



RSM Richter

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

RSM Richter Inc.
Calgary, August 17, 2010

RSM Richter is an independent member firm of RSM International,
an affiliation of independent accounting and consulting firms.




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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")

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

Dated August 17, 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) Outline the terms of an offer to purchase and interim agreement ("Universal Agreement") between the Receiver and Universal Properties Inc. ("Universal") for the sale of the property on Hubbles Lake, Alberta ("Allan Beach Property") owned by Allan Beach Developments GP Ltd. ("Allan Beach");
- b) Outline the terms of an unsolicited offer to purchase and interim agreement ("Burt Agreement") submitted to the Receiver by Laura Burt subsequent to the Receiver's acceptance of the Universal Agreement for the sale to Burt or her corporate nominee ("Burt") of the Allan Beach Property and the property on Lac la Hache, British Columbia ("Fir Crest Property") owned by A Virginia Wilson Holdings Ltd. ("Fir Crest");
- c) Respectfully recommend that this Honourable Court make an order:
 - Authorizing and directing the Receiver to return the deposits made by Universal;
 - Approving the Burt Agreement and authorizing and directing the Receiver to execute such documents and to take such additional steps as are necessary to give effect to the Burt Agreement and to complete the sale of the Allan Beach Property and the Fir Crest Property to Burt;
 - Vesting in Burt, as of closing, title to the Allan Beach Property, free and clear of all liens, charges, security interests and other encumbrances and directing the Registrar of Land Titles to register title to the Allan Beach Property in Burt's name; and
 - Vesting in Burt, as of closing, title to the Fir Crest Property, free and clear of all liens, charges, security interests and other encumbrances ("Vesting Order") and directing Land Title Office of the Land Title and Survey Authority of British Columbia to register title to the Fir Crest Property in Burt's name, or alternatively, requesting the assistance of the British Columbia Supreme Court in giving effect to the Vesting Order;
- d) Seek an order authorizing the Receiver to release the funds in its trust account related to the sale of the property owned by Poplar Grove Developments GP Ltd. ("Poplar Grove");

- e) Seek an order directing the Registrar of Land Titles, upon the registration of a copy of this Court's Order in the Land Title Office for the Land Title District of Prince Rupert to register the caveat on title to the Birch Bay Property in priority to the interests of the Resorts Mortgagees, SLRV, Francois Capital and the Lidmilas (as defined in Section 3);
- f) Seek Court approval of a distribution ("Weststone Finance Distribution") of \$1.5 million to creditors of Weststone Finance Corp. ("Weststone Finance") substantially in accordance with the Weststone Distribution Schedule (as defined in Section 4);
- g) Seek Court approval of a distribution ("SCI Bridge Distribution") of \$300,000 to creditors of SCI Bridge II Finance Corp. ("SCI Bridge") substantially in accordance with the SCI Bridge Distribution Schedule (as defined in Section 5);
- h) Seek Court approval of a Management Services and Distribution of Funds Agreement dated August 6, 2010 ("Sunbelt Agreement") between Condo Condo Consulting Services Ltd. ("CCCS") and Signature US Sunbelt LLC ("US LLC");
- i) Provide an update on certain of the companies subject to the Receivership Order, including Signature Lethbridge Fairview Capital Corp. ("Signature Lethbridge") and Urban Elements Centre GP Ltd. ("UEC GP"); and
- j) Summarize the Receiver's activities since June 30, 2010, the date of the Fifth Report to Court ("Fifth Report").

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 reports to Court previously filed by the Receiver and in the affidavit of Simone Rousseau, former President of Signature Capital Inc. ("SCI"), sworn on November 12, 2009, filed with the receivership application materials.

3. RESORTS

The Allan Beach Property is one of four recreational properties known collectively as the "Resorts", comprised of "Allan Beach", "Birch Bay", "Fir Crest" and "Poplar Grove". The "Resorts" companies either own real property or 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. None of the properties were converted.

Listing agreements in respect of the properties were previously approved by this Court in January, 2010 (Birch Bay, Fir Crest and Poplar Grove) and May, 2010, in the case of the Allan Beach Property.

The sale of the “Poplar Grove” property was completed on July 15, 2010 pursuant to a transaction approved by this Honourable Court on July 8, 2010 (discussed further in Subsection 3.10).

As at the date of this Report the Receiver has not accepted any offers on the “Birch Bay” property. The status of the Allan Beach and Fir Crest offers is discussed below.

3.1 First Mortgage

The “Resorts” properties are subject to a cross-collateralized first mortgage registered against title to the Fir Crest Property, the Poplar Grove Property and the Birch Bay Property on October 2, 2009 in the amount of \$2.781 million, plus accrued interest (“Resorts Mortgage”), and a first mortgage registered against title to the Allan Beach Property on September 30, 2009 in the amount of \$2.781 million (the “Allan Beach Mortgage”). Both the Resorts Mortgage and the Allan Beach Mortgage are held by a group (“Resorts Mortgagees”) comprised of Solar Star Holdings Inc., 1105550 Alberta Inc., Sano Stante Real Estate Inc., Robert D. Penner, and Aquino Belavy & Associates Ltd. Multiple subsequent mortgages in excess of \$18.5 million are registered on title to the properties by several of the Companies.

3.2 Allan Beach Property

The Allan Beach Property is a 37 acre site situated on Hubbles Lake, approximately 15 km west of Edmonton, Alberta. It is currently vacant.

In the months prior to commencement of the receivership proceedings, SCI management submitted rezoning applications to the regional districts associated with three of the Resorts properties, including Allan Beach. The rezoning 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. Rezoning has been approved in respect of the Birch Bay Property and the Fir Crest Property, subject to registration of applicable covenants.

Before listing the Allan Beach Property, the Receiver had been awaiting the outcome of the rezoning application from Parkland County, the regional district.

On April 6, 2010, Parkland County held a public hearing to consider, among other things, Allan Beach's rezoning application. The Receiver attended the hearing. Following comments made by local residents and council members at the hearing, Parkland County voted unanimously against the rezoning.

3.3 Fir Crest Property

The Fir Crest Property is a 14 acre site situated on Lac la Hache, British Columbia. It had been operated as a seasonal campground prior to its purchase by SCI in 2008. The Fir Crest Property has been vacant since that time.

Rezoning of the Fir Crest Property has been approved by the Cariboo Regional District ("CRD"). The Receiver and local counsel in British Columbia have been working with CRD on registration of a covenant on title to the Fir Crest Property.

3.4 Allan Beach and Fir Crest Listings

On May 20, 2010, the Receiver listed the Allan Beach Property with CW Edmonton Inc. ("Cushman") for \$2.25 million. The listing agreement provides for a commission of 3% payable to Cushman upon completion of a sale. A reduced commission of 1.5% would be payable if the purchaser is an existing bondholder of the Companies.

The Fir Crest Property has been listed with LandQuest Realty Corp. ("LandQuest") since January 28, 2010. The Receiver reduced the listing price from \$1.5 million to \$1.2 million in May, 2010 based on a recommendation from LandQuest.

3.5 Universal Sale Agreement

On May 21, 2010, Universal submitted an offer to the Receiver for the Allan Beach Property. Following several rounds of counteroffers the Receiver accepted the Universal Agreement on June 14, 2010 ("Acceptance Date").

A summary of the Universal Agreement is provided below.

- The purchase price is \$2.2 million¹ for the Allan Beach Property only on an "as is" basis;
- It is subject to a condition to be satisfied or waived within 10 days of the Acceptance Date with respect to inspection of certain property reports (waived on June 28, 2010);
- It is subject to a broad due diligence condition ("Due Diligence Condition") to be satisfied or waived within 60 days of the Acceptance Date (waived on July 27, 2010);
- Universal will make an initial deposit of \$25,000 followed by a second deposit of \$100,000 upon waiver of conditions (both deposits made to Cushman);
- The Receiver was entitled to continue to market the Allan Beach Property until such time as Universal waived its conditions, and pursuant to Schedule "D" of the Universal Agreement, the Receiver was obligated to advise Universal, prior to removal of its conditions, of the receipt of any competing offers and provide Universal an opportunity to increase its purchase price and/or remove its conditions;
- The Universal Agreement is conditional on an approval and vesting order being made by this Honourable Court; and

¹ As the purchase price would not result in full repayment of the Resorts Mortgage, the Resorts Mortgagees were advised of the amount of the Universal Agreement for their consideration.

- Closing was to occur 30 days after removal of the Due Diligence Condition. Pursuant to an amending agreement dated August 4, 2010, closing is to occur five business days from Court approval.

A copy of the Universal Agreement is provided as Appendix "A".

On July 16, 2010, the Receiver advised Universal that an unsolicited competing offer (the Burt Agreement) had been received. Universal waived its Due Diligence Condition on July 27, 2010. Universal did not increase its purchase price.

3.6 Burt Agreement

Burt is a bondholder of Signature Lakeside RV Finance Corp. ("SLRV"). SLRV holds a mortgage with a principal balance of approximately \$18.5 million against the "Resorts" properties ranking subordinate to the Resorts Mortgage.

The Receiver understands that Burt, along with 150-200 other bondholders, have pooled approximately \$1.6 million to purchase the Allan Beach Property and the Fir Crest Property. The Resorts Mortgagees advised the Receiver that they were providing financing to Burt. The Receiver also understands that Burt's intention is to re-apply to Parkland County for rezoning in respect of the Allan Beach Property and seek to convert and develop it and the Fir Crest Property.

The Burt Agreement provides for:

- The sale of both the Allan Beach Property and the Fir Crest Property for \$3.2 million on an "as is" basis, with an allocation of \$2.35 million for the Allan Beach Property and \$850,000 for the Fir Crest Property;
- A \$25,000 deposit upon acceptance followed by a second \$25,000 deposit within five days of Court approval;
- No conditions, other than an approval and vesting order being made by this Honourable Court no later than September 3, 2010; and

- A closing date 21 days after the receipt of Court approval².

A copy of the Burt Agreement is provided as Appendix "B".

It is a condition of the Resorts Mortgagees' term sheet that the proceeds of this sale are used to repay the Resorts Mortgage. The Resorts Mortgagees support the Receiver's acceptance of the Burt Agreement as it would result in full repayment of the Resorts Mortgage and the Allan Beach Mortgage, including accrued interest.

