,141.05	-	114.26	9,255.31
1/31/2011	9,255.31	-	115.69	9,371.00
2/28/2011	9,371.00	-	117.14	9,488.14
3/31/2011	9,488.14	1,824.38	118.60	11,431.12
4/30/2011	11,431.12	-	142.89	11,574.01
5/31/2011	11,574.01	-	144.68	11,718.69
6/30/2011	11,718.69	-	146.48	11,865.17
7/31/2011	11,865.17	-	148.31	12,013.48
8/31/2011	12,013.48	-	150.17	12,163.65
9/30/2011	12,163.65	-	152.06	12,315.70
10/31/2011	12,315.70	-	153.95	12,469.65
11/30/2011	12,469.65	-	155.87	12,625.52
12/31/2011	12,625.52	-	157.82	12,783.34
1/31/2012	12,783.34	-	159.79	12,943.13
2/29/2012	12,943.13	-	161.79	13,104.92
3/31/2012	13,104.92	-	163.81	13,268.73
4/30/2012	13,268.73	-	165.86	13,434.59
5/31/2012	13,434.59	-	167.93	13,602.52
6/30/2012	13,602.52	-	170.03	13,772.55
7/31/2012	13,772.55	-	172.16	13,944.71
8/31/2012	13,944.71	2,500.00	174.31	16,619.02
9/30/2012	16,619.02	-	207.74	16,826.76
10/31/2012	16,826.76	-	210.33	17,037.09
11/30/2012	17,037.09	-	212.98	17,250.05
12/31/2012	17,250.05	-	215.63	17,465.68
1/31/2013	17,465.68	-	218.32	17,684.00
2/28/2013	17,684.00	-	221.05	17,905.05
3/31/2013	17,905.05	-	223.81	18,128.86
4/30/2013	18,128.86	-	226.61	18,355.47
5/31/2013	18,355.47	-	229.44	18,584.91
6/30/2013	18,584.91	-	232.31	18,817.22
7/31/2013	18,817.22	-	235.22	19,052.44
8/31/2013	19,052.44	-	238.16	19,290.60
9/30/2013	19,290.60	-	241.13	19,531.73
10/31/2013	19,531.73	-	244.15	19,775.88
11/30/2013	19,775.88	2,200.00	247.20	22,223.08
12/31/2013	22,223.08	-	277.79	22,500.87
1/31/2014	22,500.87	-	281.20	22,782.13
2/28/2014	22,782.13	-	284.78	23,066.91
3/31/2014	23,066.91	3,208.25	288.34	26,563.50
4/30/2014	26,563.50	-	332.04	26,895.54
5/31/2014	26,895.54	-	336.19	27,231.73
6/30/2014	27,231.73	9,655.21	340.40	37,227.34
7/31/2014	37,227.34	19,130.07	465.34	56,822.75
8/31/2014	56,822.75	131.98	710.28	57,665.01
9/30/2014	57,665.01	3,570.00	720.81	61,955.82
10/31/2014	61,955.82	71,967.10	774.45	134,697.37
11/30/2014	134,697.37	-	1,683.72	136,381.09
12/31/2014	136,381.09	7,245.10	1,704.76	145,330.95
1/31/2015	145,330.95	-	1,816.84	147,147.59
2/28/2015	147,147.59	17,770.18	1,839.34	166,757.11
3/31/2015	166,757.11	8,375.20	2,084.46	177,216.77
4/30/2015	177,216.77	1,275.00	2,215.21	180,706.98
5/31/2015	180,706.98	9,414.88	2,258.84	192,380.70
6/30/2015	192,380.70	17,407.32	2,404.76	212,192.78
7/31/2015	212,192.78	9,184.58	2,652.41	224,029.77
8/31/2015	224,029.77	5,865.00	2,800.37	232,695.14
9/30/2015	232,695.14	6,964.64	2,908.69	242,568.47
10/31/2015	242,568.47	1,734.00	3,032.11	247,334.58
11/30/2015	247,334.58	1,147.50	3,091.68	251,573.76
12/31/2015	251,573.76	8,442.02	3,144.67	263,160.45
1/31/2016	263,160.45	3,917.50	3,289.51	270,367.46
2/29/2016	270,367.46	4,345.29	3,379.59	278,092.34
3/31/2016	278,092.34	1,645.78	3,476.15	283,214.27
4/30/2016	283,214.27	4,509.70	3,540.18	291,264.15
5/31/2016	291,264.15	6,882.90	3,640.80	301,767.85
6/30/2016	301,767.85	38,140.60	3,772.10	343,680.55

Period ending	Legal	Third party	Notes
8/30/2008			
9/30/2008			
10/30/2008			
11/30/2008			
12/30/2008			
1/30/2009			
2/28/2009			
3/31/2009			
4/30/2009			
5/31/2009			
6/30/2009			
7/31/2009			
8/31/2009			
9/30/2009		937.23	
10/31/2009			
11/30/2009			
12/31/2009		3,000.00	
1/31/2010			
2/28/2010		2,241.65	
3/31/2010			
4/30/2010			
5/31/2010		1,930.32	
6/30/2010			
7/31/2010			
8/31/2010			
9/30/2010			
10/31/2010			
11/30/2010			
12/31/2010			
1/31/2011			
2/28/2011			
3/31/2011		1,824.38	
4/30/2011			
5/31/2011			
6/30/2011			
7/31/2011			
8/31/2011			
9/30/2011			
10/31/2011			
11/30/2011			
12/31/2011			
1/31/2012			
2/29/2012			
3/31/2012			
4/30/2012			
5/31/2012			
6/30/2012			
7/31/2012			
8/31/2012		2,500.00	
9/30/2012			
10/31/2012			
11/30/2012			
12/31/2012			
1/31/2013			
2/28/2013			
3/31/2013			
4/30/2013			
5/31/2013			
6/30/2013			
7/31/2013			
8/31/2013			
9/30/2013			
10/31/2013			
11/30/2013		2,200.00	
12/31/2013			
1/31/2014			
2/28/2014			
3/31/2014		3,208.25	
4/30/2014			
5/31/2014			
6/30/2014		9,655.21	
7/31/2014		19,130.07	
8/31/2014		131.98	
9/30/2014		3,570.00	
10/31/2014		15,897.60	
11/30/2014			
12/31/2014		7,245.10	
1/31/2015			
2/28/2015		17,770.18	
3/31/2015		8,375.20	
4/30/2015		1,275.00	
5/31/2015		9,414.88	
6/30/2015		17,407.32	
7/31/2015		9,184.58	
8/31/2015		5,865.00	
9/30/2015		6,964.64	
10/31/2015		1,734.00	
11/30/2015		1,147.50	
12/31/2015		8,442.02	
1/31/2016		3,917.50	
2/29/2016		4,345.29	
3/31/2016		1,645.78	
4/30/2016		4,509.70	
5/31/2016		6,882.90	
6/30/2016		38,140.60	

This is Exhibit Z referred to in the
Affidavit of Wes Serra
dated this 17 day of July, 2018

Christina Louise Herbert
A Commissioner for Oaths In and
for the Province of Alberta

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths

In and for Alberta

56069 My Appointment Expires November 6, 2019

Exhibit 1

Graybiar Greens 2 spread Owning calculations

Mortgage Interest	15.00%			
Spread	0.5%			
		Owing to Arres as at Sep 1, 2017		
		\$ 737,512.86		

Period ending	From prior period	Payment Owed	Interest	New Balance
8/30/2008				
9/30/2008				
10/30/2008				
11/30/2008		3,750.00		3,750.00
12/30/2008	3,750.00	3,750.00	46.88	7,546.88
1/30/2009	7,546.88	3,750.00	94.34	11,391.22
2/28/2009	11,391.22	3,750.00	142.39	15,283.61
3/31/2009	15,283.61	3,750.00	191.05	19,224.66
4/30/2009	19,224.66	3,750.00	240.31	23,214.97
5/31/2009	23,214.97	3,750.00	290.19	27,255.16
6/30/2009	27,255.16	3,750.00	340.69	31,345.85
7/31/2009	31,345.85	3,750.00	391.82	35,487.67
8/31/2009	35,487.67	3,750.00	443.60	39,681.27
9/30/2009	39,681.27	3,750.00	496.02	43,927.29
10/31/2009	43,927.29	3,750.00	549.09	48,226.38
11/30/2009	48,226.38	3,750.00	602.83	52,579.21
12/31/2009	52,579.21	3,750.00	657.24	56,986.45
1/31/2010	56,986.45	3,750.00	712.33	61,448.78
2/28/2010	61,448.78	3,750.00	768.11	65,966.89
3/31/2010	65,966.89	3,750.00	824.59	70,541.48
4/30/2010	70,541.48	3,750.00	881.77	75,173.25
5/31/2010	75,173.25	3,750.00	939.67	79,862.92
6/30/2010	79,862.92	3,750.00	998.29	84,611.21
7/31/2010	84,611.21	3,750.00	1,057.64	89,418.85
8/31/2010	89,418.85	3,750.00	1,117.74	94,286.59
9/30/2010	94,286.59	3,750.00	1,178.58	99,215.17
10/31/2010	99,215.17	3,750.00	1,240.19	104,205.36
11/30/2010	104,205.36	3,750.00	1,302.57	109,257.93
12/31/2010	109,257.93	3,750.00	1,365.72	114,373.65
1/31/2011	114,373.65	3,750.00	1,429.67	119,553.32
2/28/2011	119,553.32	3,750.00	1,494.42	124,797.74
3/31/2011	124,797.74	3,750.00	1,559.97	130,107.71
4/30/2011	130,107.71	3,750.00	1,626.35	135,484.06
5/31/2011	135,484.06	3,750.00	1,693.55	140,927.61
6/30/2011	140,927.61	3,750.00	1,761.60	146,439.21
7/31/2011	146,439.21	3,750.00	1,830.49	152,019.70
8/31/2011	152,019.70	3,750.00	1,900.25	157,669.95
9/30/2011	157,669.95	3,750.00	1,970.87	163,390.82
10/31/2011	163,390.82	3,750.00	2,042.39	169,183.21
11/30/2011	169,183.21	3,750.00	2,114.79	175,048.00
12/31/2011	175,048.00	3,750.00	2,188.10	180,986.10
1/31/2012	180,986.10	3,750.00	2,262.33	186,998.43
2/29/2012	186,998.43	3,750.00	2,337.48	193,085.91
3/31/2012	193,085.91	3,750.00	2,413.57	199,249.48
4/30/2012	199,249.48	3,637.89	2,490.62	205,377.99
5/31/2012	205,377.99	3,545.77	2,567.22	211,490.98
6/30/2012	211,490.98	3,545.77	2,643.64	217,680.40
7/31/2012	217,680.40	3,456.60	2,721.00	223,857.00
8/31/2012	223,857.00	3,347.44	2,798.21	230,002.64
9/30/2012	230,002.64	3,347.44	2,875.03	236,225.11
10/31/2012	236,225.11	3,347.44	2,952.81	242,525.36
11/30/2012	242,525.36	2,975.57	3,031.57	248,532.49
12/31/2012	248,532.49	2,975.57	3,106.66	254,614.72
1/31/2013	254,614.72	2,975.57	3,182.68	260,772.97
2/28/2013	260,772.97	2,975.57	3,259.66	267,008.20
3/31/2013	267,008.20	2,975.57	3,337.60	273,321.37
4/30/2013	273,321.37	2,975.57	3,416.52	279,713.46
5/31/2013	279,713.46	2,975.57	3,496.42	286,185.45
6/30/2013	286,185.45	2,975.57	3,577.32	292,738.34
7/31/2013	292,738.34	2,927.10	3,659.23	299,324.67
8/31/2013	299,324.67	2,838.98	3,741.56	305,905.21
9/30/2013	305,905.21	2,838.98	3,823.82	312,568.01
10/31/2013	312,568.01	2,838.98	3,907.10	319,314.10
11/30/2013	319,314.10	2,838.98	3,991.43	326,144.51
12/31/2013	326,144.51	2,838.98	4,076.81	333,060.31
1/31/2014	333,060.31	2,838.98	4,163.25	340,062.54
2/28/2014	340,062.54	2,838.98	4,250.78	347,152.30
3/31/2014	347,152.30	2,838.98	4,339.40	354,330.69
4/30/2014	354,330.69	2,838.98	4,429.13	361,598.80
5/31/2014	361,598.80	2,838.98	4,519.99	368,957.77
6/30/2014	368,957.77	2,838.98	4,611.97	376,408.73
7/31/2014	376,408.73	2,838.98	4,705.11	383,952.82
8/31/2014	383,952.82	2,838.98	4,799.41	391,591.22
9/30/2014	391,591.22	2,838.98	4,894.89	399,325.09
10/31/2014	399,325.09	2,838.98	4,991.56	407,155.63
11/30/2014	407,155.63	2,838.98	5,089.45	415,084.07
12/31/2014	415,084.07	2,838.98	5,188.55	423,111.60
1/31/2015	423,111.60	2,838.98	5,288.90	431,239.49
2/28/2015	431,239.49	2,838.98	5,390.49	439,468.96
3/31/2015	439,468.96	2,838.98	5,493.36	447,801.30
4/30/2015	447,801.30	2,838.98	5,597.52	456,237.81
5/31/2015	456,237.81	2,838.98	5,702.97	464,779.76
6/30/2015	464,779.76	2,838.98	5,809.75	473,428.49
7/31/2015	473,428.49	2,838.98	5,917.86	482,185.34
8/31/2015	482,185.34	2,838.98	6,027.32	491,051.64
9/30/2015	491,051.64	2,838.98	6,138.15	500,028.78
10/31/2015	500,028.78	2,838.98	6,250.36	509,118.12
11/30/2015	509,118.12	2,838.98	6,363.98	518,321.08
12/31/2015	518,321.08	2,838.98	6,479.01	527,639.08
1/31/2016	527,639.08	2,838.98	6,595.49	537,073.55

This is Exhibit 1 referred to in the

Affidavit of WLS Serradated this 17 day of July 2018

Period ending	Principal Outstanding	Spread owing	Notes
8/30/2008			
9/30/2008			
10/30/2008			
11/30/2008	9,000,000.00	3,750.00	
12/30/2008	9,000,000.00	3,750.00	
1/30/2009	9,000,000.00	3,750.00	
2/28/2009	9,000,000.00	3,750.00	
3/31/2009	9,000,000.00	3,750.00	
4/30/2009	9,000,000.00	3,750.00	
5/31/2009	9,000,000.00	3,750.00	
6/30/2009	9,000,000.00	3,750.00	
7/31/2009	9,000,000.00	3,750.00	
8/31/2009	9,000,000.00	3,750.00	
9/30/2009	9,000,000.00	3,750.00	
10/31/2009	9,000,000.00	3,750.00	
11/30/2009	9,000,000.00	3,750.00	
12/31/2009	9,000,000.00	3,750.00	
1/31/2010	9,000,000.00	3,750.00	
2/28/2010	9,000,000.00	3,750.00	
3/31/2010	9,000,000.00	3,750.00	
4/30/2010	9,000,000.00	3,750.00	
5/31/2010	9,000,000.00	3,750.00	
6/30/2010	9,000,000.00	3,750.00	
7/31/2010	9,000,000.00	3,750.00	
8/31/2010	9,000,000.00	3,750.00	
9/30/2010	9,000,000.00	3,750.00	
10/31/2010	9,000,000.00	3,750.00	
11/30/2010	9,000,000.00	3,750.00	
12/31/2010	9,000,000.00	3,750.00	
1/31/2011	9,000,000.00	3,750.00	
2/28/2011	9,000,000.00	3,750.00	
3/31/2011	9,000,000.00	3,750.00	
4/30/2011	9,000,000.00	3,750.00	
5/31/2011	9,000,000.00	3,750.00	
6/30/2011	9,000,000.00	3,750.00	
7/31/2011	9,000,000.00	3,750.00	
8/31/2011	9,000,000.00	3,750.00	
9/30/2011	9,000,000.00	3,750.00	
10/31/2011	9,000,000.00	3,750.00	
11/30/2011	9,000,000.00	3,750.00	
12/31/2011	9,000,000.00	3,750.00	
1/31/2012	9,000,000.00	3,750.00	
2/28/2012	9,000,000.00	3,750.00	
3/31/2012	9,000,000.00	3,750.00	
4/30/2012	8,730,935.36	3,637.89	
5/31/2012	8,509,856.48	3,545.77	
6/30/2012	8,509,856.48	3,545.77	
7/31/2012	8,293,446.11	3,455.60	
8/31/2012	8,033,844.73	3,347.44	
9/30/2012	8,033,844.73	3,347.44	
10/31/2012	8,033,844.73	3,347.44	
11/30/2012	7,141,365.09	2,975.57	
12/31/2012	7,141,365.09	2,975.57	
1/31/2013	7,141,365.09	2,975.57	
2/28/2013	7,141,365.09	2,975.57	
3/31/2013	7,141,365.09	2,975.57	
4/30/2013	7,141,365.09	2,975.57	
5/31/2013	7,141,365.09	2,975.57	
6/30/2013	7,141,365.09	2,975.57	
7/31/2013	7,025,043.84	2,927.10	
8/31/2013	6,813,561.07	2,838.98	
9/30/2013	6,813,561.07	2,838.98	
10/31/2013	6,813,561.07	2,838.98	
11/30/2013	6,813,561.07	2,838.98	
12/31/2013	6,813,561.07	2,838.98	
1/31/2014	6,813,561.07	2,838.98	
2/28/2014	6,813,561.07	2,838.98	
3/31/2014	6,813,561.07	2,838.98	
4/30/2014	6,813,561.07	2,838.98	
5/31/2014	6,813,561.07	2,838.98	
6/30/2014	6,813,561.07	2,838.98	
7/31/2014	6,813,561.07	2,838.98	
8/31/2014	6,813,561.07	2,838.98	
9/30/2014	6,813,561.07	2,838.98	
10/31/2014	6,813,561.07	2,838.98	
11/30/2014	6,813,561.07	2,838.98	
12/31/2014	6,813,561.07	2,838.98	
1/31/2015	6,813,561.07	2,838.98	
2/28/2015	6,813,561.07	2,838.98	
3/31/2015	6,813,561.07	2,838.98	
4/30/2015	6,813,561.07	2,838.98	
5/31/2015	6,813,561.07	2,838.98	
6/30/2015	6,813,561.07	2,838.98	
7/31/2015	6,813,561.07	2,838.98	
8/31/2015	6,813,561.07	2,838.98	
9/30/2015	6,813,561.07	2,838.98	
10/31/2015	6,813,561.07	2,838.98	
11/30/2015	6,813,561.07	2,838.98	
12/31/2015	6,813,561.07	2,838.98	
1/31/2016	6,813,561.07	2,838.98	

CHRISTINA LOUISE HERBERT
A Commissioner for Oaths

In and for Alberta

My Appointment Expires November 6, 2019

Exhibit 2

Period ending	Payment Owning / repayment	Notes
12/31/2009	287,360.00	Initial

This is Exhibit 2 referred to in the
Affidavit of Wes Serra
dated this 17 day of July 2018

A Commissioner for Oaths In and
for the Province of Alberta

CHRISTINA LOUISE HERBERT

A Commissioner for Oaths

In and for Alberta

My Appointment Expires November 6, 20

1 COURT FILE NUMBER 1401-12431
2 COURT COURT OF QUEEN'S BENCH OF ALBERTA
3 JUDICIAL CENTRE CALGARY
4 PLAINTIFF ACCESS MORTGAGE CORPORATION (2004)
5 LIMITED
6 DEFENDANT ARRES CAPITAL INC.
7 COURT FILE NUMBER 25-094212
8 COURT COURT OF QUEEN'S BENCH OF ALBERTA IN
9 BANKRUPTCY AND INSOLVENCY
10 JUDICIAL CENTRE CALGARY
11 IN THE MATTER OF THE BANKRUPTCY AND
12 INSOLVENCY ACT, R.S.C. 1985, c. B-3,
13 AS AMENDED
14 AND IN THE MATTER OF ARRES CAPITAL
15 INC.
16 COURT FILE NUMBER 094786
17 COURT COURT OF QUEEN'S BENCH OF ALBERTA IN
18 BANKRUPTCY AND INSOLVENCY
19 JUDICIAL CENTRE CALGARY
20 IN THE MATTER OF THE BANKRUPTCY AND
21 INSOLVENCY ACT, R.S.C. 1985, c. B-3
22 AS AMENDED
23 AND IN THE MATTER OF ARRES CAPITAL
24 INC.
25
26
27
DOCUMENT Transcript of Oral Questioning of
WESLEY BRENT SERRA on Affidavit
sworn July 17, 2018
HELD AT McCarthy Tetrault LLP
Calgary, Alberta
DATE July 25, 2018

1 COURT FILE NUMBER 1401-12431
2 COURT COURT OF QUEEN'S BENCH OF ALBERTA
3 JUDICIAL CENTRE CALGARY
4 PLAINTIFF ACCESS MORTGAGE CORPORATION (2004)
5 LIMITED
6 DEFENDANT ARRES CAPITAL INC.
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22 AS AMENDED
23 AND IN THE MATTER OF ARRES CAPITAL
24 INC.
25
26 DOCUMENT Transcript of Oral Questioning of
27 WESLEY BRENT SERRA on Affidavit
sworn July 17, 2018
HELD AT McCarthy Tétrault LLP
Calgary, Alberta
DATE July 25, 2018

1 For the Reciver - Alvarez Marsal

2 Walker W. MacLeod
3 McCarthy Tetrault LLP
4 4000, 421-7 Ave. SW
5 Calgary, AB T2P 4K9
6 403-260-3710

5 For Terrapin

6 Kerry L. Okita
7 Bishop & McKenzie LLP
8 2200, 555-4 Ave. SW
9 Calgary, AB T2P 3E7
10 403-237-5550

9 For the Defendant - Arres

10 Irfan Tharani
11 DBH Law LLP
12 1200, 1015-4 St. SW
13 Calgary AB T2R 1J4
14 403-252-9937

13 Official Court Reporter

14 Gayle Ikert, CSR(A)
15 Amicus Reporting Group
16 403-266-1744

17 (Proceedings commenced at 10:40 a.m.)

