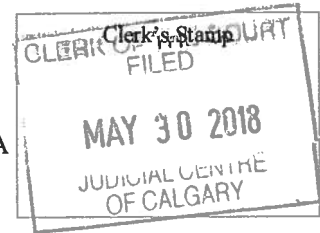


COURT FILE NUMBER 1401 - 12431
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF ACCESS MORTGAGE CORPORATION (2004) LIMITED
DEFENDANT ARRES CAPITAL INC.
DOCUMENT SECOND REPORT OF THE RECEIVER
May 29, 2018



ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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ALVAREZ & MARSAL

TABLE OF CONTENTS OF THE SECOND REPORT OF THE RECEIVER

INTRODUCTION3
TERMS OF REFERENCE5
BACKGROUND5
ACTIVITIES OF THE RECEIVER6
UPDATED ON BOOKS AND RECORDS AND PURPORTED RECEIVABLES7
THE GRAYBRIAR FUNDS AND COURT FUNDS11
RECEIPTS AND DISBURSMENTS – JULY 26, 2017 TO MAY 28, 2018.....17
PROPOSED CLAIMS PROCESS ORDER20
APPROVAL OF THE RECEIVER’S AND ITS COUNSEL’S FEES AND COSTS23
RECEIVER’S NEXT STEPS24
RECOMMENDATIONS24

LISTING OF APPENDICES TO THE SECOND REPORT OF THE RECEIVER

APPENDIX A	Graybriar Trust Agreement
APPENDIX B	Assignment Agreement
APPENDIX C	July 17, 2013 Order
APPENDIX D	February 3, 2014 Order
APPENDIX E	February 11, 2014 Consent Order
APPENDIX F	February 14, 2014 Order
APPENDIX G	February 28, 2014 Order (Unit 55)
APPENDIX H	Affidavit of Gregory J. Forrest
APPENDIX I	December 17, 2014 Order
APPENDIX J	December 9, 2015 Appeal Order
APPENDIX K	Receivership Order
APPENDIX L	February 1, 2016 Order (Unit 48)
APPENDIX M	March 10, 2016 Order (Unit 63)
APPENDIX N	June 14, 2016 Order (Unit 65)
APPENDIX O	August 25, 2016 Order (Unit 69)
APPENDIX P	November 1, 2017 Order (Unit 67)
APPENDIX Q	Statement of Claim (1701-14947)
APPENDIX R	December 15, 2017 Amended Order (Unit 67)
APPENDIX S	December 15, 2017 Consent Order (Unit 68)
APPENDIX T	Terrapin’s Factual Background
APPENDIX U	A&M Fee Schedule
APPENDIX V	McCarthy Fee Schedule

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. 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.
3. On October 23, 2017, the Receiver sought advice and direction from this Honourable Court to amend the Receivership Order. The Receiver informed the Court that it did not believe it could properly administer the estate of the Debtor on the current terms of the Receivership Order. As a result, an amended and restated order to the Receivership Order (the “**Amended Receivership Order**”) was granted by Madame Justice B.E.C Romaine that, amongst other things, amended the existing Receivership Order to that of the Alberta Model Order.
4. The purpose of this second report of the Receiver (the “**Second Report**” or “**this Report**”) is to provide this Honourable Court with information in respect of the following:
 - a) the activities, generally, of the Receiver since its First Report dated October 11, 2017;

- b) an update on the Receiver's review with respect to the validity, priority and existence of the Assigned AR, Purported Project Receivables and the various assignments.
 - c) confirmation that the Receiver's Charge applies to approximately \$1.38 million held either in Court or held in a solicitor's trust account, which arise from the sale of the certain units (townhomes) owned by the Graybriar Project (the "**Graybriar Funds**");
 - d) confirmation that the Receiver's Charge applies to the \$235,000 currently held in Court File No. 1201-16440 (the "**Court Funds**"), which, for clarity, does not form part of the **Graybriar Funds**, as defined above;
 - e) a direction from this Court that the **Graybriar Funds** and the **Court Funds** (collectively, the "**Funds**") be released to and held by the Receiver (with authority to make payment of amounts due on the Receiver's Charge);
 - f) the approval by this Court of a proposed Claims Process Order in within the Receivership Proceedings that is limited to claims as against the Graybriar Funds;
 - g) the cash flow for the period from July 26, 2017 to May 27, 2018 (the "**Reporting Period**") and forecast fees and costs of the Receiver;
 - h) the Receiver's next steps and recommendations.
5. Capitalized words or terms not defined or ascribed a meaning in the Second Report are as defined or ascribed a meaning in the Receivership Order, Amended Receivership Order and the First Report.
6. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

7. In preparing this Second 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

8. 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.
9. 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.
10. 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.
11. 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").

ACTIVITIES OF THE RECEIVER

12. Since the First Report, the Receiver's activities have included the following, but are not limited to:
- a) the continued review of the accounting, books and records various of the Company that were known and available to the Receiver;
 - b) reviewing Arres' various trust agreements in greater detail with respect to the Projects (as discussed and defined in the First Report) that is considered Exigible Property, in consultation with its independent legal counsel McCarthy Tetrault LLP ("McCarthy");
 - c) multiple meetings with Mr. Wes Serra of Arres at the Receiver's office to review additional information provided by Mr. Serra regarding various Project "assignments" made by Arres to Mr. Serra's spouse, a corporation controlled by Mr. Serr's spouse or a third-party and/or Mr. Serra, personally, relating to Project accounts receivables and investments;
 - d) numerous meetings with representatives of Access and other Project investors with respect to Arres' matters;
 - e) specific review of the Graybriar Greens Inc. ("Graybriar"), as discussed further below;
 - f) calls with former legal counsel of Arres (British Columbia counsel) regarding obtaining information relating to certain BC Projects;
 - g) collection of certain outstanding funds held in court relating to the Jervis Inlet Resort ("Jervis") Project;
 - h) organizing, analyzing, and evaluating the books and records as well as information pertaining to the various Arres projects; and

- i) 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.

UPDATED ON BOOKS AND RECORDS AND PURPORTED RECEIVABLES

Projects

13. As previously reported, 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. These "projects" are outlined in the First Report, which are summarized below:

- 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**")

14. The majority of the 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.
15. The interest Aress' (Mr. Serra) claims in the Projects is an interest relating to outstanding brokerage fees, renewal fees, interests and other costs, in Arres' capacity as the administrator of these loans and/or trustee, as discussed further below.

Accounting Records

16. Based on the Receiver's review, the books and records are incomplete and are not up to date.
17. Since the First Report, the Receiver continued to review the accounting records of Arres and obtain certain additional financial statements from Mr. Serra with respect to the Company. The Receiver is now in possession of Arres' financial statements for the year-ending July 31, 2014, 2015 and 2016.
18. The Receiver further reviewed the electronic accounting records of Arres and based on its review of these records, the last accounting entries recorded by Arres in the accounting system were on July 31, 2014. The Receiver was unable to identify any electronic journal entries or accounting entries that would support the financial statements for fiscal 2014 – 2016.
19. Based on July 31, 2016 balance sheet, it would appear that the Purported Project Receivables (defined below) of approximately \$21.2 million, which includes certain "assigned account receivables", continues to be not recorded in the Company's financial statements nor its accounting records. The only asset reported in Arres is for property plant and equipment of approximately \$6,000. The Company reports approximately \$91,000 in total liabilities and did not include the outstanding obligation (judgement creditor) of Access for approximately \$1 million (as discussed below) its financial statements nor the Company's books and records.

Update on Purported Project Receivables

20. Since the First Report, the Receiver had continued communication with Mr. Serra and further reviewed the excel schedules that calculated the amounts Mr. Serra believed was owing to Arres with respect to various brokerage fees, interest and costs from the above-mentioned Projects (the “**Purported Project Receivables**”).
21. As previously reported, the total outstanding obligations Mr. Serra believes is owing to Arres with respect to the Purported Project Receivables total approximately \$21.2 million. The Receiver has not been able trace the majority of the Purported Project Receivables back 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 by Mr. Serra on the excel files calculated by Mr. Serra dates back largely to July 2008 and is calculated to May 2017.
22. Other than certain additional information that Mr. Serra was able to provide the Receiver respecting the “AR Assignments” (defined below) since the First Report, there was limited additional accounting information that was provided to substantiate the validity and collectible of the Purported Project Receivables.
23. Based on the Receiver’s and its legal counsels review of the various Project trust agreements, the Receiver’s review of various accounting information and its understanding when the Projects seized to have the Arres’ involvement (i.e. Arres no longer being the trustee or broker on the Projects, with the exception of a few of the Projects), the Receiver believes that the majority of the \$21.2 million being claimed by Arres as against the Projects appear unsubstantiated, save and expect certain administrative and out-of-pocket costs that were incurred. The Receiver is currently finalizing its review of these certain administrative and out-of-pocket costs said to have been incurred for each Project, but expects that these amounts are not material and/or may not be collectible for certain Projects.

Assigned AR and Assignments

Assigned AR

24. As previously reported to this Court, 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 was attached as an appendix to the First Report.
25. 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

26. 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 these Assignments were attached as an appendix to the First Report.
27. Since the First Report, the Receiver met with Mr. Serra on a couple of occasions and was provided additional (new) assignments on various other projects Arres was involved in the past, including back up of cheques showing payment of the consideration mentioned for certain of the Assignments (not all), bank statements and certain other information. The Receiver understands that the Receiver in the

Receivership Proceedings and Trustee in the bankruptcy proceedings continue to look into the validity of parties claims in the Receivership and bankruptcy and also, determining the validity and enforceability of the assignments (when they were made) vis a vi the initial bankruptcy event of Arres. The issues and concerns of the Assignments, in particular the Graybriar Assignment (defined below), is discussed further below.

28. The Receiver understands that a proof of claim was filed by Mr. Serra, Ms. Staci Serra (Mr. Serra's spouse) and Ms. Marlene Serra (Mr. Serra's mother) with the Trustee in the bankruptcy proceedings. The three (3) parties filed secured claims largely relating to the Purported Project Receivables that were "assigned" by Arres to the three parties for over \$21 million. The Receiver further understands that the Trustee will be responding pursuant to these proof of claims filed in the bankruptcy proceedings in the event that the Trustee has assets vest in it.

THE GRAYBRIAR FUNDS AND COURT FUNDS

Overview

29. The Graybriar Funds and the Court Funds represent the most significant realizable assets of the Debtor to date. However, the history of the various proceedings concerning the Graybriar Funds and the Court Funds has been contentious, protracted, and costly. The Receiver has appended various records relevant to the Graybriar Funds and Court Funds to this Report.

The Graybriar Project, Arres Mortgages and the Investor Agreements

30. Graybriar Land Company Ltd. ("**Graybriar**") was the owner of certain lands (the "**Lands**") which were developed into the Graybriar Phase 1 and Graybriar Phase II condominiums which included units 48, 55, 63, 65, 67, 68, and 69 (collectively, the "**Units**" and individually, a "**Unit**") under Condominium Plan 0827766. The Units are the source of the "Graybriar Funds".

31. In order to finance the development of the Lands, the Debtor advanced certain funds, in the approximate cumulative amount of \$9.7 million, to Graybriar (collectively, the “**Arres Advances**”).
32. The Arres Advances were secured pursuant to the following Mortgages:
- a) a Mortgage, dated November 5, 2006, as granted by Graybriar to and in favour of Arres, as security for the repayment of \$2,800,000; and,
 - b) a Mortgage, dated August 15, 2007, as granted by Graybriar to and in favour of Arres, as security for the repayment of \$9,700,000.
- (collectively referred to as, the “**Arres Mortgages**”)
33. Arres was able to raise the funds necessary to make the Arres Advances by soliciting investment from various persons (collectively, the “**Graybriar Investors**”) pursuant to various commitment letters and trust agreements (the “**Investor Agreements**”) a sample of which is attached as Appendix A hereto. The Receiver’s view is that, pursuant to such Investor Agreements, Arres holds the Arres Mortgages and is to administer same as bare trustee to and for the benefit of the Graybriar Investors. Furthermore, in accordance with the terms and conditions of the Investor Agreements, Arres is allowed to set off and deduct certain administrative costs, fees, and expenses, associated with Arres’ management of the Arres Mortgages, prior to distributing any and all proceeds realized thereon to the Graybriar Investors, as beneficial owners of the Debtor’s interests under Arres Mortgages. As previously discussed, the Receiver has reviewed Arres’ claim of purported funds outstanding to Arres from the Graybriar Investors and believes these claims to be unsupported, with the exception of certain administrative and out-of-pocket costs.
34. The Arres Mortgages attached to, encumbered, and were registered against all of the Units prior to the Units being sold as part of the Graybriar foreclosure proceedings.

