

RSM Richter

**Second Report to Court of RSM Richter Inc.
as Receiver and Manager of Signature
Capital Inc. and Related Companies**

RSM Richter Inc.
Calgary, January 22, 2010

RSM Richter

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IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*
R.S.C. 1985, C. B-3, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF SIGNATURE CAPITAL INC.,
CONB DEVELOPMENT CORP., CONB FINANCE CORP., CONB CAPITAL CORP.,
URBAN ELEMENTS CENTRE GP LTD., URBAN ELEMENTS CENTRE LIMITED
PARTNERSHIP, SIGNATURE UEC CAPITAL INC., WESTSTONE DEVELOPMENT
CORP., WESTSTONE FINANCE CORP., SIGNATURE LAKESIDE RV FINANCE CORP.,
ALLAN BEACH DEVELOPMENTS GP LTD., ALLAN BEACH LIMITED PARTNERSHIP,
BEACHES WEST CAPITAL CORP., POPLAR GROVE DEVELOPMENTS GP LTD.,
POPLAR GROVE LIMITED PARTNERSHIP, BIRCH BAY DEVELOPMENTS GP LTD.,
BIRCH BAY DEVELOPMENTS LIMITED PARTNERSHIP, FRANCOIS CAPITAL CORP.,
A VIRGINIA WILSON HOLDINGS, FIR CREST RESORT DEVELOPMENT LP, FIR
CREST RESORT DEVELOPMENT GP LTD., FIR CREST FINANCE CORP., FIR CREST
CAPITAL CORP., SCI FINANCE CORP., SIGNATURE US SUNBELT CAPITAL CORP.,
SIGNATURE US SUNBELT INVESTMENT CORP., SCI BRIDGE II FINANCE CORP.,
SUMMERS PLACE GP LTD., SUMMERS PLACE LIMITED PARTNERSHIP, METRO
WEST I GP LTD., METRO WEST II GP LTD., SIGNATURE LETHBRIDGE FAIRVIEW
CAPITAL CORP., HEARTHWOOD I LIMITED PARTNERSHIP, HEARTHWOOD II
LIMITED PARTNERSHIP, HEARTHWOOD III LIMITED PARTNERSHIP,
HEARTHWOOD I DEVELOPMENTS GP LTD., HEARTHWOOD II DEVELOPMENTS
GP LTD. AND HEARTHWOOD III DEVELOPMENTS GP LTD.
(COLLECTIVELY, THE "COMPANIES")

SECOND REPORT OF RSM RICHTER INC.,
IN ITS CAPACITY AS RECEIVER AND MANAGER
AND NOT IN ITS PERSONAL CAPACITY

Dated January 22, 2010

1. INTRODUCTION

This report ("Report") is filed by RSM Richter Inc. ("Richter"), in its capacity as receiver and manager ("Receiver"), appointed pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("BIA"), of all of the property, assets and undertakings of the Companies.

Richter was appointed Receiver pursuant to an application made by the Companies and an order of the Court of Queen's Bench of Alberta ("Court") dated November 13, 2009 ("Receivership Order").

1.1 Purpose of this Report

The purpose of this Report is to:

- a) Provide brief background information concerning the Companies;
- b) Outline the proposed sale process ("Weststone Sale Process") for a two-building apartment complex located in Yorkton, Saskatchewan ("Weststone Property") owned by Weststone Development Corp. ("Weststone");
- c) Outline the terms of a transaction ("UEC Transaction") between the Receiver and Affinity Credit Union ("Affinity") for the property ("UEC Property") owned by Urban Elements Centre GP Ltd. ("UEC GP");
- d) Summarize the opinion rendered by Bennett Jones LLP ("BJ"), counsel to the Receiver, in respect of the security granted by CONB Development Corp. ("CONB Development") to CONB Finance Corp. ("CONB Finance") over the real property owned by CONB Development;
- e) Outline a proposed claims process ("Claims Process") in these proceedings;
- f) Summarize the status of the "Birch Bay", "Fir Crest", "Poplar Grove" and "Allan Beach" properties (the "Resorts");
- g) Provide an update on the loan made by Signature Lethbridge Fairview Capital Corp. ("Signature Lethbridge");
- h) Summarize the Receiver's activities since November 25, 2009; and
- i) Recommend that this Honourable Court issue an order:
 - Replacing the name "SLRV Finance Corp." in the style of cause in these proceedings to reflect its proper name, being "Signature Lakeside RV Finance Corp.";
 - Approving the Weststone Sale Process as detailed in Section 3.4;
 - Approving the UEC Transaction and authorizing and directing the Receiver to execute such documents and to take such additional steps as are necessary to give effect to the UEC Transaction and to complete the sale of the UEC Property to Affinity, subject to the conditions in the Affinity offer being satisfied or waived;

- Approving a distribution of \$5.6 million from CONB Development to CONB Finance;
- Approving the CONB Development Holdback (as defined in Section 5.3);
- Approving the Claims Process (as defined in Section 6) and its implementation in respect of CONB Finance; and
- Approving the recommended listing proposals for the Resorts (as set out in Section 7.4).

1.2 Documents Filed in these Proceedings

The Receiver has posted documents filed with the Court in these proceedings on its website at: <http://www.rsmrichter.com/restructuring.aspx>. Information related to these proceedings has also been posted to the Companies' website at: <http://www.sci.ca>.

1.3 Terms of Reference

In developing this Report, the Receiver has relied upon unaudited financial information prepared by the Company's management, the Company's books and records and discussions with its management. The Receiver has not performed an audit or other verification of such information. An examination of the Company's financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Receiver expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Receiver in preparing this Report.

2. BACKGROUND INFORMATION

The Companies either own real estate, or are or were directly or indirectly invested in real estate projects, located in Alberta, British Columbia, Saskatchewan, and Arizona.

Additional background information concerning the Companies is contained in the Receiver's first report to Court dated November 25, 2009 and the affidavit of Simone Rousseau ("Affidavit"), President of Signature Capital Inc. ("SCI"), sworn on November 12, 2009, filed with the receivership application materials.

2.1 Style of Cause Name Change

Based upon a corporate search, the Receiver has determined that the proper name of SLRV Finance Corp. is Signature Lakeside RV Finance Corp.

3. WESTSTONE

Weststone owns the property municipally known as 320 and 336 Gladstone Avenue, Yorkton, Saskatchewan ("Weststone Property").

The following two mortgages are registered on title:

- \$4 million first mortgage ("First Mortgage") held by Solar Star Holdings Inc., 1105550 Alberta Inc. and 851272 Alberta Inc. According to Weststone's books and records, there is a balance owing of \$1.5 million; and
- \$6.35 million second mortgage held by Weststone Finance Corp. ("Weststone Finance"), a related party and an entity which is subject to the Receivership Order. According to Weststone's books and records, there is a balance owing of \$3.84 million.

The buildings are managed by Colliers McClocklin Real Estate Corp. ("Colliers"). The buildings generate monthly cash flow of approximately \$18,000 before debt service and professional fees.

On December 10, 2007, Weststone purchased the Weststone Property with the intention to convert it into condominium units. Weststone Finance was incorporated to raise funds for this project. A total of 135 bondholders invested in Weststone Finance pursuant to an offering memorandum dated October 1, 2007.

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SCI advised that as a result of, among other things, new condominium conversion policies implemented by the City of Yorkton, a conversion was not completed. In May, 2009, Weststone determined that the properties should be sold in order to maximize recoveries. Thereafter, Weststone made efforts to increase the value of the Weststone Property by increasing occupancy rates.

3.1 Mortgage Default

The First Mortgage matured on March 31, 2009. Interest payments only were made to October, 2009.

According to the terms of the offering memorandum, Weststone Finance bonds matured on May 30, 2009. Interest payments were made to May, 2009.

Both mortgages remain outstanding, in full.

3.2 Appraisal

The Receiver understands that in January, 2009, Weststone engaged Condo Condo Development Group Inc. ("CCDG"), a third-party consultant, to assist in the analyses and planning of the conversion. As part of its analyses, CCDG engaged Suncorp Valuations Ltd. ("Suncorp") to appraise the Weststone Property.

Suncorp provided an opinion of, *inter alia*, the market value as an "as is" apartment building. The appraisal reflects that the market value is insufficient to fully repay the mortgages¹.

¹ The Receiver will provide a copy of the Suncorp appraisal to this Honourable Court on a confidential basis when an offer is being presented for approval.

3.3 Listing Proposals

The Receiver requested proposals from the local Royal LePage Premier Realty (“Royal”) and Colliers offices near Yorkton to list the Weststone Property. In comparing the proposals, the Receiver considered, among other things, the suggested listing price vis-à-vis the Suncorp appraisal.

The Receiver recommends that this Honourable Court approve the proposal from Royal as it:

- Provides for a higher supported listing price of \$3.6 million; and
- Is subject to a more attractive commission structure.

Royal’s listing agreement is provided as Appendix “A”. The listing agreement is for 6 months and references two parties that previously submitted unsolicited offers as “protected parties”, whereby a flat \$25,000 (plus taxes) commission would be paid to Royal if one of the “protected parties” completes a transaction.

3.4 Weststone Sale Process

A description of the proposed Weststone Sale Process is provided below:

- The Receiver will list the property for sale with Royal as discussed in Section 3.3 above;
- Royal and the Receiver will facilitate due diligence by, *inter alia*, arranging site visits and providing any available information on the Weststone Property;
- Prospective purchasers will be required to submit binding offers by 5:00 p.m. (MST) on March 15, 2010 (“Bid Deadline”); and
- Upon conclusion of the sale process, the Receiver will seek approval of a recommended transaction by this Honourable Court.

3.4.1 Recommendation

The Receiver respectfully recommends that this Honourable Court approve the Weststone Sale Process for the following reasons:

- It provides an orderly and fair mechanism to expose the Weststone Property to the market, having regard to the nature of the property;
- Royal is an experienced sales agent, has developed a thorough marketing plan and its fees are competitive; and
- This proposed sale process is supported by the parties holding the First Mortgage.

4. URBAN ELEMENTS

UEC GP owns the UEC Property, which is a three-sided warehouse located at 1500 Quebec Avenue, Saskatoon, Saskatchewan – it was in the process of being converted and one of its walls has been removed.

UEC GP purchased the UEC Property on April 4, 2008. The purchase price was funded by approximately 67 bondholders pursuant to an offering memorandum issued by UEC Capital Inc. (“UEC Capital”). UEC GP intended to convert the warehouse building to individually titled office condominiums which were then to be sold as individual units.

For numerous reasons, including the economic downturn, financing difficulties, re-zoning difficulties and various delays, UEC GP did not proceed with the conversion. In September, 2009, UEC GP determined that the most prudent manner to maximize value was to sell the UEC Property.

4.1 Title Search

The results of a search under the Province of Saskatchewan Land Titles Registry with respect to the UEC Property are provided as Appendix “B”.

The following two mortgages are registered on title:

- \$650,000 first mortgage held by Solar Star Holdings Inc., 1105550 Alberta Inc. and 851272 Alberta Inc.; and
- \$4 million second mortgage held by Signature UEC Capital, a related party and an entity which is subject to the Receivership Order. According to UEC Capital's books and records, the actual amount advanced was \$2.2 million.

In addition to the above, a registration against title was made on October 5, 2009 in the amount of \$199,000 by Richardson House of Fixtures and Supplies Ltd. The Receiver is reviewing the status of this registration.

There are two other interests assigned to UEC GP as of August 15, 2006 which were registered against title in relation to a Purchase and Sale Agreement dated August 15, 2006 between Marty Fletcher and Urban Elements Development Corp., as purchaser, and Branstin Holdings Ltd. as vendor.

4.2 Mortgage Default

The first mortgage on the UEC Property matured on March 31, 2009. Interest payments were made to October, 2009.

According to the terms of the offering memorandum, UEC Capital bonds matured on December 31, 2008. Interest was serviced until March, 2009.

Both mortgages remain outstanding, in full.

4.3 Appraisal

Similar to the circumstances with the Weststone Property, UEC GP engaged CCDG to assist in the analyses and planning of the conversion. As part of its analyses, CCDG engaged Suncorp to appraise the UEC Property. Suncorp's April 30, 2009 appraisal included, *inter alia*, an opinion of the market value as an "as is" warehouse building. The appraisal estimated that it would take one year to market and sell the warehouse building. A copy of the Suncorp appraisal is provided as confidential Appendix "1".

4.4 Sale Process

Pursuant to an agreement between UEC GP and Colliers dated September 20, 2009, the UEC Property was listed for sale at \$2.1 million. Colliers advised prospective purchasers that UEC GP would consider a discount to the listing price in order to reflect costs of rebuilding a fourth wall, asbestos removal and gravel compacting in the adjacent yard.

On December 22, 2009, the Receiver received an offer in the amount of \$1.4 million on the UEC Property from Affinity (the "Affinity Offer"). Following negotiations with the Receiver, Affinity agreed to increase its offer to \$1.6 million.

4.4.1 Affinity Offer

The highlights of the Affinity Offer are set out below:

- The purchase price is \$1.6 million plus applicable taxes, less real estate commissions totalling 5% of the purchase price;
- A broad due diligence condition to be satisfied or waived by February 19, 2010;
- A condition that Affinity be satisfied with an architectural/engineering report it commissions with respect to the ability to economically add a second floor to the existing structure, to be approved by its Board of Directors by March 19, 2010; and
- Closing is to occur on or before March 25, 2010 provided an order vesting title in Affinity is made by that date.

Affinity is to deposit \$400,000 with its counsel upon acceptance of the Affinity Offer by the Receiver. A copy of the Affinity Offer is attached as Appendix "C".

Affinity advised the Receiver that it expects to incur a minimum of \$40,000 in due diligence related costs, including the engagement of architects and engineers, in order to satisfy or waive its conditions. Affinity advises that it is not prepared to incur due diligence costs without certainty that the sale will be completed should it be satisfied with the results of its due diligence. Accordingly, Affinity requested that the Receiver seek Court approval of the offer at this time.

4.5 Receiver's Independent Review of the UEC Property

The Receiver engaged Brunsdon Junor Johnson Appraisals Ltd. ("Brunsdon") to attend at the UEC Property and provide it with an opinion of the sale prospects. Brunsdon is an accredited appraiser based in Saskatoon, Saskatchewan.

Correspondence from Brunsdon ("Brunsdon Opinion") is provided as Appendix "D". The Brunsdon Opinion supports acceptance of the Affinity Offer.

4.6 Recommendation

For the following reasons, the Receiver respectfully recommends that this Honourable Court make an order approving the Affinity Offer:

- The UEC Property was exposed to the market for a reasonable period by a professional real estate firm;
- The Affinity Offer is the highest and best received. Since the listing date, only one other offer was made for the property for consideration below the amount of the Affinity Offer;
- Affinity is prepared to incur considerable due diligence costs in order to satisfy or waive its conditions and is to pay a significant deposit;

- There is a short time line for Affinity to satisfy or waive its conditions, such that the prejudice to UEC GP will be minimized should Affinity not complete the UEC Transaction;
- The purchase price is supported by the Suncorp appraisal and the Brunsdon Opinion;
- UEC GP's mortgages are in default; and
- Acceptance of the Affinity Offer is supported by the first mortgagees.

4.7 Confidentiality

The Receiver respectfully recommends that confidential Appendix "1" to this Report be sealed until the UEC Property is sold in order to prevent sensitive information, including the market value suggested by Suncorp, from being made generally available. Availability of this information is likely to impair the Receiver's ability to negotiate with another party should the Affinity Offer fail to close.

5. BATTLEFORD PROJECT

The sale of the five-building apartment complex located in North Battleford, Saskatchewan ("Battleford Properties") was approved pursuant to an Order of this Honourable Court dated December 2, 2009. The transaction closed December 7, 2009. Net proceeds of approximately \$6 million were paid to the Receiver on December 17, 2009.

The following mortgages were registered against title to the Battleford Properties:

- CONB Finance - First mortgagee in the amount of \$6.7 million.
- CONB Capital Corp. ("CONB Capital") - Second mortgagee in the amount of \$5.5 million.

5.1 Security Opinion

The Receiver obtained an opinion (“CONB Opinion”) from BJ in respect of the validity and enforceability of CONB Finance’s security on the assets of CONB Development. Subject to the assumptions and qualifications contained therein, the CONB Opinion confirms that CONB Finance holds a validly perfected first ranking security interest against CONB Development.

5.2 Projected Recoveries

The proceeds from the sale of the Battleford Properties will not be sufficient to repay the full indebtedness due to CONB Finance. Accordingly, no funds are projected to be available to any other creditor of CONB Development, including to CONB Capital.