18 WESLEY BRENT SERRA, sworn, questioned by Mr. MacLeod:

19 Q. Mr. Serra, thanks very much for attending today. As I
20 believe you're aware, my name is Walker Macleod and I
21 act for the receiver in this matter. You'll have to
22 answer --

23 A. Yes.

24 Q. Again I'm not going to go through a litany of defined
25 terms with you, but to the extent you have any
26 questions about entities I'm referring to or need me to
27 clarify my questions, you'll let me know?

1 A. I understand.

2 Q. I've had some discussion with your counsel off the
3 record this morning about the agreement at Exhibit 'X'
4 to your affidavit. I've got a document here I'm going
5 to show you to. It's called Trust Agreement Graybriar
6 Greens Inc. Phase 2. It's between Arres Capital Inc.
7 and Mona and/or Mohinder Thakur. I'll pass that to
8 you. Have you seen this agreement before?

9 A. I believe I have.

10 Q. Do you want to just take a moment to review it? I'm
11 going to ask for this to be marked as Exhibit 1. The
12 purpose of this is just to have a clean copy of the
13 agreement that's at Exhibit 'X'. We understand that to
14 be substantially identical. Sorry. No objection?

15 MR. THARANI: No objection.

16 EXHIBIT 1 - Trust Agreement Graybriar
17 Greens Inc. Phase 2 between Arres
18 Capital Inc. and Mona and/or Mohinder
19 Thakur

20 Q. MR. MACLEOD: Then we've had some discussions
21 that I think have been useful off the record. The
22 receiver has been operating under the impression that
23 all of the agreements with 176 investors are
24 substantially identical to this, but you've indicated
25 to me that there might be different agreements?

26 A. I believe there are.

27 Q. Okay. I'm going to ask you to undertake to review your

1 records and produce any agreements with investors in
2 relation to Graybriar that are not substantively
3 identical to the formal agreement we've just marked as
4 Exhibit 1. Would that be acceptable?

5 MR. THARANI: Yeah. We'll take that under
6 advisement.

7 UNDERTAKING NO. 1 - to review
8 Mr. Serra's records and produce any
9 agreements with investors in relation
10 to Graybriar that are not substantively
11 identical to the formal agreement
12 marked as Exhibit 1 - TAKEN UNDER
13 ADVISEMENT

14 Q. MR. MACLEOD: Can you explain to me your role
15 with the debtor company, Mr. Arres (sic), up to the
16 time when the receiver was appointed?

17 A. With Arres Capital to be clear?

18 Q. Correct.

19 A. My role was -- I was the president of the company. I
20 would sign off on all of the proposals that would
21 commence for borrowers. I would have to sign off on
22 the trust accounting that would come in if the
23 accountant was not around to sign off on it. My job
24 was to make sure that the projects that we committed to
25 were being worked on.

26 Q. And you are the sole director of Arres Capital Inc.,
27 that's correct?

1 A. I believe I am.

2 Q. Okay. And the sole shareholder of Arres Capital Inc.
3 is an entity called Arres Holdings Inc.; is that
4 correct?

5 A. Yes.

6 Q. Okay. And Arres Holdings Inc. owns 100 percent of the
7 shares in Arres Capital Inc.?

8 A. I think it does.

9 Q. Okay. I'm going to show you a Corporate Search in
10 respect of Arres Capital Inc. Do you want to just
11 review that?

12 A. Okay.

13 Q. Make that Exhibit 2?

14 MR. THARANI: No objections.

15 **EXHIBIT 2 - Corporate Search in respect**
16 **of Arres Capital Inc.**

17 Q. MR. MACLEOD: I've now passed you a document,
18 it's a Corporate Search in respect of Arres Holdings
19 Inc., and I believe that indicates that you personally
20 own 100 percent of the voting shares in Arres Holdings
21 Inc.; is that correct?

22 A. Yes.

23 Q. Might we make that Exhibit 3?

24 MR. THARANI: No objection.

25 **EXHIBIT 3 - Corporate Search in respect**
26 **of Arres Holdings Inc.**

27 Q. MR. MACLEOD: I've now passed you a Corporate

1 Search in respect to 875892 Alberta Ltd., and this
2 Corporate Search indicates that Ms. Stacia Serra is the
3 sole director and a 100 percent shareholder of 875892
4 Alberta Ltd.; is that your understanding?

5 A. Yes.

6 Q. Okay. Make that Exhibit 4.

7 MR. THARANI: No objection.

8 **EXHIBIT 4 - Corporate Search in respect**
9 **to 875892 Alberta Ltd.**

10 Q. MR. MACLEOD: And Ms. Stacia Serra is your wife;
11 is that correct, Mr. Serra?

12 A. Yes.

13 Q. And when were you married to Ms. Serra?

14 A. I'm terrible with dates. More than 20 years ago.

15 Q. Okay. And you've been married the entire time?

16 A. Yes.

17 Q. And you're still married today?

18 A. Yes, I am.

19 MR. MACLEOD: Just go off for a second.

20 (DISCUSSION OFF RECORD)

21 Q. MR. MACLEOD: Okay. Mr. Serra, I just want to
22 make sure I understand your evidence broadly as I
23 understand it. Your evidence is that Arres Capital
24 Inc. has assigned various accounts receivable that are
25 due to it to either 875 Alberta or Ms. Serra. That's
26 correct?

27 A. I think there was also some assignments to myself

1 personally as well.

2 Q. And to yourself personally --

3 A. Yes.

4 Q. -- as well? Okay. But either the account receivable
5 has been assigned either to Ms. Serra, to 875 Alberta
6 or to yourself. That's correct?

7 A. Yes.

8 Q. And was the account receivable that was assigned in
9 relation to the Graybriar mortgage, was it the entire
10 amount payable on the Graybriar mortgage or was it just
11 the fee portion that Arres claims to be entitled to
12 charge to investors?

13 A. There's different amounts that were assigned. So
14 initially my wife purchased the renewal fee and part of
15 the administration charges. Then the entire amount was
16 assigned later on for additional amounts of
17 consideration and additional amounts after that were
18 paid as well.

19 So the portion of fees that relate to the Trust
20 Agreements and the trustee work, that was billed out
21 for Arres -- Arres Management. Arres Management's GST
22 number appears on the invoices, and for convenience, we
23 sent it out under our letterhead. Those fees belonged
24 to Arres Management. The renewal fee was assigned
25 shortly after it was agreed to by the investors, and
26 the -- the interest rate differential was assigned for
27 the \$97,000.

1 So between that and the additional amount for the
2 New Home Warranty, which was a separate agreement,
3 which was assigned to a different company and
4 ultimately in my personal name, those amounts were
5 assigned in whole.

6 Q. Okay. There was a fair bit to that just there. Again
7 I'm not -- I'm just not sure I'm understanding. Again
8 was the entirety of everything that was payable on the
9 mortgages assigned over or was it just fee components
10 that were assigned over?

11 A. Well, the different -- there's different amounts. So
12 when you ask that broad question, there is different
13 amounts that were owed for different things. So the
14 renewal fee was assigned for \$230,000.

15 Q. So let's just parse it there then. So that's a fee
16 that's payable by the investors to Arres?

17 A. That fee was payable by the investors in the event the
18 borrower did not pay. That was assigned prior to the
19 receiver with back period. In addition to that, there
20 were other amounts assigned to Stacia Serra on two
21 other agreements prior to --

22 Q. Sorry. I don't want to interrupt you, but just when
23 you say there were other amounts assigned, we're
24 talking about accounts receivable again?

25 A. Yes.

26 Q. Okay. And those other amounts, were they fees due to
27 Arres from the investors?

1 A. That would have been an amount that was billed at the
2 time that was due and outstanding and that went into
3 Arres in its entirety.

4 Q. Okay. I think I understand. Thank you. I want to go
5 to paragraph 35 of your affidavit, Mr. Serra. So as I
6 understand it, this was a breakdown of the accounts
7 receivable that are due to Arres and have subsequently
8 either been assigned to Ms. Serra, to 875 Alberta or to
9 yourself; is that correct?

10 A. Yes.

11 Q. And all of these amounts are payable under the investor
12 agreements from --

13 A. Yes.

14 Q. -- the investors under Graybriar; is that correct?

15 A. Under the investor agreement, but also by the renewal
16 agreements that investors signed.

17 Q. Right. Pursuant to some agreement with the investors,
18 that's how they're payable; is that correct?

19 A. Yes, sir.

20 Q. Okay. In terms of the \$425,000 identified at 35(a),
21 can you identify for me the clause in the Trust
22 Agreement that entitles Arres to charge that amount?

23 A. Can I use your copy?

24 Q. You sure can.

25 A. So each investor that went into an arrangement with us
26 received a copy of a loan summary. From that loan
27 summary, we created a copy of the Trust Agreement. The

1 Trust Agreement came with a copy of the Commitment
2 Letter. Investors knew going in that we had deferred
3 our fees to the end of the file, number 1. Number 2,
4 the investors also received through the Commitment
5 Letter that we would be charging a renewal fee. That
6 was number 2. The third was that when we sent the
7 renewal out, investors signed off on their own knowing
8 about the renewal fee. And some people elected to
9 leave and did not pay that renewal fee, but the people
10 who stayed did pay that.

11 Q. Again can you identify for me in Exhibit 1 where you're
12 entitled to collect that amount from the investors?

13 A. Okay.

14 MR. MACLEOD: Let's go off for a second.

15 (DISCUSSION OFF RECORD)

16 A. So can you read your question again to make sure I'm
17 answering properly?

18 Q. MR. MACLEOD: Sure. Can you read it back?

19 Sorry.

20 COURT REPORTER (By reading):

21 "Q. Again can you identify for me in
22 Exhibit 1 where you're entitled to collect
23 that amount from the investors?"

24 A. 8.1 discusses the disposal of the percentage in the
25 loan. So this Trust Agreement contemplated renewal,
26 and it speaks to the fact that investors may
27 intentionally not want to renew in the mortgage. Some

1 investors did not renew in the mortgage. We paid them
2 out. This agreement here says that we will have
3 extraordinary costs associated with them leaving, which
4 reflects the fact that there is going to be a fee if we
5 have a problem renewing the mortgage.

6 This Trust Agreement also should be read in its
7 entirety with an additional addendum, which was the
8 Commitment Letter. And in the Commitment Letter, it
9 says renewal after maturity, and that's 16, clause 16
10 of the Commitment Letter, and all investors were
11 provided with that Commitment Letter going into the
12 deal and investors signed off in renewal. And the
13 Trust Agreement speaks to costs being paid in advance.

14 Q. Okay. This Commitment Letter that you're referring to,
15 is that marked as an exhibit to your affidavit
16 somewhere?

17 A. 'A'.

18 Q. Okay. So your evidence is that the Commitment Letter
19 effectively forms part of the agreement between each
20 individual that invests in Arres?

21 A. In every deal that was the case, yes.

22 Q. Okay. I understand.

23 A. And the commitment -- and it also is defined in 1.3.
24 The Commitment Letter is attached to the Trust
25 Agreement.

26 Q. Okay. I understand. Okay.

27 A. Okay.

1 Q. In terms of amounts payable at 35(b), is it effectively
2 that answer again? The specific covenants in relation
3 to the Trust Agreement plus the incorporation of the
4 Commitment Letter?

5 A. Yes.

6 Q. In terms of the amounts payable at 35(c), is it again
7 the specific covenants you've referenced in your
8 previous answer plus the incorporation of the
9 Commitment Letter?

10 A. I would also add that this changed on the renewal
11 because there was a half point interest rate
12 differential and that was paid.

13 Q. I understand. And on 35(d), again is it the same
14 covenants that you have referenced in the Trust
15 Agreement plus the incorporation of the Commitment
16 Letter?

17 A. That and also that we surveyed investors who agreed to
18 allow the New Home Warranty to come into place. The
19 investors specifically voted they wanted New Home
20 Warranty. We disclosed the payments on the New Home
21 Warranty over time, and it was reflected in the minutes
22 of the Graybriar directors who also stated that anyone
23 who provided New Home Warranty would receive a
24 guarantee. Other people received guarantees. This was
25 approved at the director level at Graybriar as well as
26 the investors.

27 Q. Okay. And so all of that is what entitles Arres to

1 charge these amounts to the investors? That's correct?

2 A. Yes.

3 Q. Arres is now bankrupt. You're aware of that,
4 Mr. Serra?

5 A. Yes.

6 Q. I've got a Certificate of Bankruptcy here I'm just
7 going to pass to you. And the bankruptcy occurred
8 July 26th, 2017; is that correct?

9 A. I don't remember the exact date.

10 Q. Okay. Might we make that the next exhibit?

11 MR. THARANI: No objection.

12 **EXHIBIT 5 - Certificate of Bankruptcy**

13 Q. MR. MACLEOD: And did the related parties, and
14 for clarity I'm referring to yourself, Ms. Serra and
15 875 Alberta, did they have counsel in respect to any of
16 these transactions with Arres?

17 A. Which transactions are you speaking of?

18 Q. The assignment of the accounts receivable from Arres to
19 those parties?

20 A. I -- I think the only time we had counsel was with
21 respect to the condos transferring.

22 Q. Okay. I'm just focused on the receivables. Like,
23 Mr. Pelletier was acting for Arres. He wasn't acting
24 for the related parties as I understand it?

25 A. During what date?

26 Q. During the period of time when the accounts receivables
27 were assigned from Arres to those entities?

1 A. I think he might have been working just at the time
2 when Stacia did the assignments on the Graybriar
3 condos.

4 Q. Okay. And are you aware of something called the
5 Personal Property Registry, Mr. Serra?

6 A. I've heard of it, but I'm not aware of its function.

7 Q. Okay. None of 875 Alberta, Ms. Serra or yourself took
8 any steps to register the assignment of the accounts
9 receivable in the PPR; is that correct?

10 A. Well, when we started to do these assignments up, we
11 sought -- Access Mortgage sought some counsel. We
12 hired Greg Forrest and he provided an outline.

13 So I think I have to revise my answer to the
14 previous question because he did provide some advice
15 and he created an assignment in accounts receivable and
16 he said this was all we needed to do to have valid
17 assignments.

18 Q. Okay. To be very clear, I don't want to get into
19 issues of legal privilege, so I'm not going to ask you
20 further questions because I think that's inappropriate.

21 I am going to show you a PPR registry search with
22 respect to Arres Capital, and this occurred on
23 January 18th, 2009, which is some seven months after
24 the Arres bankruptcy. Do you want to just review that,
25 Mr. Serra?

26 A. Yes. Okay.

27 Q. And I don't see any registration by yourself, Ms. Serra

1 or 875 Alberta as a secured party; is that correct?

2 A. Given this was the advice that we received from
3 Pelletier, no.

4 Q. Okay. Can we make that the next Exhibit?

5 MR. THARANI: No objection.

6 **EXHIBIT 6 - PPR registry search with**
7 **respect to Arres Capital**

8 Q. MR. MACLEOD: Mr. Serra, you swore a Statutory
9 Declaration in response to a Financial Statement better
10 form served on you by a judgment creditor of Arres
11 Capital Inc. on October 20th, 2014. Do you recall
12 that?

13 A. I do.

14 Q. Okay. I'm going to pass you a copy of that document.
15 I want to go to page 3, receivables on ongoing
16 contracts see attached Schedule 'A'. Do you see that?

17 MR. THARANI: Sorry. Page 3?

18 Q. MR. MACLEOD: Yeah. And then we're going to go
19 to Schedule 'A' after that. And there's a reference to
20 Graybriar Greens 2. Do you see that?

21 A. Yes.

22 Q. Okay. So is that a portion of the receivable that was
23 not assigned over then to any of yourself, Ms. Serra or
24 875 Alberta?

25 A. I'd have to check my notes.

26 Q. Okay. Where are your notes?

27 A. I believe they would be with Pelletier.

1 Q. Okay. Could I ask you to undertake then to review your
2 notes and see what your answer is in respect of that
3 question? See if you're able to answer my question I
4 guess.

5 MR. THARANI: We'll take that under advisement.
6 So just to clarify the question again specifically.

7 MR. MACLEOD: Yeah. I want to understand why
8 all of the receivables seem to have been assigned in
9 this affidavit but there's a Statutory Declaration that
10 indicates there's still amounts owing.