The Receiver advised Burt and the Resorts Mortgagees that it would present both offers to this Honourable Court for its review.

3.7 Recommendation

The Receiver has considered the following with respect to the Universal Agreement and the Burt Agreement:

- The integrity and transparency of the sale process. The Resorts properties were listed with professional real estate brokerage firms. The market has been broadly canvassed for each of the properties. Prospective purchasers have been advised that the properties would continue to be marketed until the Receiver accepts an unconditional offer. In the case of the Universal Agreement, it provides for the possibility of a competing offer and an opportunity for Universal to revise its offer;
- The sale of two properties under the Burt Agreement for reasonable consideration on a combined basis;
- Other prospects for the sale of the Fir Crest Property. The property has been listed for seven months. The Receiver has not accepted any other offers. The Receiver understands that the "prime" selling seasons for campground properties are the spring and summer. Accordingly, if the Burt Agreement is not completed, the Receiver may be required to carry the property for a significant period of time;

² The Receiver has been advised that an amendment to the Burt Agreement will be provided forthwith consistent with this closing time line.

- The Resorts Mortgagees' support of the Burt Agreement. The Resorts Mortgage has not been serviced since the date of the Receivership Order. It is understandable that the Resorts Mortgagees, the principal economic stakeholder, strongly support acceptance of the Burt Agreement as it will repay the Resorts Mortgage in full, notwithstanding that they will retain a continuing interest post-receivership in the Allan Beach Property and Fir Crest Property;
- SLRV bondholder interests. SLRV's records reflect that approximately 600 investors contributed funds in support of the SLRV mortgage. The Burt Agreement is the culmination of a coordinated effort undertaken by an ad hoc committee of bondholders ("Committee") to pool funds to purchase the Allan Beach Property out of receivership and continue SCI's vision to develop the property. As noted above, over 150 bondholders support the Burt Agreement; and
- The lower real estate agent commission applicable under the Burt Agreement to the Allan Beach property, which as mentioned is 1.5% compared with 3% under the Universal Agreement.

After a careful review of, among other things, the factors described above, in the Receiver's view, the benefits of completing the Burt Agreement are superior to those of the Universal Agreement. The Receiver therefore respectfully recommends that this Honourable Court make an order:

- Authorizing and directing the Receiver to return the deposits made by Universal to it;
- Approving the Burt Agreement; and
- Vesting in Burt or her corporate nominee, as of closing, title to the Allan Beach Property and the Fir Crest Property.

3.8 Title Searches

Registrations against title to the Allan Beach Property based on a search of the records of the Alberta Land Titles Registry are summarized in Appendix "C".

Registrations against title to the Fir Crest Property based on a search of the records of the Land Title and Survey Authority of British Columbia through BC Online are summarized in Appendix "D".

The title searches identify the Resorts Mortgage as a first ranking charge against both the Allan Beach Property and the Fir Crest Property.

3.9 Distribution

The Receiver requested that its counsel, Bennett Jones LLP (“BJ”), provide an opinion on the validity of the Resorts Mortgage and the Allan Beach Mortgage as well as their priority, particularly due to the date of the registration and the date of the Receivership Order.

BJ reviewed copies of various security and other agreements in respect of the secured claim of the Resorts Mortgagees, including the documents set out in Appendix “E” hereto (collectively, the “Resorts Security Documents”).

Based on its review of the security documents and other agreements, including those set out in Appendix “E”, BJ confirmed to the Receiver that, subject to customary and specific opinion assumptions and qualifications³:

- The Allan Beach Solar Star Mortgage creates a valid and specific mortgage and first charge on the Lands, subject only to the easements and reservations contained in the original grant from the Crown and those encumbrances listed as “Permitted Encumbrances” in Schedule B to the Allan Beach Solar Star Mortgage;
- The Allan Beach Solar Star Mortgage constitutes a legal, valid and binding obligation of Allan Beach GP enforceable against Allan Beach GP in accordance with its terms;
- The Resorts GSA creates a valid first priority security interest in the collateral described therein, and is a legal, valid and binding obligation of Allan Beach GP, enforceable against Allan Beach GP in accordance with its terms;

³ Where not otherwise defined in this Report, definitions in the following section are as defined in Appendix “E”.

- The British Columbia Solar Star Mortgage creates a valid and specific mortgage and first charge on the Fir Crest Lands (the "Fir Crest Mortgage and Charge") subject only to the easements and reservations contained in the original grant from the Crown and those encumbrances listed as "Prior Encumbrances Permitted by Lender" in paragraph 11 of the Schedule to the British Columbia Solar Star Mortgage in Form E;
- The British Columbia Solar Star Mortgage constitutes a legal, valid and binding obligation of AVW, PGGP and Birch Bay GP, enforceable against AVW, PGGP and Birch Bay GP, in accordance with its terms;
- The Resorts GSA creates a valid first priority security interest in the collateral described therein, and is a legal, valid and binding obligation of Fir Crest GP, enforceable against Fir Crest GP in accordance with its terms;
- The Fir Crest GSAs create valid first priority security interests in the collateral described therein, including a valid and specific floating charge on the Fir Crest Lands, and are legal, valid and binding obligations of AVW and Fir Crest GP, enforceable against AVW and Fir Crest GP in accordance with their terms;
- The British Columbia Solar Star Mortgage creates a valid and specific mortgage and first charge on the Poplar Grove Lands (the "Poplar Grove Mortgage and Charge"), subject only to the easements and reservations contained in the original grant from the Crown;
- The Resorts GSA creates a valid first priority security interest in the collateral described therein, and is a legal, valid and binding obligation of PGGP, enforceable against PGGP in accordance with its terms; and
- The PGGP GSA creates a valid first priority security interest in the collateral described therein, including a valid and specific floating charge on the Poplar Grove Lands, and is a legal, valid and binding obligation of PGGP, enforceable against PGGP in accordance with its terms.

A projected payout statement as of the closing date under the Burt Agreement is provided as Appendix "F". The payout statement reflects a balance of \$3,019,432 as at September 15, 2010.

The Receiver respectfully recommends that, provided this Honourable Court approves the Burt Agreement, this Honourable Court authorize the Receiver to distribute to the Resorts Mortgagees the gross proceeds to be paid on closing by Burt, up to the balance owing on the Resorts Mortgage.

3.10 Poplar Grove

Pursuant to a Court order dated July 8, 2010, this Honourable Court approved a sale of the property located on Puntzi Lake, in North Central British Columbia ("Poplar Grove Property") owned by Poplar Grove to Woodland Caribou Resort Ltd. for a purchase price of \$280,000. The sale closed on July 15, 2010. Proceeds of \$262,000, net of commission to the real estate brokerage firm and closing costs, were released to the Receiver on July 16, 2010.

3.10.1 *Release of Sale Proceeds*

The Receiver previously advised that BJ was in the process of preparing a security opinion on the Resorts Mortgage and that it would hold the proceeds from the sale of the Poplar Grove Property in trust pending receipt of an opinion from BJ and further order of this Honourable Court.

As a result of the opinion rendered by BJ described above in Section 3.9, the Receiver respectfully recommends that it be authorized to release the funds from its trust account, to be applied to professional fees and other costs directly related to Poplar Grove and in respect of an allocation of the administration costs related to the receivership proceedings.

3.11 Birch Bay Property

An application was made for the rezoning of the Birch Bay Property to, among other things, change the zoning from "Lands from Rural Resource (RR1) and Tourist Commercial (C3)" to "Large Holdings (H2) and to Strata Resort Commercial (C5A)". The regional district approved the rezoning. In connection with the approval, the regional district requires each of the mortgagees on title to the Birch Bay Property to execute an agreement granting the covenant priority over their existing charges, such that the covenant can be registered first on title to the Birch Bay Property.

Pursuant to a number of priority agreements: the Resorts Mortgagees currently hold the first mortgage on title to the Birch Bay Property; SLRV holds the second mortgage and a related Caveat regarding assignment of rents; and Francois Capital Corp. ("Francois Capital"), which is an SCI entity subject to the Receivership Order, holds the third mortgage and a related Caveat regarding assignment of rents. Each of the Resorts Mortgagees, SLRV, and Francois Capital has agreed to sign the agreement, and is in the process of executing it.

Two individuals named Pavel and Laila Lidmila (the "Lidmilas") hold a mortgage in fourth position on title to the Birch Bay Property, each as to a 50% interest. On July 5, 2010, the Receiver requested that the Lidmilas sign and return the agreement. The Lidmilas responded to the Receiver on July 12, 2010 but have not executed the agreement granting the covenant priority over their mortgage and have not responded to the Receiver's subsequent inquiries.

3.12 Recommendation

In order to streamline the process of registering the covenant on title to the Birch Bay Property, the Receiver respectfully recommends that this Honourable Court grant an order directing the Registrar of Land Titles, upon the registration of a copy of this Court's Order in the Land Title Office for the Land Title District of Prince Rupert to register the caveat on title to the Birch Bay Property in priority to the interests of the Resorts Mortgagees, SLRV, Francois Capital and the Lidmilas.

4. WESTSTONE FINANCE DISTRIBUTION

Pursuant to Court orders dated April 6, 2010 and April 22, 2010, this Honourable Court approved a sale of the property in Yorkton, Saskatchewan owned by Weststone Development Corp. (“Weststone Development”) to Gladstone YK Investments Inc. for a purchase price of \$3.618 million. The sale closed on May 6, 2010. Proceeds of \$1.9 million, net of repayment of the first mortgage⁴ and a commission to the real estate brokerage firm, were released to the Receiver on May 19, 2010.

The Receiver implemented the claims process approved by this Honourable Court on January 27, 2010 (“Claims Process”) in respect of Weststone Development and Weststone Finance. Weststone Finance is subject to the Receivership Order and holds a second mortgage of \$6.35 million on the Weststone Property. BJ provided an opinion that, subject to the assumptions and qualifications contained therein, Weststone Finance holds a validly perfected second ranking security interest against Weststone Development.