5.3 Proposed Distribution from CONB Development to CONB Finance

As of the date of this Report, there is approximately \$6 million in the Receiver’s CONB Development trust account representing, primarily, the net proceeds from the sale of the Battleford Properties. The Receiver respectfully recommends that it be authorized and directed by this Court to distribute \$5.6 million to CONB Finance. As discussed below, the Receiver would then commence the Claims Process in respect of CONB Finance.

The Receiver recommends that a holdback of \$400,000 (the “CONB Development Holdback”) be made from the CONB Development funds on account of professional fees incurred to date, related directly to CONB Development and in respect of an allocation of the administration costs related to the receivership proceedings (the allocation of professional fees is discussed further in Section 12). The Receiver will advise this Honourable Court in a subsequent report on the status of the CONB Development Holdback and any additional funds, if any, available for distribution to CONB Finance.

6. CLAIMS PROCESS

The Receiver is proposing that a claims process ("Claims Process") be carried out in these proceedings when: a) the Receiver holds sufficient funds to warrant a distribution to creditors in relation to an entity subject to the Receivership Order; or b) upon approval of this Honourable Court. The terms of the Claims Process are set out in the draft claims order ("Claims Order") provided as Appendix "E".

Attributes of the Claims Process include:

- Notice by regular mail to each known creditor, along with a proof of claim form;
- As relates to bondholders, a proof of claim form completed by the Receiver, including a calculation based on the particular entity's books and records of the outstanding principal and interest to the date of the Receivership Order, to be signed by the respective bondholder, if accepted;
- Advertisement of the Claims Process in the *Calgary Herald* and *Edmonton Journal* (approximately 95% of the bondholders reside in Alberta);
- A bar date of 30 days following mailing of the above notices by the Receiver; and
- A dispute resolution provision.

The Receiver would seek Court approval of a distribution to creditors following completion of the Claims Process.

6.1 Recommendation

The Receiver respectfully recommends that the Claims Process be approved by this Honourable Court in accordance with the draft Claims Order for the following reasons:

- It provides for the timely distribution of funds;
- It is likely more cost effective than a claims process pursuant to the BIA following an assignment in bankruptcy as it avoids duplication of administration and other duties, including reporting and a creditor meeting; and

- The process is consistent with claims processes approved by this Honourable Court in other similar proceedings.

The Receiver also respectfully recommends that it be authorized to implement the Claims Process in respect of CONB Finance.

7. THE RESORTS

The Resorts consist of four companies which own recreational properties along with ten other related companies, some of which hold or held mortgages against the real property. The properties were purchased as campgrounds and recreational vehicle sites to be converted and resold as individually titled lots.

Three of the four properties are located in British Columbia: a) on Francois Lake (“Birch Bay Property”); b) on Lac La Hache (“Fir Crest Property”); and c) on Puntzi Lake (“Poplar Grove Property”). A fourth property is located approximately 15 km west of Edmonton, Alberta (“Allan Beach Property”).

7.1 Mortgages

A cross-collateral mortgage in the amount of \$2.781 million is registered on title to each of the properties. The mortgage is held by a group comprised of Solar Star Holdings Inc., 1105550 Alberta Inc., Sano Stante Real Estate Inc., Robert D. Penner, and Aquino Belavy & Associates Ltd. Subsequent mortgages totalling \$18.5 million are registered on title to the properties by several of the Companies.

7.2 Re-zoning

None of the properties have been converted from recreational properties to individually titled lots. In the months prior to commencement of the receivership proceedings, SCI management submitted re-zoning applications to the regional districts associated with the Birch Bay Property, Fir Crest Property and Allan Beach Property. The re-zoning applications sought permission to, among other things, register a caveat on title to the property, the effect of which would be to permit the sale of separately titled lots.

Based on the results of various analyses it conducted, SCI concluded that re-zoning of the Poplar Grove Property would not be viable.

In respect of the Fir Crest Property and Birch Bay Property, caveats are in the process of being drafted for approval by the regional boards prior to their registration. The Receiver understands that such approvals may be obtained by March, 2010.

The Receiver is awaiting a response from the regional district associated with the Allan Beach Property to the re-zoning application made by SCI.

7.3 Appraisals

In October, 2009, SCI engaged the firm of Kent•MacPherson ("Kent"), an appraiser based in Kelowna, British Columbia, to provide an opinion on the market value of the Fir Crest Property. Kent delivered its appraisal to the Receiver on December 16, 2009.

The Receiver engaged appraisers to provide opinions of value in respect of the Birch Bay Property and the Allan Beach Property. Responses are expected by the end of January, 2010.

Based on the sales history and estimates received from the two listing agents (discussed below), the Receiver does not believe that an appraisal is necessary for the Poplar Grove Property.

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7.4 Listing Proposals

The Receiver requested listing proposals from LandQuest Realty Corp. (“LandQuest”) and Cascadia Realty Ltd. (“Cascadia”) for the three properties in British Columbia. LandQuest previously acted as agent to the vendor of these properties. The Receiver is awaiting the outcome of the re-zoning application and the appraisal with respect to the Allan Beach Property prior to arranging for its listing.

The Receiver reviewed the LandQuest and Cascadia proposals and compared, among other things, the suggested listing prices and the commission structures.

Based on its review, the Receiver recommends that this Honourable Court approve the proposal from Landquest with respect to the Birch Bay Property and the Fir Crest Property and the proposal from Cascadia regarding the Poplar Grove Property, as both Landquest and Cascadia are experienced sales agents and have provided marketing plans which recognize the unique characteristics of the properties.

The proposals provide for listing prices as follows:

- Birch Bay Property - \$2 million²;
- Fir Crest Property - \$1.5 million; and
- Poplar Grove Property - \$500,000.

Subject to the approval of this Honourable Court, the Receiver will enter into standard-form listing agreements with each of Landquest and Cascadia for 6 month terms and commission of 5% of the purchase price.

² The suggested listing prices from Landquest and Cascadia were almost identical.

Landquest will advise prospective purchasers of the Birch Bay Property and Fir Crest Property rezoning application statuses.

The Receiver will update this Honourable Court in subsequent reports on the market response to the listings and seek Court approval prior to acceptance of any offer.

8. SUMMERS PLACE, HEARTHWOOD AND METRO WEST

The properties owned by the "Summers Place", "Metro West" and "Hearthwood" companies were sold prior to the date of the Receivership Order. The Receiver understands that the respective mortgages and bondholders were repaid in full and that there may be certain additional funds to distribute to creditors and shareholders, including SCI, which owns up to 60% of each of the companies.

On December 11, 2009, the Receiver was advised by Nussbaum & Company ("Nussbaum"), former counsel to the "Summers Place", "Metro West" and "Hearthwood" companies, that it holds \$62,000 of undistributed funds in trust, prior to payment of certain outstanding invoices owing to it. The correspondence from Nussbaum included approximately 50 statements of adjustments related to completed property sales.

The Receiver is reviewing the information from Nussbaum with the assistance of Anna Nelson, the former VP Finance of SCI. The Receiver will be requesting additional information from Nussbaum in order to reconcile the accounts and determine whether additional funds are owing to the Companies.

9. SIGNATURE LETHBRIDGE

Pursuant to an offering memorandum dated August 7, 2008, Signature Lethbridge raised \$5.78 million from a total of 220 bondholders. Signature Lethbridge advanced \$5 million to Lethbridge Fairview Development Corporation ("LFDC"), an unrelated party, as construction financing for a senior's residence in Lethbridge, Alberta. The financing was registered against title to the lands owned by LFDC as a second mortgage subordinate to Carevest Capital Inc. ("Carevest"), which registered a mortgage of \$2.37 million.

As at November 23, 2009, liens totalling \$1.7 million and a third mortgage of \$1.5 million were registered subsequent to Signature Lethbridge's mortgage.

On December 11, 2009, Carevest obtained an Order Nisi/Order for Sale from the Court. The Receiver understands that on January 18, 2010, the LFDC lands were listed for sale with Avison Young (Canada) Inc. ("Avison") for a 90-day period with an asking price of \$4.3 million. The Receiver will be monitoring the LFDC sale process.

10. BONDHOLDER COMMITTEE

Bondholders of certain of the Companies have formed an informal committee. The Receiver has been advised that the purpose of the committee is to facilitate the sharing of information related to the receivership among bondholders, provide input to the Receiver, combine bondholder resources, investigate certain pre-receivership activities of the Companies and to consider potential additional recoveries. The Receiver has met with members of the committee and its counsel.

11. RECEIVER'S ACTIVITIES

The Receiver's activities since the date of the First Report have included, *inter alia*, the following:

- Attending an auction of SCI's furniture and fixtures on December 15, 2009 by Century Services Inc.;
- Attending a public hearing in Francois Lake, British Columbia related to a re-zoning application in respect of the Birch Bay Property;
- Meeting with Landquest;
- Reviewing two offers received for the Weststone Property;
- Completing the sale of the Battleford Properties;
- Corresponding with Paragon Capital Corporation Ltd. ("Paragon") about the status of its mortgage against the property in Arizona ("Sunbelt Property") owned by Signature US Sunbelt LLC, a company related to the Companies;
- Corresponding with Perkins Coie Brown & Bain P.A ("Perkins"), the Receiver's counsel in Arizona, regarding registration of a second mortgage against the Sunbelt Property;
- Paying the ongoing operating costs of the Sunbelt Property pursuant to an inter-company loan agreement;
- Continuing to monitor the cash flow related to each of the operating entities subject to the Receivership Order;
- Borrowing \$100,000 pursuant to a Receiver's Certificate from Paragon in order to fund professional fees and disbursements;
- Meeting with the first mortgagees related to several of the properties owned by the Companies;
- Meeting with members of the bondholder committee;
- Meeting with CCDG, one of the Companies' former real estate consultants;
- Continuing to deal with the Companies' insurance brokers;
- Continuing to correspond with the Companies' third-party property managers in respect of the Companies which own real property;
- Reviewing monthly management reports from the third-party property managers;

- Monitoring the receivership sale of the assets owned by Okotoks AB Riverside Dev Ltd., a company which received advances from SCI Finance Corp. (“SCI Finance”) and SCI Bridge II Finance Corp. (“SCI Bridge”). The proceeds are such that only the senior secured lender will recover any amounts. As a result, no funds will be distributed to other creditors, including SCI Finance and SCI Bridge;
- Corresponding with Olympia Trust Company, which managed RSP investments made by bondholders;
- Meeting with Ms. Rousseau, whose involvement in the receivership since mid-December, 2009 has been limited;
- Issuing notices to SCI’s employees related to the *Wage Earner Protection Program Act*;
- Reviewing offering memoranda and other background information on the Companies;
- Responding to a substantial number of telephone, e-mail and online forum inquiries from the Company’s unsecured creditors;
- Paying for post-filing goods and services;
- Drafting this Report; and
- Other matters pertaining to the administration of this mandate.

12. RECEIVER BORROWINGS

The Receivership Order authorizes the Receiver to borrow up to \$1.5 million in order to fund the administration of the receivership. As noted in Section 11 above, the Receiver has to date borrowed \$100,000 under a Receiver Certificate. The Receiver Certificate provides for an interest rate of 12% per annum, compounded monthly, and a non-refundable commitment fee up to \$30,000 depending on the aggregate amount to be borrowed by the Receiver.

These funds have been used to pay for costs which have not been allocated to specific companies under the Receivership Order, including consulting costs of SCI’s former management. The Receiver intends to make additional borrowings in order to, *inter alia*, pay its professional fees and

those of its counsel³. The Receiver will prepare an allocation of all fees and costs among the entities subject to the Receivership Order once all, or the majority of, the real property assets of the Companies have been sold. Depending on the timing of such sales, the Receiver may repay its borrowings, or portions thereof, from asset realizations in order to reduce interest expenses.

13. NOTICE OF THIS MOTION

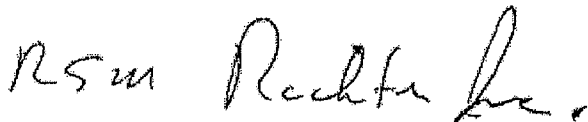
Pursuant to a notice dated January 22, 2010, the Receiver advised bondholders of Weststone Finance, UEC Capital, CONB Finance, CONB Capital and each of the "Resorts" companies via e-mail of this motion. Bondholders were directed to the Receiver's website to review the motion materials. A copy of the Receiver's notice is provided as Appendix "F".

14. RECOMMENDATION

Based on the foregoing, the Receiver recommends that this Honourable Court grant the relief detailed in Section 1.1 i) herein.

* * *

All of which is respectfully submitted,



**RSM RICHTER INC.
IN ITS CAPACITY AS RECEIVER AND MANAGER OF
SIGNATURE CAPITAL INC. AND RELATED COMPANIES
AND NOT IN ITS PERSONAL CAPACITY**

³ In accordance with the Receivership Order, the fees and disbursements of the Receiver and its counsel form a first charge on the property of the Companies. Additionally, if the proceeds of realization generated from one entity are insufficient to cover the fees and costs of the Receiver and its legal counsel, the Receiver and its legal counsel are entitled to be paid from the proceeds of realization generated from other entities subject to the Receivership Order.



THIS MLS® EXCLUSIVE SELLER'S BROKERAGE CONTRACT

Developed & Provided by the Association of Saskatchewan REALTORS®, Revised 2006

DATED December 16, 2009

MLS# _____

BETWEEN: RSM Richter Receiver for Weststone Development Corp.
NAME (OWNER) (hereinafter called the "Seller")
200 King St.W. Suite 1100,PO. Box 48 Toronto ON. M5H 3T4
ADDRESS POSTAL CODE

Res: _____
Bus: 416-932-6265
TELEPHONE

AND: Royal LePage Premier Realty
NAME (Seller's Brokerage) (hereinafter called the "Seller's Brokerage")
45C Palliser Way Yorkton S3N 4C5
ADDRESS POSTAL CODE Bus: [306]783-9404
TELEPHONE
[a member of the Y&DCR of Regina Real Estate Board/Association ("Board/Association")]

1. TERM OF CONTRACT

- A. The Seller hereby lists exclusively with the Seller's Brokerage the property described in Paragraph 2. This Contract comes into full force and effect on the _____ day of _____, 20____ until 11:59 p.m. on the 31 day of July, 2009 unless renewed in writing.
- B. The Seller's Brokerage is hereby authorized to obtain any and all information concerning the property from any person, corporation or governmental authority.

2. PROPERTY

A. Civic Address: 320 & 336 Gladstone Avenue South Yorkton SK. S3N 3W3
 B. Legal Description and/or Business Name: Lot 1 & 2 / Block 12 / Plan 82Y04242 Parcel # 142831919 (Postal Code)

3. TERMS OF SALE

A. Asking Price: \$3,600,000.00 B. Possession Date: TBA
 C. Terms: Cash

4. LISTING SERVICE AND BUYER BROKERAGE. The Seller directs the Seller's Brokerage:

- A. To list the property with the Multiple Listing Service® of the Y&DCR of Regina Real Estate Board/Association and to cooperate with other Brokerages who are acting as Buyer's Brokerages. The Seller's Brokerage may publish the Seller's Property Condition Disclosure Statement (if attached).
- B. To allow a sales representative authorized by the Seller's Brokerage to make the agency disclosures required of the Seller's Brokerage.

5. A. COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION

The Seller consents to the collection, use and disclosure of personal information by the Seller's Brokerage and, with the permission of the Seller's Brokerage by any co-operating brokerages, for the purpose of listing and marketing the property including, but not limited to:

- (i) listing and advertising the property using any medium including the Internet;
- (ii) permission for listing agent to display auxiliary photos yes no.
- (iii) disclosing property information to prospective buyers, brokers, salespersons and others who may assist in the sale of the property;
- (iv) such other use of the seller's personal information as is consistent with listing and marketing of the property.

B. COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION BY THE BOARD(S) OPERATING THE MULTIPLE LISTING SERVICE(S)®

The Seller consents to placement of the listing information and sales information by the broker into the database(s) of the appropriate MLS® systems(s) and acknowledges that the MLS® database is the property of the board(s). The seller further acknowledges that the board(s) may:

- (i) distribute the information to any persons authorized to use such service which may include other brokers, government departments, appraisers, municipal organizations and others;
- (ii) market the property, at its option, in any medium, including electronic media;
- (iii) compile, retain and publish any statistics including historical MLS® data which may be used by licensed board members to conduct comparative market analyses; and
- (iv) make such other use of the information as the board deems appropriate in connection with the listing, marketing and selling of real estate.