The Graybriar Foreclosure Proceedings

35. Arres preliminary attempted to acquire the Units was under the Amended Order – Sale to Plaintiff, granted by Master L.A. Smart on February 3, 2014 (the “**Sale to Plaintiff Order**”), which declared one of the Arres Mortgages as being valid and enforceable over the Units and accepted Arres’ offer to purchase the Units, by way of a credit bid, of the outstanding obligations thereunder. A copy of the Sale to Plaintiff Order is attached as Appendix “E” hereto. However, the Sale to Plaintiff Order was subsequently temporarily stayed pursuant to the Order of the Honourable Justice S.D. Hillier, granted on February 14, 2014 (the “**Stay Order**”). A copy of the Stay Order is attached as Appendix “F” hereto.
36. As discussed in greater detail below, Terrapin Mortgage Investment Corp. (“**Terrapin**”) was financing the acquisition of four of the Units by 1798582 Alberta Ltd. (“**179 Alberta**”), a related party to Arres. 179 Alberta was intending to acquire four Units from Arres after Arres acquired them by way of the Sale to Plaintiff Order. Terrapin ultimately advanced funds in releasable form to its counterparty borrower, 179 Alberta, after the Sale to Plaintiff Order and prior to the issuance of the Stay Order. On December 17, 2014 the Stay Order was amended by subsequent Order (the “**December 17 Order**”) such that: (i) Units 48, 68, and 69 would be transferred to 1798582 Alberta Ltd. (“**179 Alberta**”), a related party to Arres, and directed the Registrar of Land Titles to register a mortgage granted by 179 Alberta to and in favour of Terrapin, in the amount of \$426,000, against Units 48, 68 and 69; and, (ii) Units 63, 65, and 67 were to be transferred to Arres.
37. The December 17, 2014 Order was subsequently appealed and the transfers contemplated by the December 17, 2014 Order were never completed. On December 9, 2015, the Court of Appeal issued its Order (the “**Appeal Order**”) allowing the appeal of the December 17, 2014 Order. The Court of Appeal held that the judicial sale of the Units was a matter that was subject to the control of the Court and that all proceeds from the judicially approved sale of the Units were

to be paid into Court and disbursed only in accordance with any further Orders of the Court.

38. As a result of the Stay Order, the December 17, 2014 Order and the Appeal Order, the sale of the Units to Arres and 179 Alberta was never completed and Terrapin never registered security against any of the Units.
39. All of the Units have now been sold and most of the proceeds derived therefrom have been paid into Court under Court File Numbers 0903-17684 and 0903-17685 (the "**Graybriar Actions**"). Specifically:
 - a) \$269,900.00 was derived from the sale of Unit 55, pursuant to the Order of Master L.A. Smart granted on February 28, 2014;
 - b) \$200,584.38 was derived from the sale of Unit 48 and paid into Court, pursuant to the Order of Master K. Laycock granted on February 1, 2016;
 - c) \$198,649.51 was derived from the sale of Unit 63 and paid into Court, pursuant to the Order of Master A. Robertson granted on March 10, 2016;
 - d) \$207,517.58 was derived from the sale of Unit 65 and paid into Court, pursuant to the Order of Master J. Farrington granted on June 14, 2016;
 - e) \$211,996.15 was derived from the sale of Unit 67 and paid into Court, pursuant to the Order of Master A. Robertson dated November 1, 2017 as subsequently amended pursuant to the Amended Order of Master J.L. Mason dated December 15, 2017;
 - f) \$211,177.96 was derived from the sale of Unit 68 and paid into Court, pursuant to the Consent Order of Master J.L. Mason dated December 15, 2017; and,

g) \$200,175.17 was derived from the sale of Unit 69 and paid into Court, pursuant to the Order of Master A. Robertson dated August 25, 2017.

(collectively, the “**Graybriar Sale Approval Orders**”). The Graybriar Sale Approval Orders are attached as Appendices “L,M,N,O,P, R,S” hereto.

40. As previously mentioned, all of the Units have now been sold, pursuant to the Graybriar Sale Approval Orders, and all net proceeds, other than those derived from the sale of Unit 55, have been paid into Court. The proceeds of Unit 55 comprise the Graybriar Solicitor Funds and have been used throughout the ongoing litigation under the Graybriar Actions to fund the property management and development fees associated with the remaining Units. Currently, the residual proceeds from Unit 55 are being held by Terrapin’s counsel, B&M, in accordance with the provisions of the Order granted on June 26, 2015, by Master Prowse Q.C.

The Terrapin Financing and the Court Funds

41. The Receiver understands that Terrapin agreed to loan to 179 Alberta, a related party to Arres, the sum of \$426,000 pursuant to the terms and conditions set out under a Commitment letter, dated on or about January 23, 2014. The fund advanced by Terrapin were to be secured pursuant to a Memorandum of Mortgage, dated February 5, 2014, (the “Terrapin Mortgage”), as granted by 179 Alberta to and in favour of Terrapin. Pursuant to the Terrapin Mortgage, 179 Alberta granted a mortgage to and in favour of Terrapin with respect to Units 48, 55, 68, and 69. Graybriar, the owner of the Units, never granted any mortgage or security interest to or in favour of Terrapin. Also, the Receiver is not aware of any agreement to which both Arres and Terrapin are parties to.

42. Terrapin advanced the \$426,000 to counsel to 179 Alberta which, on February 13, 2014, released the fund advanced by Terrapin in the following manner:

- a) \$235,000 was advanced to the then Arres' counsel to be paid by Arres' Counsel into Court, under Action No. 1201-16440, for the benefit of Arres;
 - b) \$134,444.61 was advanced to 179 Alberta; and,
 - c) the remainder was used to cover outstanding condominium fees, property taxes, and other fees, costs, and expense.
43. The Court Funds, being the \$235,000 paid into Action No. 1201-16440 further to the Order granted by the Honourable Justice Wilkins on February 11, 2014 (the "Court Funds **Order**"), are still held in Court. A copy of the Court Funds Order is attached as Appendix "E" hereto.
44. Based on the Receiver's understanding of the facts concerning the Terrapin transaction, the Receiver does not believe that Terrapin is a creditor of Arres. Terrapin's claims is against 179 Alberta.

Related Party Claims (Graybriar Assignment)

45. The Receiver is aware that each of Ms. Staci Serra and 875892 Alberta Ltd. (collectively, the "**Related Parties**") are related to Arres. The Receiver has been provided with an "assignment" that suggests that Arres has agreed to assign its accounts receivable/investment with respect to all or part of the Arres Mortgages to the Related Parties on September 30, 2010 (the "**Graybriar** "B" to this Report. The Receiver was provided by Mr. Serra a copy of a cheque for the consideration of the Graybriar Assignment totaling \$97,500 and it appears that these funds have been deposited into the Arres' bank account and recorded in Arres' accounting records.
46. While the determination of the Related Parties claims, including this purported assignment will be dealt with as part of the Receiver's proposed Claims Process, the Receiver does note that there are certain inherent difficulties associated with such claims, including:

- a) the value of consideration that appears to have been received by the Debtor in a transaction that occurred within the applicable insolvency “look back” period;
 - b) the failure of the assignment of the receivable to be registered in the Personal Property Registry prior to Arres’ bankruptcy; and
 - c) whether Arres had the capacity to convey the beneficial interest in the Arres Mortgages, given the trust arrangement arising under the Investor Agreements.
47. The Receiver has noted similar issues and concerns with respect to several other Assignments made by Arres on the Projects and the Receiver will deal with their Assignments in the Receivership Proceedings (if relevant to do so) or the Receiver is advised that the Trustee will address these matters in the bankruptcy proceedings.

RECEIPTS AND DISBURSMENTS – JULY 26, 2017 TO MAY 28, 2018

Overview

48. 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 - May 28, 2018	
	Total
Opening Cash Balance	\$ -
Receipts	\$ 263,156
	\$ 263,156
Disbursements	
Storage costs	\$ (1,273)
Contractor services	\$ (3,623)
Municipal property taxes	\$ (3,576)
General & Administrative	\$ (1,171)
Professional Fees and Costs	
Receiver	\$ (147,408)
Receiver's legal counsel	\$ (60,429)
OSB Fee	\$ (150)
GST Paid	\$ (8,064)
	\$ (225,692)
Remaining Balance	\$ 37,463

49. There was no opening cash available as at July 26, 2017.
50. The Receiver collected \$263,156 in receipts, primarily relating to:
- a) \$130,156 owing to Arres with respect to a settlement agreement between Arres and another party prior to the Receivership Proceedings totaling \$65,000 and certain funds held in court in British Columbia totaling \$65,165 that were released to the Receiver with respect to the Rise Project;
 - b) \$132,444 of advances made by Access pursuant to the Amended Receivership Order to pay certain costs incurred by the Receiver pursuant to the Receiver's Charge (including partial payment of the Receiver's and its legal counsels fees and costs); and
 - c) \$556 relating to interest and miscellaneous receipts.

51. The Receiver disbursed approximately \$225,692, primarily relating to:
- a) \$1,273 in storage costs to store the books and records of Arres at a secure storage facility;
 - b) \$3,623 in contractor service fees with respect to the moving of the books and records to the storage facility;
 - c) \$3,576 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);
 - d) \$1,171 in general and administrative costs;
 - e) \$207,836 relating to professional fees and costs of the Receiver and its legal counsels fees from the Receivership Date (July 26, 2017) to December 15, 2017, as detailed further below;
 - f) \$8,214 with respect to filing fees of \$150 to the Office of the Superintendent of Bankruptcy and the remaining balance relating to GST paid on certain disbursements listed above;
52. Total cash on hand held by the Receiver as at May 28, 2018 is \$37,463.

Forecast Costs and Funding Requirements

53. 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 \$61,846 (after GST), which relate to the period of December 15,

2017 to April 30, 2018. The outstanding professional fees and costs of the Receiver and its legal counsel over this period are broken down as follows:

- a) Receiver's fees and costs of approximately \$29,623; and
- b) McCarthy fees and costs of approximately \$32,443.

- 54. 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; however, the Receiver is currently working with Access to secure a Receiver's Certificate.
- 55. If this Honourable Court should grant the order being sought by the Receiver with respect to releasing the funds held in Court to the Receiver, the Receiver will be able to rely on these funds to adequately fund the remaining aspects of the Receivership Proceeding to cover the Receiver's Charge for costs it has been incurring but remain unpaid.
- 56. If the Receiver is unable to borrow or secure funding to administer the estate and/or not able to seek obtain the Graybriar Funds held in court to seek to maximize realizations for the stakeholders, the Receiver will necessarily have to consider an application to terminate its continued review of the Exigible Property pursuant to the Receivership Order and apply for its immediate discharge.

PROPOSED CLAIMS PROCESS ORDER

Overview

- 57. As previously discussed, the Receiver anticipates that should this Honourable Court declare and confirm that the Graybriar Funds are subject to the Receiver's Charge and the Receiver's Borrowing Charge and authorizing the Receiver to utilize the funds to pay current and future indebtedness owing on each of the Receiver's Charge and the Receiver's Borrowing Charge, it would be appropriate (subject to approval of this court) for the Receiver to initiate a Claims Process for determining the claims of all persons with claims that relate to the Graybriar

Funds and to take any and all such actions as the Receiver determines necessary or advisable to complete the various steps contemplated in the Claims Process.