A statement of receipts and disbursements with respect to Weststone Development as at July 31, 2010 (“Weststone R&D”) is provided as Appendix “G”. The Weststone R&D reflects funds on hand of \$1.654 million.

4.1 Claims Process Results

Proofs of claim from 134 creditors totalling \$4.664 million were filed by the claims bar date. A schedule (“Weststone Distribution Schedule”) summarizing the claims made against Weststone Finance and the proposed distribution of 31.5%⁵ of proven claims is provided as Appendix “H”.

⁴ Pursuant to a Court order dated April 22, 2010, the Receiver was authorized and directed to discharge the first mortgage on closing.

⁵ Calculated as \$1.47 million/\$4.664 million = 31.5%. The priority of two claims filed on a secured basis has been disallowed.

4.2 Recommendation

The Receiver respectfully recommends that this Honourable Court approve the Weststone Distribution Schedule and authorize the Receiver to make a distribution of up to \$1.5 million to creditors of Weststone Finance.

The Receiver proposes to hold back the balance of funds in Weststone Development on account of professional fees and other costs related directly to Weststone Development and in respect of an allocation of the administration costs related to the receivership proceedings.

The Receiver will advise this Honourable Court in a subsequent report on whether additional funds, if any, are available for distribution to Weststone Finance and its creditors.

5. SCI BRIDGE II DISTRIBUTION

SCI Bridge raised \$2 million to provide capital to third-party real estate developments.

SCI Bridge made two loans. The Receiver recovered \$476,000 on account of one of the loans. The Receiver is projecting that SCI Bridge will not have any recoveries on the second loan, to Okotoks AB Riverside Dev. Ltd., a company which has been in receivership since October 15, 2009.

A statement of receipts and disbursements with respect to SCI Bridge as at July 31, 2010 ("SCI Bridge R&D") is provided as Appendix "I". The SCI Bridge R&D reflects funds on hand of \$377,000.

5.1 Claims Process Results

On March 29, 2010, the Receiver implemented the Claims Process in respect of SCI Bridge. The applicable claims bar date was April 30, 2010.

Proofs of claim from 105 creditors totalling \$2.1 million were filed by the claims bar date. A schedule ("SCI Bridge Distribution Schedule") summarizing the claims made against SCI Bridge and the proposed distribution of 14.3%⁶ of proven claims is provided as Appendix "J".

5.2 Recommendation

The Receiver respectfully recommends that this Honourable Court approve the SCI Bridge Distribution Schedule and authorize the Receiver to make a distribution of \$300,000 to creditors of SCI Bridge.

The Receiver proposes to hold back the balance of funds in SCI Bridge on account of professional fees and other costs directly related to SCI Bridge and in respect of an allocation of the administration costs related to the receivership proceedings.

The Receiver will advise this Honourable Court in a subsequent report on whether additional funds, if any, are available for distribution to SCI Bridge and its creditors.

6. SUNBELT CAPITAL

SCI incorporated Signature US Sunbelt Capital Corporation ("Sunbelt Capital") and Signature US Sunbelt Investment Corporation ("Sunbelt Investment") to raise funds for real estate development opportunities in the U.S. Pursuant to offering memoranda dated May 1, 2008 and October 20, 2009, Sunbelt Capital and Sunbelt Investment raised \$3 million from 93 bondholders.

Along with the funds it raised through its own offering, Signature Investment received a loan of the funds raised by Sunbelt Capital (net of marketing costs, legal fees and management fees) in the approximate amount of \$1.84 Million. These funds were subsequently invested, as equity, in USDC

⁶ Calculated as $\$300,000 / \$2.097 \text{ million} = 14.3\%$.

(defined below), which in turn made a capital contribution in the same amount to US LLC. USDC and US LLC are companies related to Sunbelt Capital and Sunbelt Investment. The funds were used for the purchase of 37 residential condominium units at a property known as the "Biltmore Palms" in Phoenix, Arizona ("Sunbelt Property").

A chart of the four "Sunbelt" entities incorporated by SCI is provided as Appendix "K". The two Canadian companies, Sunbelt Capital and Sunbelt Investment, are subject to the Receivership Order. The two U.S. companies, US Sunbelt Development Corp. ("USDC") and US LLC, are not subject to insolvency proceedings. Ms. Rousseau remains a director of the two U.S. companies.

US LLC obtained financing from an Alberta-based lender, Paragon Capital Corporation Ltd. ("Paragon"), and used the proceeds of that financing and the capital contribution from USDC to purchase the Sunbelt Property. The Paragon financing was secured against the Sunbelt Property. As at the date of the Receivership Order, Paragon was owed \$2.1 million.

As SCI did not have expertise in locating, developing and managing real estate projects in the U.S., it entered into an agreement with CCCS to provide these services. Promissory notes were also executed with CCCS to provide interim funding until the Paragon financing was in place. The agreements include:

- A promissory note, executed on July 27, 2009, whereby USIC agreed to pay to CCCS on or before December 24, 2009, the principal amount of \$112,125 plus simple interest in arrears at 18% per annum until the principal amount and all accrued interest is repaid;
- A promissory note (together with the above, the "Promissory Notes"), executed on July 27, 2009, whereby US LLC agreed to pay to CCCS, on or before December 24, 2009, the principal amount of \$26,062 plus simple interest in arrears at the rate of 15% per annum until the principal amount plus accrued interest is repaid; and

- An agreement dated July 30, 2009 (the "Retainer Agreement"), whereby CCCS agreed to provide acquisition advice, arrange mortgage financing, arrange personal and corporate guarantees sufficient to satisfy the mortgage lender requirements, and provide ongoing management advice in respect of the Sunbelt Property, and US LLC agreed to pay \$500,000 to CCCS. Pursuant to a subsequent agreement dated August 6, 2009, Sunbelt Capital and US LLC agreed that the payment under the Retainer Agreement would be made upon repayment of the Paragon loan and the Promissory Notes.

The Receiver has been working cooperatively with Ms. Rousseau in respect of the management, marketing and sale of the Sunbelt Property units and has had ongoing communication with CCCS.

As all closing proceeds are paid to Paragon and US LLC has no source of revenue until Paragon is paid in full, the Receiver has provided funding to US LLC via an intercompany loan for marketing and management expenses. As at the date of this Report, the Receiver's funding to US LLC is approximately US\$340,000.

On July 14, 2010, Paragon's loan was fully repaid. There are 18 remaining units for sale with an aggregate listing price of US\$2.7 million. Further unit sales will result in funds being available for payment to CCCS, the Receiver and, ultimately, distribution to bondholders of Sunbelt Capital.

BJ reviewed the agreements with CCCS. BJ advised the Receiver that, on the face of the relevant documents, the agreements with CCCS are valid and enforceable.

In order to confirm the terms of the agreements with CCCS, the repayment of funds to the Receiver and the continuing role of CCCS, US LLC and CCCS entered into the Management Agreement. The Receiver consented to the Management Agreement. A copy of the Management Agreement is provided as Appendix "L".

The Receiver respectfully recommends that this Honourable Court approve the Management Agreement.

RSM Richter

7. UPDATES

7.1 Signature Lethbridge

The Receiver previously reported on the \$5 million loan made from Signature Lethbridge to Lethbridge Fairview Development Corporation ("LFDC"), an unrelated party, as construction financing for a seniors' 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.

Pursuant to an Order Nisi/Order for Sale from the Court, the LFDC lands were listed for sale with Avison Young (Canada) Inc. on January 18, 2010 with an asking price of \$4.3 million.

On May 5, 2010, the Court approved an offer at \$3 million from Classic Construction Ltd. ("Classic"). The offer from Classic contemplated a closing date of July 31, 2010. On July 30, 2010, Classic applied to this Honourable Court for an order permitting it to withdraw from the obligations pursuant to its offer, cancelling its offer and directing the return to it of the \$100,000 paid as a deposit. Following submissions made by counsel for Classic, LFDC, Carevest, the Receiver and others, Master Prowse declined to grant the relief requested by Classic and ordered a two week extension of the closing date.

The agreement with Classic was completed on August 13, 2010. Proceeds of approximately \$143,000 are to be paid to the Receiver. The Receiver will implement the Claims Process for creditors of Signature Lethbridge once the funds are distributed to it.

7.2 UEC

Pursuant to a transaction approved by this Honourable Court on May 19, 2010, the Receiver sold the property in Saskatoon, Saskatchewan (“UEC Property”) owned by UEC GP for \$1.6 million. The sale closed on May 28, 2010. Proceeds of \$734,000, net of repayment of the first mortgage and a commission to the real estate brokerage firm, were released to the Receiver on June 4, 2010.

At the time of sale of the UEC Property, apart from the first mortgage, the UEC Property was subject to a second mortgage (the “Signature UEC Mortgage”) to Signature UEC Capital Inc. (“UEC Capital”), a related party. The Signature UEC Mortgage was granted in respect of a loan of \$2.2 million advanced by UEC Capital to UEC and was registered against title to the UEC Property on April 4, 2008.

In addition to the first mortgage and the Signature UEC Mortgage, the UEC Property was subject to a caveat (the “Richardson Caveat”) in favour of Richardson House of Fixtures and Supplies Ltd. (“Richardson”), the nature of which is explained below.

The Richardson Caveat was discharged upon sale, and the amounts of \$150,000 plus \$52,000 received from the City of Saskatoon remain in trust with the Receiver, standing in place and stead of the Richardson Caveat pursuant to the Vesting Order granted by Madam Justice Horner on May 19, 2010.

On July 19, 2010, the Receiver implemented the Claims Process in respect of UEC GP and UEC Capital. The Receiver is in the process of reviewing claims.

7.3 Richardson Claim

A brief of law was prepared by Richardson's counsel and provided to the Receiver's counsel in support of its claim. The claim appears to relate to an undertaking given by Marty Fletcher on February 12, 2007 and March 15, 2007, on behalf of UEC GP, to complete certain contouring and drainage work (the "Work") required by the City of Saskatoon as a condition of the subdivision of a larger parcel of land, which originally contained the UEC Property. UEC GP was unable to complete the Work by the summer of 2009 and Richardson and UEC GP entered into an agreement whereby Richardson would complete the Work on behalf of UEC GP, and UEC GP would reimburse Richardson in the amount of \$198,712 for the Work (the "Agreement").