6. BROKERAGE'S REMUNERATION. The Seller agrees:

- A. To pay to the Seller's Brokerage a gross commission of \$ _____ or 5 % on the 1st Million & 2.5 % on the Balance % of the sale price of the property (fill in one only - lump sum or commission %) or one half of the deposit forfeited pursuant to a Contract of Purchase and Sale of the property, whichever is less, plus applicable taxes in respect of the commission (commission + tax = remuneration) if:
 - i) during the term of this Contract the Seller and a Buyer enter a legally enforceable Contract of Purchase and Sale;
 - ii) within 180 days of expiration of this Contract, the Seller and a Buyer enter into a legally enforceable Contract of Purchase and Sale, in respect of which the efforts of the Seller's Brokerage during the term of this Contract were an effective cause; or
 - iii) a prospective Buyer offers in writing during the term of the Contract, to purchase the property on the terms and conditions described in Section 3 above, even if the Seller does not accept the offer;

except that 6A(ii) above shall not apply if the Seller must pay commission on the sale to another Brokerage arising from a Brokerage Contract entered into by the Seller and that other Brokerage after the expiration of this Contract, even if the efforts of the Seller's Brokerage under this Contract were an effective cause of the sale.

Seller's initial

B. The remuneration earned by the Seller's Brokerage shall be payable upon completion of the sale or when paragraph 6A(iii) above applies, seven days after demand by the Brokerage.

7. ASSIGNMENT OF REMUNERATION.

- A. The Seller hereby irrevocably assigns to the Seller's Brokerage from the proceeds of sale of the property, the amount of remuneration due to the Seller's Brokerage and authorizes the Seller's Brokerage to retain from the deposit monies the amount of the Seller's Brokerage's remuneration.
B. The Seller further hereby irrevocably and unconditionally directs and authorizes their solicitor, or any other solicitor acting on their behalf in this sale, to pay the aforesaid commission and taxes, less any deposit, from the proceeds of the sale when releasable This shall be and constitute full and sufficient authority for so doing and appoints the Seller's brokerage as the Seller's irrevocable agent to demand and receive payment thereof.
C. I now encumber all of my interest in the Land, Buildings and Attached Goods for the benefit of the Brokerage to secure payment to the Brokerage of all money which may be owed by me to the Brokerage under this Agreement. I agree that the Brokerage is entitled to encumber the Land in accordance with the Land Titles Act, 2000 (Saskatchewan).

8. THE SELLER'S BROKERAGE AGREES WITH THE SELLER AS FOLLOWS:

- A. To act only as the Brokerage for the Seller except where Limited Dual Agency exists.
B. To provide information about the property to Buyer's Brokerages.
C. Subject to 10B below, to exercise duties of loyalty, obedience, competence, confidentiality, accountability and disclosure to the Seller.
D. To accept remuneration from the Buyer only with the knowledge and consent of the Seller.
E. To assist in obtaining a Buyer for the property the Seller's Brokerage will offer to a Buyer's Brokerage a portion of the Seller's Brokerage's remuneration in the amount of \$_____ or 2.5% on the 1st Million & 1.25 % on the Balance _____ % of the sale price (fill in one only - lump sum or commission %).

9. THE SELLER

- A. Does [X] agree to give the Seller's Brokerage authority to advertise the property and authority to permit or not permit other brokerages to advertise the property and to set the conditions, if any, thereof.
B. Does [] Does not [X] agree to allow the Seller's Brokerage to place "For Sale" and "Sold" signs upon the property.
C. IN THE EVENT THIS Seller's Brokerage Contract EXPIRES WITHOUT THE PROPERTY HAVING SOLD, the Seller does [] does not [X] agree to allow OTHER members of the ASR to contact the Seller AFTER THAT TIME to discuss listing or otherwise marketing the property.
D. Agrees to allow a Buyer's Brokerage or a Seller's Brokerage to show the property to a prospective Buyer.
E. Agrees to refer to the Seller's Brokerage all enquiries for the purchase of the property, and to deliver to the Seller's Brokerage all offers and Contracts of Purchase and Sale, with respect to the property which may be received during the term of this Exclusive Contract or arising by reason of the efforts of the Seller's Brokerage.

10. THE SELLER ACKNOWLEDGES AND AGREES THAT:

- A. It is not a breach of the Seller's Brokerage's duty of confidentiality if the publication of the information relating to the property by the Multiple Listing Service® results in the information becoming known to members of the public, including a prospective Buyer and Buyer's Brokerage.
B. It is not a breach of duty to the Seller for the Seller's Brokerage to list, show or sell property of competing Sellers.
C. This property is not listed with any other Brokerage.
D. Another Brokerage representing only a Buyer does not owe fiduciary duties to the Seller.
E. A Seller, who is a non-resident of Canada, must comply with The Income Tax Act of Canada upon completion of the sale.
F. The REALTOR® shall disclose to the buyer all material defects about the physical condition of the property known to the REALTOR®.
G. Seller's Brokerage will not be held liable in any manner whatsoever for any acts or omissions of other brokerages with respect to advertising.

11. LIMITED DUAL AGENCY

- The Seller agrees that the Seller's Brokerage may also act as agent for the Buyer of a property in which the Buyer is interested, in which case:
A. The Seller's Brokerage shall disclose to the Seller his/her agency relationship with the Buyer prior to the Seller's Brokerage presenting a Contract of Purchase and Sale from that Buyer to the Seller, but shall not have to disclose such relationship before that time;
B. The duties of the Seller's Brokerage to the Seller and the Buyer will be modified by the limitations of Limited Dual Agency described in the Association of Saskatchewan REALTORS® brochure entitled "Agency Disclosure" which the Seller acknowledges he/she has read and agreed to.

12. MISCELLANEOUS PROVISIONS

- "Sale" includes an exchange and "sale price" includes the value of property exchanged.
- "Period" or "date of expiration" of this Contract includes the period or date of expiration of any written extension.
- Interpretation of this Contract and all matters concerning its enforcement by the parties shall be governed by the laws of the Province of Saskatchewan.
- The parties acknowledge that this Contract fully sets out the terms of the agreement between them.
- This Contract shall be binding upon and benefit not only the parties but their respective heirs, executors, administrators, successors or assigns.
- This Contract shall automatically end if the Seller's Brokerage ceases to be a member of the Board/Association.

13. ENTIRE AGREEMENT - THIS SELLER'S BROKERAGE CONTRACT MEANS AND INCLUDES THIS AGREEMENT AND THE DATA INPUT FORM (WHEN SIGNED BY THE SELLER) AND SELLER'S PROPERTY CONDITION DISCLOSURE STATEMENT ATTACHED AND SIGNED BY THE SELLER).

BY SIGNING THIS CONTRACT THE SELLER ACKNOWLEDGES HAVING RECEIVED AND READ THE BROCHURE PUBLISHED BY THE ASSOCIATION OF SASKATCHEWAN REALTORS® ENTITLED, "AGENCY DISCLOSURE". The Seller acknowledges having read and understood this Contract, that it accurately describes the agreement with the Seller's Brokerage, and that a copy of it has been received by the Seller this date.

SIGNED IN THE PRESENCE OF:

X
WITNESS
X
WITNESS

X
SELLER
X
SELLER

SELLER'S BROKERAGE
Per: SALES REPRESENTATIVE
WITNESS



SERVICE AGREEMENT

This agreement for service(s) in connection with a trade in real estate shall be between:

THE CLIENT *Court appointed receiver and member of*
Name RSM Richter ~~Repr.~~ for Weststone Development Corp.

THE CLIENT'S BROKERAGE (the "Brokerage")
Name Royal LePage Premier Realty
45C Palliser Way

Name _____ **and**

Ron Skinner
Broker, associate broker or agent authorized to represent the Brokerage

(Where applicable) With respect to the Property described as:

Municipal Address 320 & 336 Gladstone Avenue South Yorkton SK.

Legal Description: Lot 1 & 2 / Block 12 / Plan 82Y04242 Parcel # 142831919

The Brokerage agrees to provide the following services and The Client agrees to pay the agreed upon fee as noted below for said service not more than 30 days from the date the specific trade was completed.

<u>Service to be provided (Specific Trade)</u>	<u>Fee payable (plus applicable taxes)</u>
<u>MLS Listing of 320/336 Gladstone Ave. S. Yorkton SK.</u>	<u>5 % 1st Million 2.5 % on Balance</u>
<u>Acceptance by Seller of Stalking Horse Bidder offers</u>	<u>\$ 25,000.00 Flat Fee Commission</u>
<u>From ① 1287285 Alberta Ltd.</u>	
<u>or related parties</u>	
<u>② Nexus Asset Group Inc.</u>	
<u>or related parties</u>	
<u>("Protected Parties")</u>	

This agreement shall commence on January 18, 2010

and shall terminate at midnight on April 16, 2010

DATED at 18 on January, 2010

X Client X Witness

X Client X Witness

X
Signature of broker, associate broker or agent authorized to sign on behalf of the Brokerage



**ASSOCIATION OF SASKATCHEWAN REALTORS®
PROPERTY CONDITION DISCLOSURE STATEMENT**

Developed & Provided by the Association of Saskatchewan REALTORS®. Revised 2008

INFORMATION ABOUT THE PROPERTY CONDITION DISCLOSURE STATEMENT

This information is included for the assistance of the parties only. It does not form part of the Property Condition Disclosure Statement (Disclosure Statement).

SELLERS may refuse to complete a Disclosure Statement or may choose to answer only certain questions. Failure or refusal to complete a Disclosure Statement does not exempt the SELLERS from any legal requirement to disclose known defects. BUYERS are free to draw their own inferences from the SELLER'S decision not to answer a question or not to complete a Disclosure Statement.

SELLERS are responsible for the accuracy of the answers in this Disclosure Statement. SELLERS should answer "Do Not Know" or "Does Not Apply" if the SELLERS are not certain of the correct answer. It is important that SELLERS do not answer "Do Not Know" or "Does Not Apply" if, in fact, they know the answer. Each answer must provide all relevant information known to the SELLERS. While SELLERS are not required to disclose defects which are obvious on a simple visual inspection of the property by a BUYER, for their own protection, SELLERS are encouraged to disclose all known defects.

For certain questions, the "Do Not Know" answer is not available. In those questions, SELLERS are only required to disclose problems or defects that they are personally aware of. In answering those questions, SELLERS will not be liable for failing to disclose defects if the SELLERS had no personal knowledge of the defect.

SELLERS should complete the Disclosure Statement in their own writing to avoid a misunderstanding. SELLERS who request a REALTOR® to assist in completion of a Disclosure Statement must understand that the REALTOR® will not verify the information provided by the SELLER. REALTORS® may assist SELLERS by explaining the meaning of the questions in the Statement but REALTORS® shall not provide answers to the questions, only SELLERS shall.

The SELLER may be held legally responsible to the BUYER for the accuracy of his answers in this Disclosure Statement if:

1. this form is incorporated in the Contract of Purchase and Sale (see suggested wording below); or
2. the information in this Disclosure Statement induced the BUYER to buy the property.

If the BUYER is relying on this Disclosure Statement, the BUYER should incorporate it in the Contract of Purchase and Sale by inserting the following wording in the Contract of Purchase and Sale:

"The attached Property Condition Disclosure Statement dated _____ is incorporated into and forms part of this contract."

BUYERS SHOULD MAKE THEIR OWN INQUIRIES

BUYERS are strongly urged to make their own inquiries after receiving a Disclosure Statement, keeping in mind that:

1. the SELLER'S knowledge of the property may be incomplete or inaccurate;
2. in some cases, it may not be possible to claim against the SELLER if the SELLER cannot be found or is insolvent or bankrupt or if the legal costs of pursuing the claim are too high;
3. some SELLERS may simply not know the answers to some of the questions in this Statement or may not have sufficient expertise to provide a BUYER with the information the BUYER requires; and
4. in some of the answers, the SELLER is only obligated to disclose defects that he is personally aware of, there may be defects that the SELLER is not aware of and therefore has not disclosed.

Prudent BUYERS will use this Disclosure Statement as the starting point for their own inquiries. BUYERS are urged to carefully inspect the property and, if desired, to have the property inspected by an inspection service of their choice, at their expense. BUYERS can hire an independent inspector to examine the property to determine whether defects exist and to provide an estimate of the cost of repairing old problems that have been identified on a Disclosure Statement or on an inspection report.

I have read and understand the above information.

Buyer

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
Seller

Buyer

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
Seller

The SELLER'S BROKERAGE has explained the potential implications of not completing the PCDS and the seller has chosen to decline completing the PCDS form.

X

Seller

X

Seller



**ASSOCIATION OF SASKATCHEWAN REALTORS®
PROPERTY CONDITION DISCLOSURE STATEMENT**

Developed & Provided by the Association of Saskatchewan REALTORS®. Revised 2008

SELLER(S): RSM Richter Receiver for Weststone Deve **DATE OF DISCLOSURE:** December 16, 2009

The following is a statement made by the SELLERS concerning the condition of the property located at:
320 & 336 Gladstone Avenue South Yorkton SK. S3N 3W3

SELLERS should read the information about this Property Condition Disclosure Statement on the first page of this form before answering the questions below.

THE SELLERS MUST INITIAL EACH RESPONSE.

1. WATER SUPPLY AND WASTE DISPOSAL	YES	NO	DO NOT KNOW	DOES NOT APPLY
a) Are the dwellings connected to a public (City/Municipal) sewer system?				
b) Are the dwellings connected to a private sewer system? If the sewer system is private, describe type.				
c) Are you aware of any problems with the sewer system?				
d) Are the dwellings connected to a public (City/Municipal) water system?				
e) Are the dwellings connected to a private (e.g. well or shared well) water system? If the system is private, describe type.				
f) Are you aware of any problems re: quantity or quality of well water? (Gal/Min if known _____)				
2. INSULATION				
a) To the best of your knowledge does the dwellings/improvements contain asbestos or urea formaldehyde foam insulation?				
b) To the best of your knowledge is the ceiling insulated?				
c) To the best of your knowledge are the exterior walls insulated?				
d) To the best of your knowledge are the basement exterior walls insulated?				
3. GENERAL				
a) Have you received any notice from any government authority (municipal or otherwise) concerning, or are you aware of, any non-compliance of your property with the requirements of any government authority (for example, zoning, occupancy, health, environmental protection, fire or building permit bylaws)?				
b) Are you aware of or have you been charged any local improvement levies or taxes on the property?				
c) Have you received any notice or claim affecting the property from any person or public body?				
d) Are you aware of any encroachments or unregistered rights of way (e.g., shared drive, access road to adjoining property, shared well)?				
e) Are you aware of any problem with any of the following systems or any equipment associated with such systems: plumbing, electrical, heating, central air conditioning, ventilation, humidification and air purification?				
f) Are you aware of any problem with any built-in appliances or attached fixtures and associated equipment (e.g. garage door opener, central vac, dishwasher, water softener, underground sprinklers, swimming pool, sauna, hot tub, satellite dish, t.v. antenna)?				
g) Are you aware of any roof leaks or moisture or water problems or unrepaired water damage in the dwellings/improvements?				
h) Are you aware of any past or present flooding or drainage problems on the property?				
k) Are you aware of any unrepaired damage due to wind, fire, insects or rodents?				
l) Are you aware of any structural defects in the dwellings/improvements?				
m) Are you aware of any deficiency or defect in the fireplace(s)/woodstove(s) or the associated chimney(s) including with respect to fire insurance requirements?				
n) Are you aware of any improvements, additions or alterations made without the required permits?				
o) To the best of your knowledge, have any criminal activities that may have affected the physical condition of the property (e.g., grow op, meth lab, etc.) been carried out on the property?				
p) Are you aware of any tests for mould, fungi, or indoor air quality in the property?				
q) Other than general household cleaning, have you taken any efforts to control or remediate mould or mould-like substances in the property? Note to Buyer: Individuals may be affected differently, or not at all, by mould contamination. If mould contamination or indoor air quality is a concern, buyers are encouraged to engage the services of a qualified professional to do testing. Information on this issue is available from the HEALTH CANADA website at: http://www.hc-sc.gc.ca/ewh-sem/ pubs/air/fungal-fongique/abstract-resume-eng.php .				

Buyer	Seller

4. SPECIFIC COMMUNITY CONDITIONS- For communities with Flood Protection Programs	YES	NO	DO NOT KNOW	DOES NOT APPLY
a) Has your home ever qualified for a flood protection program?				
b) If you answered yes to a) above, did you accept the program?				
5. CONDOMINIUM PROPERTY				
a) Are there any special assessments approved or proposed but not yet voted on?				
b) Are there any proposed amendments to the condominium bylaws or rules which may alter or restrict the permitted uses of the property?				
c) Are there any restrictions on pets, children, age, parking, home-based business or rentals?				