58. The Receiver has prepared a proposed Claims Process Order (the “Proposed Claims Process Order”) seeking approval for establishing a claims procedure process and claims bar date (the “Proposed Claims Process”) by this Honourable Court.
59. The Proposed Claims Process set out in the Proposed Claims Process Order is aimed at establishing and determining any and all claims in respect of solely the Graybriar Funds as at the Receivership Date (the “Claims”).

Proposed Claims Process

60. Should the Proposed Claims Process Order is granted by this Court (the “Claims Order Date”), the Proposed Claims Process is as summarized as follows:
 - a) on or before June 8, 2018, the Receiver will post on the Receiver’s website a Notice to Creditor, a Proof of Claim Form and an instruction letter (collectively, the “**Claims Package**”), and the Proposed Claims Process Order;
 - b) on or before June 8, 2018, the Receiver will send a Claims Package to the last known address of all Graybriar Investors and Lien Creditors who had or may have had a Claim as at the Receivership Date;
 - c) on or before June 22, 2018, cause the Notice to Creditor to be advertised in a newspaper determined appropriate by the Receiver;
 - d) any Graybriar Investors, Lien Creditors and/or any other creditor (the “**Creditor**”) that wishes to assert a claim as against the Graybriar Funds must deliver a Proof of Claim to the Receiver by no later than July 16, 2018 (the “**Claims Bar Date**”). Any Creditor that does not file its Claim with the Receiver on or before the Claims Bar Date will have its Claim forever barred and extinguished, unless otherwise

ordered by the Court and not be entitled to any further notice of these proceedings or to any distribution in the Receivership Proceedings;

- e) 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;
- f) any person who wishes to dispute the Notice of Revision or Disallowance received from the Receiver, shall, within 15 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 (“Notice of Dispute”);
- g) an person who received a Notice of Revision or Disallowance from the Receiver and who fails to comply in filing a Notice of Dispute or file and serve the Notice of Application and supporting affidavit(s) in accordance with the Proposed Claims Process, such persons Claim shall be deemed to be as set out in the Notice of Revision or Disallowance, except as otherwise may be ordered by the Court.

Receiver’s comments regarding the Proposed Claims Process

- 61. The Receiver is of the view that the Proposed Claims Process will provide Creditors with sufficient and timely notification to allow them to review the Claims Package and allow Creditors to submit their Proofs of Claim prior to the Claims Bar Date.
- 62. The Receiver believes that the period of time for a Creditor to file a Dispute Notice is reasonable in the circumstances.
- 63. The Receiver believes it is appropriate to commence a Claim Process at this time, subject to the Court granting order that releases the Graybriar Funds from Court to the Receiver as discussed above. In particular, the Receiver understands that several of the Graybriar Investors are unrepresented and may not be aware that

there are assets available for distribution. The Receiver is of the view that the Claims Process is the most practical and efficient method of resolving the various competing Claims to the Graybriar Funds and facilitating distribution to properly entitled Creditors.

APPROVAL OF THE RECEIVER'S AND ITS COUNSEL'S FEES AND COSTS

64. The Receiver seeks approval from this Honourable Court of its, and those of its legal counsel's fees and disbursements from the Receivership Date (July 26, 2017) to April 30, 2018 (the "Interim Taxation Period"), pursuant to paragraph 17 and 18 of the Amended Receivership Order.
65. The total fees and disbursements of A&M, in its capacity as the court-appointed Receiver of API, during the Interim Taxation Period aggregate \$176,741 (excluding GST). A summary of the Receiver's fees and disbursements are attached as Appendix "U" to this Report.
66. The total fees and disbursements of McCarthy, the Receiver's independent legal counsel during the Interim Taxation Period aggregate \$91,342 (excluding GST). A summary of McCarthy's fees and disbursements are attached as Appendix "V" to this Report.
67. The Receiver and McCarthy's fee accounts outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. Copies of the invoices will be brought to the Receiver's application before this Honourable Court set for June 4, 2018 and made available to the Court at its direction, if necessary.
68. The Receiver is respectfully of the view that its and its counsel's fees and costs are fair and reasonable under the circumstances and respectfully requests that this Honourable Court approve the accounts of the Receiver's and its counsel's during the Interim Taxation Period.

RECEIVER'S NEXT STEPS

69. 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. Alternatively, if the Court authorizes the release of the Funds to the Receiver, the Funds will be subject to the Receiver's Charge and Borrowing Charge, which will allow the Receiver to proceed with the following:
- a) Administer the Proposed Claims Process and distribute the Graybriar Funds accordingly to the proven Creditors, subject to approval of this Honourable Court;
 - b) address the remaining possible assets of Arres, such as the Jervis Project, and determine the ability for the Receiver to maximize realizations on these assets for the benefit of the estate;
 - c) CRA and other regulatory matters; and
 - d) final administration matters in the Receivership Proceedings and seek the Receiver's discharge.

RECOMMENDATIONS

70. The Receiver respectfully recommends that this Honourable Court:
- a) direct the Clerk of the Court and B&M to pay out to the Receiver the Funds
 - b) declaring and confirming that the Funds are subject to the Receiver's Charge and the Receiver's Borrowing Charge;
 - c) authorizing the Receiver to utilize the Funds to pay current and future indebtedness owing on each of the Receiver's Charge and Receiver's Borrowings Charge
 - d) grant the Proposed Claims Process Order;

- e) approve Receiver's and McCarthy's, professional fees and costs with respect to the Interim Taxation Period; and
- f) approve the actions and activities of itself as of the date of this Report;

All of which is respectfully submitted this 29th day of May, 2018.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Receiver of Arres Capital Inc. and not in
its personal or corporate capacity**



Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX A

TRUST AGREEMENT
GRAYBRIAR GREENS INC. - PHASE 2

FILE COPY

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")

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 Administer in Good Faith

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 Loan 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 full amount of all monies, costs, 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 its 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. ~~The Trustee 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

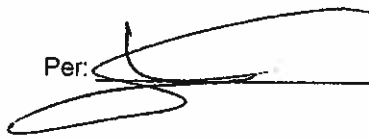
Neither the execution of this Agreement, nor the sharing of the Loan nor any agreement to share in profits or losses arising as a result of this transaction is intended to be nor shall it be construed to be the formation of a partnership or joint venture between the Trustee and the Investor or Other 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.

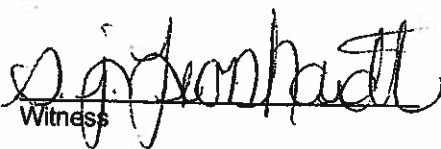
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

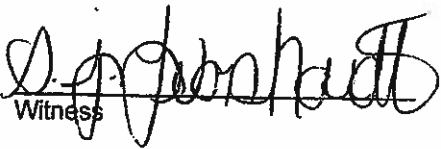
ARRES CAPITAL INC.

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 Encumbancy 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
\$ <u>20,000.00</u>	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.
<hr/>	
\$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"**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.

APPENDIX B

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 it 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 it 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

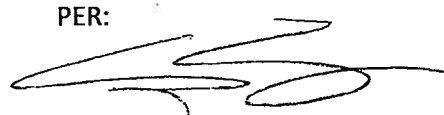
Per:



875892 Alberta Ltd

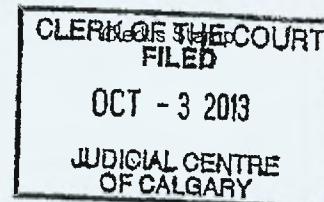
PER:





APPENDIX 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

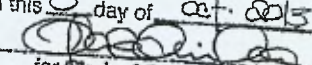
RESPONDENTS (DEFENDANTS) ARRES CAPITAL INC. and WESLEY SERRA

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

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: 15,054 LVH

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

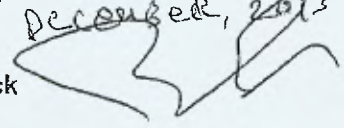
Dated this 3 day of Oct, 2013

 for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: July 17, 2013

NAME OF MASTER WHO MADE THIS ORDER: Master L Laycock

LOCATION WHERE THIS ORDER WAS MADE: Calgary

THIS IS EXHIBIT "A"
 REFERRED TO IN THE
 AFFIDAVIT OF SHELLY
 BECK SWORN BEFORE
 ME THIS 16 DAY OF
 DECEMBER, 2013.


 BRIAN SEKIYA
 Barrister & Solicitor

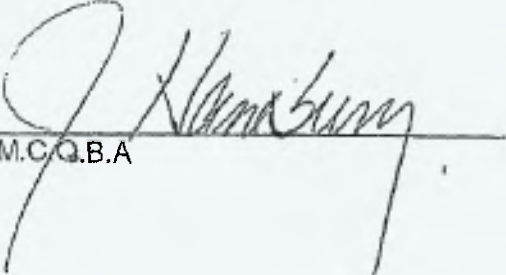
AMENDED ORDER

UPON THE APPLICATION of the Plaintiffs; AND UPON REVIEWING the pleadings and the Affidavits of Allan Beck and Wesley Serra, filed in this action and the consolidated action of *Y-K Projects Ltd. v. Arres Capital Inc. and Arres Capital Inc. carrying on business under the name of "Western Arres Capital Inc.*, Court File No. 1201-14748 in the Court of Queen's Bench of Alberta, Judicial Centre of Calgary; AND UPON REVIEWING the transcripts of the questioning of Allan Beck and Wesley Serra and responses to undertakings deriving therefrom; AND UPON HEARING the submissions of Counsel for the Plaintiff and Counsel for the Defendants;

IT IS HEREBY ORDERED THAT:

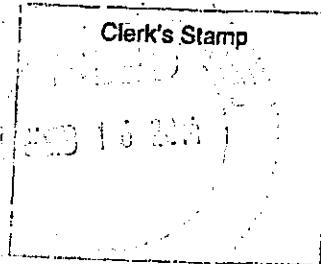
1. The Plaintiff's application for summary judgment is granted in part against the Defendant, Arres Capital Inc. ("Arres").
2. The Court hereby disallows the following deductions made and retained by Arres from mortgage payout funds in the amount of \$1,787,526.05 paid to Arres by Y-K Projects Ltd. (the "Y-K Mortgage Payout Funds") on August 31, 2012 in respect of the mortgage registered on July 13, 2010 against the lands of Y-K Projects Ltd. located in British Columbia under instrument number CA1651714 in the Kamloops Land Titles Office:
 - a. "Litigation Fees" of \$52,000,
 - b. "Mortgage Renewal Fee" of \$108,000, and
 - c. "Litigation Holdback" of \$63,768.79.
3. Arres shall forthwith pay to the Plaintiffs' lawyers the amounts identified in paragraph 2, above, for distribution by the Plaintiff's lawyers among the Plaintiffs in accordance with and proportionate to the amount of each Plaintiff's respective investment contribution towards the total amount advanced to Y-K Projects Ltd. under the Mortgage.
4. The application for summary judgment is dismissed as it relates to the claims of Arres for administration fees in the amount of \$150,000 and costs of \$36,231.21 relating to litigation costs incurred by Arres. These claims are directed to trial for determination.

5. The parties may apply to the court for further directions regarding the implementation of this Order and the further prosecution of this action.
6. Costs of this application are reserved to be spoken to upon the determination of the entirety of the Plaintiff's application.
7. This Order may be endorsed in counterpart and by facsimile or other electronic means.


M.C.Q.B.A.