The Agreement provides that by executing the Agreement, UEC GP consents to Richardson filing the Richardson Caveat on the UEC Property if payment in full is not made in a timely manner. Payment of the amount owing was not forthcoming, and the Richardson Caveat was registered on title to the UEC Property on October 5, 2009.

It is argued in Richardson's brief that the Richardson Caveat constitutes a priority lien against the UEC Property and that the Agreement constitutes an equitable mortgage to Richardson, of which the Receiver had notice by virtue of the Richardson Caveat. Richardson further argues that it is a secured creditor by virtue of the Richardson Caveat.

The Receiver's counsel agrees that the Richardson Caveat constitutes an equitable mortgage and further agrees that Richardson has the status of a secured creditor in the context of the receivership. However, the priority of Richardson's claim relative to the Signature UEC Mortgage must be addressed. Counsel to the Receiver is currently reviewing the priorities between the Signature UEC Mortgage and the Richardson Caveat.

BJ has advised the Receiver that the sum of \$52,500 currently being held in trust by the Receiver appears to be a sum of money that was paid to the City of Saskatoon by Urban Elements Development Corporation, the original purchaser of the UEC Property pursuant to an Agreement of Purchase and Sale, which was eventually assigned to UEC GP, which sum was in turn paid to BJ as counsel to the Receiver, and then to the Receiver.

The Agreement states that, upon completion of the Work, UEC GP is to authorize the release of \$50,000 held by the City of Saskatoon, with that sum to be applied to the amount owing to Richardson by UEC GP in respect of the Work. This sum was not secured against the UEC Property, but was held in trust by the City to be released for the purpose of paying Richardson in relation to the Work.

As there are a number of issues to be resolved in relation to the priority of Richardson's claim, the Receiver intends to continue to hold the remainder of the proceeds of sale from the UEC Property in trust until such time as the claims process is complete and the priority between the claims of Signature UEC Capital and Richardson has been resolved.

8. RECEIVER'S ACTIVITIES

In addition to the items discussed above, the Receiver's activities since the date of the Fifth Report have included, *inter alia*, the following:

- Corresponding on a regular basis with Landquest related to the "Birch Bay" and "Fir Crest" property listings;
- Continuing to deal with covenant registration matters related to "Birch Bay" and "Fir Crest";
- Continuing to monitor the cash flow related to each of the operating entities subject to the Receivership Order;

- Corresponding with members of the Committee;
- Continuing to correspond with the Companies' former partner in respect of the "Summers Place" and "Hearthwood" transactions and disposition of funds;
- Continuing to deal with the Companies' insurance brokers;
- Corresponding with Olympia Trust Company, which managed RSP investments made by bondholders;
- Corresponding on a periodic basis with Ms. Rousseau;
- Responding to 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.

9. NOTICE OF THIS MOTION

In addition to the parties on the service list, the Receiver will be advising bondholders of SLRV and the other "Resorts" entities, Weststone Development, Weststone Finance, SCI Bridge, Signature Lethbridge, UEC GP and the "Sunbelt" entities of the Receiver's motion. Bondholders will be directed to the Receiver's website to review the motion materials.

10. RECOMMENDATION

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

* * *

All of which is respectfully submitted,

RSM Richter Inc.

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

**OFFER TO PURCHASE AND INTERIM AGREEMENT
To CW Edmonton Inc.**

UNIVERSAL PROPERTIES INC. (the "Purchaser"), hereby Offers to Purchase from RSM RICHTER INC. in its capacity as Court Appointed Receiver and Manager of Allan Beach Developments GP Ltd., (the "Vendor"), the property more particularly described in Schedule "B" annexed hereto (the "Property"), free and clear of all encumbrances except those agreed to be assumed herein and subject to the reservations and exceptions appearing in the existing Certificate of Title.

1. The total purchase price shall be the sum of ~~Two Million~~ ^{TWO MILLION TWO HUNDRED THIRTY AND} ~~(\$2,000,000.00)~~ ^{2,207,000} Dollars payable as follows:

<p><i>RMV</i> \$ 50,000.00 25,000.00 <i>MV</i> 25,000.00 <i>RMV</i> \$ 50,000.00 25,000.00 <i>MV</i> 25,000.00 <i>RMV</i> \$ 2,050,000.00 2,150,000.00 <i>MV</i> \$ 1,950,000.00 <i>RMV</i> \$ 2,200,000.00 2,000,000.00</p>	<p>deposit paid within 48 hours of acceptance of this Offer to CW Edmonton Inc., in trust, as an indication of good faith. The deposit shall be held in an interest bearing trust account with interest to accrue to the benefit of the Purchaser up to Closing.</p> <p>as additional deposit upon removal of the Conditions Precedent payable to CW Edmonton Inc. in trust. The additional deposit shall be held in an interest bearing trust account with interest to accrue to the benefit of the Purchaser up to the Closing.</p> <p>(more or less) payable upon execution and delivery by the Vendor of the necessary conveyances and formal documents required.</p>
<p>TOTAL PURCHASE PRICE</p>	

The Property shall include all benefits, rights, interests and appurtenances owned by the Vendor of or in respect of the Property.

2. Upon the acceptance of this Offer, the purchase and sale of the Property shall be subject to the provisions herein set-out (which purchase and sale is herein referred to as the "Sale").
3. The Sale shall close (the "Closing") thirty (30) days after removal of the Purchaser's Condition.
4. The Offer is made subject to the following Purchaser's conditions precedent (the "Conditions Precedent") in respect of the Sale, namely:
 - (a) the Purchaser shall have reviewed all leases, Geotechnical Reports, Real Property Report and Survey for the Property and all other professional reports in the knowing possession of the Vendor at the time of the making of this Offer and not objected to same (collectively known as the "Inspection Documents"); and

(b) the Purchaser shall, at their sole cost, obtain such environmental and engineering reports as they deem necessary and be satisfied with the results and shall obtain information satisfactory to them with respect to zoning, development restrictions, and utility services.

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5. The Conditions Precedent are inserted herein for the benefit of the Purchaser and may be waived in whole or part by the Purchaser. The Purchaser shall have ten (10) business days from acceptance of this Offer to satisfy or waive the Conditions Precedent contained in Paragraph 4(a) herein ("Inspection Conditions"). The Purchaser shall have ~~thirty (30)~~ ^{thirty (30)} days from acceptance of this Offer to satisfy or waive the Condition Precedent contained in Paragraph 4(b). If all of the Conditions Precedent have not been satisfied within the time limits set out herein (the "Condition Dates"), then the respective outstanding rights and obligations of the Vendor and Purchaser hereunder shall be fully terminated and cancelled, and the Vendor shall pay to the Purchaser the deposit in full and the Purchase Agreement will be null and void. Unless the Purchaser provides notice to the Vendor within the time limits as set out herein that the Conditions Precedent have been satisfied, the Conditions Precedent are deemed not satisfied.

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 UNTIL
 SEPTEMBER 1
 2010

6. The Vendor shall deliver to the Purchaser the Inspection Documents for the Property within three (3) days of acceptance of this Offer. The Purchaser shall be granted an extension of one (1) day on the Condition Date for each day the Vendor is late in providing the Inspection Documents.
7. No leases or contracts relating to the Property shall be entered into by the Vendor from the time of acceptance of this Offer, without the prior written consent of the Purchaser, such consent not to be unreasonably withheld.
8. For the purposes hereof, the "Permitted Encumbrances" are itemized in "C" annexed hereto. Any claim, lien, mortgage or encumbrance against the Property other than a permitted encumbrance is herein referred to as a non-permitted encumbrance.
9. Adjustments (the "Adjustments") shall be made between the Vendor and Purchaser in respect of the Sale as at the Closing, which adjustments shall include the following:
 - (a) All assessed and outstanding taxes (including but not limited to property taxes in respect of the Property payable by the Vendor);
 - (b) All charges or levies for utilities (including but not limited to electricity, natural gas, water, sewage, telephone and other services provided to the Property in the nature of utilities);
10. The Property shall remain at the risk and liability of the Vendor until the completion of the Closing and the Vendor shall maintain at its expense all insurance thereon or in respect of the same until the completion of the Closing.
11. The Vendor represents and warrants to the Purchaser that:
 - (a) to the best of the Vendor's knowledge it has received no work order or other notice of deficiency from Parkland County or of any agency thereof or from any other governmental authority whereunder the Vendor is required to cure, repair

or rectify any breach or non-compliance of the Property or any use thereof with any applicable statute, by-law, regulation, ordinance or order, which has not been cured, repaired, rectified or which will otherwise remain outstanding at Closing;

- (b) It is a resident of Canada within the meaning of Section 116(5) of the Income Tax Act of Canada; and
- (c) to the best of the Vendor's knowledge it has not received any notice of expropriation or intended expropriation relating to the Property or any notice of road closure affecting present access thereto.

All of the foregoing representations and warranties shall be true and accurate at the Closing.

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In addition, Schedule "A" ^{and schedule "D"} ~~attached hereto~~ forms part of this Agreement.

- 12. On the date of Closing and subject to the Conditions Precedent having first been fully satisfied as set out above, the Closing shall occur. For purposes of Closing the Vendor shall prepare documents necessary to close and deliver such documents to the Purchaser on the usual trust conditions which will not vary the terms of this Offer and in reasonable time prior to the Closing to allow the Purchaser to obtain registration at the Land Titles office.
- 13. If, after removal of the Conditions Precedent, the Purchaser fails to complete the purchase, the deposit paid is forfeited to the Vendor as liquidated damages and the Vendor shall have no further recourse against the Purchaser.
- 14. No obligation or right of either of the Purchaser or the Vendor arising hereunder which has not been fully performed or accrued at the Closing will merge into any instrument or document delivered at the Closing but will survive the Closing and remain actionable by or against the party for whose benefit or obligation the same exists.
- 15. This Purchase Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matters hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, discussions and representations, whether written or oral, of the parties and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as herein set out.
- 16. Notwithstanding anything herein set out to the contrary, all of the rights and benefits arising hereunder of the Purchaser are fully transferable and assignable by the Purchaser without the prior consent or approval of the Vendor and the transferee and assignee shall take the benefit of the same to the same extent as if such transferee or assignee acquired the same directly from the Vendor.
- 17. On the Closing the Purchaser shall provide the Vendor with the Purchaser's registration number as a registrant under the Excise Tax Act, as amended from time to time, (the "Act"). If the Purchaser fails to provide the said number by the Closing or if the

the transaction herein. If the Purchaser is registered for purposes of the Act, the Purchaser will file a return in accordance with Section 228(4) of the Act.