6. ADDITIONAL COMMENTS AND EXPLANATIONS (use additional paper if necessary)

7. THE SELLER HAS OWNED THE PROPERTY SINCE _____

8. SELLERS are not required to disclose defects which are obvious on a simple visual inspection of the property by a BUYER. The SELLERS state that the above information is true as of the above date and that the SELLERS will disclose to any BUYER any changes to this information prior to the signing of any Contract of Purchase and Sale in which this Disclosure Statement is incorporated. Any important changes to this information made known to the SELLERS will be disclosed by the SELLERS to the BUYERS prior to closing. The SELLERS acknowledge receipt of a copy of this Disclosure Statement and agree that a copy may be given to prospective BUYERS and made available to real estate salespeople and brokers.

By signing this Disclosure Statement, each of the SELLER and the BUYER acknowledge that all information contained in this Disclosure Statement comes from the SELLER and that none of the SELLER'S BROKERAGE or BUYER'S BROKERAGE nor any of their representatives have verified the accuracy of any such information. None of the SELLER'S BROKERAGE or the BUYER'S BROKERAGE or any of their representatives warrant, guarantee or represent the accuracy of the above information. By signing this Statement, the SELLER and the BUYER and their successors, assigns, and personal representatives hereby release each of the SELLER'S BROKERAGE, the BUYER'S BROKERAGE and their respective representatives and each of their successors, assigns and personal representatives of and from all responsibility and liability with respect to any loss or damage suffered or sustained by the SELLER or the BUYER or by any of their successors, assigns and personal representatives by reason of an inaccuracy in any of the information contained in this Disclosure Statement or by reason of any omission of any information from this Disclosure Statement.

SELLER XXXXXXXXXXXXXXXXXXXXXXXXXXXX

SELLER XXXXXXXXXXXXXXXXXXXXXXXXXXXX

BUYERS SHOULD READ THE INFORMATION ABOUT THIS PROPERTY CONDITION DISCLOSURE STATEMENT ON THE FIRST PAGE OF THIS FORM.

The BUYERS acknowledge that they have received and read a signed copy of this Disclosure Statement on the XXX day of XXXXXXXXXXXXXXXXXXXX, 20XX.

BUYER _____

BUYER _____

Saskatchewan MLS® Data Input Form

ATTACHED TO AND FORMS PART OF THIS MLS® EXCLUSIVE SELLER'S BROKERAGE CONTRACT



MULTIFAMILY

IT IS MANDATORY TO RESPOND TO EVERY BLACK NUMBERED BOX

ZONE _____ **12** AREA _____ **14** CITY/TOWN Yorkton SK DISTRICT _____

00 PROPERTY ADDRESS 320 & 336 Gladstone Avenue South **19** PROPERTY POSTAL CODE S3N 3W3

SELLER'S BROKERAGE Royal LePage Premier Realty EXPIRY 07/31/10

SALESPERSON Ron Skinner EFFECTIVE _____

CONTACT PERSON RSM Richter Rcvr. for Weststone Development PHONE 621-7700 POSSESSION TBA

LEGAL DESCRIPTION Lot 1 & 2 / Block 12 / Plan 82Y04242 Parcel # 142831919

PRICE \$3,600,000.00 COMMISSIONS PAYABLE TO BUYER'S BROKERAGE Yes

544 GST APPLICABLE ON SALE PRICE YES NO DON'T KNOW **546** ENVIRONMENTAL AUDIT YES NO DON'T KNOW
547 EXISTING REAL PROPERTY REPORT YES NO

022 ZONING (INSERT MUNICIPAL ABBREVIATION)

068 LOT SIZE
380.58
 (FRONTAGE)

069 BY 186.26

016 GROSS TAXES
\$ 35221.16

017 FOR YEAR

096 LOCAL IMPROVEMENTS LEVY
0.00

ASSESSMENT

097 \$ 116200
 (LAND)

098 \$ 1386200
 (BLDG)

222 STYLE (SELECT ONLY ONE)

(01) TOWNHOUSES ATTACHED (TWNH)
 (02) HIGH RISE (HRISE)
 (03) LOW RISE (LRISE)
 (04) OTHER (OTHER)

041 OCCUPANCY

(01) OWNER
 (02) TENANT
 (03) VACANT

042 APPOINTMENTS

(03) OWNER
 (04) TENANT
 (05) S/P

101 YEAR BUILT

(USE OT FOR OLD TIME AND NE FOR NEW)

ADDITIONS YES NO
 RENOVATED YES NO

105 ROOF (SELECT ONLY ONE)

(01) ASPHALT SHINGLES (AS/SH)
 (07) METAL (METAL)
 (02) SHAKE (SHAKE)
 (03) TAR & GRAVEL (T&GVL)
 (04) TILE (TILE)
 (05) WOOD SHINGLE (WD/SH)
 (06) OTHER (OTHER)

106 EXTERIOR FINISH (SELECT UP TO THREE)

(10) ASBESTOS SHINGLE (ASBES)
 (03) BRICK (BRICK)
 (04) CONCRETE (CONCR)
 (15) METAL (METAL)
 (08) MIXED (MIXED)
 (06) STUCCO (STUC)
 (12) VINYL (VINYL)
 (02) WOOD (WOOD)
 (11) OTHER (OTHER)

220 NAME OF COMPLEX (IF ANY)

Silverwood Terrace

Southwood Place

650 HEATING (SELECT UP TO TWO)

(21) NATURAL GAS (GAS)
 (22) OIL (OIL)
 (02) FORGED AIR (F/AIR)
 (03) HOT WATER (HOT/W)
 (01) ELECTRIC (ELEC)
 (06) SPACE HEATERS (SP/HE)
 (08) OTHER (OTHER)

228 HEAT CONTROLLED BY TENANTS

(01) YES
 (02) NO

229 HEAT CHARGED DIRECTLY TO TENANT

(01) YES
 (02) NO

203 MAJOR TYPE (SELECT ONLY ONE)

(60) RESIDENTIAL ONLY (RESID)
 (61) RESIDENTIAL & COMMERCIAL (R/COM)
 (62) RESIDENTIAL & OFFICES (R/OFF)
 (63) RESIDENTIAL COMMERCIAL & OFFICES (R/C/O)

104 CONSTRUCTION (SELECT ONLY ONE)

(10) CONCRETE (CONCR)
 (02) CONCRETE BLOCK (CO/BL)
 (12) MIXED (MIXED)
 (07) PRECAST (PREFB)
 (13) STEEL FRAME (STEEL)
 (14) WOOD FRAME (WD&FR)
 (15) OTHER (OTHER)

111 FLOORING (SELECT ONLY ONE)

(08) CONCRETE & BROADLOOM (C&BRD)
 (09) CONCRETE & TILE (C&TIL)
 (10) WOOD (WOOD)
 (11) WOOD & BROADLOOM (W&BRD)
 (12) WOOD & TILE (W&TIL)
 (06) OTHER (OTHER)

158 OUTDOOR AREA (SELECT ONLY ONE)

(05) BALCONY(S) (BALC)
 (02) PATIO(S) (PATIO)
 (06) DECK (DECK)
 (01) OTHER (OTHER)

246 STOREYS

INDICATE NUMBER OF STOREYS (E.G. 1 ½ 1.5)

3

Seller's initial

PARKING FACILITIES 247 COVERED <u>0</u> 248 OPEN <u>58</u> Electrified 249 TOTAL <u>58</u>	240 EQUIPMENT INCLUDED (SELECT UP TO FOUR) (11) <input checked="" type="checkbox"/> AIR CONDITIONING (AIRCO) (27) <input type="checkbox"/> ALARM SYSTEM (ALARM) (01) <input checked="" type="checkbox"/> REFRIGERATOR (FRIDG) (10) <input checked="" type="checkbox"/> STOVE (STOVE) (02) <input checked="" type="checkbox"/> DISHWASHER (DSHWR) (18) <input type="checkbox"/> WASHER (WSHR) (31) <input type="checkbox"/> DRYER (DRYER) (04) <input type="checkbox"/> DRAPES/WINDOW COVERINGS (DRAPE) (22) <input type="checkbox"/> INTERCOM (I/COM) (35) <input type="checkbox"/> EMERGENCY LIGHTING (EMERL) (36) <input type="checkbox"/> OTHER (OTHER)	INCOME EXPENDITURE INFORMATION 283 GROSS INCOME FOR YEAR ENDING _____ \$ _____	257 ELEVATORS INDICATE NUMBER _____ 255 SPRINKLER SYSTEM (01) <input type="checkbox"/> YES (02) <input checked="" type="checkbox"/> NO (03) <input type="checkbox"/> PARTIAL 256 SMOKE DETECTORS (01) <input checked="" type="checkbox"/> YES (02) <input type="checkbox"/> NO (03) <input type="checkbox"/> PARTIAL
230 SITE AND OCCUPANCY INFLUENCES (SELECT UP TO FOUR) (08) <input checked="" type="checkbox"/> ADULT ORIENTED (ADULT) (11) <input type="checkbox"/> CORNER SITE (CORNR) (23) <input checked="" type="checkbox"/> FULLY LANDSCAPED (LSCAP) (09) <input checked="" type="checkbox"/> PETS NOT ALLOWED (NOPET) (15) <input checked="" type="checkbox"/> PUBLIC TRANSIT NEARBY (TRANS) (17) <input type="checkbox"/> SHOPPING CENTER (SHOPC) (02) <input type="checkbox"/> VIEW PROPERTY (VIEW)	260 AMENITIES (SELECT UP TO EIGHT) (09) <input type="checkbox"/> DAYCARE CENTRE (DAYCR) (22) <input type="checkbox"/> FIREPLACE(S) (FIREP) (08) <input type="checkbox"/> PLAYGROUND (PLYGD) (02) <input type="checkbox"/> POOL, INDOOR (IPOOL) (01) <input type="checkbox"/> POOL, OUTDOOR (OPOOL) (05) <input type="checkbox"/> RECREATION CENTRE (RECRE) (03) <input type="checkbox"/> SAUNA (SAUNA) (13) <input checked="" type="checkbox"/> SHARED LAUNDRY (SH/LA) (19) <input type="checkbox"/> STORAGE (STORE) (04) <input type="checkbox"/> TENNIS COURTS (TENN) (12) <input checked="" type="checkbox"/> VISITOR PARKING (VI) (10) <input checked="" type="checkbox"/> WHEELCHAIR ACCESS (WHEEL) (36) <input type="checkbox"/> OTHER (OTHER)	CURRENT UNIT INFORMATION NUMBER OF UNITS (ENTER 0 FOR NONE) 210 _____ BACHELOR 211 <u>38</u> 1 BEDROOM 212 <u>20</u> 2 BEDROOM 213 _____ 3 BEDROOM 214 _____ 4 BEDROOM 215 _____ OTHER 216 <u>58</u> TOTAL ALL UNITS	204 ARE THERE ANY OUTSTANDING FIRE ORDERS OR BYLAW INFRACTIONS WHICH HAVE BEEN DISCLOSED BY THE SELLERS? (01) <input type="checkbox"/> YES (02) <input checked="" type="checkbox"/> NO 207 INFORMATION PACKAGE AVAILABLE (01) <input checked="" type="checkbox"/> YES (02) <input type="checkbox"/> NO 299 PERMISSION FOR BUYER'S BROKERAGE TO INSTALL SOLD SIGN (01) <input type="checkbox"/> YES (02) <input checked="" type="checkbox"/> NO

GENERAL INFORMATION

Yorkton is a Vibrant growing City of 18,000 people, and a surrounding market area of over 55,000 people. Currently there are Two, Canola crushing plants being built in Yorkton at a total cost of over a Half a Billion Dollars. Yorkton is uniquely situated in the Parkland area and is the main service hub for Eastern Saskatchewan & Western Manitoba, with Potash expansions happening in Esterhazy & Rocanville of over Four Billion Dollars. Yorkton has enjoyed the statistical fact that we are the Third Largest Trading Area in the Province, right behind Saskatoon & Regina. This as a result of our Agricultural Manufacturing base, a large service base, Retail shopping with Wal Mart, Superstore, Canadian Tire, just to name a few. With the Largest Hospital & Doctors Yorkton has become the Health Center of the region. When you add the Huge Agricultural base of crops & cattle you solidify one of the strongest economies in Saskatchewan. Yorkton's Vacancy Rate has been 2 to 3 % for the last 3 years with solid Rental Rate Increases providing excellent investment opportunities.

CONTACT S/P FOR FURTHER INFORMATION YES NO

OTHER CONDITIONS: Taxes, mortgages, interest, rentals, insurance premiums and utilities are to be apportioned and allowed to the date herein affixed for possession of the sale. The purchase price shall include all existing: blinds, awnings, screen doors and windows, attached floor coverings, drapery tracks, curtain rods and brackets, electrical, plumbing and heating fixtures, bi/va attachments and power nozzle, garage door opener and control(s), furnace, TV antenna and shrubbery, unless otherwise stated in General Information.

X
DATE _____

SELLER'S BROKERAGE _____

I ACKNOWLEDGE HAVING CAREFULLY READ THIS ENTIRE FORM AND CONFIRM THE ACCURACY OF ALL THE ABOVE INFORMATION CONCERNING MY PROPERTY. I AGREE TO ALLOW ACCURACY CHANGES TO ITEMS SUCH AS TAXES, ASSESSMENT, LEGAL DESCRIPTION AND LOT SIZE.

X
SELLER _____

X
SELLER _____

AGENCY DISCLOSURE

TAKING THE GUESSWORK OUT OF AGENCY RELATIONSHIPS

REALTORS® work within a framework of legal principles called agency. REALTORS® believe that it is important that the buying and selling public understand how an agency relationship works and when it exists.

This brochure defines agency and explains the agency duties you can expect from a REALTOR®. It serves as a prelude to any agency agreement you will enter into with a REALTOR®. It will enable you to be a better informed consumer of REALTOR® services.

Approved by the
Association of Saskatchewan REALTORS®



WHAT IS AGENCY?

At law, agency is a specific relationship between two or more people. One person must authorize the other person to act on his/her behalf, and the other person must consent to do so.

In other words, when you authorize a REALTOR® to work for you in buying or selling a property and the REALTOR® agrees, you and the REALTOR® are in an agency relationship. As a member of the public, you are probably familiar with working with individual REALTORS®. However, the agency relationship is actually between you and the REALTOR'S® brokerage. The brokerage is the real estate company, its branch offices and all of its salespeople. Therefore, when you hire your REALTOR®, the law of agency says that you hire the entire brokerage.

In the case of a rental or lease transaction, the term Buyer shall include Tenant and the term Seller shall include Landlord.

In Saskatchewan, REALTORS® practice three different forms of agency:

- Seller's Agency
- Buyer's Agency
- Limited Dual Agency

SELLER'S AGENCY

In Seller's Agency, a real estate company represents only the interests of the seller. Sellers typically hire a real estate company to sell their property by signing a "listing" agreement (now called the Exclusive Seller's Brokerage Contract). This is the Contract which establishes the formal agency relationship between the seller and the real estate brokerage.

The Exclusive Seller's Brokerage Contract will explain exactly what the seller instructs the Seller's Brokerage to do, what services the Seller's Brokerage will provide to the seller, who will pay for those services and what obligations the seller will have.

A Seller's Brokerage is expected to:

- obey the seller's instructions on the Exclusive Seller's Brokerage Contract and all lawful instructions of the seller;
- represent the seller's best interests;
- fully disclose known facts which might influence the seller's decisions;
- maintain the confidentiality of personal and financial information discussed with the seller even after the Exclusive Seller's Brokerage Contract expires;
- safeguard the seller's documents and money; and
- exercise reasonable care and diligence.

BUYER'S AGENCY

In Buyer's Agency, a real estate company (brokerage) represents only the interests of the Buyer. Buyer's Agency can be established by working with a REALTOR® or by a written contract between the buyer and the brokerage called an Exclusive Buyer's Brokerage Contract.

The Exclusive Buyer's Brokerage Contract will explain exactly what the buyer instructs the Buyer's Brokerage to do, what services the Buyer's Brokerage will provide to the buyer, who will pay for those services and what obligations the buyer will have.

In Buyer's Agency, it is the buyer who can expect the REALTOR® to:

- obey the buyer's instructions on the Exclusive Buyer's Brokerage Contract and all lawful instructions of the buyer;
- represent the buyer's best interests;
- fully disclose known facts which might influence the buyer's decision;
- maintain the confidentiality of personal and financial information discussed with the buyer even after the Exclusive Buyer's Brokerage Contract expires;
- safeguard the buyer's documents and money; and
- exercise reasonable care and diligence.

LIMITED DUAL AGENCY

Dual Agency occurs when the same REALTOR® acts for both the buyer and the seller on the sale of a property. It also occurs when different REALTORS® work for the buyer and seller if those REALTORS® are employed by the same real estate company (brokerage) even if they work at different branch offices of that brokerage.