APPENDIX D

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**



ADDRESS FOR
 SERVICE) DUNCAN CRAIG LLP
 Lawyers Mediators
 2800 Scotia Place
 10060 Jasper Avenue
 Edmonton, Alberta T5J 3V9

IN OF
 THIS)
 DOCUMENT

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

WHICH ORDER WAS PRONOUNCED: February 3, 2014
 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

- 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
GAYE SARUWATARI
 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

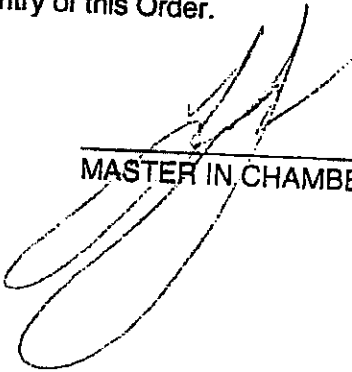
2. The mortgage described in the Statement of Claim is a valid and enforceable mortgage over the secured property.
3. The Plaintiff's offer to purchase the secured property as follows:
 - a) Unit 48 for \$250,000.00,
 - b) Unit 55 for \$275,000.00;
 - c) Unit 63 for \$266,000.00;
 - d) Unit 65 for \$270,000.00;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

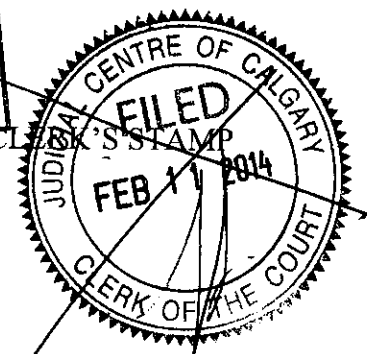
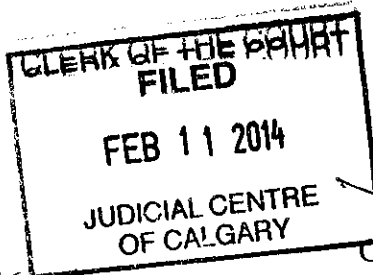
4. The Plaintiff is not required to pay the purchase price into Court but may set off the purchase price against the amount outstanding under the mortgage.
5. The Registrar of Land Titles shall cancel the existing Certificate of Title to the secured property and issue a new Certificate of Title in the 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

APPENDIX E



COURT FILE NUMBER 1201-16440

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

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

DOCUMENT **CONSENT ORDER**

ADDRESS FOR SERVICE AND CONTACT PELLETIER LAW
350, 444 – 5th Avenue SW
Calgary, Alberta T2P 2T8
Main: 403.407.2600
Fax: 403.407.2601

Ryan P. Pelletier
Direct: 403.407.2630
File: 13002.008

I hereby certify that the copy of this document is the original
Dated this 11 day of February 2014
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: February 11, 2014

NAME OF JUSTICE WHO MADE THIS ORDER: Justice Wilkins

LOCATION WHERE THIS ORDER WAS MADE: Calgary

UPON noting the defendant, Arres Capital Inc. ("Arres"), has appealed the Amended Order of the Learned Master L. Laycock pronounced July 17, 2013 and filed October 3, 2013 (the "Amended Order") by Notice of Appeal of Master's Order filed October 4, 2013 (the

“Appeal”); AND UPON noting the consent of counsel for the Plaintiffs and Third Party Defendants, who are collectively the Respondents on the Appeal of Master’s Order (together the **“Respondents”**);

IT IS HEREBY ORDERED THAT:

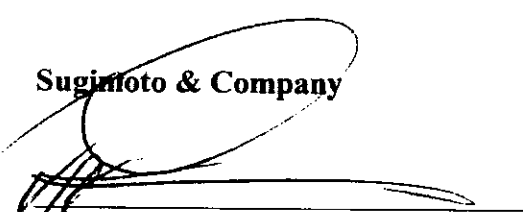
1. Arres shall forthwith pay the amount of \$235,000 into Court to the credit of this Action (the **“Secured Funds”**).
2. Upon payment into Court of the Secured Funds, the Amended Order is stayed pending a final judicial determination of the Appeal.
3. Upon a final judicial determination of the Appeal, including any further appeal by either party, the Secured Funds shall be released in accordance with such final judicial determination.
4. This Consent Order may be consented to in counterpart and by facsimile or electronic mail.

Justice Wilkins
J.C.C.Q.B.A

CONSENTED TO:

Suginoto & Company

Per:


Loran V. Halyn
Counsel for the Respondents on the
Appeal, being both the within Plaintiffs
and the Third Party Defendants

APPENDIX F

COURT FILE NUMBER 0903-17685 and 0903-17684

CLERK'S STAMP

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFFS ARRES CAPITAL INC.

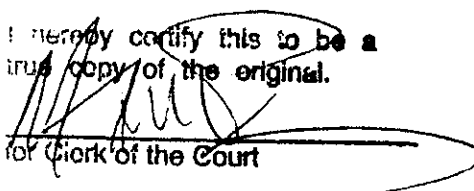
DEFENDANTS GRAYBRIAR LAND COMPANY LTD. and GRAYBRIAR GREENS INC.

DOCUMENT ORDER

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

SUGIMOTO & COMPANY
Barristers & Solicitors
204, 2635 - 37th Avenue NE
Calgary, Alberta T1Y 5Z6
Taimur (Ty) Akbar
Phone: (403) 219-4211; Fax: (403) 291-4099
File: 15146

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


Clerk of the Court

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

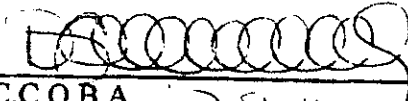
CONDOMINIUM PLAN 0827766
 UNIT 69
 AND 83 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON
 PROPERTY
 EXCEPTING THEREOUT ALL MINES AND MINERALS

(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,

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

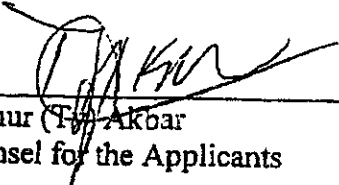
4. This Order shall be registered by the Land Titles Office in respect of the Land forthwith and in priority to the above noted Foreclosure Order, notwithstanding the Land Titles registration process.
5. The Applicants are granted leave to register their interest in the Land by way of a Caveat registered 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. The Applicants' Application is returnable on March 10, 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.
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. D. Shelley
 for Hillier J

APPROVED AS TO FORM AND CONTENT:


Sugimoto & Company

Per:


 Taimur (T) Akbar
 Counsel for the Applicants

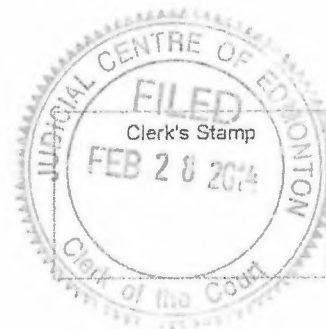
Pelletier Law

Per:


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

APPENDIX G

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]
 for 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 Pelletier

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:

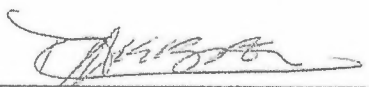
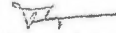
CONDOMINIUM PLAN 082776
UNIT 55
AND 83 UNDIVIDED ONE TEN THOUSANDTH
SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS
2. The Offer to Purchase submitted by GLEN MEAD and JOANNE MEAD (the "Purchasers") in the amount of \$269,900.00, inclusive of GST, for the purchase of the secured 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 19(1) of the *Land Titles Act*.

II. The consent of Counsel may be endorsed hereon by facsimile and in counterpart.

APPROVED AS TO FORM AND CONTENT:

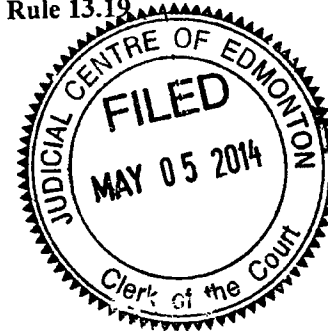
Per: 
Paul Barrette
Prowse Chowne LLP
Agents of Pelletier Law, Solicitors for the Plaintiff

Per: 
Taimur (Ty) Akbar
Sugimoto & Company 
Solicitors for the ~~Defendants~~ / Applicants respecting Justice Hillier's February
14, 2014 Order, filed February 19, 2014


MASTER OF THE COURT OF
QUEEN'S BENCH OF ALBERTA

APPENDIX H

Form 49
 Alberta Rules of Court
 Rule 13.19



COURT FILE NO. 0903-17685 and 0903-17684
 COURT Court of Queen's Bench of Alberta
 JUDICIAL CENTRE Edmonton
 PLAINTIFF(S) **ARRES CAPITAL INC.**
 DEFENDANT(S) **GRAYBRIAR LAND COMPANY LTD. and
 GRAYBRIAR GREENS INC.**
 DOCUMENT **AFFIDAVIT**
 ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
GREGORY J. FORREST PROFESSIONAL CORPORATION
 Barrister & Solicitor
 #603, 1333 - 8th Street S.W.
 Calgary, AB T2R 1M6
 Solicitor: Gregory J. Forrest
 Direct: 403-531-3309
 Fax: 403-531-0807
 Email: greg@reallaw.biz
 File: 6270

AFFIDAVIT OF GREGORY J. FORREST

SWORN ON MAY 2, 2014

I, **GREGORY J. FORREST**, of Calgary, Alberta, SWEAR AND SAY THAT:

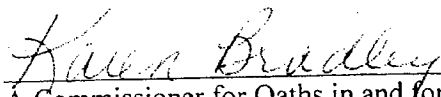
1. I am the solicitor for 1798582 Alberta Ltd. in connection with a mortgage to Terrapin Mortgage Investment Corp. for \$425,000.00 on the lands legally described as Condominium Plan 0827766, Units 48, 55, 68 and 69.
2. My client had arranged to acquire the four condominium units from Arres Capital Inc. which had obtained an Order for Sale to Plaintiff granted by Master Smart for these units and two others.
3. After discussions with Mr. Ryan Pelletier, the lawyer for Arres Capital Inc., a certified copy of that Order and a letter of direction attached as Exhibits "A" and "B" respectively were delivered to my office by Arres Capital Inc. on February 13, 2014.
4. Relying on the Order we obtained title insurance to authorize the advance of the mortgage proceeds prior to registration of the mortgage which was submitted for registration February 14, 2014.
5. The mortgage proceeds were advanced on February 13 and 14, 2014 in the following manner:

FCT Insurance Company (Title Insurance)	\$300.00
Core Management Group (Estoppel Certs.)	\$966.00
Condo Corp 0827766 (outstanding condo fees)	\$956.88
Town of Stony Plan (outstanding property taxes)	\$8,460.41

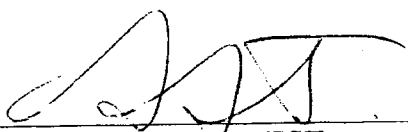
Government of Alberta (payment into court)	\$235,000.00
1798582 Alberta Ltd. (balance of mortgage funds)	\$138,444.61

6. Mr. Pelletier had received from my office a cheque for \$235,000.00 which he delivered to the Courthouse and provided the receipt attached as Exhibit "C".
7. Without notice to me, it appears that Sugimoto & Company acting for a group of investors and Mr. Pelletier acting for Arres Capital Inc. appeared by telephone on February 14, 2014 before Justice Hillier who granted a stay order of the foreclosure.
8. Late on February 18, 2014 the letter and Order attached as Exhibit "D" were faxed from Sugimoto & Company. I had no notice of the application before Justice Hillier until receiving that letter on February 19, 2014.
9. According to the Affidavit of Gaye Saruwatari filed in these proceedings counsel for Arres, Mr. Ryan Pelletier, advised the court during the hearing on the Stay Order that the Smart Order had been submitted to Land Titles for registration.
10. By email on February 25, 2014 Mr. Pelletier forwarded to me a draft order attached as Exhibit "E" to allow for the sale of one of the condominiums (Unit Number 55) units on the basis the proceeds would be forwarded to my office as part of the mortgage transaction I was involved with.
11. By email dated March 1, 2014, attached as Exhibit "F", Mr. Pelletier forwarded to me the consent order which resulted and which deleted the reference to forwarding funds to me.
12. I make this Affidavit in support of an Order to remove the stay of order in the within action and allow the registration of the titles in the name of 1798582 Alberta Ltd. subject to the Terrapin Mortgage and the release to my office of the net proceeds of the sale of Unit 55 in accordance with the mortgage security.