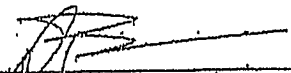
18. Each of the Vendor and Purchaser shall pay the respective expenses arising from or in respect of the fulfillment by them of their respective obligations hereunder.
19. The Purchase Agreement shall survive to the benefit of and be binding upon the Vendor and Purchaser and their respective successors and assigns.
20. Any notice or documentation required or permitted to be given to the Purchaser or Vendor under the terms of this agreement shall be deemed to have been given if delivered to the offices of CW Edmonton Inc. at 10128 99th Street, Suite 2300, Edmonton, Alberta T5J 3H1 between the hours of 8:00 A.M. and 5:00 P.M. on any business day. Delivery by facsimile shall be acceptable.
21. Time shall be of the essence of this Offer.
22. In consideration of the sum of Ten (\$10.00) Dollars now paid by the Vendor to the Purchaser (the receipt and sufficiency of which is hereby acknowledged), this Offer shall be irrevocable and open for acceptance by the Vendor until 4:00 P.M., on the 4th day of June, A.D. 2010. Acceptance by facsimile shall be legally binding.

COUNTER 100

2010 JUN 4 2:17 PM

IN WITNESS WHEREOF the Purchaser has caused this Offer to be executed by its proper officer in that behalf 21 day of May A.D. 2010.

Purchaser



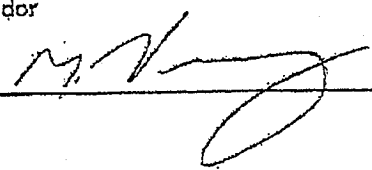
Witness

Per: 

ACCEPTANCE

IN WITNESS WHEREOF the Vendor has caused this Acceptance to be executed by its proper officers in that behalf 5th day of June, A.D. 2010

Vendor

Per: 

Witness

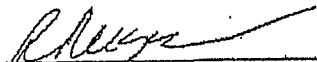
Per: _____

Witness

SCHEDULE "A"

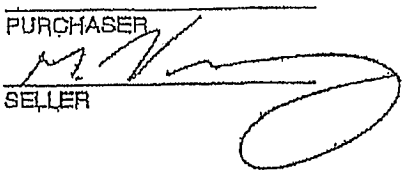
The following terms and conditions shall apply to and shall form part of any Agreement of Purchase and Sale to which this Schedule is attached:

1. The Purchaser acknowledges that the seller is RSM Richter Inc. in its capacity as Court Appointed Receiver and Manager of Allan Beach Developments GP Ltd., 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 Seller shall not be required to produce any document except as may actually be in the Seller's possession, other than a registrable transfer of land and a discharge of any non-permitted encumbrances, and without in any way restricting the generality of the foregoing, the Seller 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 Seller 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 Seller 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 Seller as to title, condition, quality or fitness for any purpose whatsoever. The Purchaser acknowledges that the Seller 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 Seller 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


 SELLER

 Witness

 Witness

SCHEDULE "B"

LEGAL DESCRIPTION:

THE NORTH EAST QUARTER OF SECTION NINE(9)
TOWNSHIP FIFTY THREE (53)
RANGE ONE (1)
WEST OF THE FIFTH MERIDIAN

CONTAINING 64.7 HECTARES (160) ACRES MORE OR LESS.

EXCEPTING THEREOUT: HECTARES (ACRES) MORE OR LESS

A) ALL THAT PORTION OF THE SAID QUARTER SECTION WHICH LIES NORTH AND EAST OF THE LANDS SUBDIVIDED UNDER PLAN 1600RS AND WHICH LIES NORTH OF A LINE DRQWN PARALLEL TO THE NORTH BOUNDARY OF THE SAID QUARTER SECTION AND THIRTEEN HUNDRED AND TWENTY (1320) FEET PERPENDICULARLY DISTANT SOUTHERLY THEREFROM

23.1 57

B) PLAN 1600RS SUBDIVISION 6.08 15.04

C) ALL THAT PORTION OF THE SAID QUARTER SECTION COVERED BY THE WATERS OF THE UNNAMED LAKE AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP SIGNED AT OTTAWA ON THE 10TH DAY OF JANUARY A.D. 1921

D) PLAN 7622456 ROAD 0.206 0.51

E) PLAN 9321523 SUBDIVISION 4.61 11.39

EXCEPTING THEREOUT ALL MINES AND MINERAL AS SET FORTH IN TRANSFER 234HM

SCHEDULE "C"
"Permitted Encumbrances"

<u>Registration Number</u>	<u>Date</u>	<u>Particulars</u>
1782KK	27/07/1966	Utility right of Way Granted - Atco Gas and Pipelines Ltd.
862 286 890	07/09/1995	Utility Right of Way Granted - The City of Edmonton

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SCHEDULE "D"

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~~Should the Vendor receive a bona fide Offer to Purchase ("New Offer"), prior to the Purchaser's removal of all Conditions Precedent, the Purchaser will be advised of the receipt of the New Offer and be entitled, but not obligated, to either increase the purchase price and/or remove any remaining conditions within three (3) business days of such written notice from the Vendor. The Receiver may then, if one offer is not appreciably better than the other offer, request the competing Purchasers to submit their final and best offer and the Receiver shall be entitled to accept either offer and apply to Court for approval of that offer.~~

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Should the Vendor receive a bona fide Offer to Purchase, ("New Offer"), prior to the Purchaser's removal of all Conditions Precedent, the Purchaser will be advised of the receipt of the New Offer and be entitled, but not obligated, to either increase the purchase price and/or remove any remaining conditions within twenty-one (21) days of such written notice from the Vendor. The Receiver may then, if one offer is not appreciably better than the other offer, request the competing Purchasers to submit their final and best offer and the Receiver shall be entitled to accept either offer and apply to court for approval of that offer.

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

TO: RSM RICHTER INC., as Receiver and Manager of A. Virginia Wilson Holdings Ltd. and Allan Beach Developments GP Ltd. (hereinafter collectively called the "Vendor")

Laura Burt or her corporate nominee (hereinafter called the "**Purchaser**") hereby offers and agrees to purchase the lands and premises known as Alan Beach Resorts and Fir Crest Resorts and legally described in Schedule "B" attached hereto (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 British Columbia.

"**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 Order and Vesting Order at the British Columbia land titles office, the British Columbia Supreme Court.

"**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 A. Virginia Wilson Holdings Ltd. and Allan Beach Developments GP 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 British Columbia and Alberta land titles offices, in each case free and clear of all Encumbrances.

2. Purchase Price

The purchase price for the Purchased Assets shall be \$3,200,000 plus GST (the "Purchase Price") and shall be payable as follows:

- (a) An initial deposit (the "Initial Deposit") payable by Solicitor's Trust cheque to the Vendor or its Solicitor payable within 5 business days following the acceptance of this Offer by the Vendor; \$ 25,000
- (b) An additional deposit (the "Additional Deposit") payable by Solicitor's trust cheque to the Vendor or its Solicitor payable with 5 business days following service of the Approval Order; \$ 25,000
- (c) The balance of the Purchase Price plus or minus 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); \$ 3,150,000

Total Purchase Price

\$ 3,200,000
plus-GST

The allocation of the Purchase Price shall be as follows:

Alan Beach Resort	\$ 2,350,000
Fir Crest Resort	<u>\$ 850,000</u>
	\$ 3,200,000

3. Deposit to be Invested

The monies paid to the Vendor or its solicitor pursuant to Section 2 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 21 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"), including but not limited to:
 - (i) All environmental assessments or fire inspection reports;
 - (ii) All survey reports or real property reports;
 - (iii) All building plans, design specifications, plans, appraisals, data bases, drawings and documents, if any, that are in the Receiver's possession relating to the development and marketing of the Property; and
 - (iv) Any approvals or consents pertaining to the development of the Property;
- (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;
- (h) as at the closing date, there will be no current listing agreements, whether for lease or sale, in force with respect to the Purchased Assets; and
- (i) 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 (iii) 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 on or before the Closing Date of the following conditions (collectively, the "Purchaser's Conditions"):

- (a) None.

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 the Vendor shall have obtained an Approval Order and Vesting Order no later than September 3, 2010 and both Orders 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 extended within the prescribed time, 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 date specified above.

8. Closing and Possession

This transaction of purchase and sale shall be completed on October 8, 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.

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 Calgary, Alberta, 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) 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 Alberta and British Columbia 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 pertaining to the location of the Property 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 Solicitor's Trust 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 and the Receiver and Manager dated as of the Closing Date confirming that 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 paid by the Purchaser in accordance with the terms of this Offer, shall be held by the Vendor'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 and 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 and Additional Deposit and any interest earned thereon, if paid, be paid to Vendor as a genuine pre-estimate of 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 Vendor's solicitor to make such payments in the manner and at the times hereinbefore directed. The parties agree that the Vendor'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 Vendor'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 Vendor'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. Caveat

The Purchaser shall not register a Caveat pursuant to this Offer to Purchase and its interest in the Property.

19. Assignment/Nomination

At any time prior to Closing, Laura Burt without the express prior consent in writing of the Vendor shall have the right to assign this 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, to take title to the Purchased Assets in its place and stead; and in such event the assignee or the nominee shall be solely responsible for the performance of this Agreement and/or covenants of the Purchaser and there shall be no recourse, liability or Claims made against Laura Burt whatsoever in equity or in law.

20. Commissions

The Purchaser shall have no obligation for any commissions payable to any realtors and the Vendor hereby indemnifies the Purchaser from any responsibility to pay such a commission.

21. 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.

22. 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.

23. Time

Time shall in all respects be of the essence hereof.

24. 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.

25. Governing Law

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

26. 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.