When dual agency occurs, the brokerage's duties of confidentiality and loyalty to the seller conflict with the same duties to the buyer. Therefore, the Association of Saskatchewan REALTORS® has proposed certain rules and limitations to deal with dual agency situations. The limitations of dual agency are:

- That the REALTOR® will not disclose that the buyer will pay a price or agree to terms other than those contained in the offer, or that the seller will accept a price or terms other than those contained in the Exclusive Seller's Brokerage Contract.
- That the REALTOR® will not disclose the motivation of the buyer to buy or the seller to sell unless authorized by the buyer or seller.
- That the REALTOR® will not represent the interest of either the buyer or the seller to the advantage of one over the other.
- That the REALTOR® will not disclose personal or financial information of either the buyer or the seller unless authorized in writing.
- That the REALTOR® shall disclose to the buyer all material defects about the physical condition of the property known to the REALTOR®.

- That all "comparable" property information may be disclosed to both the buyer and seller at any time.

The brokerage shall disclose the dual agency to the buyer immediately *before* preparing an offer (Contract of Purchase and Sale) on the property for signing by the buyer. The brokerage shall disclose the dual agency to the seller immediately *before* presenting that offer (Contract of Purchase and Sale) to the seller for acceptance. The brokerage shall not be obligated to disclose the dual agency before the times described above.

WHEN THERE IS NO AGENCY RELATIONSHIP

A real estate brokerage may provide services to buyers and sellers without creating buyer or seller agency. This is called "customer service". Under this arrangement, the brokerage can provide many valuable services in a fair and honest manner. This relationship can be set out in a buyer or seller customer service agreement. Real Estate negotiations are often complex and a brokerage may be providing agency and/or customer service to more than one seller or buyer. The brokerage will disclose these relationships to each buyer and seller.

QUESTIONS AND ANSWERS

1. Can I still list on MLS®?
Yes! Most properties are sold through an information exchange system developed by REALTORS® called the Multiple Listing Service® or MLS®. In Saskatchewan MLS® systems deem all REALTORS® who are not in an Exclusive Seller's Brokerage Contract with the seller to be in a Buyer Agency relationship with the buyer and acting as that buyer's REALTOR®. The seller can expect from a buyer's REALTOR® an honest representation of a buyer's offer to purchase.
2. Am I in an agency relationship when I look through an Open House?
You are not in a Buyer Agency relationship or Limited Dual Agency until you and the REALTOR® establish a working relationship.
3. If the seller's REALTOR® is working for the seller, can I trust what he/she tells me about the property?
The seller's REALTOR® is bound by provincial legislation to treat all parties to a transaction honestly and fairly. A buyer can expect competent service, knowing the seller's REALTOR® is bound by ethics and law to be honest and thorough in representing the property for sale. A buyer can also expect from a seller's REALTOR® disclosure of pertinent information about a property, assurance that nothing about the property will be misrepresented and honest answers to all questions about the property.

HONESTY AND INTEGRITY

The term REALTOR® refers to real estate professionals in Canada who are members of the Canadian Real Estate Association (CREA) and who subscribe to a high standard of professional service and to a strict Code of Ethics.

As well, most real estate professionals in our province are members of the Association of Saskatchewan REALTORS® (ASR) and through this membership are members of CREA. In Saskatchewan, only members of ASR can call themselves REALTORS®.

you deal with a REALTOR®, you can expect not only strict adherence to provincial laws, but also adherence to a Code of Ethics. That Code is very important to you, because it assures that you will receive a high standard of professional service, honesty and integrity.

One of the ethical obligations embodied in the Code requires that REALTORS® disclose who they are representing in a real estate transaction:

ARTICLE 2

A REALTOR® shall fully disclose in writing to, and is advised to seek written acknowledgement from, his or her Clients and those Customers who are not represented by other Registrants regarding the role and nature of the service the REALTOR® will be providing. This disclosure shall be made at the earliest possible opportunity and in any event prior to the REALTOR® providing professional services which go beyond providing information as a result of incidental contact by a consumer.

If you have any questions about the contents of this form, contact your local real estate board/association or talk to the REALTOR® with whom you are dealing.

PROFESSIONAL SERVICES

Through your agency relationship with a REALTOR®, you can expect service which is loyal to your interests, obedient to your instructions, confidential, accountable, honest and forthcoming when dealing with you and others. REALTORS® can provide you with a variety of valuable market information and assistance in the decision-making process of buying or selling real estate including, but not limited to, the following.

Use a REALTOR® when you need a professional to:

- | | |
|---------|---|
| Explain | <ul style="list-style-type: none"> ▪ real estate terms and practices ▪ the correct usage of contracts ▪ costs involved in a real estate transaction |
| Help | <ul style="list-style-type: none"> ▪ to establish fair market value of your property ▪ to effectively market your property ▪ to know your range of affordability ▪ to obtain information about property for sale and the details on zoning, taxes, utility costs, square footage and comparative values ▪ to select property to view ▪ to view properties ▪ to prepare contracts of purchase and sale and counter contracts ▪ to negotiate on your behalf |

I acknowledge having received and read this brochure and agree to the limitations of Limited Dual Agency set out herein.

From Royal LePage Premier Realty
Real Estate Company

Dated January 20 10

X
Witness

X
Signature

Witness

Signature

SCHEDULE "A"

The following terms and conditions shall apply to and shall form part of any Agreement of Purchase and Sale to which this Schedule is attached:

1. The Purchaser acknowledges that the Vendor is RSM Richter Inc. in its capacity as Receiver, and not in its personal capacity.
2. Where there is any conflict or discrepancy between any term of this Schedule and any term of this Agreement of Purchase and Sale to which this Schedule is attached, the terms of this Schedule shall supersede and apply in the place and stead of any inconsistent or conflicting term in the Agreement of Purchase and Sale.
3. The Purchaser shall not call for the production of and the Vendor shall not be required to produce any document except as may actually be in the Vendor's possession, other than a registerable transfer of land and a discharge of any non-permitted encumbrances, and without in any way restricting the generality of the foregoing, the Vendor shall not be obliged to provide any Survey, Real Property Report or Compliance Certificate.
4. The Purchaser acknowledges that no representations, warranties or covenants have been made or given by the Vendor or anyone on its behalf as to the state, quality or condition of the property being conveyed to the Purchaser or as to the location or compliance status of any buildings situated thereon. The Purchaser acknowledges that it has inspected the property, and that the property shall be conveyed to the Purchaser only on an "as is, where is" basis. Without restricting the foregoing, the Purchaser acknowledges that the Vendor makes no representations or warranties as to the absence or existence of Urea Formaldehyde Foam Insulation or any other hazardous substance on, in or about the property.
5. The Purchaser acknowledges that any chattels being sold, transferred or conveyed hereunder are conveyed to the Purchaser only on an "as is, where is" basis and without any warranty by the Vendor as to title, condition, quality or fitness for any purpose whatsoever. The Purchaser acknowledges that the Vendor is transferring only whatever interest in such chattels it may actually have, without any warranty whatsoever as to the sufficiency or adequacy of such interest and the Purchaser acknowledges that the Vendor is not responsible for the removal from the property of any chattels thereon.
6. The Purchaser acknowledges that the sale will be subject to Court approval.

PURCHASER

Witness

PURCHASER

Witness

SELLER

Witness

**Province of Saskatchewan
Land Titles Registry
Title**

Title #: 135410936 **As of:** 19 Nov 2009 09:39:15.393
Title Status: Active **Last Amendment Date:** 05 Oct 2009 13:52:42.557
Parcel Type: Surface **Issued:** 04 Apr 2008 09:50:19.230
Parcel Value: \$1,050,000.00 CAD
Title Value: **\$1,050,000.00 CAD** Municipality: CITY OF SASKATOON
Converted Title: 02SA07600
Previous Title and/or Abstract #: 126493588

URBAN ELEMENTS CENTRE GP LTD. is the registered owner of Surface
Parcel #164044672

Reference Land Description: Lot BBBlk/Par 12Plan No 101942614
Extension 0

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

Registered Interests:

Interest #:
142249518

Miscellaneous Interest

Value: \$4,750,000.00 CAD
Reg'd: 18 Oct 2006 14:02:33
**Interest Register Amendment
Date:** N/A
**Interest Assignment
Date:** N/A
Expiry Date: N/A

Holder as Joint Tenants

Holder:

MARTY FLETCHER
c/o Ste 800, High St House, 933 17 Ave SW
Calgary, Alberta, Canada T2T 5R6
Client #: 120554030

Holder:

URBAN ELEMENTS DEVELOPMENT CORP.
c/o Ste 800, High St House, 933 17 Ave SW
Calgary, Alberta, Canada T2T 5R6
Client #: 120554120

Int. Register #: 111732421

Interest #:
144714337

Postponement

Value:
Reg'd: 01 Oct 2008
 10:27:08
Interest Register
Amendment Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:
 The Current Benefitting Party
 n/a, Saskatchewan, Canada S4P 3V7
 Client #: 100009088
Int. Register #: 114876962

Interest #:
142249529

Miscellaneous Interest

Value:
Reg'd: 19 Mar 2007 09:25:16
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:
 URBAN ELEMENTS DEVELOPMENT CORP.
 204 - 2102 - 8TH STREET EAST
 SASKATOON, SK, Canada S7H 0V1
 Client #: 119595886
Int. Register #: 112704050

Interest #:
144714382

Postponement

Value:
Reg'd: 01 Oct 2008
 10:27:09
Interest Register
Amendment Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:
 The Current Benefitting Party
 n/a, Saskatchewan, Canada S4P 3V7
 Client #: 100009088
Int. Register #: 114876984

Interest #:
142249541

Mortgage

Value: \$4,000,000.00 CAD
Reg'd: 04 Apr 2008 09:50:20
Interest Register Amendment

Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:
SIGNATURE UEC CAPITAL INC.
278 19TH STREET NE
CALGARY, AB, Canada T2E 8P7
Client #: 122322956
Int. Register #: 114248066

Interest #:
144714359

Postponement

Value:
Reg'd: 01 Oct 2008
10:27:09
Interest Register
Amendment Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:
The Current Benefitting Party
n/a, Saskatchewan, Canada S4P 3V7
Client #: 100009088
Int. Register #: 114876973

Interest #:
144696965

Mortgage

Value: \$650,000.00 CAD
Reg'd: 30 Sep 2008 11:29:21
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holders as Joint Tenants

Holder:
373624 Alberta Ltd.
c/o D. Cohen Law Office Suite 105 2411 4th Street NW
Calgary, AB, Canada T2M 2Z8
Client #: 122993051

Holder:
1245233 Alberta Inc.
c/o D. Cohen Law Office Suite 105 2411 4th Street NW
Calgary, AB, Canada T2M 2Z8
Client #: 122993062

Holder:
1193770 Alberta Ltd.
c/o D. Cohen Law Office Suite 105 2411 4th Street NW
Calgary, AB, Canada T2M 2Z8

Client #: 122993073
Holder:
 Solar Star Holdings Inc.
 c/o D. Cohen Law Office Suite 105 2411 4th Street NW
 Calgary, AB, Canada T2M 2Z8
 Client #: 122993084
Int. Register #: 114871686

Interest #:
144714348

Postponement
 (Benefitting)

Value:
Reg'd: 01 Oct 2008
 10:27:08
Interest Register
Amendment Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:
 The Current Benefitting Party
 n/a, Saskatchewan, Canada S4P 3V7
 Client #: 100009088
Int. Register #: 114876962

Interest #:
144714360

Postponement
 (Benefitting)

Value:
Reg'd: 01 Oct 2008
 10:27:09
Interest Register
Amendment Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:
 The Current Benefitting Party
 n/a, Saskatchewan, Canada S4P 3V7
 Client #: 100009088
Int. Register #: 114876973

Interest #:
144714393

Postponement
 (Benefitting)

Value:
Reg'd: 01 Oct 2008
 10:27:09
Interest Register
Amendment Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:

The Current Benefitting Party
n/a, Saskatchewan, Canada S4P 3V7
Client #: 100009088
Int. Register #: 114876984

Interest #:
149035574

Miscellaneous Interest

Value: \$198,712.50 CAD
Reg'd: 05 Oct 2009 13:52:42
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:
RICHARDSON HOUSE OF FIXTURES AND SUPPLIES LTD.
1530 ANGUS STREET
REGINA, SK, Canada S4T 1Z1
Client #: 100316090
Int. Register #: 115861631

Addresses for Service:

Name	Address
Owner: URBAN ELEMENTS CENTRE GP LTD. Client #: 120853818	204 2102 8TH ST. E SASKATOON, SK, Canada S7H 5R6

Notes:

Parcel Class Code: Parcel (Generic)



OFFER TO PURCHASE AND INTERIM AGREEMENT
(the "Offer")

TO: RSM RICHTER INC., as Receiver and Manager of Urban Elements Centre G.P. Ltd.
(hereinafter collectively called the "Vendor")

Affinity Credit Union, or a wholly owned corporate subsidiary thereof, (hereinafter called the "Purchaser") hereby offers and agrees to purchase the land and premises municipally known as 1500 Quebec Avenue, Saskatoon, Saskatchewan and legally described as:

Surface Parcel Number 164044672 consisting of Lot BB, Block 12,
Plan No. 101942614, Extension 0, including any and all mineral rights
associated therewith
(the "Property")

together with all buildings, structures, erections, improvements, appurtenances, and fixtures situated in or upon the Property, (but excluding the Excluded Improvements as hereinafter defined) (the "Improvements") and the Chattels (as hereinafter defined) (collectively, the "Purchased Assets") on the following terms and conditions:

1. Definitions

"Approval Order" means the transaction contemplated by this Offer is approved by the Court.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday observed in Alberta or Saskatchewan.

"Claims" has the meaning given to it in Section 9.

"Closing" and "Closing Date" have the meanings given to them in Section 8.

"Closing Conditions" has the meaning given to it in Section 6.

"Court" means the Alberta Court of Queen's Bench, and to the extent necessary to effect registration of the Approval and Vesting Order at the Saskatchewan land titles office, the Court of Queen's Bench of Saskatchewan.

"Discretion" has the meaning given to it in Section 5(e).

"Encumbrances" means any encumbrances, charges, or interests of any nature or kind whatsoever or however arising, including, without limitation, any mortgages, charges, liens, including, without limitation, builders' liens, levies, assessments, security interests, tenancies, licenses, or any options regarding any such rights, or any other claim of any person or entity, or any notices or caveats relating to any such interests.

"Improvements" has the meaning given to it in the first paragraph of this Offer.

"Project Documents" has the meaning given to it in Section 5(c).

"Purchased Assets" has the meaning given to it in Section 4.

"Receiver's Certificate" means the Receiver's certificate substantially in the form to be attached to the Approval and Vesting Order.

"Receivership Proceedings" means the proceedings pursuant to which RSM Richter Inc. was appointed Receiver and Manager of Urban Elements Centre G.P. Ltd. pursuant to the *Bankruptcy and Insolvency Act*.

"Vesting Order" means a final order (or separate orders) of the Court, in form and substance satisfactory to each of the Vendor and the Purchaser, each acting reasonably and without delay, pursuant to which all right, title and interest in the Purchased Assets shall be vested absolutely in and to the Purchaser on Closing, and upon registration of such final order at the Saskatchewan land titles office, in each case free and clear of all Encumbrances.

2. Purchase Price

The purchase price for the Purchased Assets shall be \$1,600,000 plus GST (the "Purchase Price") and shall be payable as follows:

- (a) An initial deposit (the "Initial Deposit") payable by \$ 400,000 certified cheque or wire transfer to the Purchaser's Solicitors, being Leland Kimpinski LLP (the "Purchaser's Solicitors") payable within 48 hours of acceptance of this Offer by the Vendor;
- (c) The balance of the Purchase Price plus or minus \$1,200,000 adjustments as provided for hereunder (payable by solicitor's trust cheque, wire transfer, or by certified cheque) to the Vendor or its solicitor on or before the Closing Date (as hereinafter defined);

Total Purchase Price	<u>\$1,600,000</u> plus GST
----------------------	--------------------------------

3. Deposit to be Invested

The monies paid to the Purchaser's Solicitors pursuant to Section 1 shall be deposited, after acceptance of this Offer, in their trust account with interest accruing to the Purchaser to be credited on account of the Purchase Price on Closing, except as expressly provided otherwise herein.

4. Property Included in Purchase Price

The Purchase Price is in respect of the following assets (the "Purchased Assets"): (i) the Property, and (ii) all Improvements, all in their current "as is, where is and with all faults"

condition as contemplated in Section 19 or as otherwise set forth in this Offer, including that the Purchased Assets shall on Closing be free and clear of all Encumbrances.