SWORN BEFORE ME
ON MAY 2, 2014
AT CALGARY, ALBERTA


A Commissioner for Oaths in and for
the Province of Alberta

KAREN ANN BRADLEY
Commission Expires: September 10, 2014


GREGORY J. FORREST

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**

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
 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@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: LA 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

- 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

THIS IS EXHIBIT "A"

referred to in the Affidavit of
Wayne G. Gahm
 Sworn before me this 2
 day of May, A.D. 2014

Karen 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

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

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



"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 May A.D. 2014
Karen 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



Per. Wes Serra

Director

EXHIBIT	1
EXAMINATION OF	
GREGORY J. FORREST	
DATE MAY 26/14	
Karoline Schumann	
COURT REPORTER	
14	

COURT OF QUEENS BENCH
OFFICIAL RECEIPT
603N 601 5TH STREETSW
CALGARY, ALBERTA

2/14/14 11:30:41 AM

CM

DOCUMENT #: 1201-16440
ORDER

\$235,000.00

TOTAL \$235,000.00
CHEQUE \$235,000.00

Item count: 1
Trans: 39805

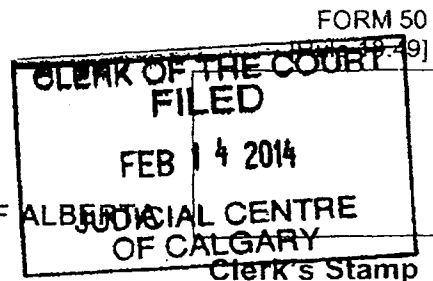
Terminal: 040100012-001001

RETAIN RECEIPT FOR RECORDS

THIS IS EXHIBIT " C "
referred to in the Affidavit of
Gregory J Forest
Sworn before me this 2
day of May A.D. 20 14
Karen 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

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, 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
 (DEFENDENTS)

ARRES CAPITAL INC. and WESLEY SERRA

APPLICANTS (THIRD
 PARTY DEFENDENTS)

Y-K PROJECTS LTD., ALLAN BECK and
 SHELLY BECK

DOCUMENT:

MONEY PAID INTO COURT

ADDRESS FOR SERVICE and
 CONTACT INFORMATION of
 PARTY FILING THIS
 DOCUMENT:

Pelletier Law
 Ryan P. Pelletier
 350. 444 - 5 Avenue SW
 Calgary, Alberta T2P 2T8
 Main: 403.407.2600
 Fax: 403.407.2601

File No. 13002.008

NOTICE TO COURT CLERK

You have received money paid into Court.

Go to the end of this document to see what you must do.

\$235,000 is paid into Court in accordance with the Order of Justice Wilkins granted on February 11, 2014 in respect to the within action.

NOTICE TO COURT CLERK

You must give a receipt for the money paid into Court and, unless otherwise ordered, deposit the money into an account in a bank or treasury branch.

SUGIMOTO & COMPANY
BARRISTERS & SOLICITORS

THOMAS S. SUGIMOTO, B.A., LL.B. *
CLARK B. FOWLER, B.A., LL.B.
BRIAN A. SEKIYA, B.A., LL.B.
ORA-LEE G. PHILLIPS, B.Sc., LL.B.
LORAN V. HALYN, LL.B.
TAIMUR (TY) AKBAR, B.A., LL.B.

SUITE 204, WEST ATRIUM
2835 - 37 AVENUE N.E.
CALGARY, ALBERTA
T1Y 5Z6

TELEPHONE (403) 291-4650
FAX (403) 291-4099
REAL ESTATE FAX
(403) 735-1712
E-mail: takbar@sugimotolaw.com
Direct:Taimur (Ty) Akbar: 403-219-4211

February 18, 2014

OUR FILE NO. 15146

Gregory James Forrest
603, 1333 - 8th Street S.W.
Calgary, Alberta T2R 1M6

Attention: Mr. Gregory Forrest

Faxed to: 403-531-0807

Dear Sir:

Re: Orders, Mortgage and Caveat submitted for registration on February 14, 2014 with respect to Short Legal 0827766;48

Please be advised our office acts for investors who claim a beneficial interest in the above referenced property. I can further advise that the February 3, 2014, Order- Sale to Plaintiff of Master Breikreuz as Amended by Master L.A. Smart on February 7, 2014 in action 0903-17685 is to be stayed by Order of Justice Hillier pronounced on February 14, 2014 an approved copy of which I included for your review.

I can advise Justice Hillier's Order currently awaits execution by a Justice of the Court of Queen's Bench and will be filed at Land Titles forthwith and shall take priority to the Order in Action 0903-17685.

We reserve any remedy available to us at law or in equity pursuant to the dealing with the property referenced in the attached Order.

Respectfully yours,

SUGIMOTO & COMPANY

Per:

TAIMUR (Ty) AKBAR

ta
encis



THIS IS EXHIBIT " D "
referred to in the Affidavit of
Gregory J. Forrest
Sworn before me this 2
day of May A.D. 2014
Karen 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

Gregory Forrest

From: Ryan Pelletier <RPelletier@pelletierlaw.ca>
Sent: Tuesday, February 25, 2014 7:03 PM
To: Gregory Forrest
Cc: Karen Bradley; Sherry Fallon
Subject: Fwd: Arres Capital Inc. v. Graybriar Land Company Ltd.
Attachments: EDMONTON-#384985-v2-Order_Vesting_Title_(Mead).docx; ATT00001.htm; Unit 55 Consent Order.pdf; ATT00002.htm

Greg,

Just an FYI, below and attached, as to how we're proposing to address the sale of unit 55 at Graybriar within the context of Justice Hillier's stay order.

Paragraph 5 of the attached addresses holding the money or, if the stay is lifted, forwarding the funds to your office to deal with as if the stay order wasn't granted (ie, based on pre-Feb 14 instructions).

Regards,

 RYAN P. PELLETIER
 Litigator
 D. 403.407.2630
 E. rpelletier@pelletierlaw.ca

PELLETIER LAW
 350, 444 - 5 Avenue SW
 Calgary, AB T2P 2T8
 M. 403.407.2600
 F. 403.407.2601
www.pelletierlaw.ca

Begin forwarded message:

From: "Paul Barrette" <PBarrette@prowsechowne.com>
To: "takbar@sugimotolaw.com" <takbar@sugimotolaw.com>
Cc: "Ryan Pelletier" <RPelletier@pelletierlaw.ca>, "Ray Frayne" <rfrayne@birdsell.ca>
Subject: Arres Capital Inc. v. Graybriar Land Company Ltd.

Hello Ty,

Further to our discussions, please see attached a proposed consent order to allow the sale of Unit 55 in which I have attempted to address your concerns. I look forward to hearing back from you. Hopefully we can have it filed tomorrow.

Please note I am awaiting confirmation from Doug Gahn that all the liens have been paid out (as set out in the preamble).

Paul

THIS IS EXHIBIT " E "
 referred to in the Affidavit of
Gregory J. Forrest
 Sworn before me this 2
 day of May A.D. 2014
Karen 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

Paul Barrette, B.A., M.A., J.D.

Prowse Chowne LLP
#1300, Phipps-McKinnon Building
10020 101A Ave.
Edmonton, AB T5J 3G2

Tel: (780) 439-7171 ext. 233
Cell: (780) 718 7237
Fax: (780) 439-0475
Toll Free: 1-888-801-5304

www.prowsechowne.com<blocked::http://www.prowsechowne.com/>

This message is intended for the addressee only and may contain confidential, proprietary or privileged information. Any unauthorized review, distribution or other use of, or the taking of any action in reliance upon this information is prohibited. If you have received this message in error, please contact the sender and immediately delete or destroy the original and all copies of this message.

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

Clerk's Stamp

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 Pelletier

DATE ON WHICH ORDER WAS PRONOUNCED: _____

NAME OF JUDGE WHO MADE THIS ORDER: _____

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 Orders, AND UPON hearing that the liens referred to in paragraph 20 of the Smart Order have been paid and satisfied:

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. The sale proceeds, together with a copy of the Statement of Adjustments and Statement of Receipts and Disbursements, and less the fees and disbursements of the Construction Manager, shall be provided within a reasonable period of time after closing in trust to Prowse Chowne LLP, agents of the solicitors for the Plaintiff.
5. The sale proceeds will remain in Prowse Chowne LLP's trust account subject to continuation of the stay in Justice Hillier's Order or further court order or agreement of the parties. Should the stay of enforcement in Justice Hillier's Order be expired or lifted, then the funds held by Prowse Chowne LLP are to be immediately released to Gregory J. Forrest's office to be applied in compliance with

instructions provided to Gregory J. Forrest's office by Arres Capital Inc. prior to February 14, 2014.

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 Solicitors for the Plaintiff, Pelletier Law

Per: _____

Taimur (Ty) Akbar
Sugimoto & Company
Solicitors for the Defendants

JUSTICE OF THE COURT OF
QUEEN'S BENCH OF ALBERTA

Gregory Forrest

From: Ryan Pelletier <RPelletier@pelletierlaw.ca>
Sent: Saturday, March 01, 2014 5:54 PM
To: Gregory Forrest
 Marlene Darby
Cc: Fwd: Arres Capital Inc. v. Graybriar
Subject: Smart Order Feb 28, 2014.pdf; ATT00001.htm
Attachments:

Greg,

Further to your voicemail from earlier today, which I just picked up now, attached is the filed Consent Order to complete the sale of Unit 55 in Graybriar.

The filed Order is slightly different from the draft I forwarded to you earlier in the week as opposing counsel insisted on a few changes at the last minute, which were agreed to as I did not consider them to be substantive.

If you have any questions it is likely easiest to reach me by email, but I do have my mobile on me most of the time.

Regards,

RYAN P. PELLETIER
 Litigator
 D. 403.407.2630
 E. rpelletier@pelletierlaw.ca

PELLETIER LAW
 350, 444 - 5 Avenue SW
 Calgary, AB T2P 2T8
 M. 403.407.2600
 F. 403.407.2601
www.pelletierlaw.ca

Begin forwarded message:

From: "Paul Barrette" <PBarrette@prowsechowne.com>
To: "Loran Halyn" <lhaly@ SugimotoLaw.com>, "Taimur Akbar" <takbar@ SugimotoLaw.com>
Cc: "Ryan Pelletier" <RPelletier@pelletierlaw.ca>, "Ray Frayne" <rfrayne@birdsell.ca>
Subject: Arres Capital Inc. v. Graybriar

Please see attached the filed order.

Regards,

Paul Barrette, B.A., M.A., J.D.

THIS IS EXHIBIT " F "

referred to in the Affidavit of

Gregory J. Forrest

Sworn before me this

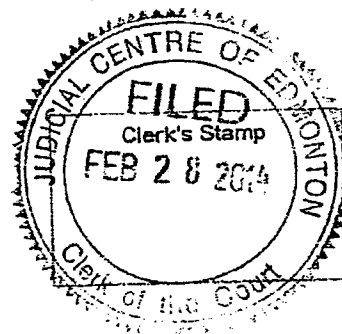
day of May A.D. 2014

Karen 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

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]
 for 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 Pelletier

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

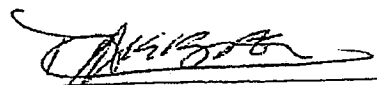
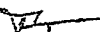
2. The Offer to Purchase submitted by GLEN MEAD and JOANNE MEAD (the "Purchasers") in the amount of \$269,900.00, inclusive of GST, for the purchase of the secured property is hereby approved and accepted.
3. The Purchaser shall, on or before February 28, 2014 (the "Closing Date") pay to Birdsell Grant 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.

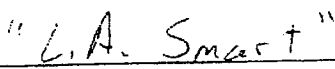
6. The Defendants, tenants, and other occupants shall, on or before February 28, 2014, deliver up to the Purchasers vacant possession of the secured property. Service of this Order may be made on the occupants by posting same on the main entrance door to the secured property. A Civil Enforcement Agency 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 19(1) of the *Land Titles Act*.