27. 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:

Laura Burt
171 New Brighton Drive S.E.
Calgary, Alberta T2Z 0E1

Attention: Laura Burt
Phone: 403.681.9099
Fax: 403.452.1022

with a copy to:

Wilson Laycraft
1601, 333 - 11 Ave SW
Calgary, Alberta T2R 1L9

Attention: Ronald S. Girvitz
Phone: 403.290.1601
Fax: 403.290.0828

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.

28. 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.

29. 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.

30. Acceptance

The Vendor shall have until 1:00 P.M. (Calgary time) on the 13th day of August, 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 171 New Street Calgary, Alberta, this 30 day of July, 2010.

Carol L. Haney
WITNESS

[Signature]
LAURA BURT

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.

DATED this _____ day of _____, 2010.

**RSM RICHTER INC., as Receiver and
Manager of A. Virginia Wilson Holdings
Ltd. and Allan Beach Developments GP
Ltd., and not in its personal capacity**

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:

All plans, drawings, specifications, appraisals, data bases and documents pertaining to the development and marketing of the Property as resort properties.

SCHEDULE "B"

ALAN BEACH RESORT

THE NORTH EAST QUARTER OF SECTION NINE (9)
TOWNSHIP FIFTY THREE (53)
RANGE ONE (1)
WEST OF THE FIFTH MERIDIAN
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT: HECTARES ACRES MORE OR LESS

A) ALL THAT PORTION OF THE SAID QUARTER SECTION WHICH LIES NORTH AND EAST OF THE LANDS SUBDIVIDED UNDER PLAN 1600RS AND WHICH LIES NORTH OF A LINE DRAWN PARALLEL TO THE NORTH BOUNDARY OF THE SAID QUARTER SECTION AND THIRTEEN HUNDRED AND TWENTY (1320) FEET PERPENDICULARLY DISTANT SOUTHERLY THEREFROM 23.1 57

B) PLAN 1600RS SUBDIVISION 6.08 15.04

C) ALL THAT PORTION OF THE SAID QUARTER SECTION COVERED BY THE WATERS OF THE UNNAMED LAKE AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP SIGNED AT OTTAWA ON THE 10TH DAY OF JANUARY A.D. 1921

D) PLAN 7622456 ROAD 0.206 0.51

E) PLAN 9321526 SUBDIVISION 4.61 11.39

EXCEPTING THEREOUT ALL MINES AND MINERALS AS SET FORTH IN TRANSFER 234HM

AND

FIR CREST RESORT

DESCRIPTION OF LAND:
PARCEL IDENTIFIER: 013-397-478
PARCEL A (38046E AND PLAN B6004) OF DISTRICT OF LOT 5037 LILLOOET DISTRICT
EXCEPT PLANS 6847, 20135 AND KA77955

Appendix "C"

The following are the registrations on title to the Allan Beach Property, which is legally described as:

THE NORTH EAST QUARTER OF SECTION NINE (9)
 TOWNSHIP FIFTY THREE (53)
 RANGE ONE (1)
 WEST OF THE FIFTH MERIDIAN
 CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS.
 EXCEPTING THEREOUT: HECTARES (ACRES) MORE OR LESS

A) ALL THAT PORTION OF THE SAID QUARTER SECTION WHICH LIES NORTH AND EAST OF THE LANDS SUBDIVIDED UNDER PLAN 1600RS AND WHICH LIES NORTH OF A LINE DRAWN PARALLEL TO THE NORTH BOUNDARY OF THE SAID QUARTER SECTION AND THIRTEEN HUNDRED AND TWENTY (1320) FEET PERPENDICULARLY DISTANT SOUTHERLY THEREFROM

	23.1	57
B) PLAN 1600 RS	6.08	15.04

C) ALL THAT PORTION OF THE SAID QUARTER SECTION COVERED BY THE WATERS OF THE UNNAMED LAKE AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP SIGNED AT OTTAWA ON THE 10TH DAY OF JANUARY A.D. 1921

D) PLAN 7622456	ROAD	0.206	0.51
E) PLAN 9321526	SUBDIVISION	4.61	11.39

EXCEPTING THEREOUT ALL MINES AND MINERALS AS SET FORTH IN TRANSFER 234HM

Interest No.	Interest	Reg. Date	Mortgagee(s)/ Grantee/Caveator	Notes
802 141 603	Utility Right of Way	24/06/1980	West Parkland Gas Co-op Ltd.	
932 172 360	Caveat re: Deferred Reserve	17/06/1993	The County of Parkland No. 31	
072 739 424	Mortgage	31/12/2007	Beaches West Capital Corp.	Postponed to Interest Nos. 092 352 392 and 092 353 393 by Interest No. 092 359 624
072 739 425	Caveat: re Assignment of Rents and Leases	31/12/2007	Beaches West Capital Corp.	Postponed to Interest Nos. 092 352 392 and 092 353 393 by Interest No. 092 359 624
092 352 392	Mortgage	30/09/2009	Solar Star Holdings Inc., 1105550 Alberta Inc., Sano Stante Real Estate Inc., Robert David Penner, and Aquino Belavy and Associates Ltd.	
092 352 393	Caveat re: Assignment of Rents and Leases	30/09/2009	Solar Star Holdings Inc., 1105550 Alberta Inc., Sano Stante Real Estate Inc., Robert David Penner, and Aquino Belavy and Associates Ltd.	

092 359 624	Postpone- ment	06/10/2009	n/a	Postpones Interest Nos. 072 739 424 and 072 739 425 to Interest Nos. 092 352 392 and 092 352 393
092 401 220	Mortgage	05/11/2009	Signature Lakeside RV Finance Corp.	
092 401 221	Caveat re: Assignment of Rents and Leases	05/11/2009	Signature Lakeside RV Finance Corp.	
092 401 222	Caveat re: Assignment of Rents and Leases	05/11/2009	Signature Lakeside RV Finance Corp.	
092 422 601	Order	23/11/2009	RSM Richter Inc.	Against Allan Beach Developments Ltd. – Receivership Order

Appendix "D"

The following are the registrations on title to the Fir Crest Property, which is legally described as:

Parcel Identifier: 013-397-478
 Parcel A (38046E and Plan B6004) of District Lot 5037 Lillooet District
 Except Plans 6847, 20135 and KAP77955

Interest No.	Interest	Reg. Date	Registered Owner of Charge	Notes
KX3105	Covenant	2005-01-11	Cariboo Regional District	Permitted Encumbrance under Resorts Mortgage
KX3106	Covenant	2005-01-11	Cariboo Regional District	Permitted Encumbrance under Resorts Mortgage
KX47880	Covenant	2005-04-22	The Crown in Right of British Columbia Cariboo Regional District	Permitted Encumbrance under Resorts Mortgage
LB117784	Mortgage	2007-10-01	Fir Crest Finance Corp.	Postponed to Interest No. CA1296585 by Interest Nos. LB344325 and LB344326
LB117785	Assignment of Rents	2007-10-01	Fir Crest Finance Corp.	Postponed to Interest No. CA1296586 by Interest Nos. LB344325 and LB344326
LB117786	Mortgage	2007-10-01	Fir Crest Capital Corp.	Postponed to Interest Nos. CA1296585 by Interest Nos. LB344327 and LB344328
LB117787	Assignment of Rents	2007-10-01	Fir Crest Capital Corp.	Postponed to Interest Nos. CA 1296586 by Interest Nos. LB344327 and LB344328
CA1296585	Mortgage	2009-10-02	Solar Star Holdings Inc., 1105550 Alberta Inc. and Sano Stante Real Estate Inc. (each as to an undivided 25% interest), and Robert David Penner and Aquino Belavy and Associates Ltd. (each as to an undivided 12.5% interest)	Granted priority over Interest Nos. LB117784, LB117785, LB117986 and LB by LB117787 by Interest Nos. LB344325 and LB344327
CA1296586	Assignment of Rents	2009-10-02	Solar Star Holdings Inc., 1105550 Alberta Inc. and Sano Stante Real Estate Inc. (each as to an undivided 25% interest), and Robert David Penner and Aquino Belavy and Associates Ltd. (each as to an undivided 12.5% interest)	Granted priority over Interest Nos. LB117784, LB117785, LB117986 and LB by LB117787 by Interest Nos. LB344326 and LB344328
LB344325	Priority Agreement	2009-10-08	n/a	Granting CA1296585 priority over LB117784 and LB117785

LB344326	Priority Agreement	2009-10-08	n/a	Granting CA 1296586 over LB117784 and LB117785
LB344327	Priority Agreement	2009-10-08	n/a	Granting CA1296585 priority over LB11786 and LB117787
LB344328	Priority Agreement	2009-10-08	n/a	Granting CA1296586 priority over LB117786 and LB117787

- (a) A copy of the letter of offer of financing dated September 23, 2009, from the Resorts Mortgagees to a number of the Companies, more specifically Allan Beach Developments GP Ltd. ("Allan Beach GP"), Fir Crest Resort Development GP Ltd. ("Fir Crest GP"), A. Virginia Wilson Holdings Ltd. ("AVW"), Poplar Grove Developments GP Ltd. ("PGGP") and Birch Bay Developments GP Ltd. ("Birch Bay GP")(the "Resorts Mortgagees");
- (b) A copy of a letter dated September 24, 2009 from the Resorts Mortgagees to the Resorts Mortgagees amending the letter of offer of financing dated September 23, 2009 to include AVW as an addressee of the letter of offer and providing for a guarantee, general security agreement and an assignment of various agreements, permits and approvals in relation to the Fir Crest Property;
- (c) A copy of a General Security Agreement dated September 23, 2009 between the Lender as secured party and Allan Beach GP, Fir Crest GP, PGGP and Birch Bay GP as debtors, whereby Allan Beach GP, Fir Crest GP, PGGP and Birch Bay GP granted a security interest in the undertaking and all present and after acquired personal property as set out therein (the "Resorts GSA");
- (d) A copy of the postponement of Mortgage and Caveat dated September 30, 2009 (the "Allan Beach Postponement") from BWCC, addressed to the Registrar of Alberta Registries, whereby BWCC directed the Registrar to postpone the BWCC Mortgage and related caveat re assignment of rents to the Allan Beach Solar Star Mortgage and a related Caveat re Assignment of Rents dated September 29, 2009, which was registered on title to the Allan Beach Lands on October 6, 2009;
- (e) Copies of two Postponement and Subordination of Security Interest agreements, both dated September 30, 2009 and executed by BWCC in favour of the Lender, postponing BWCC's security interests in the collateral named in each postponement to the rights, claims and security interests of the Lender in that collateral (the "BWCC Postponements");
- (f) A copy of a letter of permission from BWFC to its counsel, dated September 30, 2009, to remove BWFC's Alberta Personal Property Registry ("Alberta PPR") registration in relation to Allan Beach GP; -
- (g) A copy of the certificate of title to the Allan Beach Lands dated July 20, 2010 and issued by the Registrar of the Alberta Land Titles Registry;
- (h) Alberta Personal Property Registry Search Results Report for Debtor Search of Allan Beach GP dated August 3, 2010;
- (i) A copy of the Resorts Mortgage, dated September 28, 2009;
- (j) A copy of the GSA dated September 28, 2009 between AVW and the Resorts Mortgagees, granting an interest in all of AVW's undertaking and present and after-acquired personal and real property and a mortgage and charge by way of a floating charge in real property and a security interest in the Fir Crest Property (the "AVW GSA");