5. Vendor's Covenants

The Vendor represents, warrants to, and covenants with, the Purchaser that:

- (a) at the Closing Date, there will not be:
 - (i) any agreement, right or option, direct or indirect for the purchase of the Property other than the agreement resulting from the Vendor's acceptance of this Offer; and
 - (ii) any leases, offers to lease, agreements to lease, tenancy agreements, license agreements, or any other agreements granting or creating any rights of occupancy with respect to, or affecting any portion of, the Purchased Assets which could extend beyond the Closing Date;
- (b) the Vendor is not now and will not at the Closing Date be a non-resident of Canada as defined by the *Income Tax Act* (Canada);
- (c) within five (5) Business Days following the acceptance of this Offer by the Vendor, the Vendor will deliver to the Purchaser copies of all the following documents pertaining to the Purchased Assets that are within the Vendor's possession or control (the "**Project Documents**"):
 - (i) a Phase 1 Environmental Assessment dated May 2009 by Polson Environmental which includes the most current Fire Inspection Report;
 - (ii) current Tax Notices;
 - (iii) copies of Insurance Policies;
 - (iv) a Surveyor's Certificate; and
 - (v) a City of Saskatoon Certificate approving subdivision;
- (d) subject to and without in any way limiting the other representations, warranties and covenants contained in this Offer, and subject to the provisions of any order made in the Receivership Proceedings, the Vendor will not materially alter the Purchased Assets from the condition such Purchased Assets are in on the date that this Offer is accepted by the Vendor (except for the removal of the Excluded Improvements or otherwise as in accordance with this Offer) and the Vendor shall continue to operate, manage, and maintain the Purchased Assets in the same manner as would a prudent owner of property and assets of comparable type, age, class, and location, including the maintenance of such insurance as would be maintained by a prudent owner of such property similar to the Purchased Assets. For the purposes of this Offer, "materially alter" shall mean any alterations to the

Purchased Assets having a dollar value singularly or in the aggregate of more than \$50,000.00;

- (e) other than the charges created by the Receivership Order, the Vendor will not create or grant any Encumbrances on title to the Property, registered or unregistered, that will serve to create an obligation or liability that will survive Closing or that may affect the development or use of the Property by the Purchaser, without obtaining the prior written consent of the Purchaser acting in its sole absolute and unfettered discretion (hereinafter, "**Discretion**") and no work has been performed or is in progress (other than the removal of the Excluded Improvements and any repairs necessitated thereby) and no materials or services have been furnished to the Purchased Assets that might give rise to any Encumbrance, including, without limitation, any builder's liens or other liens against the Purchased Assets or any portion thereof;
- (f) the Vendor has not received any notice of expropriation or intended expropriation relating to the Purchased Assets or any notice of road closure affecting access thereto;
- (g) the Vendor has not received any order or notice under applicable health or environmental legislation with respect to the removal of Contaminants (as hereinafter defined), pests or noxious substances; and
- (h) the Vendor maintains in full force and effect such policies of insurance issued by reputable and responsible insurers as would be maintained with respect to a property similar to the Purchased Assets by a reasonably competent, prudent and business like owner including, without limitation, fire and extended coverage insurance for the full replacement cost of the buildings, improvements, and erections, and such policies of insurance are to be so maintained until Closing.

If any of the representations or warranties contained in this Section 5 is not true or accurate, or any covenant of the Vendor in this Section 5 is not performed by the Vendor in accordance with its terms, the sole remedy of the Purchaser in respect thereof shall be to elect not to proceed with Closing if the conditions set out in Section 6(b)(i) or (ii) have not been satisfied as a result thereof and the Purchaser shall not have any right to claim damages as a result thereof. The representations, warranties, and covenants contained herein on the part of the Vendor and the Purchaser shall merge on Closing.

6. Purchaser's Conditions

The obligation of the Purchaser to complete the purchase of the Property shall be subject to the satisfaction or waiver by the Purchaser in its sole discretion of the following conditions (collectively, the "**Purchaser's Conditions**"):

- (a) on or before February 19, 2010:
 - (i) the Purchaser being satisfied, in its Discretion, with due diligence searches and examinations. For the purposes hereof, "due diligence" includes,

without limitation, whatever investigations and searches the Purchaser, in its Discretion, deems advisable with respect to the Purchased Assets, including, without limitation, all investigations, inspections, building inspections, searches, inquiries and tests relating to the Purchased Assets; obtaining satisfactory evidence of compliance by the Purchased Assets with work orders and zoning; satisfactory review of plans of surveys; satisfactory review of physical and engineering inspections of the Purchased Assets; obtaining satisfactory evidence of compliance of the Improvements with all applicable laws; satisfactory review of any agreements of the Vendor relating to or affecting the Purchased Assets; satisfactory review of environmental audits; satisfactory review of soil tests; satisfactory review of the Project Documents; and any other matters of interest to the Purchaser with respect to the Purchased Assets and the Vendor;

- (ii) the Purchaser being satisfied, in its Discretion, with review of title to the Property;
- (iii) the Purchaser being satisfied, in its Discretion, with review of the zoning and permitted uses of the Property; and
- (iv) approval of the terms and conditions of this Offer save and except Section 6(b) by the Board of Directors of the Purchaser acting in its Discretion being obtained. Provided that execution of this Offer by the Purchaser shall not be deemed to constitute such approval;

(b) on or before March 19, 2010:

- (i) the Purchaser being satisfied with an Architectural/Engineering Report speaking to the ability to economically add a second floor to the existing structure so that the Purchaser may use the property for its intended use; and
- (ii) the approval of the Board of Directors of the Purchaser acting in its Discretion to remove the Condition in Section 6(b)(i);

(c) on or before the Closing Date:

- (i) all of the Vendor's representations and warranties shall be true and accurate in all material respects as if made on and as of the Closing Date;
- (ii) on Closing, there shall be no work orders or deficiency notices that arose after the Condition Removal Dates from any federal, provincial, municipal or other authority or agency having jurisdiction over the Purchased Assets advising of any defects in the construction or state of repair of the Improvements or advising that the use and occupation thereof does not comply with all applicable by-laws, restrictions, regulations and directives;

- (iii) all of the terms, covenants and conditions of this Offer to be complied with or performed by the Vendor on or before the Closing Date shall have been complied with or performed in all material respects.

The foregoing conditions precedent are inserted herein for the sole benefit of the Purchaser acting in its Discretion (except as otherwise provided in this Offer), and if any of the foregoing conditions are not satisfied or waived by the Purchaser by the dates referred to in Section 6 above, then in any such case, effective as of the Condition Removal Date, the Purchaser will be entitled to the return of the Initial Deposit plus all accrued interest without deduction (and the parties hereby irrevocably direct the Purchaser's Solicitor to release the Initial Deposit and accrued interest to the Purchaser on receipt of notice from the Purchaser that any such Purchaser's Conditions have not been satisfied or waived) and this Offer will automatically terminate as at the Condition Removal Date and be of no further force and effect and the Purchaser and the Vendor shall thereafter be released from any and all further liability hereunder.

7. Mutual Conditions

The obligation of the parties hereto to complete the sale of the Property shall be subject to the mutual condition precedent (the "**Mutual Condition**") that

- (i) on or before February 25, 2010, the Approval Order; and
- (ii) on or before March 25, 2010 the Vesting Order

shall both have been issued and entered and remain unamended and shall not have been varied or set aside or be subject to any stay.

The foregoing Mutual Condition is inserted herein for the mutual benefit of both the Vendor and the Purchaser, and if the Mutual Condition is not satisfied or waived by both parties by notice in writing to the other party before 5:00 p.m. (Calgary time) on or before the dates provided in Sections 7(i) and (ii) above, then in any such case, the Purchaser will be entitled to the return of the Initial Deposit plus all accrued interest without deduction (and the parties hereby irrevocably direct the Purchaser's Solicitor to release the Initial Deposit and accrued interest to the Purchaser on receipt of notice from the Purchaser or the Vendor that the Mutual Condition has not been satisfied or waived), and this Offer will automatically terminate and be of no further force and effect and the Purchaser and the Vendor shall thereafter be released from any and all further liability hereunder. The Vendor agrees that it shall use its commercial reasonable efforts to satisfy the foregoing Mutual Condition by the Closing Date.

8. Closing and Possession

This transaction of purchase and sale shall be completed on March 25, 2010, or on such earlier or later date as the parties may agree upon in writing (the "**Closing Date**" or "**Closing**") which shall be the date on which vacant possession of the Purchased Assets is to be given to the Purchaser, free and clear of Encumbrances provided that at any time on or before the Closing Date (as it may be extended pursuant to this Section 8), the Vendor shall have the right to extend the Closing Date, by delivery of notice of such extended Closing Date to the Purchaser, if a certificate of title showing the Purchaser as the owner of the Property has not been obtained by

such date, except that the Vendor shall not have any right to extend the Closing Date beyond April 15, 2010. For clarity, and without limiting the generality of the foregoing regarding vacant possession, the vendor shall ensure all items of personal property presently stored on or in the property are removed prior to the Closing Date.

9. Access

The Purchaser's auditors, agents, consultants, or other representatives that the Purchaser deems necessary, acting reasonably, shall be entitled, from and after the date of execution by the Vendor of this Offer with prior notice and at times mutually convenient to the parties, each acting reasonably, to enter into the Property and Improvements and carry out such tests and inspections as the Purchaser deems necessary, to perform its due diligence including, without limitation, the taking of soil and groundwater samples from the Property and drilling the Property as may be required in connection therewith, provided the Purchaser shall repair any damage caused by such tests and inspections, and provided the Purchaser shall indemnify the Vendor from any actions, causes of actions, suits, claims, damages, obligations, demands, costs and expenses (including, without limitation, reasonable legal fees on a solicitor/client basis) (collectively, "**Claims**"), arising from any such damage and shall provide proof of insurance normal in such circumstances. The Vendor shall forthwith on request, deliver to the Purchaser any letters of authorization, consents or demands as may be required by any governmental authority to permit the Purchaser to conduct its due diligence herein.

10. Adjustments

The Purchase Price shall be subject to adjustment for items normally adjusted in transactions of this nature in Saskatoon, Saskatchewan, including for property taxes, school taxes, levies and assessments charged, assessed or otherwise imposed on the Purchased Assets, local improvements, municipal utility charges, rents and security deposits, (collectively the "**Adjustments**"), with the intent that the Vendor shall be responsible for and pay all expenses and liabilities and receive all rents arising from the Purchased Assets on the Closing Date itself. Subject to receipt of a credit against the Purchase Price for the Vendor's share thereof, the Purchaser shall assume such obligations following the Closing Date. Such Adjustments shall be added or deducted from the Purchase Price, as necessary. The Purchaser shall be responsible for all registration costs in connection with registration of the transfer of title to the Purchased Assets.

11. Risk

The Purchased Assets shall be and remain at the risk of the Vendor until Closing.

12. Damage

In the event of damage, howsoever occasioned, to the Purchased Assets that effectively, in the opinion of the Purchaser, acting in its Discretion, render the Purchased Assets substantially less fit for use or occupancy than was the case at the time of the making of this Offer, the Purchaser may at its sole option elect to have paid to it the proceeds of the insurance and to complete the purchase and sale herein contemplated (in which event the Vendor shall forthwith thereafter take all steps necessary to assign any such insurance proceeds to the Purchaser), or may cancel the

Offer and thereupon have all monies paid by the Purchaser to the time of the exercise of such option (including the Initial Deposit and Additional Deposit) returned together with all interest earned thereon.

13. Conduct to Closing – Maintaining Assets

Pending completion of the purchase and sale herein contemplated, the Vendor will from and after the date of its acceptance of this Offer:

- (a) not encumber the Purchased Assets;
- (b) will maintain the Purchased Assets in its present state except for normal wear and tear;
- (c) will hold all insurance policies in good standing and the proceeds thereof in trust for the parties as their interests may appear; and
- (d) will maintain in good standing all service and maintenance contracts and other contracts of a similar nature relating to the Purchased Assets.

14. Vendor's Closing Deliveries

Within a reasonable time prior to the Closing Date to permit registration of the Approval and Vesting Order at the Saskatchewan land titles office, the Vendor's solicitor shall deliver or cause to be delivered to the Purchaser's Solicitor, on reasonable trust conditions as is customary for the sale of commercial real property in the City of Saskatoon, Saskatchewan and consistent with the terms of this Offer, including the following:

- (a) the Approval Order;
- (b) the Vesting Order;
- (c) the Receiver's Certificate;
- (d) a statement of adjustments setting out the Adjustments effective the Closing Date as provided for under Section 10 above;
- (e) a certificate of the Vendor confirming that the representations and warranties contained in this Offer including, without limitation, Section 5 are true and correct in all material respects as at the Closing Date with the same force and effect as if each of such representations and warranties was made at and as of the Closing Date; and
- (f) a certificate of the Vendor certifying that it is not a non resident within the meaning of Section 116 of the *Income Tax Act* (Canada); and

- (g) an acknowledgement in favour of the Purchaser dated as of the Closing Date confirming that the Mutual Condition has been fulfilled, performed or waived as of the Closing Date.

15. Purchaser's Closing Deliveries

On or before the Closing Date, subject to the condition's precedent set forth in Sections 6 and 7 (including the Purchaser's Conditions and the Mutual Condition) having been satisfied or waived, and subject to the Vendor complying with its representations, warranties and covenants contained herein in all material respects including, without limitation, Section 16, the Purchaser shall deliver or cause to be delivered to the Vendor the following:

- (a) a certified cheque or wire transfer for the balance of the Purchase Price, subject to the Adjustments provided for in Section 10 above;
- (b) a declaration regarding registration of the Purchaser for the purposes of goods and services tax ("GST") pursuant to Section 17 hereof;
- (c) an acknowledgement in favour of the Vendor dated as of the Closing Date confirming that each of the Purchaser's Conditions and the Mutual Condition has been fulfilled, performed or waived as of the Closing Date.

16. Application of Deposits

If this Offer is accepted by the Vendor, then, following such acceptance, the Initial Deposit, together with the Additional Deposit, if any, paid by the Purchaser in accordance with the terms of this Offer, shall be held by the Purchaser's Solicitors in trust to be paid over to the Vendor as part of the Purchase Price upon Closing, provided that the interest earned thereon shall accrue in favour of the Purchaser.

If the Vendor fails to carry out its obligations under this Offer following acceptance, unless such failure is due to the fault of the Purchaser, the Purchaser may require that the Initial Deposit, any Additional Deposit and any interest earned thereon, if paid, be returned to it and pursue such other remedies as the Purchaser may have under this Offer, in equity or at law.

If the Purchaser fails to carry out its obligations under this Offer following its acceptance, the Vendor may require the Initial Deposit, any Additional Deposit and any interest earned thereon, if paid, be paid to the Vendor as liquidated damages and not as a penalty and the Vendor shall have no further Claim against the Purchaser whatsoever or howsoever arising under this Offer, in equity or in law.

The parties hereby irrevocably authorize and direct the Purchaser's Solicitor to make such payments in the manner and at the times hereinbefore directed. The parties agree that the Purchaser's Solicitor shall be a mere stakeholder with respect to the deposits held by it (including the Initial Deposit and Additional Deposit), together with all interest accrued thereon, and if a dispute arises between the Vendor and the Purchaser regarding the manner in which such deposits and/or the interest accrued thereon are to be disbursed, the Purchaser's Solicitor shall be entitled to bring an application to court to pay such deposits and/or the interest accrued thereon

into court and following such payment into court, the Purchaser's Solicitor shall be fully, finally and absolutely relieved of and released from, all liability with respect thereto.

17. Goods and Services Tax

With respect to any GST payable pursuant to the *Excise Tax Act* (Canada) (the "Act") as a result of this transaction, the parties agree as follows:

- (a) subject to subsection (b) below, the Purchaser shall pay to the Vendor on the Closing Date all GST payable as a result of this transaction in accordance with the Act, and the Vendor shall remit such GST to the Receiver General for Canada when and to the extent required by the Act;
- (b) notwithstanding subsection (a), the Vendor shall not collect GST from the Purchaser in this transaction if the Purchaser is registered under the Act and provides a statutory declaration and indemnity confirming its registration and registration number, in which case the Purchaser shall file returns and remit GST when and to the extent required by the Act;
- (c) the Purchaser hereby agrees to indemnify and hold the Vendor harmless from any liability of the Purchaser under the Act arising because of a breach of the obligations of the Purchaser set out in this sub-section together with all losses, costs and expenses resulting from such breach; and
- (d) the provisions of this sub-section shall survive the Closing of this transaction.