11 **UNDERTAKING NO. 2 - to review**
12 **Mr. Serra's notes and advise why all of**
13 **the receivables seem to have been**
14 **assigned in this affidavit but there's**
15 **a Statutory Declaration that indicates**
16 **there's still amounts owing - TAKEN**
17 **UNDER ADVISEMENT**

18 Q. MR. MACLEOD: And can we make that the next
19 exhibit as well, please?

20 MR. THARANI: No objection.

21 **EXHIBIT 7 - Statutory Declaration**

22 Q. MR. MACLEOD: I just want to ask some questions
23 about Terrapin, Mr. Serra, now. Under the Terrapin
24 Commitment Letter the interest rate was HSBC Bank
25 Canada prime plus 3 percent with a minimum interest
26 rate of 8.0 percent. Was that your understanding?

27 MR. THARANI: Which exhibit is that?

1 Q. MR. MACLEOD: I can show you the Commitment
2 Letter fee.

3 A. Yes.

4 Q. Okay. And I don't know exactly what interest rates
5 were at January of 2014, but I think they were in the
6 neighborhood of 3.0 percent. So that seems a pretty
7 healthy rate of interest. Do you know whether or not
8 Arres or 179 Alberta ever attempted to obtain more
9 conventional financing from a chartered bank or other
10 lender?

11 A. I don't recall.

12 Q. Terrapin advanced mortgage funds here in early
13 February, 2014. Did you have discussions with anyone
14 at Terrapin about the financing that was to be provided
15 by Terrapin?

16 A. Yes.

17 Q. And who did you have discussions with?

18 A. I believe it was Jake Ellis.

19 Q. Okay. And when did those discussions occur?

20 A. I think January.

21 Q. Okay. January, 2014?

22 A. I believe so.

23 Q. Okay. And at that point in time, Arres was in a
24 dispute with the Graybriar investors; is that correct?

25 A. I didn't believe we were in dispute with investors. We
26 had provided them with information that showed that we
27 appropriately accounted for all of the money. So I

1 don't -- didn't believe we were in dispute. I thought
2 nothing was happening and it was status quo.

3 Q. Okay. When you say provided them with that
4 information, who is them you're referring to?

5 A. Well, the people -- so I gave the information that
6 showed that we had accounted for all the funds to my
7 lawyer, Brian Pelletier, who conveyed it over to Loran
8 Halyn, and when I read the letter that -- that
9 Pelletier had provided Halyn, it seemed to me that the
10 issue was done and nothing was going on.

11 Q. Okay. When you obtained the sale of the plaintiff
12 order -- when Arres obtained the sale of the plaintiff
13 order, it didn't give the Graybriar investors notice of
14 that application; is that correct?

15 A. We -- we had obtained it years before. All the
16 investors were aware this was the way it was going
17 through, and we allowed the sales to happen on a
18 regular basis. All investors were aware that investors
19 could buy units. My wife had put her hand up to buy
20 units ahead of time, and she exercised the right and
21 notification she gave everyone.

22 Q. Sorry. Again a lot to digest there, so let's just back
23 up.

24 A. Sure.

25 Q. My understanding is that Arres went and got the sale of
26 the plaintiff order for seven of the units in February,
27 2014 and investors were not given notice of that

1 application. Are you saying that's incorrect?

2 A. Can you repeat your question, please?

3 Q. So Arres got a sale of the plaintiff order in February
4 of 2014 for the seven units.

5 A. I don't recall that, but I don't believe at the time
6 it's any different than all of the other units that was
7 taking place. That's my recollection.

8 Q. Okay. Did Mr. Pelletier bring that application?

9 A. I don't know if it was Mr. Pelletier or if it was done
10 through a law firm in Edmonton.

11 Q. Whose the law firm in Edmonton?

12 A. It's been awhile since I've thought of their name. I
13 just can't think of their name off the top of my head.

14 Q. Okay.

15 (COMMENT OFF RECORD)

16 A. Doug Gahn is the lawyer I believe.

17 Q. Okay. So let's solve it this way then: I'm going to
18 ask you to undertake to review your notes and identify
19 who acted for you in the sale of the plaintiff
20 transaction?

21 A. Okay.

22 Q. And then to further undertake to make inquiries with
23 whoever acted for you as to who they gave notice to in
24 respect of that application?

25 MR. THARANI: I'll take it under advisement.

26 MR. MACLEOD: Okay.

27 UNDERTAKING NO. 3 - to review

1 Mr. Serra's notes and identify who
2 acted for him in the sale of the
3 plaintiff transaction and to make
4 inquiries with whoever acted for him as
5 to who they gave notice to in respect
6 of that application - TAKEN UNDER
7 ADVISEMENT

8 MS. OKITA: Just to clarify, if you look at
9 Exhibit 'H' of Jake Ellis's affidavit, and it has got
10 counsel.

11 Q. MR. MACLEOD: Correct. Okay. So it does appear
12 that to be Mr. Gahn then. Okay. Thanks.

13 Okay. Subject to the undertakings, those are all
14 my questions.

15
16 (Proceedings ended at 11:17 a.m.)
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1 Certificate of Transcript

2
3 I, the undersigned, hereby certify that the foregoing pages
4 1 to 21 are a complete and accurate transcript of the
5 proceedings taken down by me in shorthand and transcribed
6 from my shorthand notes to the best of my skill and
7 ability.

8 Dated at the City of Calgary, Province of
9 Alberta, this 31st day of July, A.D. 2018.

10
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12 

13 Gayle Ikert, CSR(A)

14 Official Court Reporter
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- I N D E X -

WESLEY BRENT SERRA

July 25, 2018

The following is a listing of exhibits and undertakings as interpreted by the Court Reporter.

The transcript is the official record, and the index is provided as a courtesy only. It is recommended that the reader refer to the appropriate transcript pages to ensure completeness and accuracy.

EXHIBITS

EXHIBIT 1 - Trust Agreement Graybriar Greens Inc. 3
Phase 2 between Arres Capital Inc. and Mona and/or
Mohinder Thakur

EXHIBIT 2 - Corporate Search in respect of Arres 5
Capital Inc.

EXHIBIT 3 - Corporate Search in respect of Arres 5
Holdings Inc.

EXHIBIT 4 - Corporate Search in respect to 875892 6
Alberta Ltd.

EXHIBIT 5 - Certificate of Bankruptcy 13

1 EXHIBIT 6 - PPR registry search with respect to 15
2 Arres Capital

3

4 EXHIBIT 7 - Statutory Declaration 16

5

6 ***UNDERTAKINGS REQUESTED***

7 UNDERTAKING NO. 1 - to review Mr. Serra's records 4
8 and produce any agreements with investors in
9 relation to Graybriar that are not substantively
10 identical to the formal agreement marked as
11 Exhibit 1 - TAKEN UNDER ADVISEMENT

12

13 UNDERTAKING NO. 2 - to review Mr. Serra's notes 16
14 and advise why all of the receivables seem to have
15 been assigned in this affidavit but there's a
16 Statutory Declaration that indicates there's still
17 amounts owing - TAKEN UNDER ADVISEMENT

18

19 UNDERTAKING NO. 3 - to review Mr. Serra's notes 19
20 and identify who acted for him in the sale of the
21 plaintiff transaction and to make inquiries with
22 whoever acted for him as to who they gave notice
23 to in respect of that application - TAKEN UNDER
24 ADVISEMENT

25

26

27

COURT FILE NUMBER 1401-12431

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT ACCESS MORTGAGE CORPORATION (2004) LIMITED

RESPONDENT ARRES CAPITAL INC.

-and-

COURT FILE NUMBER 0903-17684 and 0903-17685

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

RESPONDENT (PLAINTIFF) ARRES CAPITAL INC.

NON-PARTICIPANTS (DEFENDANTS) GRAYBRIAR LAND COMPANY LTD. And GRAYBRIAR GREENS INC.

RESPONDENTS (NON-PARTIES) RICHCROOKS ENTERPRISES (2000) LTD., RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD., DEMEL FINANCIAL CORP., GREENMAR HOLDINGS INC., ACCESS MORTGAGE INVESTMENT CORPORATION (2004) LIMITED, 4-A PROFESSIONAL SERVICES LTD., TEMPEST MANAGEMENT INC. , HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ BROS. LIMITED, CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW FINANCE, PAUL HORNLYO, MAX FELDMAN, SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE CARSON, DELORES CARSON, LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE, PRITI GAUR, MADHU GAUR, WENDY MCKENNA, JANET LORRAINE WATSON, JIM WATT, GASTO RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE KURTZ, KEVEN R. PEDERSEN, SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY SEKIYA and STEVEN OGG

RESPONDENT (INTERVENOR) TERRAPIN MORTGAGE INVESTMENT CORP.

RESPONDENT (INTERESTED PARTY) 11798583 ALBERTA LTD.

-and-

COURT FILE NUMBER 1201-16440

COURT COURT OF QUEEN'S BENCH

JUDICIAL CENTRE CALGARY

PLAINTIFFS	KENZIE FINANCIAL INVESTMENTS LTD., SHELLY BECK, THERESE F. DAHEY, LINDA JAEFER, ANDREW LITTLE, LAURIE LITTLE, AGNES M. OBERG, STEVENT OGG, LESTER S. IKUTA, BRIAN SEKIYA, HOLLY SEKIYA, SANDRA SOMMER, MARION SOMMER, ALLAN SOMMER, STEVEN REILLY, SWARTS BROS LIMITED and CLARA MAE WOROSCHUK
DEFENDANTS	ARRES CAPITAL INC. and WESLEY SERRA
THIRD PARTY DEFENDANTS	Y-K PROJECTS LTD., ALLEN BECK and SHELLY BECK

DOCUMENT **PARTIAL RESPONSES TO UNDERTAKINGS**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	DBH LAW 1200, 1015 – 4 th Street S.W. Calgary, Alberta T2R 1J4 Attention: Irfan Tharani p. (403) 252-9937 f. (403) 263-8529 <i>Solicitor's File No. 60347</i>
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RESPONSES OF WES SERRA TO UNDERTAKINGS GIVEN DURING THE CROSS-EXAMINATION OF JULY 25th, 2018

UNDERTAKING NO. 1 – For Mr. Serra to review his records and produce any agreements with investors in relation to Graybriar that are not substantively identical to the formal agreement marked as Exhibit 1.

Answer: There are two versions of agreements with investors in relation to Graybriar. The first was marked as Exhibit 1 during the cross-examination of Mr. Serra which took place on July 25th, 2018. The second is attached and identified as "Undertaking No. 1".

UNDERTAKING NO. 2 – For Mr. Serra to review his notes and advise why all of the receivables seem to have been assigned as per his affidavit of July 17th, 2018, but there's a Statutory Declaration that indicates there are still amounts owing.

Answer: According to Mr. Serra, when the Statutory Declaration was commissioned, it was his understanding that Arres Capital Inc. was responsible for collecting any and all amounts owed to it. Thereafter, and pursuant to the Assignments made between Arres Capital Inc. and Staci Serra or 875892 Alberta Ltd., remit the respective amounts to Staci Serra or 875892 Alberta Ltd.

UNDERTAKING NO. 3 – For Mr. Serra to review his notes and identify who acted for him in the sale of the plaintiff transaction and to make inquiries with whoever acted for him as to who they gave notice to in respect of the application.

Answer: Douglas Gahn, Q.C., of Edmonton, Alberta acted for Wes Serra during the Sale to Plaintiff transaction.

Mr. Serra has attempted to contact Mr. Gahn by way of phone and email to inquire into who Mr. Gahn gave notice to in respect of the application. Mr. Serra has yet to hear back from Mr. Gahn.

Undertaking No. 1

LOAN ADMINISTRATION AGREEMENT
GRAYBRIAR GREENS PHASE 2 - \$1,235,162.38 PRIORITY MORTGAGE

This Agreement made the 28 day of July, 2010

BETWEEN:

ARRES CAPITAL INCORPORATED, a body corporate incorporated under the laws of the Province of Alberta, having an office at 205, 707 – 10th Avenue S.W., Calgary, AB, T2R 0B3

1454787 Alberta Ltd., a body corporate incorporated under the laws of the Province of Alberta, having an office at 205, 707 – 10th Avenue S.W., Calgary, AB, T2R 0B3

Or any nominee or agent of Arres Capital Inc

(hereinafter called "Arres Capital")

OF THE FIRST PART

AND: **ACCESS MORTGAGE CORPOTATION 2004 LTD**

Residing at: 205, 707 10 AVENUE SW
 CALGARY, AB
 T2R 0B3

(hereinafter called the "Co-lender")

WHEREAS:

OF THE SECOND PART

- A. **ARRES CAPITAL** carries on the business of mortgage lending and brokering in various provinces of Canada;
- B. From time to time **ARRES CAPITAL** arranges mortgage loans with borrowers, portions of which may be shared with various Co-lenders;
- C. The Co-lender herein is interested in participating in such Loans; and
- D. The parties wish to clarify, in the event of a co-lending arrangement, the manner in which the Loans will be administered.
- E. The Investor desires to participate in the loan on the terms and conditions contained in this Agreement to the extent of the Investor's Proportionate Share being \$20,103.71 bring the total amount invested to \$1,010,162.38 of the total priority mortgage amount of \$1,235,162.38

F. A copy of the commitment letter signed by the borrower is attached here to as "Schedule A"

NOW THEREFORE this Agreement witnesseth that in consideration of the mutual covenants and agreements contained in this Agreement, Arres Capital and the Co-lender covenant and agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 Definitions

For the purpose of this Agreement, the following expressions shall have the following respective meanings:

"Affiliate" has the meaning ascribed thereto in the *Securities Act* (Alberta);

"Agreement" refers to the whole of this Agreement and not to any particular article, clause or other portions thereof, and includes any and every instrument supplemental hereto;

"Arres Capital" means the party of the first part and any nominees, assigns or agents appointed by Arres Capital Inc. to administer, manage, service, or enforce any or all the terms of this agreement;

"Associate" has the meaning ascribed thereto in the *Business Corporations Act* (Alberta);

"Business Day" means a day other than a Saturday, Sunday or any day that is a statutory or municipal holiday in Calgary, Alberta;

"Contracted Borrower Rate" means with respect to any Loan, the interest rate payable by the borrower to Arres Capital regarding such Loan as more particularly disclosed and described in the Co-lender Commitment entered into between Arres Capital and the Co-lender regarding such Loan (or any replacement thereof);

"Contracted Co-lender Rate" means with respect to any Co-lender Loan, the interest rate payable by Arres Capital to the Co-lender regarding such Co-lender Loan as more particularly disclosed and described in the Co-lender Commitment entered into between Arres Capital and the Co-lender regarding such Loan (or any replacement thereof);

"Co-lender Commitment" is attached here to as "Schedule B" means the document executed by the Co-lender whereby the Co-lender's commitment to participate in a Loan opportunity is formalized in writing, including specific reference to the terms and conditions on which the investment is made including the Contracted Co-lender Rate;

"Co-lender" means the party of the second part and any other person or entity, including Arres Capital and any Affiliate that invests as a co-lender, having an undivided interest in common with all other Co-lenders, in the same Loan;

"Co-lenders" means all the Co-lenders that participate in a particular Loan;

"Co-lender Loan" means a Loan in which the Co-lender holds a Participating Interest;

"Loan" or "Loans" means indebtedness or obligations secured or collateralized by a Security Interest;

"Mortgage" means a mortgage, hypothec, deed of trust, charge or other security interest of or in real property used to secure obligations to repay money by a charge upon the underlying real property, whether evidenced by notes, debentures, bonds, assignments of purchase and sale agreements or other evidences of indebtedness, whether negotiable or non-negotiable;

"Other Co-Lender Loan Documents" means any agreement or document entered into by, or delivered to and accepted by, the Co-lender in connection with a specific Co-lender Loan, which agreement or document may supersede this Agreement respecting the subject matter of such agreement or document if so specified by the terms thereof;

"Participating Interest" means with respect to any Loan or any costs or other amounts relating to or regarding a Loan, the undivided ownership interest of a Co-lender in such Loan, expressed as a percentage based on the

principal advanced by the Co-lender as a fraction of the total principal advanced by all Co-lenders comprising the Loan;

"Person" means and includes individuals, corporations, limited corporations, joint stock companies or associations, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, investment trusts, societies or other entities, organizations and syndicates whether or not legal entities and directors, officers, trustees, executors, or other legal representatives and governments and agencies and political subdivisions thereof;

"Real Property" means property which in law is real property and includes, whether or not the same would in law be real property, rights or interests in real property, including charges, leasehold interests, mortgages, undivided joint interests in real property (whether by way of tenancy-in-common, joint tenancy, co-ownership, joint venture or otherwise) and buildings, structures, improvements and fixtures located on or used in connection with the real property;

"Security Interest" means any mortgage, charge, deed of trust, pledge, lien, hypothec, encumbrance, conditional sale or title retention agreement, assignment by way of or in effect as security, general security agreement, guarantee or any other document or assurance intended to provide security for a Loan;

"Servicing Standard" means the standard of Loan administration required of Arres Capital as set out in Article 2.4;

"Spread Rate" means with respect to any Co-lender Loan the difference between the interest rate payable to Arres Capital by the borrower at the Contracted Borrower Rate and the interest rate payable to the Co-lender at the Contracted Co-lender Rate, determined by subtracting the Contracted Co-lender Rate from the Contracted Borrower Rate.

ARTICLE 2 - LOAN ADMINISTRATION & TRUST DECLARATION

2.1 Appointment of Arres Capital as Trustee

The Co-lender hereby irrevocably nominates, constitutes and appoints Arres Capital as its custodian and bare trustee to hold its Participating Interest in a Co-lender Loan, and grants Arres Capital full power to administer and manage such Participating Interest and authorizes Arres Capital to deal with its Participating Interest pursuant to the terms of this Agreement.

Arres Capital will act as signing authority for the Co-lender and shall enter into all commitments, contracts and obligations in that capacity, for and on behalf of the Co-lender.

All rights, monies, payments, profits and advantages relating to the Co-lender's percentage interest in the Loan belong to and shall be held for the use, benefit and advantage of the Co-lender subject to the provisions of this agreement.

In the sole discretion of Arres Capital, a Participating Interest will be registered and/or held in its name or in the name of an Affiliate or Associate, or an entity appointed by Arres Capital as nominee and bare trustee for and on behalf of the Co-lender with full power and authority to hold, administer and manage the Co-lender Loan.

The Co-lender's Participating Interest in any Loan and related Security Interests shall remain in Arres Capital's name subject only to the following events:

- (a) Arres Capital becoming insolvent or making a general assignment for the benefit of its creditors or a bankruptcy petition or receiving order being granted against Arres Capital; or
- (b) Arres Capital ceasing to carry on business.

Upon the occurrence of either of the foregoing events, the Co-lender shall be entitled to request and receive from Arres Capital such executed documents as are required to transfer the Co-lender's Participating Interest in the Loan and the related Security Interests, if any, into the Co-lender's name.

"Until such time as Arres Capital has executed and provided to the Co-lender such transfer, the Co-lender shall not be entitled to register a caveat or any other document in the applicable land titles registry to evidence its rights hereunder. Without limitation, in the event that the Co-lender registers such interest, it shall forthwith, upon request of Arres Capital, discharge such registration, and the Co-lender shall be liable for all costs, expenses and damages (including legal costs on a solicitor and his own client basis) paid or suffered by Arres Capital on account of such registration."