II. 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


MASTER OF THE COURT OF
QUEEN'S BENCH OF ALBERTA

APPENDIX I

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

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

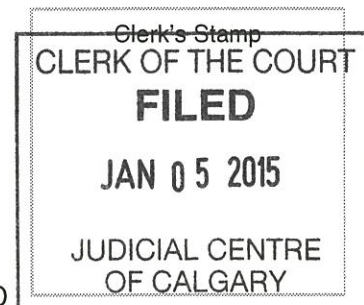
APPLICANT (NON-PARTIES) RICHCROOKS ENTERPRISES (2000) LTD. AND
RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD.,
DEMEL FINANCIAL CORP, GREENMAR HOLDINGS INC.,
ACCESS MORTGAGE INVESTMENT CORPORATION (2004)
LIMITED., 4-A PROFESSIONAL SERVICES LTD.,
TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE
INVESTMENTS LTD., SWARTZ BROS. LIMITED,
CHRISTOPHER SCHULTZ CONSULTING INC.,
CURLEW FINANCE, PAUL KORNYLO, 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**

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 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: 
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. Streckat "

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

APPENDIX J

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.

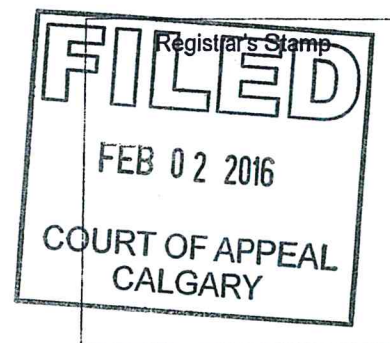
STATUS ON APPEAL RESPONDENT

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

I hereby certify this to be a true copy.


 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 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

STATUS ON APPEAL APPELLANTS

STATUS ON APPLICATION APPLICANTS

RESPONDENTS	TERRAPIN MORTGAGE INVESTMENT CORP. and 1798583 ALBERTA LTD.
STATUS ON APPEAL	RESPONDENTS
STATUS ON APPLICATION	INTERVENORS
DOCUMENT	JUDGMENT
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	SUGIMOTO & COMPANY Barristers & Solicitors 204, 2635 – 37 th Avenue NE Calgary, Alberta, T1Y 5Z6 Solicitor of Record: Loran V. Halyn Direct: 403-219-4213 Fax: 403-291-4099 Email: lhaly@lhalyn@sugimotolaw.com File: 15,146 LVH

DATE ON WHICH ORDER WAS PRONOUNCED: December 9, 2015

LOCATION OF HEARING: Calgary, Alberta

NAMES OF JUDGES WHO GRANTED THIS JUDGMENT:

THE HONOURABLE CHIEF JUSTICE CATHERINE FRASER
THE HONOURABLE MR. JUSTICE JACK WATSON
THE HONOURABLE MADAM JUSTICE PATRICIA ROWBOTHAM

UPON THE HEARING of this appeal on Wednesday, the 9th day of December, 2015, of an appeal from the Order of The Honourable Madam Justice J. Strekaf granted on Wednesday, the 17th day of December, 2014, and upon hearing representations from Counsel for the Appellants and Counsel for the Respondents, and upon Memorandum of Judgment of this Honourable Court having been rendered on Wednesday, the 16th day of December, 2015;

IT IS ORDERED THAT:

1. The appeal is allowed.
2. The judicial sale of the condominium units that are the subject matter of this action shall be subject to the control of the Court, and consequently, the units shall be sold under judicial approval in a manner consistent with the Consent Order attached as

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

"R. Campbell"
RC 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. Halyń
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

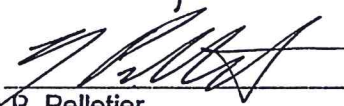
Deputy Registrar of the
Court of Appeal of Alberta

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

Per: _____
Loran V. Halyn
Counsel for the Appellants

Bishop & McKenzie LLP

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

Pelletier Law

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

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

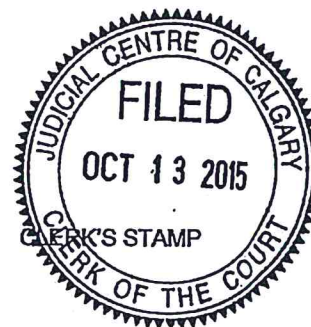
Per: _____
Ryan P. Pelletier
Counsel for the Respondent, Arres Capital
Inc.

Bishop & McKenzie LLP

Demianschuk 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., 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	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 Order
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. 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.

"Justice Newbold"
JUSTICE IN CHAMBERS

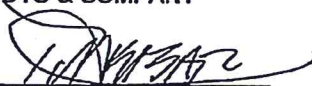
BISHOP & MCKENZIE LLP

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

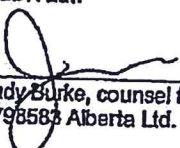
PELLETIER LAW

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
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:

APPENDIX K

the original ORDER FIAT

Dated this 26 day of July 2017

JC
for Clerk of the Court



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 RECEIVERSHIP ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Cassels Brock & Blackwell LLP
Suite 1250 Millennium Tower,
440 - 2nd Avenue SW,
Calgary, Alberta, T2P 5E9

Telephone 403-351-2921
Facsimile 403-648-1151

Let the within FIAT Order be filed despite non-compliance with the following Rules/Practice Directions:
Alberta Rules of Court, Rule 9.5(2)
"K.M. Eidsvik"
Justice/Deputy Registrar
Dated: July 26 2017

Attention: Jeffrey Oliver

DATE ON WHICH ORDER WAS PRONOUNCED: FEBRUARY 13, 2015

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice Strekaf

LOCATION OF HEARING: Calgary, Alberta

UPON the application of Access Mortgage Corporation (2004) Limited in respect of Arres Capital Inc. (the "**Debtor**"); **AND UPON** having read the Application, the Affidavits of David Murphy and Wes Serra, filed, and the Affidavit of Service of Richard Comstock, filed; **AND UPON** reading the consent of Alvarez & Marsal Canada Inc. to act as receiver ("**Receiver**") of the Debtor, filed; **AND UPON** hearing counsel for the Applicant and counsel for the Respondent; **IT IS HEREBY ORDERED AND DECLARED THAT:**

APPOINTMENT

1. 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 Debtor's current and future Exigible Property, as defined in this Order, wherever situate, including all proceeds thereof.
2. For the purposes of this Order, "**Debtor's Property**" shall mean all of the property of the Debtor, 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 Debtor and whether or not such property has been assigned or purported to have been assigned by the Debtor to any third party since May 1, 2009, however;

- (a) Subject to the Receiver's determinations in paragraph 4 of this Order, the Debtor 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 Debtor. 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.
3. For the purposes of this Order, "**Exigible Property**" shall mean any of the Debtor's Property that the Receiver has determined is not exempt from writ proceedings or distress proceedings.
4. In exercising its powers pursuant to this Order but not necessarily prior to such exercise of its powers, the Receiver shall first determine and calculate which of the Debtor's Property is Exigible Property. For the purpose of making such determination, the Receiver shall make inquiries regarding the following having regard to the relevant time period commencing May 1, 2009 and ending on the date of such determination:
 - (a) which property is owned by the Debtor and/or in which property the Debtor has an interest;
 - (b) the extent to which any property owned by the Debtor or in which property the Debtor has an interest has been assigned to any third party (the "**Assigned Property**");
 - (c) the validity and priority of the assignment of any Assigned Property;
 - (d) if any property, including cash, was transferred by the Debtor to any third party out of the ordinary course of business;
 - (e) the validity of any accounts receivable of the Debtor including, without limitation, those items described in Schedule A to the Statutory Declaration-Financial Statement of Debtor (Corporate Debtor) sworn by Wes Serra on behalf of the Debtor on October 20, 2014; and
 - (f) the practicality of enforcing on the valid accounts receivable of the Debtor;

DEBTOR NOT TO DISPOSE OF DEBTOR'S PROPERTY AND THE RECEIVER TO HOLD THE DEBTOR'S PROPERTY

5. The Debtor is hereby enjoined and restrained from disposing of the Debtor's Property until such time as the Receiver determines that such Debtor's Property, or portion thereof, is not included in the Exigible Property or there is a further Court Order respecting such Debtor's Property.
6. Notwithstanding any of the terms of this Order, particularly paragraphs 2 through 5, nothing in this Order shall be interpreted or applied to prevent, enjoin or restrain the Debtor or its counsel from complying with, or assisting in compliance with, Court Orders granted prior to the date of this Order or from providing or executing on directions, instructions, or processes which are set out in the terms of Court Orders granted prior to the date of this Order and the Receiver shall not act or take steps contrary to any such prior Court Orders, where applicable, without further Court Order.
7. 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, 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 only in accordance with the terms of this Order or any further order of this Court.
8. Should either the Court or the Receiver determine that any of the Debtor's Property held by the Receiver is not Exigible Property, then the Receiver shall release such property to the owner of the property either to such person directly or by way of their legal counsel, if applicable within a reasonable period of time.

RECEIVER'S POWERS

9. The Receiver shall prepare a report to the Court with respect to the findings of the Receiver with respect to the matters set forth in paragraph 4, above.
10. 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 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;
- (d) to receive and collect all monies and accounts owed or hereafter owing to the Debtor, regardless of whether such monies and accounts are Debtor's Property or Exigible Property, subject to the terms of this Order;
- (e) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Debtor's Property, the Exigible Property, the receivership and to share information, all subject to such terms as to confidentiality as the Receiver deems advisable;
- (f) to enter into agreements with any trustee in bankruptcy appointed in respect of the Exigible Property, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (g) to register a copy of this Order and any other Orders in respect of the Exigible Property against title to any of the Debtor's Property pending a determination as to the Exigible Property as set out in this Order; and,
- (h) 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

11. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, financial institutions, 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 Debtor's Property in such Person's possession or control, shall grant immediate and continued access to and control of the Debtor's Property to the Receiver, and shall deliver all such Debtor's Property (excluding Debtor's Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request, with such request to only

be made by the Receiver in strict compliance with the terms of this Order and without transferring legal title to any such Debtor's Property to the Receiver until and unless such Debtor's Property is determined to be Exigible Property, unless otherwise ordered by the Court.

12. 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 12 or in paragraph 13 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 communications or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure. For greater certainty, the Receiver shall be entitled to receive access from the Debtor's legal representatives and from the Debtor to all statements of account for legal services rendered and trust statements and trust account records for the Debtor since May 1, 2009, but the Receiver shall keep all such statements of account and trust statements strictly confidential except as is necessary to comply with this Order. In the event that the Receiver requires access from the Debtor's legal representatives and/or from the Debtor to all statements of account for legal services rendered and trust statements and trust account records for any party related to, associated or affiliated with the Debtor since May 1, 2009, the Receiver shall be at liberty to apply to the Court for advice and directions.
13. 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

14. 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 EXERCISE OF RIGHTS OR REMEDIES

15. All rights and remedies (including, without limitation, set-off rights) against the Receiver are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however 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

16. No Person 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.

NOTICE OF ACTIONS TO BE PROVIDED TO RECEIVER

17. The Receiver shall be entitled to receive from any and all Persons having notice of this Order formal written notice of any and all future applications, appeals, actions or proceedings in which the Debtor is a party or sought to be added as a party (the “**Actions**”), including any Actions which have been scheduled for hearing but have not yet been heard, as required pursuant to the applicable Rules of Court relating to such Actions and such notice shall be properly served upon the Receiver or the solicitor for the Receiver.

LIMITATION ON ENVIRONMENTAL LIABILITIES

18. (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 (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 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.

THE STAYED ACTIONS

19. The following actions (the “**Stayed Actions**”) are hereby stayed pending further Order of the Court or the consent of all of the parties to such Stayed Actions, respectively:

- (a) ABQB Action No. 1401-14106;
- (b) ABQB Action No. 1501-01106;
- (c) ABQB Action No. 1401-03476

LIMITATION ON THE RECEIVER'S LIABILITY

20. 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.