- (k) A copy of the GSA dated September 28, 2009 between Fir Crest GP and the Resorts Mortgagees, granting an interest in all of Fir Crest GP's undertaking and present and after-acquired personal and real property and a mortgage and charge by way of a floating charge in real property and a security interest in the Fir Crest Property (the "Fir Crest GP GSA") (together with the above, the "Fir Crest GSAs");
- (l) A copy of the Guarantee dated September 28, 2009 given to the Resorts Mortgagees by AVW as guarantor of the loan advanced under the Loan Agreement by the Resorts Mortgagees to the Resorts Mortgagors (the "AVW Guarantee");
- (m) A copy of an Acknowledgement of Receipt of Mortgage Terms dated September 30, 2009 among Birch Bay Developments GP Ltd., PGGP as mortgagors and AVW as mortgagor and guarantor (the "Resorts Mortgage Acknowledgement");
- (n) A copy of a priority agreement dated October 1, 2009 between FCFC and the Resorts Mortgagees whereby FCFC granted the Resorts Mortgagees priority over any interest of FCFC in and to the Fir Crest Property and postponed its own right title and interest in and to the Fir Crest Property to that of the Resorts Mortgagees (the "FCFC Priority Agreement"), which was registered on title to the Fir Crest Property on October 8, 2009;
- (o) A copy of a priority agreement dated October 1, 2009 between FCCC and the Resorts Mortgagees whereby FCCC granted the Resorts Mortgagees priority over any interest of FCCC in and to the Fir Crest Property and postponed its own right title and interest in and to the Fir Crest Property to that of the Resorts Mortgagees (the "FCCC Priority Agreement") (together with the above, the "Fir Crest Priority Agreements"), which was registered on title to the Fir Crest Property on October 8, 2009;
- (p) A copy of a Postponement and Subordination of Security Interest dated October 9, 2009 and executed by FCFC (the "FCFC Postponement");
- (q) A copy of a Postponement and Subordination of Security Interest dated October 9, 2009 and executed by FCCC (the "FCCC Postponement") (together with the above, the "Fir Crest Postponements");
- (r) Alberta Personal Property Registry Search Results Reports for Debtor Search of AVW dated November 17, 2009 and August 3, 2010;
- (s) BCOonline PPRS Search Results for Business Debtor Search of AVW dated November 16, 2009 and August 3, 2010;
- (t) Alberta Personal Property Registry Search Results Reports for Debtor Search of Fir Crest GP dated November 17, 2009 and August 3, 2010;
- (u) BCOonline PPRS Search Result for Business Debtor Search of Fir Crest GP dated November 16, 2009 and August 3, 2010;
- (v) A copy of the certificate of title to the Fir Crest Property dated July 20, 2010 issued by the Kamloops Land Title Office;

- (w) A copy of the GSA dated September 28, 2009 between PGGP and the Lender, granting an interest in all of PGGP's undertaking and present and after-acquired personal and real property, a mortgage and charge by way of a floating charge and security interest in real property and the Poplar Grove Lands, and a security interest in collateral set out therein (the "PGGP GSA");
- (x) A copy of a Postponement and Subordination of Security Interest among SLRV, the Lender and PGGP, dated September 29, 2009, postponing all of SLRV's security in the personal and real property of PGGP described therein, to all of the Lender's security in the personal and real property of PGGP described therein (the "PGGP Postponement");
- (y) A copy of the mortgage from PGGP to SLRV dated June 29, 2009 (the "SLRV Poplar Grove Mortgage"), which was registered on title to the Poplar Grove Lands on September 30, 2009;
- (z) A copy of a priority agreement dated October 8, 2009, and registered on title to the Poplar Grove Lands on October 14, 2009, between SLRV and the Lender whereby SLRV granted the Lender priority over any interest of SLRV in and to the Poplar Grove Lands and postponed its own right title and interest in and to the Poplar Grove Lands to that of the Lender (the "SLRV Priority Agreement");
- (aa) A copy of the certificate of title to the Poplar Grove Lands dated June 25, 2010 issued by the Prince George Land Title Office;
- (bb) An Alberta Personal Property Registry Search Results Report for Debtor Search of PGGP dated August 3, 2010; and
- (cc) A BCOOnline PPRS Search Result for Business Debtor Search of PGGP dated August 3, 2010.

Solar & Company
Summary of Pay-out as at September 15, 2010

Terms and Condition as per signed mortgage agreement:

- a) Interest rate at 18% per annum, calculated semi-annually, not in advance
- b) Interest is due and payable monthly commencing on the 7th month after the prepaid interest is fully amortized on March 31, 2010.
- c) Interest not paid when due bears an interest at the same rate and are calculated and paid in the same way as interest on principal not in arrears

Therefore, the amount due on August 31, 2010 is as follows:

Principal amount due	2,781,000.00
Interest due on April 30, 2010	41,143.56
	2,822,143.56
Interest due on May 31, 2010	43,144.00
	2,865,287.56
Interest due on June 30, 2010	42,390.56
	2,907,678.12
Interest due on July 31, 2010	44,451.63
	2,952,129.75
Interest due on August 31, 2010	45,131.19
	2,997,260.94
Interest due on September 15, 2010	22,171.52
Amount due on September 15, 2010	3,019,432.46
Deduct the mortgage amount being loaned to the purchaser	1,800,000.00
Net amount payable to Solar & Company 9/15/2010	1,219,432.46
Per diem interest after September 15, 2010 ($\$ 1,219,432.46 \times 18\% \times 1/365$)	\$ 601.36

	% of Interest	Net Payment 9/15/2010
Solar Star Holdings Inc.	25%	304,858.11
1105550 Alberta Ltd.	25%	304,858.11
Sano Stante Real Estate Inc.	25%	304,858.12
Robert D. Penner	12.5%	152,429.06
Aquino Belavy & Associates Ltd.	12.5%	152,429.06
Amount due to first mortgage holders 9/15/2010		1,219,432.46

Weststone Development Corp.
Statement of Receipts and Disbursements
As at July 31, 2010
(\$; Unaudited)

Receipts:	
Sale of assets	3,480,852
Rental income	96,672
Funds in company's bank account	359
Interest	16
	<u>3,577,899</u>
Disbursements:	
Repayment of first mortgage	1,581,270
Transfer to Signature Capital Inc. General Account	316,361
Legal disbursements	11,982
Insurance	4,671
Appraisal fees	3,650
Utilities	2,988
Advertising	1,204
GST paid on disbursements	842
PST paid on disbursements	590
Filing fees paid to Official Receiver	140
Bank charges	28
	<u>1,923,727</u>
Total	<u>1,654,172</u>

Weststone Finance Corp.
Proposed Interim Distribution
As at August 12, 2010
(\$)

	Full Name	Investment type	Claim			Distribution Amount
			Principal	Interest	Total	
	101110196 Sask. Ltd.		100,000.00	7,778.08	107,778.08	33,978.99
	1169189 Alberta Ltd.-WS		10,000.00	686.30	10,686.30	3,369.05
	1346515 AB Ltd		15,000.00	1,029.45	16,029.45	5,053.57
	1370176 Alberta Ltd.-WS		10,000.00	686.30	10,686.30	3,369.05
	725325 Alberta Ltd.		15,000.00	1,029.45	16,029.45	5,053.57
	927561 Alberta Ltd		60,000.00	23,327.86	83,327.86	26,270.62
Olympia Trust - In Trust for	Gregory Andersen	RSP	41,000.00	11,602.08	52,602.08	16,583.76
	Mimi Bach		12,000.00	823.56	12,823.56	4,042.86
	David Bailey		10,000.00	686.30	10,686.30	3,369.05
	Randy Barrack		60,000.00	22,838.22	82,838.22	26,116.25
	Ryan Barrack		60,000.00	22,593.40	82,593.40	26,039.07
	Julia Barriault		120,000.00	9,333.70	129,333.70	40,774.79
	Jean-Rene and Kathryn Berube		183,000.00	14,233.89	197,233.89	62,181.55
	Craig Bisschop		20,000.00	1,372.60	21,372.60	6,738.10
	Sheila Bloomfield		10,000.00	3,310.31	13,310.31	4,196.32
	Denise Bold		60,000.00	4,666.85	64,666.85	20,387.40
Olympia Trust - In Trust for	Joel Bryan	RSP	15,000.00	4,807.54	19,807.54	6,244.69
	Joan Cadger		20,000.00	6,901.39	26,901.39	8,481.15
	ChiCan Construction Service Ltd.		60,000.00	20,148.75	80,148.75	25,268.35
	Dennis and Jullanna Chu		10,000.00	686.30	10,686.30	3,369.05
	Henry King Wai Chu		10,000.00	686.30	10,686.30	3,369.05
	Ann Christine Cox		10,000.00	3,310.31	13,310.31	4,196.32
Olympia Trust - In Trust for	Dennis Cressman	RSP	12,000.00	3,677.72	15,677.72	4,942.69
	Robert Cucksey		60,000.00	4,666.85	64,666.85	20,387.40
Olympia Trust - In Trust for	Peter Czepuryk	RSP	10,000.00	2,784.78	12,784.78	4,030.63
Olympia Trust - In Trust for	Tracey Demeo	RSP	10,000.00	3,064.77	13,064.77	4,118.91
Olympia Trust - In Trust for	Edward Dmytryshyn	RSP	20,000.00	6,761.01	26,761.01	8,436.89
Olympia Trust - In Trust for	Derek Drummond-Young	RSP	20,000.00	6,620.63	26,620.63	8,392.64
	Bruce and Lila Duckworth		100,000.00	36,839.61	136,839.61	43,141.16
Olympia Trust - In Trust for	Brenda Dyck	RSP	33,000.00	9,338.26	42,338.26	13,347.90