2.2 Termination of Trust

Notwithstanding any other provision of this Agreement, the Co-lender's right, title and interest in or to a Loan shall automatically terminate without any action by the Co-lender upon the occurrence of any of the following events:

- (a) the repayment to the Co-lender of the principal amount of its Participating Interest in the Loan and all interest and other amounts payable thereon or in respect thereof;
- (b) receipt by the Co-lender of its Participating Interest in any amount received as a final compromise or settlement with a borrower in default in respect of a Loan;
- (c) a final court order being made regarding realization or enforcement of a Loan and dealing with the disposition of any proceeds of realization, provided that Arres Capital distributes to the Co-lender its Participating Interest in any net proceeds of realization received by Arres Capital; or
- (d) Arres Capital delivering to the Co-lender such executed documents as are required to transfer to the Co-lender that Co-lender's Participating Interest in the Loan and related Security Interests upon Arres Capital becoming insolvent or making a general assignment for the benefit of its creditors or a bankruptcy petition or receiving order being granted against Arres Capital or Arres Capital ceasing to carry on business as set out above.

2.3 Arres Capital's Irrevocable Option to Repurchase

Notwithstanding any other provision of this Agreement, the Co-lender hereby grants to Arres Capital the irrevocable right at any time to purchase its Participating Interest in a Loan for a purchase price equal to the Co-lender's Participating Interest in the principal amount of such Loan plus any accrued interest payable thereon at the Contracted Co-lender Rate, calculated as at the end of business on the day immediately preceding the purchase date or, if such day is not a Business Day, the immediately preceding Business Day, less the Co-lenders Participating Interest in all accrued costs and expenses relating to the Loan. "(To the extent such accrued costs or expenses relating to the Loan have been billed to the Co-lender but remain unpaid)."

2.4 Administration of Loans

Arres Capital agrees to take such actions as may be necessary or desirable in its sole discretion to administer and service each Co-lender Loan, including retaining and instructing solicitors, receivers or other professional advisers and agents to protect and enforce the Co-lender's rights and interests against a borrower or any other Person in respect thereto, and including, without limiting the generality of the foregoing, the following specific actions:

- (a) monitoring the performance of the Co-lender Loan, including tracking the status of outstanding payments, grace periods and due dates, and the calculation and assessment of other applicable charges;

- (b) subject to receipt of funds, completing progress or other advances under the Co-lender Loan in accordance with Arres Capital's normal lending practice;
- (c) making reasonable efforts to collect all payments on account of principal or interest payable on the Co-lender Loan where applicable and to cause the borrower to perform its obligations under the Co-lender Loan or other security documents relating thereto, including instituting foreclosure or other enforcement remedies, if necessary;
- (d) administering the Co-lender Loan in good faith and in Arres Capital's sole discretion, granting to the borrower such extensions, accommodations, indulgences (including reductions of principal or interest) or compromises as may be reasonably necessary or prudent having regard to the particular Co-lender Loan;
- (e) on a monthly basis forwarding to the Co-lender a monthly statement of account in respect of all Co-lender Loans; and
- (f) maintaining records and accounts in respect of each Co-lender Loan as set out in this Agreement.

Arres Capital agrees to service the Co-lender Loans in the same manner, and with the same care, skill, prudence and diligence with which it services and administers its current Loans for its own account, giving due consideration to customary and usual standards of practice of a commercial mortgage loan administrator and manager used with respect to loans comparable to the Co-lender Loans. Arres Capital also agrees to exercise its powers and discharge its duties under this Agreement honestly and in good faith (the standard described in this paragraph is herein referred to as the "Servicing Standard").

2.5 Default and Enforcement and Expenses

The Co-lender acknowledges that the time within which Arres Capital may make the initial determination of appropriate action, evaluate the appropriate corrective action, if any, develop additional initiatives, or institute foreclosure, power of sale or other enforcement proceedings on behalf of the Co-lender may vary considerably depending on the particular investment, the Real Property, the borrower, the Co-lender's circumstances as perceived by Arres Capital and the presence of an acceptable party to assume the Co-lender Loan. Arres Capital may, but shall not be obligated to, retain legal counsel, receivers and other advisors and experts and advance such funds as it considers reasonable or necessary in order to preserve, protect, defend or improve the Co-lender Loan, security for the Co-lender Loan, investment or any Real Property Associated with the Co-lender Loan.

The Co-Lender agrees that all costs incurred by Arres Capital including its internal costs in the administration servicing and enforcement of the Co-Lender Loan both before and after default and enforcements shall: (a) be paid to Arres Capital by the Co-Lender in accordance with Section 2.7 hereof and (b) as additional security for payment shall constitute a first charge against payments of interest, principal or other costs collected on the Co-Lender Loan.

2.6 Interest Participation and Fees

In consideration of the performance of its services hereunder, Arres Capital shall be entitled to a priority allocation of the interest accruing and payable on all Co-lender Loans in an amount equal to interest calculated thereon at the Spread Rate. Interest calculated at the Spread Rate shall be paid to Arres Capital by way of deduction from payments received directly by Arres Capital from borrowers or others in respect of a Co-lender Loan. In the event the interest received from a borrower on a Co-lender Loan is less than the Contracted Borrower Rate Arres Capital shall be entitled to deduct any amounts deductible under this agreement, including interest at the Spread Rate, before distributing the net interest received to the Co-lender

In addition, the Co-lender acknowledges and agrees that Arres Capital, from time to time, charges origination fees,

brokers fees, lenders fees, commitment fees, extension fees, participation fees, renewal fees, NSF fees, advance fees, discharge fees, administration fees and similar or other fees to borrowers with respect to Loans, all of which fees shall be and remain the sole property of Arres Capital.

2.7 Costs

Arres Capital shall endeavor to collect the amount of all costs incurred in respect of a Co-lender Loan ("Costs") from the borrower but, in all events, the Co-lender shall indemnify Arres Capital for and shall pay to Arres Capital the Co-lenders Participating Interest of the Costs within five (5) days of demand by Arres Capital plus interest at the Contracted Borrower Rate if the Costs are not paid within the aforesaid five (5) days, and grant to Arres Capital a lien over its Participating Interest in the Co-lender Loan for any unpaid Costs. "For clarification, such Costs shall not include such fees and expenses that Arres Capital received at the time of funding in accordance with the terms of such facility letter or loan agreement relating to the Co-lender Loan."

2.8 Interest

Total interest paid by the borrower (contracted borrower rate) is to be 15% per annum.

The Co-lender agrees to pay Arres Capital interest on all costs, expenses, indemnified amounts and other monies payable by the Co-lender to Arres Capital pursuant to this Agreement, the Co-lender Commitment, or any Other Co-Lender Loan Documents in respect of a Co-lender Loan at the Contracted Borrower Rate charged for such Co-lender Loan, calculated monthly from the date such amounts become payable to the date of payment both before and after judgment.

2.9 Books and Records

At all times, Arres Capital shall keep timely, complete and accurate books of account and records relating to a Co-lender Loan and the services performed hereunder by Arres Capital, which books of account and records shall be accessible for inspection by the Co-lender at any time during ordinary business hours with reasonable notice to Arres Capital. All records, papers, policies, documents, files and other information and materials regarding Arres Capital or a Co-lender Loan are and shall be and remain forever the property of Arres Capital. The Co-lender covenants not to retain or make any copies, extracts or reproductions of the information without the prior written consent of Arres Capital which consent may be subject to conditions established by Arres Capital.

ARTICLE 3 – CO-LENDER CONSENTS AND ACKNOWLEDGEMENTS

3.1 Specific Consents and Acknowledgements

The Co-lender acknowledges, consents and agrees to the following:

- (a) Arres Capital and its principals, Affiliates, Associates and employees, may purchase with their own funds and own as a Co-lender, a Participating Interest in any Co-lender Loan and Arres Capital may also sell Participating Interests in such Co-lender Loan to other Co-lenders.
- (b) the directors, officers, employees, Affiliates and Associates of Arres Capital are engaged in a wide range of investing and other business activities which may include Real Property financing in direct competition with the Co-lender Loan and Arres Capital intends to and has established other investment vehicles which may involve transactions which conflict with the interests of the Co-lender;
- (c) the services of Arres Capital and its directors, officers and employees are not exclusive to the Co-lender or any Co-lender Loan, and Arres Capital, its directors, officers, employees, Associates and Affiliates may at any time engage in promoting or managing other entities and their investments, including those which may compete directly or indirectly with any Co-lender Loan;
- (d) in accordance with the Servicing Standard, Arres Capital will collect information and documentation from borrowers and other third parties in respect of the Loans it offers to the Co-lender for investment; however,

Arres Capital makes no representation or warranty regarding the accuracy or completeness of such information and documentation;

- (e) Arres Capital is under no obligation to make payments to the Co-lender hereunder in respect of its Participating Interest in a Co-lender Loan unless and until payments are received by Arres Capital from the borrower or other applicable Person in respect of the Co-lender Loan in any particular month;
- (f) the Co-lender's interest in the Loan is that of a co-tenant as to an undivided interest in common with all other Co-lenders;
- (g) Arres Capital may, in its absolute discretion, but shall not be required to, put any issue dealing with the enforcement or administration of any Co-lender Loan to a vote by the Co-lenders participating in such Co-lender Loan, either at a meeting called for that purpose or by a notice in writing. Forms of notices, approvals in writing, notice periods and conduct of meetings shall be reasonably decided by Arres Capital, whose decisions on procedure shall be final and binding. The Co-lender agrees that the result of any such vote shall be final and binding on it for all purposes. Arres Capital shall be entitled to vote if it holds a portion of the Co-lender Loan in its own right as a Co-lender. Each Co-lender shall have a weighted vote equal to its Participating Interest in the Co-lender Loan, and each issue shall be decided on by simple majority of the co lenders (by weighted vote) who casts their votes in person or in writing. Nothing herein shall prevent Arres Capital from applying to a Court of competent jurisdiction for advice and direction, should it deem it necessary;
- (h) the total principal advanced on a Co-lender Loan may increase after the date that the Co-lender's funds are advanced, in which case the Co-lender's Participating Interest in the Co-lender Loan will decrease as such additional advances are made; and
- (i) there are risks inherent in participating in a Co-lender Loan and that, in making such investment decision, it is relying solely on its own judgment, accepts the risks associated with such investment, including, but not limited to, defaults by the borrower, fluctuating property values and lack of liquidity, and undertakes to review each Co-lender Loan with such independent professional advisers as the Co-lender considers appropriate.

3.2 Joint and Non-Individual Co-lenders

If a Participating Interest in a Loan is held jointly by two or more Co-lenders, or by a corporation or other non-individual, Arres Capital is irrevocably authorized to deal with and take instructions from any one of the joint Co-lenders, or any one director or officer of a corporate Co-lender or such Person representing themselves as having such authority in respect of a non-individual other than a corporation, and such dealing or instructions shall bind all other joint Co-lenders or the corporate or non-individual Co-lender, as the case may be. None of Arres Capital, its directors, officers or employees shall be bound to ensure or otherwise inquire into the performance of any trust, express, implied or constructive, or of any charge, pledge or equity to which a Participating Interest is or may be subject, or to ascertain or inquire whether any dealing in respect of a Participating Interest by a Co-lender or by his or her Personal representatives is authorized by such trust, charge, pledge, or equity, or to recognize any Person as having any interest therein except for a Co-lender.

ARTICLE 4 - DISTRIBUTIONS

4.1 Distribution of Loan Payments

The Co-lender shall be entitled to receive interest on its Participating Interest in a Co-lender Loan calculated at the Contracted Co-lender Rate for such Co-lender Loan but subject to the terms of this Agreement and any Other Co-lender Loan Documents including, without limitation, those terms providing for deduction of certain amounts in priority to distributions to the Co-lender.

Unless superseded by any Other Co-Lender Loan Documents; (a) on a monthly basis Arres Capital will distribute to the Co-lender its proportionate share of the net interest received by Arres Capital from a borrower in respect of the Co-lender Loan after deduction of any interest allocations, fees, reserves, expenses or disbursements properly payable to Arres Capital by the Co-lender or deductible by Arres Capital with regard to the Co-lender Loan in accordance with this Agreement and any Other Co-Lender Loan Documents; and (b) any partial payments of principal or interest received by Arres Capital in respect of a Co-lender Loan will be paid to those participating Co-lenders pro rata in accordance with their Participating Interests in such Co-lender Loan.

Arres Capital is under no obligation to make payments to Co-lenders unless and until payments are received from the borrower in any particular month and repayment of the principal amount of a Co-lender's Participating Interest will be made within five (5) Business Days of receipt thereof by Arres Capital from the borrower in respect of a Co-lender Loan.

Where a Participating Interest is held jointly by two or more Co-lenders, any payment in respect of such Participating Interest will be paid to the order of all Co-lenders of such Participating Interest failing written instructions from all Co-lenders to the contrary and such payment shall be a valid discharge to Arres Capital. In the case of the death of one or more joint Co-lenders, any payment in respect of such Participating Interest may be paid to the survivor or survivors of such Co-lenders and such payment shall be a valid discharge to Arres Capital.

In the event that Arres Capital shall hold any amount owing to a Co-lender which is unclaimed or which cannot be paid for any reason, Arres Capital shall be under no obligation to invest or reinvest the same but shall only be obliged to hold the same in a current or other non-interest bearing account pending payment to the Person or Persons entitled thereto. Arres Capital shall, as and when required by law, and may at any time prior to such required time, pay all or part of such amount so held to the Public Trustee (or other appropriate government official or agency) in the province where Arres Capital has its principal office, whose receipt shall be a good discharge and release of Arres Capital.

If Arres Capital anticipates holding a Co-lender's funds in cash for a period in excess of seven (7) days, Arres Capital will endeavor, but shall be under no obligation, to invest such funds for and on behalf of the Co-lender in a short term deposit account, treasury bill account, guaranteed investment certificate, or similar instrument at a Canadian Chartered Bank at a rate of interest then available from such institution for such funds and for such time period, all in the discretion of Arres Capital. Notwithstanding the foregoing, the Co-lender authorizes Arres Capital to hold a cheque for its funds un-cashed until such time as the Co-lender Loan for which the funds were paid to Arres Capital is ready for funding or as otherwise directed by the Co-lender from time to time.

ARTICLE 5 – LIMIT OF LIABILITY

5.1 Limit of Liability

Arres Capital assumes no responsibility under this Agreement or any Other Co-Lender Loan Documents or trust documentation other than to render the services called for in accordance with the Servicing Standard. Arres Capital will not have any liability to the Co-lender for taking any action or refraining from taking any action in good faith or for errors in judgment. Arres Capital shall only be liable to the Co-lender by reason of acts constituting bad faith, willful misconduct or gross negligence in respect of its duties hereunder or thereunder, and, subject to the foregoing, none of Arres Capital, its Affiliates, Associates, shareholders, directors, officers, employees or agents shall be liable to the Co-lender or anyone claiming by, through or under the Co-lender, or to any successor or assign of the Co-lender or anyone claiming by, through or under any of them.

In addition, any liability of Arres Capital hereunder shall be limited to actual damages incurred by the Co-lender (regardless of the form of action, whether in contract, negligence or otherwise) and in no event shall Arres Capital

be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if it has been advised of their possible existence.

5.2 Non-Warranty

Arres Capital, by this Agreement or any other documentation, does not warrant or guarantee the soundness, collectability, potential income, profit, return, security or any other related matter pertaining to any or all Co-lender Loans and the Co-lender acknowledges and agrees that the foregoing aspects of each and every Co-lender Loan are solely the risk of the Co-lender.

ARTICLE 6 – TERM AND TERMINATION

6.1 Term and Termination

This Agreement shall commence upon execution by the parties hereto and may be terminated by Arres Capital or by the Co-lender at any time when the Co-lender does not own a Participating Interest in any Loan being administered by Arres Capital or, in relation to a particular Loan, solely by Arres Capital when Arres Capital ceases to administer that Loan, upon three (3) days' written notice of termination. This Agreement may not be terminated by either party while the Co-lender is the holder of a Participating Interest in a Loan being administered by Arres Capital pursuant to this Agreement.

ARTICLE 7 – MISCELLANEOUS

1 **Security.** Arres Capital shall have a lien on the assets and property of the Co-lender to enforce payment of all amounts owing from time to time to Arres Capital by the Co-lender under this Agreement or otherwise.

7.2 **Privacy.** The Co-lender hereby acknowledges that it has read and understood Arres Capital's current privacy policy, (which forms part of this document) including specifically the provisions respecting the collection, use and disclosure of its personal information and hereby consents to Arres Capital's collection, use and disclosure of the Co-lender's personal information as described in Arres Capital's current privacy policy in relation to both this Agreement and each Loan in which the Co-lender participates from time to time.

7.3 **Loan Participation.** Arres Capital has sole discretion in determining which Loans it will make available to the Co-lender for participation, if any, and will contact the Co-lender at the time such Loan is available for participation and will at that time provide the Co-lender with the Co-Lender Commitment detailing the Loan and seeking the Co-lender's agreement to participate in such Loan. The Co-Lender Commitment forms part of this agreement and both of which are attached to this document.

7.4 **Notices.** Any notice required or permitted to be given hereunder shall be in writing and shall be given by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice if sent by facsimile or other means of electronic communication shall be deemed to have been received on the Business Day it is sent or, if not sent on a Business Day, then the Business Day next following sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notices and other communications shall be addressed as follows:

To the Co-lender: At the address written above on page one.

To Arres Capital: At: Suite 205, 707 – 10th Avenue SW, Calgary, AB, T2R 1H5
Attention: President.

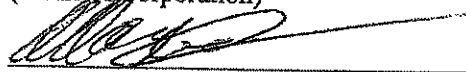
7.5 **Relationship.** Arres Capital is, and shall perform its duties hereunder as, an independent contractor on

7.17 Counterparts. This Agreement may be executed in one or more counterparts by facsimile, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

ACCESS MORTGAGE CORP 2004 LTD

(Name of Corporation)



(Authorized Signatory)

c/s

(Authorized Signatory)

Witness to Execution

Signed by the Co-lender(s) in the presence of:

OR

(Signature of Witness)

(Signature of Co-lender)

(Name of witness)

(Signature of Co-lender)

(Address of witness)

ARRES CAPITAL INC.

Per: _____
(Authorized Signatory)

c/s

1454787 ALBERTA LTD.

Per: _____
(Authorized Signatory)

c/s

CAUTIONS

1. All mortgage investments carry risk. There is a relationship between risk and return. You should very carefully assess the risk of the transaction before making a commitment.
2. You are advised to obtain independent legal advice regarding your decision to invest.
3. If you are one of several investors in this mortgage, you may not be able to enforce repayments of your investment on your own if the borrower defaults.
4. You should ensure you have sufficient documentation to support the property valuation quoted in the loan summary And any other documentation provided.
5. You should be satisfied with the borrower's ability to meet the payments required under the terms of this mortgage.
6. A mortgage broker must not administer, or arrange for another person to administer, a mortgage on your behalf unless the mortgage broker has a written agreement with you that covers matters set out in the Mortgage Brokers Act.

INVESTOR/LENDER CONFLICT OF INTEREST DISCLOSURE STATEMENT**Form 11 – Section 17.4**

This information statement has not been filed with the Registrar of Mortgage Brokers. There has been no determination made by the Registrar as to whether the disclosed information complies with the Mortgage Brokers Act.

Please write or print clearly. If additional information is required, reference and attach a schedule to this form.