18. Assignment/Nomination

The Purchaser, with the express prior consent in writing of the Vendor such consent not to be unreasonably withheld, conditioned or delayed, shall have the right to assign the agreement resulting from the acceptance of this Offer or nominate in writing any person, firm or corporation, including, without limitation, a corporation, to be hereinafter incorporated, as long as the assignee or nominee is a related party to the Purchaser, to take title to the Purchased Assets in its place and stead; and in such event the assignee or nominee and the Purchaser shall be jointly and severally responsible for the performance of the agreement and/or covenants of the Purchaser.

19. Inspection

The Purchaser has, or will have, as at the Closing Date, inspected the Purchased Assets and agrees that, except as set out in this Offer, the Vendor has not made any representation, warranty, collateral agreement or condition regarding the Purchased Assets or any adjacent lands or lands in close proximity to the Property or otherwise which may in any way directly or indirectly affect the Purchased Assets or regarding this Offer. Except as specifically stated otherwise in this Offer, the Purchased Assets are being conveyed to the Purchaser "AS IS, WHERE IS AND WITH ALL FAULTS" and other than as set forth in this Offer, the Vendor makes no representation or warranty as to the condition, adequacy or status of the Purchased Assets including, without limiting the generality of the foregoing, the Vendor makes no representation

or warranty as to the environmental condition, adequacy or status of the Property or any obligations with respect thereto, or any of the Improvements, including, without limitation, the fixtures, equipment, buildings or improvements located on the Property except as otherwise stated herein.

20. Gender and Enurement

This Offer and the agreement arising upon its acceptance by the Vendor (the "agreement") is to be read with all changes of gender or number required by the context, and this agreement shall enure to and be binding upon the successors and assigns of the parties to it. The term "including" means "including, without limitation" and the term "includes" has a similar meaning.

21. Time

Time shall in all respects be of the essence hereof.

22. Further Assurances

Each of the Vendor and Purchaser shall from time to time at the request of the other, acting reasonably, execute and deliver all such documents, and do all such acts and things as the other acting reasonably may from time to time request be executed or done in order to better evidence or perfect or give effect to any provision of the agreement formed by acceptance of this Offer or any of the respective obligations intended to be created hereby.

23. Governing Law

This contract shall be governed by and construed in accordance with the laws of Saskatchewan and the laws of Canada applicable herein.

24. Entire Agreement

This Offer constitutes the entire agreement between the parties with respect to all of the matters herein and its execution has not been induced by, nor do either of the parties hereto rely upon or regard as material, any representations or writings whatsoever made by or on behalf of either of the parties or their respective agents not expressly incorporated herein in writing.

25. Notices

All notices, requests, demands or other communications by the terms hereof required or permitted to be given by one party to another shall, unless otherwise specifically provided for herein, be given in writing and be personally served or prepaid express messenger or sent by electronic facsimile transmission, addressed to such other party or delivered to such other party as follows:

The Vendor:

RSM Richter Inc.
3810, 205 – 5th Avenue SW

Calgary, AB T2P 2V7

Attention: Bob Taylor
Phone: 403-233-7112
Fax: 403-233-8688

with a copy to:

Bennett Jones LLP
4500, 855 – 2nd Street SW
Calgary, AB T2P 4K7

Attention: Frank Dearlove
Phone: 403-298-3202
Fax: 403-265-7219

The Purchaser:

Affinity Credit Union
128 – 4th Avenue South, #250
Saskatoon, SK S7K 1M8

Attention: Mark Lane
Phone: 306-934-4004
Fax: 306-934-4157

with a copy to:

Leland Kimpinski LLP

Attention: David-Jahnke
Phone: 306-244-6686
Fax: 306-653-7008

Any notice, requests, demands or other communication given by messenger as aforesaid, shall be deemed to have been received on the next business day following the sending thereof. Any notice, requests, demands or other communication given by electronic facsimile transmission shall be deemed to have been received on the same day as the sending thereof. Either party may change its address for service by notice in writing to the other given as aforesaid.

26. Headings

The insertion of headings in this Offer are for convenience of reference only and shall not be considered in or affect its interpretation or construction.

27. Caveat

The Purchaser shall not be entitled to register a caveat in connection with this Offer against title to the Purchased Assets.

28. Counterpart

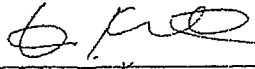
This Offer may be executed in one or more counterparts, and may be delivered by fax or Portable Document Format by a party to the other party or its solicitors, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument, which shall be sufficiently evidenced by either such counterpart.

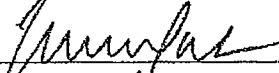
29. Acceptance

The Vendor shall have until 1:00 P.M. (Calgary time) on the 23rd day of January, 2010, to accept this Offer, after which the Offer will be null and void and any deposit made by the Purchaser hereunder returned to the Purchaser.

DATED at Saskatoon, Saskatchewan, this 22 day of January, 2010.

AFFINITY CREDIT UNION

Per: 
GEORGE KETTER, CEO

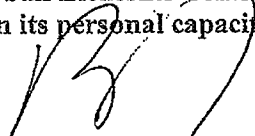
Per: 
MARK LANE, C.O.O.

ACCEPTANCE

The undersigned hereby accepts the above and agrees to and with the Purchaser to duly complete the sale on the terms and conditions above mentioned and to observe and perform the covenants and undertakings therein set out. The vendor agrees to pay Colliers McClocklin Real Estate Corp. a fee for service of five percent (5%) of the selling price and applicable Federal and Provincial Tax upon completion of the closing.

DATED this 22nd day of January, 2010.

**RSM RICHTER INC., as Receiver and
Manager of Urban Elements Centre G.P.
Ltd., and not in its personal capacity**

Per: 
Robert S. Taylor

Per: _____

SCHEDULE "A"

I. Excluded Improvements

The parties hereto acknowledge and agree that the following items are excluded from the Purchased Assets, and shall be retained by the Vendor, and shall be removed by the Vendor, at its sole cost and expense, prior to the Condition Removal Date:

None

II. Machinery, Equipment and Chattels

1) The Purchased Assets shall include the following:

None



BRUNSDON JUNOR JOHNSON APPRAISALS LTD.
Real Estate Appraisers, Analysts & Consultants #204 - 640 Broadway Avenue
Commercial • Residential • Agricultural Saskatoon, SK S7N 1A9

W.R.I. Brunsdon, AACI, P.App
Wayne D. Johnson, AACI, P.App
Grace Muzyka, AACI, P.App
Steven Thair, B.A., AACI, P.App, LL.B.

Don Junor, CRA
Kristene Johnson, CRA
Dennis Gallagher, AACI, P.App
Ryan Verboom, Dipl. App. & Assess.

ph (306) 244-5900
fax (306) 652-7667
info@realestateappraisals.com
www.RealEstateAppraisals.com

January 15, 2010

RSM Richter Inc.
#110-200 King Street West
Toronto, ON M5H 3T4

Via Fax: 1-416-932-6200

Attention: Mr. Mitch Vininsky

Dear Sir:

**Re: 1500 Quebec Avenue, Saskatoon, SK
Our File: 0209-8216**

In accordance with your request, we have reviewed the appraisal, listing information and conducted a cursory exterior inspection of the above-noted property.

In addition, we have done some research on recent sales and leasing in this industrial area.

We have been advised that you have an offer to purchase on the above-noted property at \$1,600,000 and, on reviewing the appraisal, sales and leasing information in this part of the North Industrial area, and considering its current physical condition and as it is totally vacant, we believe that this offer is fair and reasonable at this time.

I trust that this information will assist, however, should you need additional information, do not hesitate to contact us.

Yours truly,

BRUNSDON JUNOR JOHNSON APPRAISALS LTD.

Per:

W.R.I. Brunsdon, AACI, P.App

WRIB/tc

Action No. 0901-17143

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*
R.S.C. 1985 c. B-3, AS AMENDED

AND IN THE MATTER OF THE APPOINTMENT OF A RECEIVER AND MANAGER OF SIGNATURE CAPITAL INC., CONB DEVELOPMENT CORP., CONB FINANCE CORP., CONB CAPITAL CORP., URBAN ELEMENTS CENTRE GP LTD., URBAN ELEMENTS CENTRE LIMITED PARTNERSHIP, SIGNATURE UEC CAPITAL INC., WESTSTONE DEVELOPMENT CORP., WESTSTONE FINANCE CORP., SLRV FINANCE CORP., ALLAN BEACH DEVELOPMENTS GP LTD., ALLAN BEACH LIMITED PARTNERSHIP, BEACHES WEST CAPITAL CORP., POPLAR GROVE DEVELOPMENTS GP LTD., POPLAR GROVE LIMITED PARTNERSHIP, BIRCH BAY DEVELOPMENTS GP LTD., BIRCH BAY DEVELOPMENTS LIMITED PARTNERSHIP, FRANCOIS CAPITAL CORP., A VIRGINIA WILSON HOLDINGS, FIR CREST RESORT DEVELOPMENT LP, FIR CREST RESORT DEVELOPMENT GP LTD., FIR CREST FINANCE CORP., FIR CREST CAPITAL CORP., SCI FINANCE CORP., SIGNATURE US SUNBELT CAPITAL CORP., SIGNATURE US SUNBELT INVESTMENT CORP., SCI BRIDGE II FINANCE CORP., SUMMERS PLACE GP LTD., SUMMERS PLACE LIMITED PARTNERSHIP, METRO WEST I GP LTD., METRO WEST II GP LTD., SIGNATURE LETHBRIDGE FAIRVIEW CAPITAL CORP., HEARTHWOOD I LIMITED PARTNERSHIP, HEARTHWOOD II LIMITED PARTNERSHIP, HEARTHWOOD III LIMITED PARTNERSHIP, HEARTHWOOD I DEVELOPMENTS GP LTD., HEARTHWOOD II DEVELOPMENTS GP LTD., and HEARTHWOOD III DEVELOPMENTS GP LTD.

(Individually the "Applicant" and collectively, the "Applicants")

BEFORE THE HONOURABLE) At Calgary Courts Centre, in the City of
MADAM JUSTICE K. M. HORNER) Calgary, in the Province of Alberta, on
IN CHAMBERS) _____, the ____ day of January, 2010.

CLAIMS PROCESS ORDER

UPON the application of RSM Richter Inc., as Receiver and Manager of the Applicants, (the "Receiver") for an Order approving a claims process (the "Claims Process") as outlined in Schedule "A" hereto and Bar Dates for Creditors of the respective Applicants; AND UPON all capitalized terms not otherwise defined in this Order having the meaning assigned to them in the Claims Process; AND UPON having read (i) the Notice of Motion, filed and (ii) the

Receiver's Second Report dated January •, 2010; AND UPON hearing counsel for the Receiver and certain interested parties; AND UPON being satisfied that the circumstances exist that make this Order appropriate; IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the Notice of Motion and the materials in support thereof is hereby abridged, if necessary, and this application is properly returnable today and further service of the Notice of Motion, other than to those listed on the Service List attached to the Notice of Motion, is hereby dispensed with.

APPROVAL OF THE CLAIMS PROCESS

2. The Claims Process set forth in the attached Schedule "A" for determining claims of Creditors is hereby approved, and the Receiver is authorized and directed to implement the Claims Process.
3. The following forms, with any necessary non-substantive amendments, are hereby approved: Notice to Creditors (Schedule "B"), Proof of Claim (Schedule "C"), Notice of Revision or Disallowance (Schedule "D") and Notice of Dispute (Schedule "E").

APPLICATION OF ORDER

4. The Claims Process shall apply only to those Applicants where:
 - (a) the Receiver holds sufficient funds to warrant a distribution to creditors in relation to that Applicant and, in such case, all dates and deadlines contained in the Claims Process shall only commence to run after the Receiver has issued the Notice to Creditors in relation to that Applicant; or
 - (b) the Court directs the Claims Process apply to any Applicant.

CLAIMS BAR

5. Any Creditor who fails to file a Proof of Claim in respect of a Pre-Order Claim in accordance with this Order and the Claims Process, on or before the Claims Bar Date, shall:
 - (a) be forever barred, estopped and enjoined from asserting or enforcing any Pre-Order Claim (or filing a Proof of Claim with respect to such Pre-Order Claim) against the relevant Applicant and such Pre-Order Claim shall be forever extinguished; and
 - (b) not be entitled to receive any further notice in these proceedings.
6. Any Creditor who fails to file a Proof of Claim in respect of a Subsequent Claim in accordance with this Order and the Claims Process, on or before the Subsequent Claims Bar Date, shall:
 - (a) be forever barred, estopped and enjoined from asserting or enforcing any Subsequent Claim (or filing a Proof of Claim with respect to such Subsequent Claim) against the relevant Applicant and such Subsequent Claim shall be forever extinguished; and
 - (b) not be entitled to receive any further notice in these proceedings.

NOTICE BY MAIL

7. The Receiver shall mail to the Creditors of a particular Applicant the Claims Package in accordance with the Claims Process and the requirements of this Order.
8. The mailing of the Claims Package and the Notice by Advertisement shall constitute good and sufficient service, delivery and notice of (i) this Order, (ii) the Claims Bar Date and (iii) the Subsequent Claims Bar Date, on all Persons who may be entitled to receive notice and who may wish to assert Pre-Order Claims or Subsequent Claims, and no other notice or service need be given or made and no other document or material need be sent to or served upon any Person in respect of this Order.

NOTICE BY ADVERTISEMENT

9. Within five (5) days of the mailing of the Notice to Creditors, the Receiver will advertise in both the Calgary Herald and Edmonton Journal that it is commencing a Claims Process in relation to an Applicant and asking a party with a claim against that Applicant to obtain a Notice to Creditors and other relevant materials from either the Receiver directly or the Receiver's website.

FILING OF PROOFS OF CLAIM

10. A Proof of Claim shall be deemed filed in a timely manner only if delivered by registered mail, personal delivery, courier, e-mail (in PDF format) or facsimile transmission so as to actually be received by the Receiver on or before the applicable Claims Bar Date.

NOTICE OF TRANSFEREES

11. If a Creditor or any subsequent holder of a Pre-Order Claim or Subsequent Claim who has been acknowledged by the Receiver in relation to the relevant Applicant, transfers or assigns that Pre-Order Claim or Subsequent Claim to another Person, the Receiver shall not be required to give notice to or to otherwise deal with the transferee or assignee of the Pre-Order Claim or Subsequent Claim as the holder of such Pre-Order Claim or Subsequent Claim unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been delivered to the Receiver. Thereafter, such transferee or assignee shall, for all purposes hereof, constitute the holder of such Pre-Order Claim or Subsequent Claim and shall be bound by notices given and steps taken in respect of such Pre-Order Claim or Subsequent Claim in accordance with the provisions of this Order.
12. If a Creditor or any subsequent holder of a Pre-Order Claim or Subsequent Claim who has been acknowledged by the Receiver, as the holder of the Pre-Order Claim or Subsequent Claim transfers the whole of each such Pre-Order Claim or Subsequent Claim to another Person or Persons such transfers or assignments shall not create separate Pre-Order Claims or Subsequent Claims and such Pre-Order Claims and Subsequent Claims shall continue to be dealt with as a single Pre-Order Claim or Subsequent Claim

notwithstanding such transfers or assignments. The Receiver shall not, in each such case, be required to recognize or acknowledge any such transfers or assignments and shall be entitled to give notices to and to otherwise deal with such Pre-Order Claim or Subsequent Claim only as a whole and then only to and with the person last holding such Pre-Order Claim or Subsequent Claim provided such Creditor may, by notice in writing delivered to the Receiver, direct that subsequent dealings in respect of such Pre-Order Claim or Subsequent Claim, but only as a whole, shall be dealt with by a specified Person and in such event, such Person shall be bound by any notices given or steps taken in respect of such Pre-Order Claim or Subsequent Claim with such Creditor in accordance with the provisions of this Order.

NOTICES AND COMMUNICATION

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

RSM Richter Inc., Receiver of the Applicants
Attn: Robert Taylor
Suite 3810, Bow Valley Square 2
205 – 5th Avenue SW
Calgary, AB T2P 2V7
E-mail: SCIClaims@rsmrichter.com

15. In the event that the day on which any notice or communication required to be delivered pursuant to the Claims Process is not a Business Day then such notice or communication shall be required to be delivered on the next Business Day.
16. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be delivered by personal delivery or courier and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been delivered.