RECEIVER'S ACCOUNTS

21. 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.
22. The Receiver and its legal counsel shall pass their accounts from time to time.
23. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the Exigible Property 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.
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 amongst the various assets, if any, 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. The Receiver shall complete and submit to the Court and the parties to this action a Receiver's report respecting the matters set forth in paragraphs 4 and 9 of this Order by no later than 120 days from the date this Order is filed with this Honourable Court or such other time as may be agreed by the parties or as directed by this Honourable Court.
31. 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.
32. 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.

33. The costs of this Application are hereby reserved and shall be determined at a later date by this Honourable Court.
34. 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.

EFFECT OF ORDER

35. If an order is granted adjudging Arres bankrupt, in either of Court File Nos. ABQB 25-094212 or 094786 (the "**Bankruptcy Order**"), then this order shall be stayed upon the later of the expiry of the time for appeal from the Bankruptcy Order, or if Arres appeals the Bankruptcy Order, then the dismissal of Arres' appeal.

FILING

36. This Order is issued and shall be filed in Court of Queen's Bench Action No. 1401-12431 and in the Stayed Actions and in any other action which the Receiver deems appropriate in its discretion.

" K. M. Eidsvik "
Justice of the Court of Queen's Bench of Alberta

For J. Streckaf

APPENDIX L

COURT FILE NUMBER 0903-17684 and 0903-17685

CLERK'S STAMP

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 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 Neuber
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.

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:	January ^{February} 1, 2016
LOCATION WHERE ORDER WAS PRONOUNCED:	Calgary
NAME OF MASTER / JUSTICE WHO MADE THIS ORDER:	Laycock

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 Strekof, 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 Strekof’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

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.

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*.



MASTER IN CHAMBERS

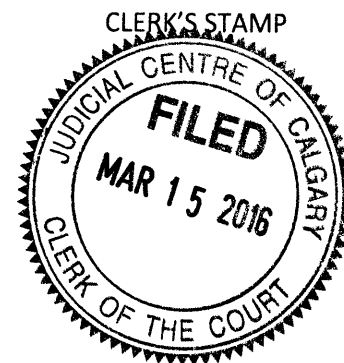
APPENDIX M

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

Dated this **15** day of **March 2016**

~~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. 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)	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

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:	<i>A. Robertson</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 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.



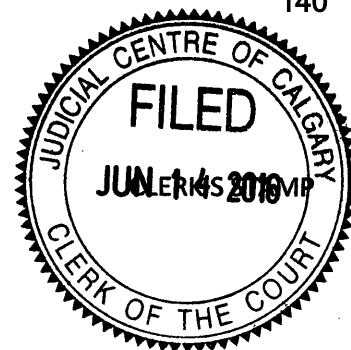
2. In this order the mortgaged lands are the following:
 - Condominium Plan 0827766
 - Unit 63
 - And 83 Undivided One Ten Thousandth Shares in the Common Property
 - Excepting thereout all mines and minerals
3. The Offer to Purchase submitted by Carolyn Ann Miller (the "Purchaser") in the amount of \$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.

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*.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

MASTER IN CHAMBERS

APPENDIX N



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 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

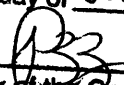
RESPONDENT (INTERVENOR) TERRAPIN MORTGAGE INVESTMENT CORP.

RESPONDENT (INTERESTED PARTY) 1798583 ALBERTA LTD.

DOCUMENT ORDER CONFIRMING SALE AND VESTING TITLE

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

Dated this 14 day of June 2016


for Clerk of the Court

- 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. Breitkreuz 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 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.

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.

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.

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

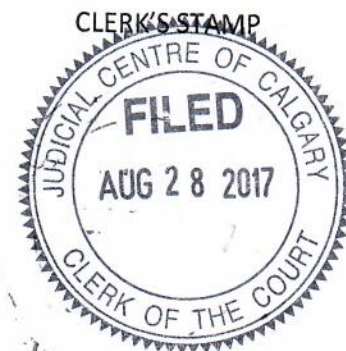
APPENDIX O

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)	ARRIS 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)	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

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. 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 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

AR

no one appearing for the defendant(s)

hearing from the defendant(s)

AR

hearing from counsel for the defendant(s); *Terrapin Mortgage Investment Corp.*

AR

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.

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.

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

APPENDIX P

i hereby certify this to be a true ¹⁵² 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 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 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 / pkiriakakis@mccarthy.ca

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.

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;


- (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:

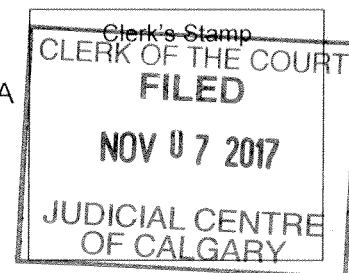
- (a) Instrument No. 082 100 457 – Utility Right of Way;
 - (b) Instrument No. 082 409 616 – Easement;
 - (c) Instrument No. 082 409 617 – Utility Right of Way;
 - (d) Instrument No. 082 409 619 – Agreement.
10. Subject to paragraph 6 of this Order, any interest in the mortgaged lands of the Defendant, 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.C.Q.B.A.

APPENDIX Q

COURT FILE NUMBER 1701- 14947
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY
 PLAINTIFF ARRES CAPITAL INC.
 DEFENDANT 875892 ALBERTA LTD., WESLEY SERRA
 and STACI SERRA



DOCUMENT STATEMENT OF CLAIM

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

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 UPON:

The Parties

1. The Plaintiff, Arres Capital Inc. ("**Arres**"), is a body corporate incorporated pursuant to the laws of the Province of Alberta.
2. The Defendant, 875892 Alberta Ltd. ("**875 Alberta**") is, to the best knowledge of the Plaintiff, a body corporate incorporated pursuant to the laws of the Province of Alberta.
3. The Defendant, Wesley Serra ("**Wes**"), is, to the best knowledge of the Plaintiff, an individual residing in the Province of Alberta.
4. The Defendant, Staci Serra ("**Staci**"), is, to the best knowledge of the Plaintiff, an individual residing in the Province of Alberta.

5. The Defendant Wes was, at all material times, the sole director and shareholder of Arres.
6. The Defendants Wes and Staci were, at all material times, related persons by marriage.
7. The Defendant 875 Alberta was, at all material times, wholly owned and controlled by Staci.
8. Pursuant to an amended and restated receivership order issued by the Court of Queen's Bench of Alberta on October 23, 2017 (the "**Receivership Order**"), Alvarez & Marsal Canada Inc. (the "**Receiver**") has been appointed as receiver of all of Arres' Exigible Property (as such term is defined in the Receivership Order). The Exigible Property includes, without limitation, any interest that Arres has in a cause of action. Pursuant to a paragraph 3(j) of the of the Receivership Order, the Receiver was granted exclusive authority to initiate proceedings on behalf of Arres and the Receiver has commenced this Action for the benefit of Arres and its other creditors.

The Transfers

9. In the period commencing in January 1, 2009 to and continuing through to July 2012, Wes caused Arres to make various transfers of accounts receivable due to Arres to Staci and to 875 Alberta (collectively, the "**Transfers**"). It is unknown whether Arres received appropriate consideration from either Staci or 875 Alberta for the Transfers.

Improper Conveyances

10. Arres states that Wes caused Arres to make the Transfers when Arres was in insolvent circumstances, unable to pay its debts in full or with knowledge that Arres was on the eve of insolvency and made with intent to defeat, hinder, delay or prejudice Arres' creditors. As a result thereof, the Transfers are void as against Arres' creditors who have been injured, delayed or prejudiced by the Transfers pursuant to section 1 of the *Fraudulent Preferences Act* (Alberta) (the "**FPA**").

Breach of Fiduciary Duty

11. Arres states that Wes had a duty, arising pursuant to section 122(1) of the *Business Corporations Act* (Alberta) (the "**ABCA**") and at common law, to act honestly, in good

faith with a view to the best interests of Arres and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Arres states that Wes breached such duty by causing Arres to enter into the Transfers with persons who are related to him and that Arres has suffered damages as a result of such breach.

Breach of Trust

12. Arres states that the Defendants wrongfully caused the Transfers to be made by Arres without any consideration or, in the alternative, without adequate consideration, and have caused damages to Arres thereby. Arres further states that the Defendants have perpetrated a breach of trust and that each of Staci and 875 Alberta hold any monies received in respect of the Transfers in trust and for the benefit of Arres
13. In addition and in the alternative, Arres states that the Defendants, individually and collectively, knowingly assisted, with the knowledge of the wrongful conduct, in a breach of trust against Arres in effecting the Transfers.
14. In addition and in the alternative, Staci and 875 Alberta received any monies received in respect of the Transfers for their own use and benefit with the actual knowledge, wilful blindness to the obvious, without making reasonable inquiry or with knowledge of the circumstances that would reasonably cause inquiry into the nature of the monies received or a breach of trust.

Oppression

15. Arres states that, pursuant to section 239(b)(iv) of the ABCA, it is a proper person to make an application under Part 19 of the ABCA and that it therefore a complainant within the meaning of Part 19 of the ABCA.
16. Arres states that, in causing Arres to make the Transfers without consideration, Wes has effected a result that is oppressive, unfairly prejudicial and exhibited unfair disregard for the interests of Arres and its creditors.
17. Arres states that, in causing Arres to make the Transfers without consideration, Wes exercised his powers as director and officer of Arres in a manner that was oppressive, unfairly prejudicial or exhibited unfair disregard for the interests of Arres and its creditors.

18. Arres states that the conduct of Wes, as particularized herein, has caused Arres to suffer damages. The particulars of the damages suffered by Arres shall be proven at the Trial of this Action.

Unjust Enrichment

19. Arres states that, in causing the Transfers to be made without consideration, the Defendants were unjustly enriched, Arres was correspondingly deprived and there is no juristic reason for the enrichment or the corresponding deprivation. Arres is entitled, *inter alia*, to restitution on a *quantum meruit* basis of the value of the Transfers and the amount of all monies received by the Defendants arising from or relating to the Transfers.
20. Arres does not anticipate the length of this trial will exceed 25 days.
21. Arres proposes that the trial of this action shall be heard at the Court House, in the City of Calgary, in the Province of Alberta.

WHEREFORE THE PLAINTIFF CLAIMS AGAINST THE DEFENDANTS as follows:

- (a) A declaration that the Transfers are void pursuant to section 1 of the FPA;
- (b) A declaration that Arres has a constructive trust over all monies received by the Defendants arising or resulting from the Transfers;
- (c) Judgment against each of the Defendants, on a joint and several basis, in such amount as may be proven at the trial of this Action;
- (d) An award of damages against each of the Defendants, on a joint and several basis, in such amount as may be proven at the trial of this Action;
- (e) A declaration that Wes has breached section 122(1) of the ABCA;
- (f) A declaration that Wes has acted in a manner that is oppressive, unfairly prejudicial and exhibited unfair disregard for the interests of Arres;

- (g) Interest on all amounts declared owing by each of the Defendants in an amount determined by this Honourable Court or, in the alternative, pursuant to the *Judgment Interest Act* (Alberta);
- (h) Costs of this Action on such basis as this Honourable Court may deem appropriate in the circumstances in the exercise of its discretion; and
- (i) Such other relief as this Honourable Court deems just in the circumstances.

NOTICE TO THE DEFENDANT

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.

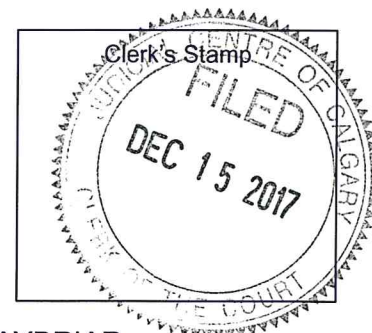
You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Calgary, Alberta, AND by serving your statement of defence or a demand for notice on the plaintiff's address for service.