Graybriar Greens Inc

Name of Borrower:

Arres Capital Inc

403 261 9955

Name of Mortgage Broker:

Telephone:

N/A

Name of Submortgage Broker:

Civic address of property to be mortgaged:

Condominium Plan 0827766 Unit C And 1660 undivided

Condominium Plan 0827766 Unit D And 2324 undivided

Legal description of property to be mortgaged:

ACCESS MORTGAGE CORP 2004 LTD

Name of Investor/Lender:

Date of transaction:

Mortgage Broker's Interest in the Transaction

- be a syndicate mortgage lender with the lender/investors;

Compensation to the Mortgage Broker

The mortgage broker has been or will be compensated in this transaction by:

- receiving a fee from the borrower, and/or deal
- By way of renewal commission if we keep the mortgage loan enforced

Referrals to the Mortgage Broker – N/A

CERTIFICATION

I certify that I am the mortgage broker or an authorized representative of the mortgage broker and based on my knowledge, belief and information provided by third parties, this Disclosure Statement contains no untrue statements and does not omit to state a fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in circumstances in which it was made.

Arres Capital Inc

205, 707 10 Avenue SW Calgary AB T2R 0B3

Full name of Mortgage Broker

Address (including Postal Code)

Signature of Mortgage Broker or Authorized Representative _____ Date Signed (YYYY, MM, DD)

ACKNOWLEDGE OF RECEIPT

Signature _____ Name (Please Print) _____ Date Signed (YYYY, MM, DD) _____

Signature _____ Name (Please Print) _____ Date Signed (YYYY, MM, DD) _____



Privacy Policy

Client Information – To keep

Introduction

The *Personal Information Protection Act* (PIPA) governs how all private sector organizations in Alberta handle personal information of clients, employees, and others. Personal information is defined as information that can identify an individual and information about an identifiable individual.

Our firm has always protected the personal information received by us in the course of providing services to our clients and we have formalized our policies as a commitment to maintaining your privacy.

What Information We Collect and Why

We need our clients to provide us with all the relevant facts and information related to our engagement. This information will include personal information about our clients and about other individuals with whom our clients conduct transactions. This personal information may include but is not limited to Name, Address, RRSP information if applicable, telephone numbers, fax numbers, email addresses or other contact information and SIN numbers.

Consent for Collection, Use, and Disclosure

We will always try to collect personal information directly from the person to whom the information pertains where practical and we will collect personal information from other sources when necessary. If we need to collect information about individuals other than our clients, we shall do so in accordance to the provisions of PIPA. We will make reasonable efforts to ensure that the personal information we collect, use, and distribute is accurate and complete. We rely upon the accuracy of the information given to us by our clients and may ask for confirmation or updates of the information from time to time.

By engaging our firm to provide services, we consider an individual to have given our firm consent to the collection, photocopy for our records, use, and distribution of the individual's personal information. Once this consent has been obtained by our firm, we will continue to collect, use, and disclose personal information for the purpose of providing the agreed upon services without obtaining further written or verbal consent to do so. We may also collect, photocopy for our records, use, or disclose personal information about an individual without that individual's consent as permitted under PIPA.

Our firm will maintain the strictest confidence with respect to any client's or former client's information. Accordingly, confidential client information will not, without client consent, be disclosed to any individuals in our firm beyond those who are engaged in providing services to the client. This policy applies to anyone outside the firm except the lawyers, accountants required to be involved in the normal course of our business (i.e. Lawyer and Accountant). Also, except as required by law or under the Real Estate Act. In accordance with professional regulations, our client files must periodically be reviewed by provincial practice inspectors and by other firm personnel to ensure that we have adhered to professional and firm standards. File reviewers are required to maintain confidentiality of client information.

Security and Retention

In recognition of our professional and legal obligations to protect our confidential client information, we have made arrangements to protect against unauthorized access, collection, use, disclosure, copying, modification, disposal, or destruction of personal information.

We will retain client personal information for a reasonable time period as required by our Rules of Professional Conduct and the terms of our professional liability insurance policy. When no longer required, client personal information will be disposed of in a secured manner. We note that we shred all information no longer required under those rules.

Requests for Access and Correction

Individuals have the right to ask, in writing, for access to their own personal information in the custody or under the controls of our firm as permitted under PIPA. We will respond to requests as accurately and completely as possible in a reasonable time as allowed by PIPA. However, we are entitled to refuse access in certain situations such as:

- The personal information is protected by solicitor-client privilege.
- Disclosure of the personal information would reveal confidential commercial information that could, in a reasonable person's opinion, harm the competitive position of our firm.
- The personal information was collected for an investigation or legal proceeding that has not concluded, including any appeals.
- The information was collected by a mediator or arbitrator in conducting a mediation or arbitration where the mediator or arbitrator was appointed under a collective agreement, a law, or by a court.
- Disclosure could reasonably be expected to threaten the safety or physical or mental health of another individual.
- Disclosure could reasonably be expected to cause immediate or grave harm to the safety or to the physical or mental health of the individual who made the request.
- Disclosure would reveal personal information about another individual.
- Disclosure would identify the individual who has provided personal information about another individual and that individual does not consent to disclosure of his or her identity.

PIPA also allows individuals to request in writing to our firm to correct errors or omissions. We will correct any factual error or omissions and inform other organizations to whom we have disclosed the incorrect information. If we determine there is no factual error or omission, we will annotate the record to state that a correction was requested but not made.

Contact

If you have any questions or concerns about our privacy policy, or how we have handled your personal information, please contact our privacy officer in writing at:

Arres Capital Inc.
#1002, 1520 - 4th Street S.W.
Calgary, Alberta T2R 1H5

Attention: Privacy Officer



August 10, 2007
Graybriar Greens Inc.
c/o Graybriar Land Development Company Ltd.

Dear Sir/Madam:

Re: Loan for \$9,700,000.00

ARRES CAPITAL INC. and/or its assigns is pleased to advise that the following mortgage loan has been approved on the terms and conditions set forth below. If you agree with these terms and conditions please sign the duplicate copy of this letter in the space provided below and return it to Arres Capital Inc. and/or its assigns

1. **Borrowers:** Graybriar Land Company Ltd. and Graybriar Greens Inc.
2. **Amount of loan:** \$9,700,000.00
3. **Term:** One year, renewable at the discretion of the Lender.
4. **Rate of Interest:**

Interest will be charged at 15% per annum. Monthly interest owing will be adjusted and calculated from time to time. The various fees hereunder and the interest rate are based on an expected repayment of the entire loan by September 1, 2008 (the "Maturity Date").

5. **Fees:**

Lender Fees for this transaction shall be 2% of any amount Access Mortgage Corporation Limited or Access Mortgage Corporation (2004) Limited lends in this matter which at this time is One Million Dollars thus a fee of \$20,000.00 shall be deemed due and owing. The Lender Fees shall be earned and be payable to Access Mortgage Corporation Limited or Access Mortgage Corporation (2004) Limited and/or its assigns upon acceptance of this letter by the Borrowers, and the Borrowers agree that a caveatable charge against the interest and estate of the Borrowers in the Property is thereby created which shall remain in force until the Fee is paid in full. In the event that any further funds are required by the borrower from Access Mortgage Corporation Limited or Access Mortgage Corporation (2004) Limited or any re-advancement from Access Mortgage Corporation Limited or Access Mortgage Corporation (2004) Limited under this loan shall also be subject to the same terms as set out herein and fees of 2% shall be charged on re-advancement. Any other investors in this mortgage will not receive a lenders fee for this transaction.

6. **Repayment:**

Interest calculated shall accrue from the date of the advance and be paid on the same day of the month following

the date of advance (the "Interest Adjustment Date"). Thereafter on the same day as the date of the advance in each month, during the term, Interest Only payments on the principal amount advanced shall be due and payable. An interest reserve account shall be set up and all interest reserve funds will be held in trust by Hildebrand Wilde. With each advance under this loan, further interest reserve will be required for monthly interest only payments.

-In the event that the interest reserve does not cover a payment and a direct payment is required from the borrower the payments will be made payable to Arres Capital in Trust. Arres Capital will issue the pro-rated portion of the payment to each lender on my behalf

Any payments late or returned dishonoured will be charged \$125.00 NSF fee.

A standby fee of ½ % per month will be charged on progress draws that are scheduled and not drawn within 7 calendar days of scheduled draw date.

7. Prepayment:

The Borrowers, when not in default hereunder shall have the privilege to prepay the whole or any part of the monies without penalty.

8. Security and other documents:

The Borrowers agree to provide to Arres Capital Inc. and/or its assigns in form and substance satisfactory to it, all security requested by Arres Capital Inc. and/or its assigns including, without limitation, the following documentation (the "Security") which will be held by Arres Capital Inc. and/or its assigns as security for the loan and all other direct and indirect liabilities of the Borrowers or any of them to Arres Capital Inc. and/or its assigns from time to time:

A corporate Guarantee of: Graybriar Land Company Ltd. and Graybriar Greens Inc.

A mortgage over the properties described as: Will initially be a second charge on the whole property but will be a first charge on the titles to the 13 buildings once land is subdivided.

PLAN 052-0941, BLOCK 1, LOT C

A general security agreement compromising a first charge on all assets of the Borrowers.

A certified copy of a Resolution of the Directors of the Company approving the loan request and the security to be granted.

A Certificate of Encumbrance of the Company.

An opinion of Counsel to the Company indicating that the Company has the corporate capacity to enter into this agreement.

An opinion of Counsel to Arres Capital Inc. and/or its assigns satisfactory to Arres Capital Inc. and/or its assigns

9. Conditions and/ or Pre-Conditions:

That the security set forth in paragraph 8 above is registered as therein described.

That there be no prior mortgages to the mortgage of Arres Capital Inc. and/or its assigns over the Properties.

That all property taxes payable to local authorities shall have been paid.

That all amounts due to Revenue Canada by the Borrowers whether for income Taxes, Employee Deductions or GST are current and that there are no arrears;

That all dues to Workers Compensation Board have been paid.

A satisfactory inspection of the property, which inspection is to the sole satisfaction of Arres Capital Inc.

Assignment of Rents

Assignment of all plans and permits

Assignment of all drawings as completed by the architect

That an interest reserve account be set up for monthly interest only payments. The initial interest reserve will be for 6 months and any further advances under this mortgage will require further interest reserves to be put in place.

Partial Discharges will be granted for 95% of net sales proceeds. All sales must be within 3% of list price unless agreed to in writing by Arres Capital Inc and/or its assigns.

In the event of default all sales proceeds are due to the lender.

USE OF FUNDS:

\$ 863,200.00 to be paid for services completed

\$ 20,000.00 Lender fees to Access

\$ 883,200.00 TOTAL FIRST ADVANCE

Other disbursements to be made in due course

Legal Fees TBD

Interest Reserve TBD

Land Purchase TBD

\$5,720,000.00 approximate balance available for future improvements and services to the site as work is completed and invoices are submitted and approved by Arres Capital Inc. and or its assigns.

\$9,700,000.00 TOTAL MORTGAGE AMOUNT APPROVED AT THIS TIME.

Any advances made shall be for strictly for the benefit of the project

10. Taxes:

That all taxes due to federal, provincial and local governments and amounts due to Workers Compensation Board shall be paid as they become due.

The borrower will pay all real property taxes when then are due. During the term of this mortgage, should the borrower not pay the real property taxes when due, the lender may, but is not obligated to, attend to payment of the real property taxes on behalf of the borrower, and charge the amount of the real property taxes payment plus a \$250.00 service fee to the mortgage balance.

11. Insurance:

The borrower shall insure the property in favor of the lender to the amount of a sum not less than the total of the principal sum of money being secured or, to the amount of its full insurable value if such sum be greater than the insurable value. It is further agreed that should the policy expire during the term of the Mortgage and not be replaced with satisfactory coverage, then the lender may place insurance with its own carriers and charge the premium plus a \$250.00 service fee to the mortgage balance.

As well, the borrower must agree to the following (which agreement is acknowledged by the signing of this commitment letter):

All risk insurance covering the tenants improvements and equipment of the borrower with the first loss payable to Arres Capital Inc. and/or its assigns

Flood insurance if the secured property is within 2 kilometres of any lake, river, creek, ocean, or other body of water which may cause any type of flooding to the secured property.

That the borrower agrees that in the event that any insurance claim is made during the term of this mortgage or any renewal terms, Arres Capital Inc. shall have full entitlement to any amounts collected under such claim.

The borrower must always be assured that it names the lender as a first or second loss payable as appropriate on all insurance policies. It will be a requirement prior to any funds being released, the lawyer must be in receipt of an insurance binder which must be satisfactory to Arres Capital with no obscure clauses. Any funds sent with trust conditions will not be relatable until the binder has been received and reviewed.

12. Documentation:

The security documents set out in the paragraph 8 herein, shall be in all respects satisfactory to Arres Capital Inc. and/or its assigns (acting reasonable) and its solicitors in their absolute discretion. Arres Capital Inc. and/or its assigns solicitors in this transaction are:

13. Title:

The Borrower will have, as the registered owner of the property, good title in fee simple to the property, and Arres Capital's Inc. and/or its assigns Charge on the property will be **FIRST** in priority over this portion of the land once subdivided, all other financial encumbrances, leases, agreements for leases, restrictions, agreements, liens, assignments and charges whatsoever to the full extent of the loan except as Arres Capital Inc. and/or its assigns may in writing consent to or the law may require.

The security required by Arres Capital Inc. and/or its assigns shall have been duly authorized and comply in all respects with all applicable laws, by-laws, government requirements, whether federal, provincial, municipal, including without restriction, those dealing with planning, zoning, use occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped areas, pollution of the environment, toxic material or other environmental hazards, building construction, public health and safety and there shall be no outstanding work orders against the property and or the improvements or any part thereof.

The Borrower shall provide such certificates or other written confirmation as Arres Capital Inc. and/or its assigns solicitors may reasonable require, certifying that no control orders, stop orders, or prosecutions exist with respect to the property or any activity or operation carried out thereon pursuant to any federal, provincial, municipal, or local environment, health and safety laws, statues and regulations as may apply to the property or the activities or operations carried out thereon.

14. Costs and Fees:

Whether or not the transaction contemplated hereby is completed, you will pay all Arres Capital's and/or its assigns costs associated with this transaction including the legal fees and disbursements of our solicitor (on a solicitor and his own client basis) together with the costs to incorporate Arres Capital Inc. and/or its assigns in the Province of Alberta. Such fees, disbursements, and GST shall be deducted from the Mortgage Proceeds.

Other

If Arres Capital Inc or any affiliate of Arres Capital Inc. is required to deal with the needs of your business in order to protect the security of the mortgagor and in order for you to carry on your business in its usual fashion a fee of \$50.00 per occurrence or \$200.00 per hour (whichever is the lesser amount) will be charged in addition to any other fees or costs set out in this document and such fees will be invoiced and deducted from the next mortgage advance requested. (ie. Dealing with a creditor regarding outstanding payment of an invoice).

15. Right of Termination:

Arres Capital Inc. and/or its assigns shall have the right to terminate its agreement to provide the loan to you and be relieved of all obligations in connection therewith in the event that any of the following events should occur:

You fail or are unable or are unwilling for any reason whatsoever to comply with any of the terms and conditions set out in this letter within the time indicated for such compliance; or

You fail or refuse to execute any documentation as per this Commitment Letter requested by our solicitors or to deliver such documentation to our solicitors; or

The net proceeds of the loan have not been fully advanced on or before the commitment expiry date referred to herein; or

Your refuse to accept the funds when advanced; or

You or any other person or Corporation whose covenant is required should become bankrupt, or subject to bankruptcy, receivership or insolvency proceedings; or

There has been, in the sole opinion of Arres Capital Inc. and/or its assigns, a material adverse change in the condition of the property or Collateral Property or the Borrowers; or

Arres Capital Inc. and/or its assigns, acting reasonable, is not satisfied with the matters set out in paragraph 13; or

All legal matters and documentation relating to the transaction have not been completed to Arres Capital's Inc. and/or its assigns and its council's satisfaction.

If Arres Capital Inc. and/or its assigns elects to terminate its agreement to provide the loan to you prior to the advance of the entire amount of the loan, the amount advanced on the loan, if any, together with interest thereon at

the rate set out herein shall become immediately due and payable and Arres Capital Inc. and/or its assigns shall, whether or not any proceeds have been advanced, be entitled to retain the commitment fee, if any, as compensation for all damages sustained by it, it being agreed that the amount of such commitment fee is a fair estimate of the damages which will be suffered by Arres Capital Inc. and/or its assigns in such event.

16. Renewal of Mortgage after Maturity

Upon maturity of each term of the mortgage, the mortgage may be renewed at the discretion of the lender. You will be required to sign a Renewal Agreement prior to the maturity date in order to keep the mortgage current. The first term of this mortgage will mature on September 1, 2008 and a renewal fee not to exceed 2% of the principal balance owing on the mortgage at the time of renewal will be payable to Arres Capital Inc. at the time of the renewal. The Renewal Agreement will set out the balance owing at time of maturity along with the interest rate, the payment amount, and the length of term.

In the event that the mortgage matures and is not renewed, the entire balance owing including any extra fees resulting from NSF's or any other charges incurred in relation to the mortgage will be due and payable in full after the date of maturity and all legal remedies will be enforced for such payment. Until such time as entire balance is paid in full, interest will be charged as set out in the "Rate of Interest" paragraph #4 of this commitment letter.

17. Commitment Expiry Date:

In the event the initial funds are not fully disbursed by the close of business on September 1, 2007 Arres Capital Inc. and/or its assigns agree to provide the loan or advance any funds, at the sole discretion of Arres capital Inc. and/or its assigns, shall expire.

18. Amendment:

Any amendment to this commitment or Security documents must be in writing and signed by a duly authorized officer of Arres Capital Inc. and/or its assigns

19. Governing Laws:

The agreement constituted by your acceptance of this letter shall be governed by the laws of the Province of Alberta and any and all Court actions commenced shall be commenced and take place in the City of Calgary in the Province of Alberta regardless of where the mortgage property is located.

20. Headings:

The headings contained in this letter are for reference only and shall not constitute any part of the terms and conditions contained herein.

21. Previous Agreements: n/a

22. Successors and Assigns:

Subject to the provisions hereof, this agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

23. Severability:

Each provision of this agreement is severable and any terms or provision hereby declared to be contrary to, prohibited by, or invalid under applicable laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining terms and provisions hereof.

24. Survival:

The terms and conditions of this letter shall, after acceptance by you, survive the execution and registration of all security documentation and there shall be no merger of these provisions or conditions in the Security and that in case of a conflict between the provisions hereof and of any of the security documents, Arres Capital Inc. and/or its assigns may elect which provision shall prevail.

25. Time:

Time shall in all respects be of the essence hereof.

26. Waiver:

No terms or requirements of this commitment of any security documents may be waived or varied orally or by any course of conduct of any office, employee, or agent of the lender. Any failure by Arres Capital Inc. and/or its assigns to exercise any rights or remedies hereunder or under any of the Security shall not constitute a waiver thereof.

The terms of this letter are open for acceptance by you by executing the duplicate copy of this letter where indicated below and returning it to Arres Capital Inc. and/or its assigns on or before 2:00 p.m. on October 15, 2007, after which date and time, this offer shall lapse, if it is not accepted.

Sincerely,
Arres Capital Inc.