AID AND ASSISTANCE OF OTHER COURTS

17. This Court hereby requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or any court or any judicial, regulatory or administrative body of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

GENERAL

18. The Receiver is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which Proofs of Claim and Notices of Dispute are completed and executed, and may, if they are satisfied that a Pre-Order Claim or Subsequent Claim has been adequately proven, waive strict compliance with the requirements of the Claims Process and this Order as to the completion and execution of Proofs of Claim and Notices of Dispute.
19. References in this Order to the singular shall include the plural, references to the plural shall include the singular and references to any gender shall include the other gender.
20. Notwithstanding the terms of this Order, the Receiver may apply to this Court from time to time for such further order or orders as they consider necessary or desirable to amend,

supplement or replace the Claims Process or this Order and to establish a process for the determination of the Excluded Claims.

J.C.Q.B.A.

ENTERED THIS ____
day of _____, 2010.

Clerk of the Court

SCHEDULE "A"

CLAIMS PROCESS

DEFINITIONS

1. For purposes of this Claims Process the following terms shall have the following meanings:
 - (a) **"Advertisement"** means the notice required pursuant to paragraph 9 of the Claims Process Order;
 - (b) **"Applicant"** means any one of SIGNATURE CAPITAL INC., CONB DEVELOPMENT CORP., CONB FINANCE CORP., CONB CAPITAL CORP., URBAN ELEMENTS CENTRE GP LTD., URBAN ELEMENTS CENTRE LIMITED PARTNERSHIP, SIGNATURE UEC CAPITAL INC., WESTSTONE DEVELOPMENT CORP., WESTSTONE FINANCE CORP., SLRV FINANCE CORP., ALLAN BEACH DEVELOPMENTS GP LTD., ALLAN BEACH LIMITED PARTNERSHIP, BEACHES WEST CAPITAL CORP., POPLAR GROVE DEVELOPMENTS GP LTD., POPLAR GROVE LIMITED PARTNERSHIP, BIRCH BAY DEVELOPMENTS GP LTD., BIRCH BAY DEVELOPMENTS LIMITED PARTNERSHIP, FRANCOIS CAPITAL CORP., A VIRGINIA WILSON HOLDINGS, FIR CREST RESORT DEVELOPMENT LP, FIR CREST RESORT DEVELOPMENT GP LTD., FIR CREST FINANCE CORP., FIR CREST CAPITAL CORP., SCI FINANCE CORP., SIGNATURE US SUNBELT CAPITAL CORP., SIGNATURE US SUNBELT INVESTMENT CORP., SCI BRIDGE II FINANCE CORP., SUMMERS PLACE GP LTD., SUMMERS PLACE LIMITED PARTNERSHIP, METRO WEST I GP LTD., METRO WEST II GP LTD., SIGNATURE LETHBRIDGE FAIRVIEW CAPITAL CORP., HEARTHWOOD I LIMITED PARTNERSHIP, HEARTHWOOD II LIMITED PARTNERSHIP, HEARTHWOOD III LIMITED PARTNERSHIP, HEARTHWOOD I DEVELOPMENTS GP LTD., HEARTHWOOD II

DEVELOPMENTS GP LTD., AND HEARTHWOOD III DEVELOPMENTS GP LTD. “**Applicants**” shall mean every Applicant collectively;

- (c) “**Bar Dates**” means the Claims Bar Date and Subsequent Claims Bar Date;
- (d) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.-3, as amended;
- (e) “**Business Day**” means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Edmonton, Alberta;
- (f) “**Claim**” means (i) any right or claim of any Person that may be asserted or made in whole or in part against one or more of the Applicants, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, together with any other rights or claims of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the BIA had the Applicants become bankrupt, and (ii) any Tax Claim; **For greater certainty, a Creditor entitled to claim for interest under its applicable agreement with the Applicants may claim for interest**

that has accrued on its Claim as of the Filing Date, but no claim for interest shall be made for interest accruing after that date;

- (g) **“Claims Bar Date”** means 5:00 p.m. (Mountain Time) on the first business day which falls 30 days after the Claims Process Commencement Date, or such other date as may be ordered by the Court;
- (h) **“Claims Package”** means the document package which shall include a copy of the Notice to Creditors, a Proof of Claim and such other materials as the Receiver considers necessary or appropriate;
- (i) **“Claims Process”** means the procedures outlined herein in connection with the assertion of Pre-Order Claims or Subsequent Claims against one or more of the Applicants;
- (j) **“Claims Process Commencement Date”** means the later of the Publication Date, or the mailing of the Claims Package;
- (k) **“Claims Process Order”** means the Order granted by Madam Justice K. M. Horner of the Alberta Court of Queen’s Bench on January •, 2010 approving the Claims Process;
- (l) **“Court”** means the Alberta Court of Queen’s Bench;
- (m) **“Creditor”** means any Person asserting a Pre-Order Claim or Subsequent Claim;
- (n) **“Dispute Package”** means, with respect to any Pre-Order Claim or Subsequent Claim, a copy of the related Proof of Claim, Notice of Revision or Disallowance and Notice of Dispute;
- (o) **“Excluded Claim”** means (i) any Claim of Creditors with respect to goods and/or services provided to one or more of the Applicants on or after the Filing Date; (ii) that portion of a Claim arising from a cause of action for which one or more of the Applicants is covered by insurance, if any, only to the extent of such

coverage; and (iii) any other Claims arising solely as a result of events occurring after the Filing Date (other than Subsequent Claims);

- (p) **“Filing Date”** means November 13, 2009;
- (q) **“Known Creditors”** means Creditors which the books and records of the Applicants disclose or Creditors who respond to the Publication Notice who were owed money by the Applicants as of the Filing Date which obligation remains unpaid in whole or in part;
- (r) **“Notice of Dispute”** means the notice that may be delivered by a Creditor who has received a Notice of Revision or Disallowance disputing such Notice of Revision or Disallowance, which notice shall be substantially in the form attached to the Claims Process Order as Schedule “E”;
- (s) **“Notice of Repudiation or Disclaimer”** means a written notice in any form issued on or after the Filing Date by one or more of the Applicants advising a Person of the disclaimer or repudiation of any contract, lease, employment agreement, or other arrangement or agreements of any nature whatsoever, whether oral or written. For the purposes of the Claims Process Order only, an agreement on or after the Filing Date restructuring or amending a contract, lease, employment agreement, or other arrangement or agreement of any nature whatsoever, which by its terms expressly provides for a reservation of a Subsequent Claim in these proceedings, shall be deemed to be a Notice of Repudiation or Disclaimer;
- (t) **“Notice of Revision or Disallowance”** means the notice that may be delivered to a Creditor revising or rejecting such Creditor's Pre-Order Claim or Subsequent Claim as set out in its Proof of Claim in whole or in part, which notice shall be substantially in the form attached to the Claims Process Order as Schedule “D”;
- (u) **“Notice to Creditors”** means the letter regarding completion of a Proof of Claim, which letter shall be substantially in the form attached hereto as Schedule “B”;

- (v) **“Person”** shall be broadly interpreted and includes an individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, corporation, unincorporated association or organization, syndicate, committee, the government of a country or any political subdivision thereof, or any agency, board, tribunal, commission, bureau, instrumentality or department of such government or political subdivision, or any other entity, howsoever designated or constituted, including any Taxing Authority, and the trustees, executors, administrators, or other legal representatives of an individual;
- (w) **“Pre-Order Claim”** means any Claim other than an Excluded Claim and a Subsequent Claim;
- (x) **“Proof of Claim”** means the form to be completed and filed by a Creditor setting forth its Pre-Order Claim or Subsequent Claim, which Proof of Claim shall be substantially in the form attached to the Claims Process Order as Schedule “C”;
- (y) **“Proven Claim”** means the amount, status and/or validity of the Claim of a Creditor as finally determined in accordance with this Claims Process (a Proven Claim will be “finally determined” in accordance with this Claims Process when (i) it has been accepted by the Receiver, (ii) the applicable time period for filing a Notice of Dispute in response to a Notice of Revision or Disallowance issued by the Receiver has expired and no Notice of Dispute has been filed in accordance with the Claims Process Order, or (iii) any court of competent jurisdiction has made a determination with respect to the amount, status and/or validity of the Claim and no appeal or motion for leave to appeal therefrom shall have been taken or served on either party, or if any appeal(s) or motion(s) for leave to appeal or further appeal shall have been taken therefrom or served on either party, any (and all) such appeal(s) or motion(s) shall have been dismissed, determined or withdrawn;
- (z) **“Publication Date”** means the later of the date that the Receiver has published the Advertisement;

- (aa) "**Receiver**" means RSM Richter Inc.;
- (bb) "**Subsequent Claim**" means any Claim arising after the Filing Date as a result of the disclaimer or repudiation by an Applicant after the Filing Date of any contract, lease, employment agreement, or other arrangement or agreement of any nature whatsoever, whether oral or written, and any amending agreement related thereto;
- (cc) "**Subsequent Claims Bar Date**" means the later of: (i) the Claims Bar Date; and (ii) 5:00 p.m. (Mountain Time) on the day which is 30 days after the date of the Notice of Repudiation or Disclaimer;
- (dd) "**Tax**" or "**Taxes**" means any and all amounts subject to a withholding or remitting obligation and any and all taxes, duties, fees, and other governmental charges, duties, impositions and liabilities of any kind whatsoever whether or not assessed by the Taxing Authorities (including any Claims by any of the Taxing Authorities), including all interest, penalties, fines, fees, other charges and additions with respect to such amount;
- (ee) "**Taxing Authorities**" means Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of each and every province or territory of Canada and any political subdivision thereof, and any Canadian or foreign governmental authority, and "**Taxing Authority**" means any one of the Taxing Authorities;
- (ff) "**Tax Claim**" means any Claim against either of the Applicants for any Taxes in respect of any taxation year or period ending on or prior to the applicable Filing Date, and in any case where a taxation year or period commences on or prior to the Filing Date, for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date. For greater certainty, a Tax Claim shall include, without limitation,

any and all Claims of any Taxing Authority in respect of transfer pricing adjustments and any Canadian or non-resident Tax related thereto; and

(gg) “**Website**” shall mean the Receiver’s website located at www.rsmrichter.com.

NOTICE OF CLAIMS PROCESS

21. The Receiver shall cause a Claims Package to be sent to each Known Creditor by regular prepaid mail, fax, courier or email if (i) the Receiver determines there are sufficient funds of the Applicant to effect a distribution to the Creditors of an Applicant, or (ii) alternatively, upon approval of the Court.
22. The Receiver shall cause the Claims Package to be posted on the Website.
23. The Receiver shall cause the Claims Package to be sent to each Creditor with a Subsequent Claim by regular prepaid mail, fax, courier or email within 5 days of the date of the Notice of Repudiation or Disclaimer.
24. The Receiver shall cause a copy of the Claims Package to be sent to any Person requesting such material as soon as practicable.

FILING OF PROOFS OF CLAIM

25. Every Creditor asserting a Pre-Order Claim against one or more of the Applicants shall set out its aggregate Pre-Order Claim in a written Proof of Claim and deliver that Proof of Claim so that it is received by the Receiver no later than the Claims Bar Date.
26. Every Creditor asserting a Subsequent Claim against one or more of the Applicants shall set out its aggregate Subsequent Claim in a Proof of Claim and deliver that Proof of Claim so that it is received by the Receiver no later than the Subsequent Claims Bar Date.

FORM OF PROOFS OF CLAIM

27. Any Pre-Order Claim or Subsequent Claim set out in a Proof of Claim shall be denominated in Canadian dollars, failing which such Pre-Order Claim or Subsequent

Claim shall be converted to and shall constitute obligations in Canadian dollars and such calculation will be effected using the noon spot rate of the Bank of Canada as at the Filing Date.

DETERMINATION OF CLAIMS AND SUBSEQUENT CLAIMS

Review of Proofs of Claim

28. The Receiver shall review each Proof of Claim received by the Claims Bar Date or Subsequent Claims Bar Date, as applicable, and subject to paragraph 29 shall accept, revise or disallow the Pre-Order Claim or Subsequent Claim.
29. The Receiver may attempt to consensually resolve the classification and amount of any Pre-Order Claim or Subsequent Claim with the Creditor prior to the Receiver on behalf of the relevant Applicant accepting, revising or disallowing such Pre-Order Claim or Subsequent Claim.
30. If the Receiver accepts the Pre-Order Claim or Subsequent Claim, then such Pre-Order Claim or Subsequent Claim shall be a Proven Claim.

Notices of Revision or Disallowance

31. The Receiver, on behalf of the relevant Applicant will provide to each Creditor filing a valid Pre-Order Claim and/or a Subsequent Claim, in the manner set out in the Notice to Creditors, a notice in writing within 30 days of the Claims Bar Date or in the case of a Subsequent Claim, within 30 days after the day the Subsequent Claim is received by the Receiver, indicating whether the Creditor's Pre-Order Claim and/or Subsequent Claim is disallowed or revised. Where the Pre-Order Claim and/or Subsequent Claim is disallowed or revised, the Receiver will concurrently issue a Notice of Revision or Disallowance indicating the reasons for the revision or disallowance.

Notice of Dispute

32. Any Creditor who disputes the classification or amount of its Pre-Order Claim or Subsequent Claim as set forth in a Notice of Revision or Disallowance shall deliver a

Notice of Dispute to the Receiver by 5:00 p.m. (Mountain Time) on the day which is fourteen (14) days after the date of the Notice of Revision or Disallowance.

- 33. Any Creditor who fails to deliver a Notice of Dispute by the deadline set forth in paragraph 34 shall be deemed to accept the amount of its Pre-Order Claim or Subsequent Claim as set out in the Notice of Revision or Disallowance and such Pre-Order Claim or Subsequent Claim as set out in the Notice of Revision or Disallowance shall constitute a Proven Claim.

Resolution of Claims and Subsequent Claims

- 34. Where a Notice of Dispute has been provided to the Receiver, the Creditor shall serve on the Receiver, in the case of both a Pre-Order Claim and a Subsequent Claim within 10 days of delivering a Notice of Dispute or a Notice of Motion returnable seven (7) days before the Alberta Court of Queen's Bench in these proceedings for the determination of the Pre-Order Claim and/or Subsequent Claim in dispute.
- 35. If the Receiver and the Creditor consensually resolve the classification and amount of the Pre-Order Claim or Subsequent Claim, the Receiver may accept a revised Pre-Order Claim or Subsequent Claim, and such Pre-Order Claim or Subsequent Claim will constitute a Proven Claim.

J.C.Q.B.A.

ENTERED this ____ day of _____, 2010.

Clerk of the Court

Action No. 0901-17143

IN THE COURT OF QUEEN'S BENCH OF
ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*
R.S.C. 1985 c. B-3, AS AMENDED

AND IN THE MATTER OF THE APPOINTMENT OF
A RECEIVER AND MANAGER OF SIGNATURE
CAPITAL INC., CONB DEVELOPMENT CORP.,
CONB FINANCE CORP., CONB CAPITAL CORP.,
URBAN ELEMENTS CENTRE GP LTD., URBAN
ELEMENTS CENTRE LIMITED PARTNERSHIP,
SIGNATURE UEC CAPITAL INC., WESTSTONE
DEVELOPMENT CORP., WESTSTONE FINANCE
CORP., SLRV FINANCE CORP., ALLAN BEACH
DEVELOPMENTS GP LTD., ALLAN BEACH
LIMITED PARTNERSHIP, BEACHES WEST
CAPITAL CORP., POPLAR GROVE
DEVELOPMENTS GL LTD., POPLAR GROVE
LIMITED PARTNERSHIP, BIRCH BAY
DEVELOPMENTS GP LTD., BIRCH BAY
DEVELOPMENTS LIMITED PARTNERSHIP,
FRANCOIS CAPITAL CORP., A VIRGINIA WILSON
HOLDINGS, FIR CREST RESORT DEVELOPMENT
LP, FIR CREST RESORT DEVELOPMENT GP LTD.,
FIR CREST FINANCE CORP., FIR CREST CAPITAL
CORP., SCI FINANCE CORP., SIGNATURE US
SUNBELT CAPITAL CORP., SIGNATURE US
SUNBELT INVESTMENT CORP., SCI BRIDGE II
FINANCE CORP., SUMMERS PLACE GP LTD.,
SUMMERS PLACE LIMITED PARTNERSHIP,
METRO WEST I GP LTD., METRO WEST II GP LTD.,
SIGNATURE LETHBRIDGE FAIRVIEW CAPITAL
CORP., HEARTHWOOD I LIMITED PARTNERSHIP,
HEARTHWOOD II LIMITED PARTNERSHIP and
HEARTHWOOD III LIMITED PARTNERSHIP,
HEARTHWOOD I DEVELOPMENTS GP LTD.,
HEARTHWOOD II DEVELOPMENTS GP LTD., AND
HEARTHWOOD III DEVELOPMENTS GP LTD.
(individually the "Applicant" and collectively
the "Applicants")

CLAIMS PROCESS ORDER

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