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.

APPENDIX R

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 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 AMENDED 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

I hereby certify this to be a true copy of
 the original *[Signature]*

Dated this 15 day of December 2017

[Signature]
 for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: DECEMBER 15, 2017
LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Courts Centre
NAME OF MASTER WHO MADE THIS ORDER: Master

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. Breitkreuz 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, Terrapin Mortgage Investment Corp. and 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:

CONDOMINIUM PLAN 0827766
UNIT 67
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 Duncan Farquharson and Leah Marie Farquharson (the "**Purchasers**") 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 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 (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;

- (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 holding the remainder, if any, pursuant to further order of this Honourable Court.
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 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 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:

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 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;
- (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; and
- (t) Instrument Number 152 240 650: Caveat re Condominium Fees, Caveator – Condominium Corporation no. 0827766;

but subject to the following encumbrances remaining on title:

- (u) Instrument No. 082 100 457 – Utility Right of Way;

- (v) Instrument No. 082 409 616 – Easement;
 - (w) Instrument No. 082 409 617 – Utility Right of Way;
 - (x) 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.C.Q.B.A.

APPENDIX S

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 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

I hereby certify this to be a true copy of
 the original _____
 Dated this 15th 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 ¹⁵14, 2017

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Courts Centre

NAME OF MASTER WHO MADE THIS ORDER: Master

JL MASON

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:

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 -

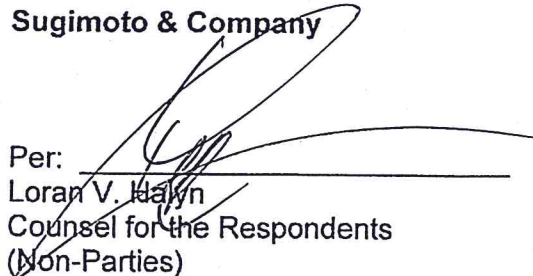
- (y) Instrument No. 082 409 617 – Utility Right of Way, Grantee – The Town of Stony Plain;
- (z) Instrument No. 082 409 619 – Agreement re: Easement, Restrictive Covenant, Party Wall and Encroachment.
10. Subject to paragraph 6 of this Order, any interest in the mortgaged lands of the Defendant, anyone 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"

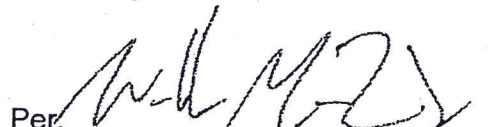
M.C.Q.B.A.

ORDER CONSENTED TO:

Sugimoto & Company

Per: 
Loran V. Hahn
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.

APPENDIX T

TERRAPIN'S SECURED CREDITOR CLAIM

FACTUAL BACKGROUND

I. Arres Mortgage and Foreclosure

1. Graybriar Land Company Ltd. owned lands being developed into condominium units. These condominium developments were known as Graybriar Phase I and Graybriar Phase II.

2. 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.

3. 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.

4. On or about November 2008, Graybriar Land Company Ltd. defaulted under the First Arres Mortgage and/or the Second Arres Mortgage.

5. 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").

6. 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").

7. 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").
8. Following the Development Order and the Listing Order, the condominium plan was registered, the individual condominium units were developed, listed and most were sold.
9. As of January 2014, there were seven remaining condominium units which remained unsold.
10. In or about January 2014, Arres applied within the Foreclosure Action, with notice, for an Order for Sale to Plaintiff of the seven remaining 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 "Units").

11. On or about February 3, 2014, Master Breitzkreuz granted an Order for Sale to Plaintiff of the Units. On or about February 7, 2014, this Order was amended by Master Smart (the "Order for Sale to Plaintiff").

II. Terrapin Mortgage to 179 AB and the Serra Guarantee

12. In or about January 2014, 179 AB and Arres arranged to transfer four of the Units, namely units 48, 55, 68, and 69 to 179 AB (the "179 AB Units").
13. The principal of 179 AB is Staci Serra. The principal of Arres is Wes Serra. Staci and Wes Serra are married.
14. The terms of the agreement with respect to the transfer of the 179 AB Units from Arres to 179 AB are unknown by Terrapin.
15. In or about January 2014, 179 AB applied to Terrapin for a mortgage on the 179 AB Units.
16. 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.



17. 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.

18. 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.

19. 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%.

20. 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.

21. 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.

22. 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").

23. 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.

24. 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.

25. 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.

26. 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.

27. 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.

28. 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, namely units 63, 65, and 67 (the "Arres Units").

29. 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 Arres Units to Arres. Both pieces of correspondence were authored by Wes Serra for Arres and on Arres letterhead.

30. 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.

III. The Stay of the Order Sale to Plaintiff

31. 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 Units, despite only having equitable mortgage interests.

32. The Richcrooks Plaintiffs applied, without notice to 179 AB or to Terrapin, for a 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").

33. 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 Units remained in the name of Graybriar Land Company Ltd. with the First Arres Mortgage and the Second Arres Mortgage registered.

IV. The Sale of Unit 55

34. 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.

Attached.

35. The application and granting of the Order for Sale of Unit 55 were made without notice to or the consent of Terrapin.



36. 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.

V. The Proceeds of Sale from Unit 55 and Property Management of the Units

37. Since the Order Sale to Plaintiff and the Stay Order, it was unclear who was responsible for the management of the Units. The construction manager appointed in the Foreclosure Action in 2010, Timberock, had managed the Units during the period from February 2014 to June 2015 and had not been paid for their services.

38. In June 2015, Timberock brought an application for discharge as Construction Manager and for recovery of their outstanding fees (the "Timberock Application").

39. On June 26 2015, the Timberock Application was heard before Master Prowse who granted an order directing, among other relief, the following:

- a. Timberock to transfer the unit 55 proceeds of sale to counsel for Terrapin; and
- b. Terrapin to hold the unit 55 proceeds of sale in trust and administer the management of the Units through a property manager.

40. Terrapin has been administering the property management of the Units that date and continues to manage the Units until such time as they are sold.

VI. The Judicial Sale Process

41. Throughout litigation, the parties engaged in negotiations to have the Arres Units and the 179 AB Units sold by judicial process and proceeds held in trust pending litigation on the parties rights and priorities. These negotiations resulted in the Consent Judicial Listing Order, granted by Justice Neufeld on October 13, 2015 (the "Judicial Listing Order").

Attached.

42. The Judicial Listing Order was endorsed as amended by the Court of Appeal in December 2015 as noted below.

VII. Litigation on the Stay Order and the Merits of the Richcrooks Claims

43. The Stay Order and the Richcrooks Plaintiffs' against Arres, have been the subject of numerous hearings before the Court of Queen's Bench and the Court of Appeal:

- a. On June 26, 2014, the matter was before Justice Strekaf, who along with other relief, granted Terrapin intervener status in the Foreclosure Action based on their equitable mortgage interest in the 179 AB Units and extended stay of the Order Sale to Plaintiff.
- b. On September 15, 2014, the matter was before Justice Strekaf who directed the Richcrooks Plaintiffs to seek specific relief and extended the stay of the Order Sale to Plaintiff.
- c. On October 7, 2014, the matter was before Justice Strekaf who directed the parties to negotiate a consent order whereby the Arres Units and the 179 AB Units would be sold, proceeds held in trust, and entitlement to proceeds litigated by the parties. Justice Strekaf extended the stay of the Order Sale to Plaintiff.
- d. On December 17, 2014, the matter returned before Justice Strekaf who vacated the Stay Order as of January 15, 2015 (the "December 17, 2014 Strekaf Order") on the basis that the Undertaking as to Damages provided by the Richcrooks Plaintiffs was not meaningful.
- e. The Richcrooks Plaintiffs appealed the December 17, 2014 Strekaf Order to the Alberta Court of Appeal.
- f. On January 23, 2015, an application for an interim stay of the December 17, 2014 Strekaf Order was heard and granted by Justice McDonald of the Alberta Court of Appeal.
- g. On December 9, 2015, the full hearing on the merits was heard and the appeal granted by Chief Justice Fraser, Justices Rowbotham and Watson of the Alberta Court of Appeal.
- h. Chief Justice Fraser directed the Arres Units and the 179 AB Units be sold and the proceeds paid into Court pending further litigation on rights and priorities. Chief Justice Fraser noted the following:

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 the judicial sales of the seven units be paid in to Court and then have the Court determine who has the rights to such proceeds and whose rights have priority. (*emphasis added*)

44. Since the decision of the Court of Appeal, the Richcrooks Plaintiffs have taken no action to appeal, set aside, or further proceed on the merits of their allegations against Arres.

45. The only action taken by the Richcrooks Plaintiffs has been the following:
- a. An application for partial summary judgment application which was heard by Master Prowse on May 24, 2017 and dismissed on June 28, 2017, and
 - b. An application to add Plaintiffs to the Richcrooks Action, to be heard on January 24, 2018.

VIII. Terrapin Action Against Arres, 179 AB, and Staci Serra

46. Terrapin has commenced an action against Arres, 179 AB, and Staci Serra.
47. The action was being held as against Arres and 179 AB.
48. Terrapin has obtained judgement against Staci Serra for the debt as well as solicitor client costs in all of the above noted actions.

IX. The Current Situation

49. Five of the Units have been sold by the Judicial Sale Process, namely units 48, 63, 65, 69, and 67. Money has been paid into Court on the first four units in the amount of **\$806,926.64**.

Attached are the Money Paid into Court records for the four units.

50. Funds for unit 67 have not been paid into Court at this time, but shall be following closing.
51. At this time only one unit remains unsold, namely unit 68.
52. Counsel for Terrapin continues to hold the proceeds of sale of Unit 55 and to pay for the property management of the Units from same. At this time, Terrapin holds **\$153,469.72** in trust.

***Attached are:
the Statement of Receipts and Disbursements from August 2015 to November 2017 and
the Statement of Disbursements by Unit from August 2015 to November 2017.***



APPENDIX U

Arres Capital Inc. - In Receivership

Summary of Receiver's Fees and Disbursements

July 26, 2017 to April 30, 2018

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
1	August 31, 2017	\$ 51,868.50	\$ 411.23	\$ 52,279.73	\$ 2,613.99	\$ 54,893.72
2	September 30, 2017	52,121.50	415.44	52,536.94	2,626.85	55,163.79
3	December 15, 2017	43,417.50	294.22	43,711.72	2,185.57	45,897.29
4	March 31, 2018	22,575.00	1,260.91	23,835.91	1,191.80	25,027.71
5	April 30, 2018	4,325.00	52.00	4,377.00	218.85	4,595.85
TOTAL		\$ 174,307.50	\$ 2,433.80	\$ 176,741.30	\$ 8,837.06	\$ 185,578.36

APPENDIX V

Arres Capital Inc. - In Receivership

Summary of the Receiver's counsel (McCarthy) Fees and Disbursements
 July 26, 2017 to April 30, 2018

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
1	August 31, 2017	\$ 8,483.00	\$ 31.20	\$ 8,514.20	\$ 425.71	\$ 8,939.91
2	September 30, 2017	18,947.00	8.50	18,955.50	947.43	19,902.93
3	October 30, 2017	19,924.50	1,129.00	21,053.50	1,052.33	22,105.83
4	November 31, 2017	5,103.50	361.97	5,465.47	257.93	5,723.40
5	December 15, 2017	6,440.00	0.00	6,440.00	322.00	6,762.00
6	December 30, 2017	3,457.50	0.00	3,457.50	172.88	3,630.38
7	January 31, 2018	16,715.00	211.75	16,926.75	836.19	17,762.94
8	February 28, 2018	3,339.50	0.00	3,339.50	166.98	3,506.48
9	March 31, 2018	3,445.00	93.00	3,538.00	172.50	3,710.50
10	April 30, 2018	3,613.50	38.00	3,651.50	181.88	3,833.38
TOTAL		\$ 89,468.50	\$ 1,873.42	\$ 91,341.92	\$ 4,535.83	\$ 95,877.75