Wes Serra
President

ACCEPTANCE

Acceptance of this letter provides full and sufficient acknowledgement that Arres Capital Inc. and/or its assigns has no obligation to advance any funds under this agreement and if, in the opinion of Arres Capital Inc. and/or its assigns, any material adverse change in risk occurs, including without limiting the generality of the foregoing, any material adverse change in the financial condition of the Borrowers or any affiliate or associate the approved Credit Facilities may be withdrawn or cancelled at the sole discretion of Arres Capital Inc and/or its assigns.

This loan is a commercial/residential mortgage
Please indicate by circling the appropriate answer above:

We hereby accept and agree to the mortgage loan on the terms and conditions outlined by the offer of financing letter dated _____, 2007 on this _____ day of _____, 2007.

We hereby acknowledge and agree that all information and/or documentation provided to me/us by Arres Capital Inc. and/or its assigns is private and confidential and we agree not to disclose any of the information and/or documentation to any other party at any time either now or in the future without the prior written consent of Arres Capital Inc. and or its assigns.

Graybriar Land Company Ltd.

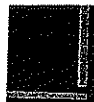
Per: _____

Per: _____

Graybriar Greens Inc.

Per: _____

Per: _____



ARRES

Capital Inc.

595

24

#1002, 1540 - 4th Street SW
Calgary, AB T2P 3C8
Fax: (403) 264-9954 Tel: (403) 261-9955

Date: August 10, 2007

To: Graybriar Land Company Ltd. and Graybriar Greens Inc.

Dear Sir/Madam,

Re: Financing Through Arres Capital Inc.

As required by the Real Estate Council of Alberta's Code of Conduct, a mortgage brokerage (including its broker, associate brokers, and agents) must only act for one party in a transaction, unless there is full disclosure to all parties, and the dual agency is agreed to in writing. The client must fully understand the implications of dual agency and give an informed consent in writing before entering into a real estate transaction.

In general, our firm will act both for the mortgagor (borrower) and mortgagee (lender) and in some cases the loan may be advanced by members of the firm and/or their relatives.

When acting for both the mortgagor and mortgagee in a mortgage transaction, we retain on file, a letter of conflict informing you that we are acting on behalf of both parties in regards to this transaction. We also may or may not receive referral fees in connection with your file.

Arres Capital Inc. deals with mortgages based on equity in Real Property, we deal with unconventional lenders, interest rates and fees will normally exceed conventional financing.

The undersigned agree to have Arres Capital Inc. act as its mortgage broker / broker agent, giving full disclosure to both parties, with respect to the above transaction, and authorizes the Brokerage Firm, Arres Capital Inc., to act as a dual agent in accordance with the above disclosure.

This loan is a commercial mortgage

Dated this day of 2007

Name :

Address:

INFORMATION / CREDIT AUTHORIZATION

In connection with my (our) application for credit and keeping with the Privacy Act, I hereby authorize Arres Capital Incorporated or their solicitors to obtain the following personal information and/or credit information:

-any and all information requested regarding my (our) mortgage, account, loan, credit card account, or any other relative information required by them, and

-Any and all information regarding a consumer credit report respecting me (us).

I (we) hereby consent to the disclosure of such information to Arres Capital Incorporated or their solicitors now or at any time in the future that they may request same:

Dated : _____, 2007

Print Name:

Print Name:

**ARRES**

Capital Inc.

#205, 707 - 10 Ave SW

Calgary, AB T2R 0B3

Tel: (403) 261-9955

Fax: (403) 264-9954

September 29, 2009**Re: Investors in Graybriar Greens Phase 2 Mortgage**

Dear Investors,

We are writing to provide you with an update and to seek your approval.

Update:

Based on your approval of the \$300,000 priority funding we have completed the majority of the site preservation and improvements as stipulated in the investor letter on July 23, 2009. In particular:

- the entire site has been cleaned up
- the exteriors of buildings 800, 900 and 1000 have been completed
- building 2200 is nearing completion and the show suite should be complete by the first week in October.
- the basement slab has been poured in building 700 (originally reported as building 500)
- all sea cans have been removed from the site and all material has been stored in building 700
- the landscaping improvements to Phase 1 have been completed
- Timberock has begun developing signage and preparing advertising
- contingency funds have been used to complete the retaining walls and sidewalks to satisfy the towns requirements for subdivision and occupancy

Despite our construction progress, the foreclosure continues to be an ongoing judicial process taking its due course. We continue to pursue this, however we do not want to stall the project from progressing and miss this prime building time and return of sales to the market place.

Approval Required:

Therefore we are seeking your approval for an additional \$181,560.00 priority mortgage, which will be dispensed immediately. Thus, the total priority will be \$481,560 (\$181,560 + \$300,000). We will again use the same process (outlined below) that was used to raise the original \$300,000 priority.

The plan for the \$181,560.00 is as follows:

- Register units with Progressive Home Warranty, the registration fee is \$45,360.00. It is imperative that each home is properly registered under new home warranty; without new home warranty purchasers do not qualify for CMHC financing. An additional \$48,000.00 security deposit must be provided. The security deposit may be refunded if no costs are incurred by Progressive one year following the initial possession date on a per unit basis. The total initial cost which must be paid to secure new home warranty is \$93,360.00.
- Complete the framing and exterior envelope of building final building in Phase 2. Currently, the footings

are in place however, no framing has commenced. The majority of framing material is on site and remains salvageable. If it is not assembled and covered in the near future, all material will have to be discarded. In addition, as per the town's requirements, if this unit is not framed and completed from an exterior perspective, occupancy cannot be granted on any of the existing buildings. Furthermore, completing this process becomes much more costly during the winter months. The funds required to complete the framing and remaining exterior work of the last building are \$88,200.

Our goal is to continue making progress on the file while we await foreclosure, and ensure we take advantage of prime building conditions. We also want to capture the ever increasing real estate market; compared to August of last year, sales have been higher this year and although the average price is lower, there is less inventory and increased buyer interest (Edmonton Real Estate Board, September 2009). We plan to take pre sales within the coming months and move forward with the remainder of construction.

Due to the liens in place what we are proposing to the investors is as follows:

- The investors in the current \$9,000,000 mortgage must agree to raise an additional \$181,560 in priority to them (\$300,000 has already been approved and currently is in priority); as a result the new priority amount would be \$481,560.00.
- As there are lien holders, this cannot be a normal priority mortgage.
- The investors in the \$9,000,000.00 mortgage must agree to sell the \$181,560 to the investors in the priority position in addition to the \$300,000.
- The new investors will have their \$181,560 secured in priority (in addition to the \$300,000), within the existing \$9,000,000 mortgage already advanced to date.
- Thus your current pro-rated portion of the \$181,560 plus the previously raised \$300,000 will be behind the lien holders. The end effect (based on \$181,560 plus \$300,000) to you is that 5.4% of your current investment would move to last position. For example, if you lent \$100,000.00 in the original deal, \$5,351 would be the amount moving out of the existing first mortgage to the last position in exchange for the new \$481,560 in funds.

In the future when sales happen, we pay the priority mortgage down first. The priority mortgage earns interest at 15%, this interest is accrued and is paid when the principal is repaid. We want to keep the amount of the priority to a minimum, but at the same, move forward in the most cost effective manner possible.

Please indicate your decision by signing your initials beside the applicable choice:

- _____ I approve the addition of \$181,560 to the existing priority position of \$300,000 for a total priority position of \$481,560 as outlined above, however I do not wish to contribute to the priority position
- _____ I approve the addition of \$181,560 to the existing priority position of \$300,000 for a total priority position of \$481,560 as outlined above, and I do wish to contribute to the priority position
- _____ I do not approve the addition of \$181,560 to the existing priority position of \$300,000 for a total priority position of \$481,560 as outlined above

Authorization:_____
Please print full name_____
Signature_____
Please print full name_____
Signature

Once you have initialed your applicable choice and signed the authorization, please e-mail **all three pages** back to billie@arrescapital.com or fax to (403)264-9954 **BY FRIDAY, OCTOBER 2, 2009 @ 12 NOON.**

Confidentiality: This information is intended for the use of the intended recipient(s), is confidential and may be privileged. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hardcopy, copying, circulation or other use of this message is strictly prohibited.

Investor Lender Disclaimer Statement: In accordance with the Servicing Standard, Arres Capital will collect information and documentation from Borrowers and other third parties of the Loans it offers to the Co-Lender for investment, however, Arres Capital makes no representation or warranty regarding the accuracy or completeness of such information and documentation. Information provided may change as daily activity occurs.

COURT FILE NUMBER 1401 - 12431

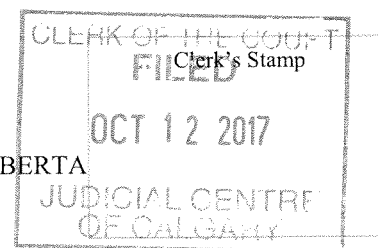
COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF ACCESS MORTGAGE CORPORATION (2004) LIMITED

DEFENDANT ARRES CAPITAL INC.

DOCUMENT **FIRST REPORT OF THE RECEIVER**



October 11, 2017

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER
ALVAREZ & MARSAL CANADA INC.
Bow Valley Square IV
Suite 1110, 250 – 6th Avenue SW
Calgary, Alberta T2P 3H7
Attention: Orest Konowalchuk/Tim Reid
Telephone: (403) 538-4736 / (403) 538-4756
Email: okonowalchuk@alvarezandmarsal.com
treid@alvarezandmarsal.com

COUNSEL
MCCARTHY TETRAULT LLP
Suite 4000, 421 – 7th Avenue SW
Calgary, Alberta T2P 4K9
Attention: Sean F. Collins/Walker W. MacLeod/Amelia Tritter
Phone: (403) 260-3531 / 3710 / 3613
Fax: (403) 260-3501
Email: scollins@mccarthy.ca / wmacleod@mccarthy.ca /
atritter@mccarthy.ca

TABLE OF CONTENTS OF THE FIRST REPORT OF THE RECEIVER

INTRODUCTION	3
TERMS OF REFERENCE	5
BACKGROUND	5
OVERVIEW OF ARRES	6
INITIAL ACTIVITIES OF THE RECEIVER	15
RECEIPTS AND DISBURSMENTS – JULY 26, 2017 TO OCTOBER 6, 2017	18
EXIGIBLE PROPERTY DETERMINATION	21
ADVICE AND DIRECTION ON MODEL ORDER.....	24
RECOMMENDATIONS	26
RECEIVER’S NEXT STEPS	27

LISTING OF APPENDICES TO THE FIRST REPORT OF THE RECEIVER

APPENDIX A	Bankruptcy Order and Civil Notice of Appeal
APPENDIX B	July 31, 2013 Financial Statements
APPENDIX C	July 31, 2014 Balance Sheet
APPENDIX D	Summary Judgement, Appeal of Summary Judgement and Memorandum of Judgement
APPENDIX E	Arres Communication
APPENDIX F	Statutory Declaration
APPENDIX G	Assignments
APPENDIX H	The Rise Assignments
APPENDIX I	Receiver’s Statement
APPENDIX J	Memorandum on Exigible Property
APPENDIX K	875892 Alberta Ltd. Corporate Search

INTRODUCTION

1. On July 26, 2017, the Court of Queen's Bench of Alberta (the "**Court**") entered an Order (the "**Receivership Order**") whereby Alvarez & Marsal Canada Inc. ("**A&M**") was appointed receiver (the "**Receiver**") of Arres Capital Inc. ("Arres", the "**Company**" or the "**Debtor**") pursuant to Part 9 of *Civil Enforcement Act* ("**CEA**"), R.S.A. 2000, c. C-15. The effective date of the Receivership Order (date of pronouncement) was February 13, 2015 (the "**Receivership Proceedings**").
2. Pursuant to paragraph 2 of the Receivership Order, the Receiver is appointed, without security, of all the Company's current and future Exigible Property, as defined in the Receivership Order, wherever situated, including all proceeds thereof. For purposes of the Receivership Order, "Debtor's Property" shall mean all of the property of the Company, of every nature or kind whatsoever, including without limitation, real property and personal property, interests in mortgages, debt instruments, security agreements, negotiable instruments, accounts receivable, and cash, whether held legally by or beneficially for the Company and whether or not such property has been assigned or purposed to have been assigned by the Company property of the Company to any third party since May 1, 2009.
3. Subject to the Receiver's determinations in paragraph 4 of this Order (as discussed in greater detail in this report), the Company shall have sole authority to operate and conduct its business including the administration of trust agreements and mortgage administration agreements that may currently be in force and to prosecute actions as a plaintiff or defend actions brought against the Company. In the event of a disagreement as to whether or not a trust agreement or mortgage administration agreement may currently be in force, the Receiver shall be at liberty to apply to the Court for advice and directions.
4. Pursuant to paragraph 3 of the Receivership Order, "Exigible Property" shall mean any of the Company's Property that the Receiver has determined is not

exempt from writ proceedings or distress proceedings (collectively, the “**Property**”).

5. The Receiver, with the assistance of its counsel, has now determined that for purposes of the Receivership Order, all of Arres Property is considered “Exigible Property” and as such, the Receivership Proceedings are an “all asset” receivership. This determination of the Receiver is supported by the Applicants (Access Mortgage Capital (2004) Inc. (“**Access**”), but is not supported by Arres.
6. On July 26, 2017, the Court also granted an Order (the “**Bankruptcy Order**”) to adjudge Arres into Bankruptcy and A&M was appointed as trustee (the “**Trustee**”) of the estate of the Arres, without security. On August 4, 2017, counsel to Arres filed a civil notice of appeal to the Court of Appeal of Alberta to have the Bankruptcy Order set aside and otherwise dismissed. Accordingly the Bankruptcy Order is stayed and A&M is taking no steps in the bankruptcy. A copy of the Bankruptcy Order and Civil Notice of Appeal is attached as Appendix A to this Report.
7. The purpose of this first report of the Receiver (the “**First Report**” or “**this Report**”) is to provide this Honourable Court with information in respect of the following:
 - a) a brief overview and update of Arres since July 26, 2017;
 - b) the activities, generally, of the Receiver since July 26, 2017;
 - c) the cash flow for the period from July 26, 2017 to October 6, 2017 (the “**Reporting Period**”) and forecast fees and costs of the Receiver;
 - d) the Receiver’s determination of Exigible Property;
 - e) the Receiver’s request for advice and direction from this Honourable Court with respect to amending the current Receivership Order to the Alberta Model Order based on its determination of Exigible Property;

- f) the Receiver's recommendations with respect amending to amending the current Receivership Order to the Alberta Model Order; and
 - g) the Receiver's next steps.
- 8. Capitalized words or terms not defined or ascribed a meaning in the First Report are as defined or ascribed a meaning in the Receivership Order.
- 9. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

- 10. In preparing this First Report, the Receiver has relied primarily upon the representations of Arres' management, stakeholders involved in various Arres' projects, as well as certain financial information contained in Arres' books and records. The Receiver has not performed an audit, review or other verification of such information.

BACKGROUND

- 11. Arres is a corporation registered to carry on business in the Province of Alberta and is owned 100% by Mr. Wesley Serra. Arres is also registered to carry on business in the Province of British Columbia and operates under the name Western Arres Capital Inc. (collectively referred to as "**Arres**"). Western Arres Capital Inc. is an assumed name of Arres Capital Inc. for the purposes of section 26 of the Business Corporations Act (British Columbia) and is not a separate legal entity.
- 12. Arres is a full service mortgage brokerage firm specializing in unconventional financing solutions, which would include but not limited to all types of residential and commercial, first and second mortgages, builders mortgages, debt consolidations and interim financing. As part of its business, Arres arranges mortgage loans with borrowers, raises the mortgage funds through a group of private investors and then administers the mortgages (trustee) on behalf of the investors.

13. Arres acts as a trustee and is a registered mortgage broker for certain projects in British Columbia and also has interests in various other projects in Alberta, but is currently not registered as a mortgage broker in Alberta.
14. Further background to Arres and its operations is contained in the materials filed in support of and relating to the Receivership Order. These documents and other relevant information has been posted by the Receiver on its website at: www.alvarezandmarsal.com/arrescapital (the “**Receiver’s Website**”).

OVERVIEW OF ARRES

Location

15. Arres’ head office is located in Alberta at 126 Spring Valley Way S.W., Calgary, Alberta at the personal residence of Mr. Wes Serra. The Receiver met with Mr. Serra and gained access to Arres’ head office on August 1, 2017. Mr. Serra and his associate assisted the Receiver in identifying and securing all of the books and records of the Company from August 1 to 4, 2017. The Receiver was unable to gain access to Arres’ office on July 26, 2017, as Mr. Serra was not available to allow the Receiver access to his personal residence until this point due to personal family matters.

Books and Records

16. The physical files collected by the Receiver from Arres were stored in various banker boxes and filing cabinets located in Mr. Serra’s garage (personal residence) and were in no particular filing order. The files that were collected mainly included various trust agreements, loan administrative agreements, banking records and limited financial statements and other information.
17. The electronic files of Arres were stored on one computer hard drive, which was a “shared” hard drive that contained certain personal information of Mr. Serra and books and records of his other companies. The Receiver engaged the services of an accredited IT forensic specialist to obtain a forensic and/or logical image of all

the electronically stored information from the computer hard drive and Mr. Serra's smart phone. In addition, the Receiver obtained a working copy of the Company's electronic data that related solely to Arres, which included a copy of the Company's accounting information.

18. It was agreed with the Company and its counsel that the Receiver's IT specialist contractor would be allowed to download all of the information from the Arres hard drive and smart phone, but access to this information could only be retrieved once a protocol was established between the parties on how and what type of information can be extracted (i.e. only Arres relate information could be extracted). The Receiver anticipates establishing such a protocol with Company's counsel in the coming weeks.

Projects

19. The Receiver understands that there are several "projects" where Arres raised mortgage funds for borrowers from a group of investors and then (in certain cases) administered these mortgages (as a trustee) on behalf of the various investors over the years.
20. The following is a list of projects that Mr. Serra believes Arres still has an interest in. In particular, Mr. Serra believes he is still owed monies with respect to outstanding brokerage fees, renewal fees, interests and other costs, in Arres' capacity as the administrator of these loans and/or trustee:
 - a) Graybriar Greens Inc. ("**Graybriar**")
 - b) Jervis Inlet Resort ("**Jervis**")
 - c) Coppertree Meadows - Millet ("**CT Millet**")
 - d) Copper Oaks – Millet ("**CO Millet**")
 - e) Copperhorn Chateau ("**Chateau**")

- f) Copperhorn Chalets Koeller-Holms (“**Koeller**”)
- g) Timber Creek Mobile Home (“**Timber Creek**”)
- h) Chestermere - Dockman & Associate (“**Dockman**”)
- i) Strathmore (“**Strathmore**”); and
- j) Okanagan Hills Corporation Ltd. (the “**Rise**”)

(collectively referred to as the “**Projects**”)

21. The Receiver understands that the majority of these Projects have either been sold and/or Arres is no longer the trustee or broker on these projects, with the exception of a few of the Projects.
22. The Receiver is currently reviewing in greater detail Arres’ interest in the Projects. Based on the Receiver’s preliminary review, and for the reasons further explained below, the Receiver believes that any interest Arres has with respect to the Projects is considered Exigible Property for purposes of the Receivership Order.

Purported Project Receivables

23. Since the date of the Receivership, the Receiver has met with Mr. Serra and his associate on several occasions and enquired about the operations of the Company to obtain an understanding of the relationship between Arres, the Projects and the investors involved on these Projects. Arres provided the Receiver with multiple files and documents to review, which included several, Microsoft excel files that identified and calculated what Mr. Serra believes is owing to Arres with respect to various brokerage fees, interest and costs from the above-mentioned Projects (the “**Purported Project Receivables**”).
24. The total outstanding obligations Mr. Serra believes is owing to Arres with respect to the Purported Project Receivables total approximately \$21.2 million.

- As discussed further below, the Receiver has not been able trace the Purported Project Receivables to the Company's accounting records and/or to any of physical back-up (invoices), other than certain of the trust agreements that outline specific fees, costs and interest % rates Arres may be permitted to charge investors. The various fees, interest and costs calculated on the excel files with respect to the Purported Project Receivables dates back largely to July 2008 and is calculated to May 2017.
25. The Receiver provided a copy of the various excel files that calculate the Purported Project Receivables to Access for their comment. Access and certain of its investors advise that they strongly disagree as to the accuracy of Mr. Serra's position that the Purported Project Receivables are valid and collectible. Access and various other investors advised the Receiver that they were never provided invoices, accounting information, etc. from Arres to substantiate these claims that are alleged to have occurred several years ago. Access is currently an investor on various projects Arres (among other independent investors) has or had an interest in and/or when Arres was the trustee and/or loan administrator on certain of the Projects. The Purported Project Receivables are amounts Mr. Serra is claiming to be owed by its investors on the various Projects, which include Access as an investor.
 26. The Receiver continues to review the Purported Project Receivables identified on the excel files provided by Mr. Arres to determine their validity and collectability. In particular, the Receiver is attempting to locate physical documents (i.e. invoices, etc.) that should have been sent to its investors to substantiate the receivables outstanding, but has not been able to locate these documents to date. The Receiver cautions that it currently has no authority to recover on these assets because it does not have the power under the Receivership Order, to initiate, prosecute or defend proceedings involving the Company or to enforce any rights (by way of example, security or set-off rights) that the Company may have in respect of such assets.

Accounting Records

27. As discussed above, the Receiver continues to review the accounting records of Arres. Based on the Receiver's preliminary review, the books and records are incomplete and are not up to date.
28. The last set of financial statements prepared by Arres, which the Receiver has in its possession, was for year-ending July 31, 2013. A copy of these financial statements is attached as Appendix B to this Report.
29. The Receiver further reviewed the electronic accounting records of Arres and based on its preliminary review of these records, the last accounting entries recorded by Arres in the accounting system were on July 31, 2014. The Receiver was able to generate Arres' balance sheet as at July 31, 2014 from its electronic accounting records and this statement is attached as Appendix C to this Report. The Receiver is not confident that the financial figures identified in the July 31, 2014 balance are accurate and complete. Notwithstanding, the following are highlights of Arres' internal July 31, 2014 balance sheet:
 - a) Assets: no cash, no Purported Project Receivables or other accounts receivables, approximately \$13,300 net book value in fixed assets (computers); and a large significant "due from" Arres Holdings (a related company owned by Mr. Serra) of approximately \$337,000; and
 - b) Liabilities: approximately \$309,000 and \$99,400 "due to" Arres Holdings Inc. and Arres Management Inc. (related entities), respectively, and certain miscellaneous liabilities totaling approximately \$14,000.
30. Based on July 31, 2014 balance sheet, it would appear that the Purported Project Receivables, which includes certain assigned account receivables as discussed below, is not recorded in the Company's accounting records. In addition, the outstanding obligation (judgement creditor) of Access for approximately \$1

million (as discussed below) is also not recorded in the Company's books and records.

31. The Receiver will continue its review the accounting records of Arres to determine the validity and collectability of the Purported Project Receivables and/or any other receivables or assets of Arres.

Access Judgement and Assignments

Overview

32. Access obtained summary judgment order against the Debtor on May 24, 2013, in the amount of approximately \$1.028 million, less any amounts that had been paid by the Debtor to the Plaintiff. The Debtor's appeal of the summary judgement order was dismissed on September 29, 2014. A copy of the summary judgement order, appeal of the summary judgement order and the memorandum of judgement issued by the Court of Appeal of Alberta are attached as Appendix D to this Report.
33. On November 8, 2013, the Receiver understands that Arres prepared written communication to Access and/or its investors advising that the Company did not have enough equity to satisfy the "summary judgement" of ~\$1 million and that based on historical information, the Company does not anticipate having cash flow that will satisfy the judgement after operating costs. A copy of the Arres communication is attached as Appendix E to this Report.
34. On October 20, 2014, Mr. Serra (a representative of the Debtor) reported on a statutory declaration, pursuant to section 35.10 of the CEA, indicating that Arres has a significant asset of outstanding accounts receivables owed to the Company of approximately \$9.7 million from the various Projects. A copy of the statutory declaration is attached at Appendix F to this Report. The Receiver understands that there is currently a dispute between the Plaintiff and the Debtor relating to the \$9.7 million in accounts receivables. In particular, the \$9.7 million listed on the statutory declaration form was purportedly assigned either to Mr. Serra's spouse,

a corporation controlled by Mr. Serra's spouse or a third party, as discussed further below. The dates of these "assignments" were made in the period March 2010 to July 2012, which was prior to the statutory declaration being made by Mr. Serra (the "**Assigned AR**"). The statutory declaration makes no mention that these receivables were assigned to a third party and therefore are not assets of the estate. The Receiver is advised by Mr. Serra that the Assigned AR forms part of the Purported Project Receivables.

Assignments

35. As discussed above, the Receiver is in possession of various assignments made by Arres to his wife and/or a company owned and controlled by her (875892 Alberta Ltd.) and another party since March 2010 to July 2012 with respect to the various project receivables, which largely relate to the Purported Project Receivables and Assigned AR (the "**Assignments**"). A copy of the Assignments are attached as Appendix G to this Report. Based on the Receiver's initial review of the attached Assignments, any or all monies that are owed on certain project receivables were assigned to Ms. Serra, 875892 Alberta Ltd. and/or another third party. The Assignments would suggest that the total payment and/or consideration given by Ms. Serra or her Company totalled approximately \$776,000, but the Receiver has not been able to confirm if payment was actually received by Arres.
36. Pursuant to paragraph 4 of the Receivership Order, the Receiver is to inquire and determine the extent to which any property owned by Arres or in which property that Arres as an interest in has been assigned to any third party and the validity and priority of these Assignments.
37. The Receiver requested Mr. Serra and his associate to assist in providing the Receiver with specific supporting information to determine whether the consideration paid regarding the Assignments (if any) was paid by Ms. Stacia Serra (who the Receiver understands is Mr. Wes Serra's spouse), 875892 Alberta Ltd. or the other third party for these Assignments. The Receiver was advised by of Mr. Serra that Ms. Serra and/or her 875892 Alberta Ltd. provided significant

funding and/or advances of cash to Arres over the years for its operations and the Assignments were appropriate for the consideration received by these parties. The Receiver has not yet been provided with this information or documentation from Mr. Serra showing that these advances were made to determine the validity and total quantum of these considerations made by Mr. Serra's wife, her company or the third party. Further, the Receiver has not yet been able to identify independently by reviewing the books and records of the Company if these advances/payments were made by Ms. Serra, 875892 Alberta Ltd. or the third party. The Receiver will continue to review the books and records in this regard and as required pursuant to paragraph 4 of the Receivership Order. If the Assignments are valid and enforceable and proper consideration is due to Arres, pursuant to the Assignments the estate will be entitled to collect any amounts that remain due to Arres from the Assignments. Alternatively, if it is determined that the Assignments are not valid and enforceable and/or proper consideration was not paid to Arres in respect of the Assignments, the estate will be entitled to collect the Purported Project Receivables (which includes the Assigned AR) or advance a claim relating to the improper assignment of the Purported Project Receivables (and Assigned AR) through the Assignments. The Receiver again cautions that, in either scenario it may be necessary to initiate legal proceedings or compromise claims to secure recovery and the Receiver does not presently have any authority under the Receivership Order to pursue recovery (should it determine it is required for the general benefit of all stakeholders) on these assets.

38. On September 29, 2017, the Receiver was copied on communication between Mr. Serra and the Trustee on the Rise Project, further requesting clarification on purported amounts outstanding to Mr. and Ms. Serra and to also advise that an additional assignment of Arres' brokerage and other fees from Arres to both Wes Serra and Ms. Serra was executed. These assignments were made on September 27, 2017 and January 1, 2009 (the "Rise Assignments"). A copy of the Rise Assignments is attached as Appendix H to this Report. The Receiver has not reviewed the Rise Assignments in detail as to its validity and priority, but again, the Receiver cautions that it does not presently have any authority under the

Receivership Order to prevent Mr. Serra in further making assignments on behalf of Arres to himself, Ms. Serra or any other third party.

Corporate Minute Book

39. On September 20, 2017, legal counsel to Arres delivered to the Receiver the corporate minute book of Arres. The Receiver continues to review the corporate minute book and other information provided by its counsel. Upon initial review of the corporate minute book, the Company filed, among other things, a 'Resolution of the Sole Director of Arres Capital Inc.' with respect to approving the corporations' financial statements for multiple fiscal year ends, including fiscal year-end 2014 through to 2017. The fiscal year-end financial statements as at July 31, 2017 appear to have been approved by Arres Capital Inc. on September 20, 2017 (after the date the Receivership Order was granted on July 26, 2017). On September 22, 2017, the Receiver asked Mr. Serra and its counsel if they could provide a copy of the financial statement and accounting information (if it exists) relating to fiscal year ends 2014 through to 2017 to support the executed "resolutions", as discussed above. The Receiver has not yet received a response specifically on this request.

40. The Receiver understands that another set of corporate minute books is located with Arres' counsel in British Columbia. The Receiver has been in contact with Arres' counsel and is attempting to make arrangements for the delivery of these records to the Receiver. Due to the amount of information requested and required to be delivered by the Receiver, counsel to Arres indicated that although he was willing to assist the Receiver in its request, counsel to Arres would require confirmation that the Receiver would pay for the time spent by counsel in retrieving this information. The Receiver cautions that it currently does not have sufficient funds available to fulfil this request, nor does it presently have the power to borrow funds to pay such costs (and other costs) pursuant to the Receivership Order.

INITIAL ACTIVITIES OF THE RECEIVER

41. Since the July 26, 2017, the Receiver's activities have included the following, but are not limited to:

- a) attending the head office location of Arres located at Mr. Serra's personal residence and taking possession and control of the books and records, as well as obtaining a copy of all known electronic copies of accounting software and other electronic information from Arres computer hard drive;
- b) confirming all known corporate bank accounts of Arres and providing the respective bank representatives to determine if any funds were available to be forwarded to the Receiver's trust account. The Company current has two bank accounts that are both in minor overdraft positions. The accounts have been frozen for "deposit only";
- c) reviewing Arres' various trust agreements with respect to the Projects and organizing the books and records of Arres;
- d) engaging the services of an IT forensic accountant to "ghost image" Arres' computer hard drive and smart phone;
- e) attending multiple meetings with representatives of Arres, Access and other Project investors with respect to Arres' operations;
- f) attending a meeting with the board of the Rise to gain a better understanding of Arres' involvement on this project and obtain information that refutes the Purported Project Receivable with respect to the Rise;
- g) multiple calls with the borrower, Mr. Serra, Access and other investors and interested parties with respect to the Jarvis Property. The Receiver is advised that a potential offer(s) is coming on the

Jervis Property and given Arres' role as trustee on the file, the borrower is seeking advisement as to the Receiver's ability to accept an offer on the Property. Currently, the Receiver does not have the authority to sell or convey the Jervis Property or to apply for vesting orders in respect of any such transactions pursuant to the Receivership Order. Obtaining such authority to sell, convey and/or apply for a vesting order may bring significant realizations into the estate with respect to the collections of outstanding fees and costs of Arres as trustee of the Jervis Property for the general benefit of all stakeholders;

- h) entertaining multiple calls from Access, Arres and the Township of Radium Hot Springs (the "**Township**") with respect to delinquent property taxes outstanding on the Timber Creek property. The Receiver understands that the only interest Arres has in this property is for unpaid trust agreements fees and costs and if the delinquent taxes were not paid by September 25, 2017 at 10am PT, the Timber Creek property would be placed up for immediate tax sale. The delinquent tax outstanding was approximately \$3,600. The owner of the property (the borrower) is 0731543 BC Ltd., which the Receiver is advised by Mr. Serra is owned by Ms. Stacia Serra; however, the Receiver has not been able to confirm this yet in reviewing the BC corporate minute books. Mr. Wes Serra did advise that he will arrange to pay these taxes prior to the tax sale deadline; however, out of abundance of caution and to preserve the value on the Timer Creek Property, the Receiver decided to pay these delinquent taxes by close of Friday, September 22, 2017. This payment was supported by the Applicant (Access). As at October 11, 2017, the Township advised that no other payment was received for outstanding taxes, other than the payment made by the Receiver.

- i) organizing, analyzing, and evaluating the books and records as well as information pertaining to the various Arres projects;
- j) retaining and providing instructions to the Receiver's independent legal counsel, McCarthy Tetrault LLP ("**McCarthy**"), in respect of the Receivership Proceedings, generally; and
- k) attending numerous and on-going meetings and discussions with the Debtor, Access and their respective legal counsels regarding the Receivership Proceedings, generally, and discussion on the Receiver's interpretation of Exigible Property.

Employees and Consultants

42. The Receiver understands that there are no employees of Arres, but only one contractor on a part-time basis. Pursuant to the Receivership Order, Arres continues to "operate" the Company and the Receiver has not retained nor terminated any contractors of Arres at this time.

Canada Revenue Agency (Priority Claims)

43. The Receiver is advised by the Canada Revenue Agency ("**CRA**") that Arres has a GST account but does not have any GST remittances outstanding. In addition, the Receiver confirmed that there is no payroll account opened with CRA and the last filed corporate tax return filed is year-ending July 31, 2015. The Receiver is currently in possession and will be reviewing a copy of this tax return and certain prior year tax returns for the inclusion of any or all accounts receivables and other financial information.

Statutory Mailing by Receiver

44. The Receiver has completed and delivered the notice required by sections 245 and 246 of the BIA (the "**Receiver's Statement**") to Arres' known creditor and the Trustee in Bankruptcy (A&M) on August 4, 2017. The Receiver understands that although the Receiver is not appointed pursuant to the BIA, the Receiver is

subject to the requirements of Part XI of the BIA by operation of section 243(2)(b)(ii) of the BIA, including the requirement to file a statement for the purposes of section 246 of the BIA. Section 125(b) of the Bankruptcy and Insolvency General Rules requires that this statement include the book value of each item of the Exigible Property that is possessed or controlled by the Receiver.

45. A copy of the Receiver's Statement can be found on the Receiver's Website and is attached as Appendix I to this Report.

Corporate Insurance

46. The Receiver is advised by Mr. Serra that the Company does not have, nor requires corporate insurance with respect to its operations.

RECEIPTS AND DISBURSMENTS – JULY 26, 2017 TO OCTOBER 6, 2017

Overview

47. The following is a statement of the Receiver's receipts and disbursements during the Reporting Period:

Arres Capital Inc. - In Receivership Statement of Receipts & Disbursements CAD\$, unaudited July 26, 2017 - October 6, 2017		
	Notes	Total
Opening Cash Balance		\$ -
Receipts		\$ 65,000
		\$ 65,000
Disbursements		
Storage costs		\$ 252
Contractor services		\$ 260
Municipal property taxes		\$ 3,576
General & Administrative		\$ -
Professional Fees		\$ -
GST Paid		\$ 26
		\$ 4,113
Remaining Balance		\$ 60,887

48. There was no opening cash available as at July 26, 2017. Mr. Serra advised that its two bank accounts did not contain any cash balance. The Receiver verified this with the bank, froze Arres' operating bank account effective on the July 26, 2017 (for "deposit only") and opened a new Receiver's trust bank account.
49. The Receiver collected \$65,000 in receipts owing to Arres with respect to a settlement agreement between Arres and another party prior to the Receivership Proceedings. Arres and its counsel, Access and its counsel did not object that these funds could be delivered to and used by the Receiver for its purposes and pursuant to the Receivership Order. The Receivership Order does allow for the Receiver to collect upon any or all receipts due to Arres.
50. The Receiver disbursed approximately \$4,100, as follows:
- a) Approximately \$250 in storage costs to store the books and records of Arres at a secure storage facility;

- b) \$260 in contractor service fees with respect to the moving of the books and records to the storage facility;
- c) Approximately \$3,600 in delinquent property taxes outstanding with respect to the Timber Creek Project, as discussed above. The Receiver understands that there remains a further \$7,539.00 in outstanding property taxes (not delinquent taxes) relating to 2016 and 2017. The Township advises that if the 2016 property taxes of approximately \$3,800 are not paid by January 2018, these arrears will move to “delinquent status” and the property will be subject to tax sale again in September 2018 (while accruing interest and penalties); and
- d) There were no professional fees and costs and general administrative expenses paid during the Reporting Period; however, amounts were incurred during the Reporting Period and are expected to be paid in the coming weeks, as discussed further below.

51. Total cash on hand held by the Receiver as at October 6, 2017 is \$60,877.

Forecast Costs and Funding Requirements

52. The Receiver has incurred certain fees and costs throughout the administration of the estate that remain unpaid. The fees and costs incurred, but not paid, total approximately \$86,500 (before GST), which largely relate to the following:

- a) Storage, transportation and accounting software fees of approximately \$1,100;
- b) IT specialist fees and costs of approximately \$3,500; and
- c) Outstanding professional fees and costs of the Receiver and its legal counsel for the period July 26, 2017 to September 30, 2017 of approximately \$82,000, broken down as follows:

- i. Receiver's fees and costs of approximately \$52,000, which relates to fees and costs incurred during the period of September 1 to 30, 2017. After the Reporting Period, the Receiver received payment directly from the Applicant for its first invoice for covering the period July 26 to August 31, 2017 of approximately \$52,279.
 - ii. McCarthy fees and costs of approximately \$30,000, which comprises of its first invoice for August 2017 of approximately \$9,000 and another invoice for September 2017 of approximately \$21,000.
- 53. As previously discussed, the Receiver currently does not have adequate funds available to cover the current and future costs to administer this estate in the Receivership Proceedings.
- 54. The Receivership Order currently does not provide the authority for the Receiver to borrow funds to operate the business, pursue recovery on the Exigible Property or otherwise fund the ongoing administration of the estate of the Debtor.
- 55. If the Receiver is unable to borrow or secure funding to administer the estate and seek to maximize realizations for the stakeholders, the Receiver may have no alternative but to terminate its review of its continued review of the Exigible Property pursuant to the Receivership Order and apply for its immediate discharge.

EXIGIBLE PROPERTY DETERMINATION

- 56. Paragraph 4 of the Order requires the Receiver to determine and calculate which of the Debtor's Property is Exigible Property.
- 57. The Receiver, in consultation with its legal counsel, has determined that the Exigible Property consists of all the assets, properties and undertakings that the Debtor has an interest in. In particular, the Exigible Property includes any (a) debts payable to Arres and (b) causes of action. A memorandum prepared by the

Receiver's legal counsel, which concludes that the Exigible Property consists of all the Debtor's assets, properties and undertakings, including, without limitation, all rights that the Debtor has arising under trust agreements and loan administrative agreements, is attached as Appendix J to this Report.

58. As previously discussed above, the Receiver has calculated the book value of the Exigible Property based on the information available in the books and records of the Debtor and as required by the Bankruptcy and Insolvency Act and is included in this Report (Appendix I).

59. The Receiver has also made inquiries in respect of the specific factors enumerated in paragraph 4 of the Order in the time period May 1, 2009 and following. The Receiver reports to this Honourable Court on those inquiries as follows:

a) an initial listing of all the property that the Receiver has been able to identify as being owned by the Debtor or which the Debtor has a potential interest in is listed above and defined as Property. In addition, the Receiver identified the receivable collected as identified in the statement of receipts and disbursements. Lastly, the Receiver may also have a property interest in the form of either a right to be paid amounts due on the Purported Project Receivables (including the Assigned AR) or a cause of action on the Assignments, depending on the results of the continuing investigation regarding the Purported Project Receivables and Assignments;

b) the Receiver is in possession of records that evidence an assignment of accounts receivable due to the Debtor in certain mortgage investments to third-parties (i.e. the "Assignments" and the "Rise Assignments"). The Assignments occurred in the period March 2010 to July 2012, whereas the Rise Assignments occurred largely on January 1, 2009 and September 27, 2017. As discussed above, it is unclear as to whether consideration was exchanged in respect of the Assignments or whether the Debtor has collected any consideration

that was due to it pursuant to the Assignments. The Receiver understands the assignee is the spouse of Mr. Serra, who is the sole director and officer of the Debtor, and a numbered company (875892 Alberta Ltd.) that is controlled by Ms. Serra and a third party. A copy of the 875892 Alberta Ltd. corporate search is attached as Appendix K to this Report;

- c) the Receiver has not yet been able to determine the validity or priority of any assignment of the assigned Property that may have been completed, including the Assigned AR with respect to the amounts identified in Mr. Serra's statutory declaration sworn on October 20, 2014;
- d) the Debtor operates as a mortgage brokerage firm and acts as a manager, administrator or trustee for persons who have an interest in mortgages issued by the Debtor. As noted above, the Receiver has not yet been able to determine the validity or priority of any assignment of the assigned Property that may have been completed. The Receiver does note that, on the information presently known to it, an assignment made to a related party would not appear to be a transaction made in the ordinary course of the Debtor's business; and
- e) the Receiver has no ability to enforce any rights of the Debtor on valid accounts receivable owed to the Debtor on the current terms of the Order (and regardless of same arise through ordinary course business transactions or transactions giving rise to litigation claims).

- 60. The Receiver notes that, on the current terms of the Order, it is unable to secure funding to undertake further investigation on these or related issues relating to the Exigible Property or to pursue recoveries on any litigation claims that may comprise part of the Exigible Property.

ADVICE AND DIRECTION ON MODEL ORDER

61. The Receiver is seeking advice and direction with respect to its application to amend the Receivership Order to a form of order based on the Alberta Model Order (the “**Model Order**”).
62. The Receiver has the following concerns in respect of the current version of Receivership Order:
 - a) As required by the Receivership Order, the Receiver has determined, based on advice from its legal counsel, that all of Debtor’s Property constitutes the Exigible Property. The Receiver therefore is in a situation where it is or should be administering all the assets of the estate but does not have the standard powers provided to it under the Receivership Order;
 - b) the Debtor’s right to operate and conduct its business under the Order is “...*subject to the Receiver’s determinations in paragraph 4 of this Order.*” The Receiver is of the view that it has made such determination as explained in this Report. The Receiver therefore has a duty to consider whether it is in the interests of stakeholders to operate the business, but it does not have the authority to do so under the Receivership Order. By extension, the Receiver does not have the express authority to take basic steps that may be required to operate the business, such as entering into agreements or incurring ordinary course obligations. As discussed above, Mr. Serra continues to act on behalf of the Company, communicate to various stakeholders directly and execute documents (i.e. “Resolutions” and the “Rise Assignments”) on behalf of Arres. Finally, and while the Receivership Order suggests that the Receiver is to operate the business after making the Exigible Property determination, the Receiver does not have the express authority to cease to operate the

business even though the Receiver may determine that same is an advisable course of action;

- c) it is evident that at least a portion of the Exigible Property, and potentially a significant and valuable portion of the Exigible Property, consist of intangibles in the form of either accounts receivable or litigation claims. The Receiver currently has no ability to recover on these assets because it does not have the power to initiate, prosecute or defend proceedings involving the Debtor or to enforce any rights (by way of example, security or set-off rights) that the Debtor may have in respect of such assets. For clarity, the Receiver does not seek the authority to settle or compromise claims between the plaintiff and the defendant unless further authorized by order of this Honourable Court;
- d) the Receiver does not have the authority to sell, convey, lease or assign the Exigible Property or to apply for vesting orders in respect of any such transactions. In the course of administering the Exigible Property, the Receiver may determine that certain of the Exigible Property should be sold, transferred or conveyed if it will maximize value for stakeholders but the Receiver is unable to complete such transactions on the current terms of the Receivership Order;
- e) the Receiver does not have the authority to borrow funds to operate the business, pursue recovery on the Exigible Property or otherwise fund the ongoing administration of the estate of the Debtor;
- f) there is only a limited stay of proceedings imposed on three Alberta Court of Queen's Bench actions and there is no stay of any type in respect of the Exigible Property. The Receiver therefore faces the circumstance where an action or proceeding may be commenced against the Debtor or involving the Exigible Property and the Receiver will have neither:

- i. the authority to respond to such proceedings; or
 - ii. funding to protect the Debtor and the Exigible Property in such proceedings;
- 63. Due to the foregoing issues, the Receiver does not believe that it can properly administer the estate of the Debtor on the current terms of the Receivership Order. In particular, the Receiver is concerned that the Exigible Property is at risk of a material and irreparable loss of value if the relief sought by the Receiver amending the Receivership Order to a form based on the Model Order is not granted. Any uncertainty on either the scope of the Exigible Property or the Receiver's authority to act in respect thereof will result in significant and unnecessary increased cost in the administration of the estate of the Debtor.

RECOMMENDATIONS

- 64. The Receiver's recommendation to amend the Receivership Order to the Model Order is, in addition to the concerns expressed above, either based upon or following:
 - a) receiving advice from its legal counsel;
 - b) consulting with representatives of both the plaintiff and the Debtor;
 - c) its past expertise in administering estates of debtor companies as a licensed trustee in bankruptcy under the BIA;
 - d) its review and identification of the Exigible Property and the steps it anticipates will be required to preserve and protect the Exigible Property as it continues the administration of the estate of the Debtor; and
 - e) its view that an amendment to the Order to a form of order based on the Model Order will maximize recoveries for creditors and is in the best interests of the Debtor and its various stakeholders.

RECEIVER'S NEXT STEPS

65. The Receiver will continue to complete the remaining reporting requirements pursuant to paragraph 4 of the Receivership Order, in particular, reviewing the validity, priority and existence of the Assigned AR, Purported Project Receivables and the various assignments.
66. The Receiver will require the continued funding from the Applicants to pay for administration of the estate pursuant to paragraph 24 of the Receivership Order. It is the Receiver's respectful preference for this Honourable Court grant a Borrowing Charge to allow the Receiver to borrow monies pursuant to a Receiver's Certificate to ensure it has the available funds to pay ongoing costs to administer the estate and to also provide an appropriate charge over the Company's assets to protect the Applicants interests while it continue to funds the administration of the estate.

All of which is respectfully submitted this 11th day of October, 2017.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Receiver of Arres Capital Inc. and not in
its personal or corporate capacity**



Tim Reid, CPA, CA, CIRP, LIT
Senior Vice-President



Orest Konowalchuk, CPA, CA, CIRP, LIT
Vice-President

APPENDIX A

COURT FILE NUMBER 25-094212

COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY
AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED



AND IN THE MATTER OF ARRES CAPITAL INC.

APPLICANTS KENZIE FINANCIAL INVESTMENTS LTD.,
SHELLY BECK, BRIAN SEKIYA, HOLLY SEKIYA, LINDA JAEGER, STEVE REILLY, LESTER IKUTA, MICKEY IKUTA, LESTER IKUTA PROFESSIONAL CORPORATION, ACCESS MORTGAGE CORPORATION (2004) LIMITED, RAYMOND SCRABA, PAULETTE SCRABA AND 1082144 ALBERTA LTD.

DOCUMENT

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY FILING
THIS DOCUMENT

BANKRUPTCY ORDER

Cassels Brock & Blackwell LLP
Suite 1250 Millennium Tower,
440 – 2nd Avenue SW,
Calgary, Alberta, T2P 5E9

Telephone 403-351-2921
Facsimile 403-648-1151

Attention: Jeffrey Oliver

I hereby certify this to be a true copy of the
original order
of which it purports to be a copy.

Dated this 26 day of July 2017
for Registrar
Registrar at Calgary
Bankruptcy Division of the
Court of Queen's Bench of Alberta

DATE ON WHICH ORDER WAS PRONOUNCED: July 26, 2017

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice Eidsvik

LOCATION OF HEARING: Calgary, Alberta

UPON THE APPLICATION of Access Mortgage Corporation (2004) Limited (the "**Applicant**"), a creditor, of Arres Capital Inc. ("**Arres**"), filed on the 8th day of September, 2011; and upon having read the Affidavit of Truth of David Murphy, sworn August 29, 2011, filed, the Affidavit of Truth of Raymond Scraba, sworn August 29, 2011, filed, the Affidavit of Truth of Cheryl Newman, sworn August 29, 2011, filed, the Supplementary Affidavit of Truth of David Murphy, sworn December 16, 2011, filed, the Affidavit of Truth of Allan Beck, sworn December 16, 2013, filed, the Affidavits of Truth of Shelly Beck, sworn

December 16, 2013, filed, the Affidavit of Truth of Brian Sekiya, sworn December 20, 2013, filed, the Affidavit of Truth of Holly Sekiya, sworn December 20, 2013, filed, the Affidavit of Truth of Linda Jaeger, sworn December 16, 2013, filed, the Affidavit of Truth of Steve Reilly, sworn December 16, 2013, filed, the Affidavit of Truth of Mickey Ikuta, sworn December 16, 2013, filed, the Affidavits of Truth of Lester Ikuta, sworn December 16, 2013, filed, the Affidavit of Verification of Statements in application for Bankruptcy Order sworn by David Murphy, on the 12th day of June, 2017, filed, the Supplementary Affidavit of David Murphy, sworn July 13, 2017, filed, the Notice of Disputing Application, filed, the Consent of Alvarez & Marsal Canada Inc. to act as trustee, filed; and upon hearing the submissions of counsel for the Applicant and counsel for Arres;

And upon it appearing to the Court that the following acts of bankruptcy have been committed within 6 months preceding the filing of the Application:

- (a) Arres has ceased to meet its liabilities generally as they have become due;

And upon being satisfied that Arres has been duly served;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Arres, a company incorporated and registered under the laws of the Province of Alberta and having an office in Calgary, in the Province of Alberta, be and is hereby adjudged bankrupt and a bankruptcy order is hereby made against Arres.
2. Alvarez & Marsal Canada Inc. in the Province of Alberta, has been appointed as trustee of the estate of the bankrupt, without the requirement to give security under the *Bankruptcy and Insolvency Act*.
3. Service of the Notice of the Hearing of this Application upon Arres is deemed good and sufficient.
4. The costs of and incidental to the within application and bankruptcy order shall be paid to the Applicant out of the assets of the bankrupt's estate after taxation of the accounts.

Dated at Calgary, Alberta this 26th day of July, 2017

"K.M. Eldsvik"

COURT OF APPEAL OF ALBERTA

Form AP-1

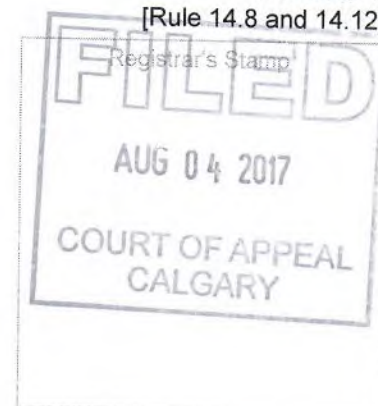
[Rule 14.8 and 14.12]

COURT OF APPEAL FILE NUMBER: 1701-0241AC

TRIAL COURT FILE NUMBER: 25-094212

REGISTRY OFFICE: Calgary

PLAINTIFF/APPLICANT: KENZIE FINANCIAL
INVESTMENTS LTD., SHELLY
BECK, BRIAN SEKIYA, HOLLY
SEKIYA, LINDA JAEGER,
STEVE REILLY, LESTER
IKUTA, MICKEY IKUTA,
LESTER IKUTA
PROFESSIONAL
CORPORATION, ACCESS
MORTGAGE CORPORATION
(2004) LIMITED, RAYMOND
SCRABA, PAULETTE SCRABA
and 1082144 ALBERTA LTD.



STATUS ON APPEAL: Respondent

DEFENDANT/RESPONDENT: ARRES CAPITAL INC.

STATUS ON APPEAL: Appellant

DOCUMENT: CIVIL NOTICE OF APPEAL

APPELLANT'S ADDRESS FOR
SERVICE AND CONTACT
INFORMATION:

PELLETIER LITIGATION
Bow Valley Square II
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Ryan P. Pelletier
D. 403.407.2630
E. rpelletier@pelletierlitigation.ca
File. 13002.002

WARNING

To the Respondent: If you do not respond to this appeal as provided for in the Alberta Rules of Court, the appeal will be decided in your absence and without your input.

1. Particulars of Judgment, Order or Decision Appealed From:Date pronounced: July 26, 2017Date entered: July 26, 2017Date served: July 26, 2017

Official neutral citation of reasons for decision, if any:
(do not attach copy) _____

(Attach a copy of order or judgment: Rule 14.12(3). If a copy is not attached, indicate under item 14 and file a copy as soon as possible: Rule 14.18(2).)

2. Indicate where the matter originated:☒ **Court of Queen's Bench**Judicial Centre: CalgaryJustice: K.M. EidsvikOn appeal from a Queen's Bench Master or Provincial Court Judge?: ☐ Yes ☒ No

Official neutral citation of reasons for decision, if any, of the Master or Provincial Court Judge:
(do not attach copy) _____

(If originating from an order of a Queen's Bench Master or Provincial Court Judge, a copy of that order is also required:
Rule 14.18(1)(c).)

☐ **Board, Tribunal or Professional Discipline Body**

Specify Body: _____

3. Details of Permission to Appeal, if required (Rules 14.5 and 14.12(3)(a)):☒ Permission not required, or ☐ Granted

Date: _____

Justice: _____

(Attach a copy of order, but not reasons for decision.)

4. Portion being appealed (Rules 14.12(2)(c)):☒ Whole, or☐ Only specific parts (if specific part, indicate which part):**5. Provide a brief description of the issues:**

The Honourable Justice committed manifest and obvious errors in fact and in law where she:

1. Misstated and misapplied the test for a bankruptcy Order;
2. Misstated the existence, quantum, and state of the debt(s) alleged to be owed by the Appellant;
3. Found "special circumstances" to exist allowing the bankruptcy Order;
4. Misstated and misapplied the test which otherwise permitted the dismissal of the bankruptcy Application;
5. Entirely ignored and otherwise dismissed the abuse of process and collateral attack of a previous Order of the Court inherent in the Respondent's bankruptcy Application; and
6. Directed that the February 13, 2015 Order of the Honourable Justice Strekaf in Action No. 1401-12431 was to be stayed in favour of the bankruptcy Order under appeal.

6. Provide a brief description of the relief claimed:

To have the Order under appeal set aside and otherwise dismissed.

7. Is this appeal required to be dealt with as a fast track appeal? (Rule 14.14)

☐ Yes ☒ No

8. Does this appeal involve the custody, access, parenting or support of a child? (Rule 14.14(2)(b))

☐ Yes ☒ No

9. Will an application be made to expedite this appeal?

☐ Yes ☒ No

10. Is Judicial Dispute Resolution with a view to settlement or crystallization of issues appropriate? (Rule 14.60)

☐ Yes ☒ No

11. Could this matter be decided without oral argument? (Rule 14.32(2))

☐ Yes ☒ No

12. Are there any restricted access orders or statutory provisions that affect the privacy of this file? (Rule 6.29, 14.12(2)(e), 14.83)

☐ Yes ☒ No

If yes, provide details: _____

(Attach a copy of any order.)

13. List respondent(s) or counsel for the respondent(s), with contact information:

CASSELS BROCK & BLACKWELL LLP
 Millennium Tower
 #1250, 440 - 2nd Avenue SW
 Calgary, AB T2P 5E9
 T. 403.351.2920
 F. 403.648.1151

Jeffrey Oliver
D. 403.351.2921
E. joliver@casselsbrock.com
File. 50107-1

If specified constitutional issues are raised, service on the Attorney General is required under s. 24 of the Judicature Act: Rule 14.18(1)(c)(viii).

14. Attachments (as applicable):

- ☒ Order of judgment under appeal if available (not reasons for decision) (Rule 14.12(3))
- ☐ Earlier order of Master, etc. (Rule 14.18(1)(c))
- ☐ Order granting permission to appeal (Rule 14.12(3)(a))
- ☐ Copy of any restricted access order (Rule 14.12(2)(e))

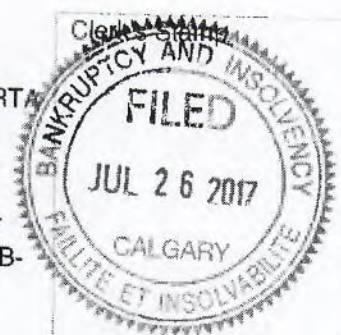
If any document is not available, it should be appended to the factum, or included elsewhere in the appeal record.

COURT FILE NUMBER 25-094212

COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY
AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED



APPLICANTS

KENZIE FINANCIAL INVESTMENTS LTD.,
SHELLY BECK, BRIAN SEKIYA, HOLLY
SEKIYA, LINDA JAEGER, STEVE REILLY,
LESTER IKUTA, MICKEY IKUTA, LESTER
IKUTA PROFESSIONAL CORPORATION,
ACCESS MORTGAGE CORPORATION
(2004) LIMITED, RAYMOND SCRABA,
PAULETTE SCRABA AND 1082144
ALBERTA LTD.

DOCUMENT

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY FILING
THIS DOCUMENT

BANKRUPTCY ORDER

Cassels Brock & Blackwell LLP
Suite 1250 Millennium Tower,
440 – 2nd Avenue SW,
Calgary, Alberta, T2P 5E9

Telephone 403-351-2921
Facsimile 403-648-1151

Attention: Jeffrey Oliver

DATE ON WHICH ORDER WAS PRONOUNCED: July 26, 2017

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice Eidsvik

LOCATION OF HEARING: Calgary, Alberta

UPON THE APPLICATION of Access Mortgage Corporation (2004) Limited (the "**Applicant**"), a creditor, of Arres Capital Inc. ("**Arres**"), filed on the 8th day of September, 2011; and upon having read the Affidavit of Truth of David Murphy, sworn August 29, 2011, filed, the Affidavit of Truth of Raymond Scraba, sworn August 29, 2011, filed, the Affidavit of Truth of Cheryl Newman, sworn August 29, 2011, filed, the Supplementary Affidavit of Truth of David Murphy, sworn December 16, 2011, filed, the Affidavit of Truth of Allan Beck, sworn December 16, 2013, filed, the Affidavits of Truth of Shelly Beck, sworn