Weststone Finance Corp.
Proposed Interim Distribution
As at August 12, 2010
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	Full Name	Investment type	Claim			Distribution Amount
			Principal	Interest	Total	
Olympia Trust - In Trust for	Brenda Dyck	RSP	17,000.00	4,810.62	21,810.62	6,876.19
	Lori Dyer		10,000.00	3,275.22	13,275.22	4,185.25
	Nancy Eaid		15,000.00	4,807.54	19,807.54	6,244.69
	Lorraine M. Ellert		10,000.00	3,450.70	13,450.70	4,240.58
Olympia Trust - In Trust for	Gordon Elworthy	RSP	60,000.00	23,327.86	83,327.86	26,270.62
	Lois Facca		10,000.00	3,380.50	13,380.50	4,218.45
	Alison Fitzgerald		10,000.00	686.30	10,686.30	3,369.05
	Flower Power Inc.		20,000.00	6,410.06	26,410.06	8,326.25
	Jesus and Elyssa Fong		30,000.00	2,058.90	32,058.90	10,107.15
	Marcel Fraser		10,000.00	3,380.50	13,380.50	4,218.45
	Lucille Gans		10,000.00	2,924.77	12,924.77	4,074.77
	Gary Leong and Min Zheng		10,000.00	686.30	10,686.30	3,369.05
Olympia Trust - In Trust for	Dave Gowans	RSP	10,000.00	3,310.31	13,310.31	4,196.32
Olympia Trust - In Trust for	Wei Hong Gu	RSP	10,000.00	3,064.77	13,064.77	4,118.91
Olympia Trust - In Trust for	Maria Gutierrez	RSP	20,000.00	6,129.54	26,129.54	8,237.81
	Pam and Wendy Hale		20,000.00	1,372.60	21,372.60	6,738.10
Olympia Trust - In Trust for	Wendy Hale	RSP	10,000.00	3,310.31	13,310.31	4,196.32
Olympia Trust - In Trust for	Holly Hamilton	RSP	12,300.00	4,158.02	16,458.02	5,188.69
	Tim Harris		25,000.00	8,188.05	33,188.05	10,463.13
	Ken Harvey		22,100.00	1,516.73	23,616.73	7,445.60
	Leslie Hawrelak		10,000.00	3,450.70	13,450.70	4,240.58
	Linda Hayes		12,000.00	4,140.83	16,140.83	5,088.69
	Wes Hubscher		25,000.00	1,715.75	26,715.75	8,422.62
	Lyle Huston		140,000.00	10,889.32	150,889.32	47,570.59
	Murray Ivany		25,000.00	1,715.75	26,715.75	8,422.62
	Jackie Jackson		60,000.00	23,817.49	83,817.49	26,424.98
	JDT Capital Management Inc		10,000.00	686.30	10,686.30	3,369.05
	Benjeana Joseph		12,000.00	4,056.61	16,056.61	5,062.14
	Jenilly Joseph		10,000.00	3,380.50	13,380.50	4,218.45
	Ami Karmali		15,000.00	1,029.45	16,029.45	5,053.57

Weststone Finance Corp.
Proposed Interim Distribution
As at August 12, 2010
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	Full Name	Investment type	Claim			Distribution Amount
			Principal	Interest	Total	
	George Kelly		18,000.00	1,235.34	19,235.34	6,064.29
	Shahid Khan		80,000.00	6,222.47	86,222.47	27,183.19
Olympia Trust - In Trust for	Mary Kidmesen	RSP	10,000.00	2,994.77	12,994.77	4,096.84
	Peggy Knaak		35,000.00	2,722.33	37,722.33	11,892.65
	Charles Kolle		10,000.00	686.30	10,686.30	3,369.05
	Kong Lim and Buoy Chaing		13,000.00	892.19	13,892.19	4,379.76
	Herbert Kuebeck		80,000.00	6,222.47	86,222.47	27,183.19
	Alnoor (Al) Manjl		50,000.00	3,431.51	53,431.51	16,845.25
	Brian Manning		30,000.00	9,930.94	39,930.94	12,588.95
	Carol Manning		10,000.00	3,275.22	13,275.22	4,185.25
	Dalton Marshall		30,000.00	2,058.90	32,058.90	10,107.15
Olympia Trust - In Trust for	Brent Mathie	RSP	24,500.00	7,508.69	32,008.69	10,091.32
	Edward Maxlm		10,000.00	686.30	10,686.30	3,369.05
	Margaret McGill		100,000.00	39,695.82	139,695.82	44,041.64
	Melville McDonald and Shannon Pineau		60,000.00	4,666.85	64,666.85	20,387.40
Olympia Trust - In Trust for	Qamar Merali	RSP	10,000.00	2,364.78	12,364.78	3,898.22
	Crystal Moore		10,000.00	686.30	10,686.30	3,369.05
	Dan Nguyen		10,000.00	686.30	10,686.30	3,369.05
	Shirley and Elmer Nyrose		20,000.00	6,901.39	26,901.39	8,481.15
Olympia Trust - In Trust for	Nakotey Okai	RSP	12,600.00	3,389.12	15,989.12	5,040.86
	Larry and Mary Olson		14,000.00	960.82	14,960.82	4,716.67
Olympia Trust - In Trust for	Dan Padva	RSP	22,000.00	7,437.11	29,437.11	9,280.58
	Dave Panter		60,000.00	4,666.85	64,666.85	20,387.40
Olympia Trust - In Trust for	Jacqueline Peltz	RSP	12,000.00	3,395.73	15,395.73	4,853.78
	Jim Pennington		10,000.00	3,310.31	13,310.31	4,196.32
	Vicki Peterson		60,000.00	4,666.85	64,666.85	20,387.40
Olympia Trust - In Trust for	Vicki Poole	RSP	15,600.00	4,781.04	20,381.04	6,425.49
	Neil Puffer		20,000.00	6,761.01	26,761.01	8,436.89
	Godofredo Qulpse		10,000.00	3,380.50	13,380.50	4,218.45
	Gene Rassin		30,000.00	2,058.90	32,058.90	10,107.15

Weststone Finance Corp.
Proposed Interim Distribution
As at August 12, 2010
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	Full Name	Investment type	Claim			Distribution Amount
			Principal	Interest	Total	
	Melvin Reister		14,600.00	4,679.34	19,279.34	6,078.16
Olympia Trust - In Trust for	Tracey Jo-Ann Reister	RSP	22,200.00	7,115.16	29,315.16	9,242.14
	James Richardson		25,300.00	8,108.72	33,408.72	10,532.70
Olympia Trust - In Trust for	James Richardson	RSP	22,700.00	6,957.03	29,657.03	9,349.92
Olympia Trust - In Trust for	Melodie Richardson	RSP	12,000.00	3,677.72	15,677.72	4,942.69
	Sandro Roberto		10,000.00	3,450.70	13,450.70	4,240.58
	Evelyn Robertson		10,000.00	3,380.50	13,380.50	4,218.45
Olympia Trust - In Trust for	Joanne Ronan	RSP	25,000.00	8,012.57	33,012.57	10,407.81
	Deepak Saini		10,000.00	3,310.31	13,310.31	4,196.32
Olympia Trust - In Trust for	Tonya Sandberg	RSP	16,700.00	5,001.27	21,701.27	6,841.72
	Janet Scherger		15,000.00	1,029.45	16,029.45	5,053.57
	Shannon Schindeler		80,000.00	6,222.47	86,222.47	27,183.19
Olympia Trust - In Trust for	Larry Schuck	RSP	20,000.00	6,620.63	26,620.63	8,392.64
	Shana Shang		60,000.00	23,327.86	83,327.86	26,270.62
	Wilma Shoemaker		10,000.00	3,310.31	13,310.31	4,196.32
	Shoemaker Asset Management		60,000.00	23,817.49	83,817.49	26,424.98
Olympia Trust - In Trust for	Merilyn Shudra	RSP	26,500.00	8,121.64	34,621.64	10,915.10
	Shirley Smith		10,000.00	3,310.31	13,310.31	4,196.32
	Pauline So		30,000.00	9,930.94	39,930.94	12,588.95
	Paul and Brenda Stempfle		30,000.00	9,930.94	39,930.94	12,588.95
	Sylvia Stilling		60,000.00	4,666.85	64,666.85	20,387.40
	Supreme 3D Consulting		10,000.00	3,380.50	13,380.50	4,218.45
	Debbie Taylor		10,000.00	3,310.31	13,310.31	4,196.32
	Ingrid Tenkate		25,000.00	8,275.79	33,275.79	10,490.79
	Harry Thomas		10,000.00	686.30	10,686.30	3,369.05
	Sylvia Thomas		60,000.00	4,666.85	64,666.85	20,387.40
Olympia Trust - In Trust for	Jane Thompson	RSP	10,000.00	3,380.50	13,380.50	4,218.45
Olympia Trust - In Trust for	Clinton Thorsten	RSP	10,000.00	2,689.78	12,689.78	4,000.68
	Arlene Thorston		20,000.00	6,550.44	26,550.44	8,370.51
	Bob and Carol Timmins		15,000.00	1,029.45	16,029.45	5,053.57

Weststone Finance Corp.
Proposed Interim Distribution
As at August 12, 2010
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Full Name	Investment type	Claim			Distribution Amount
		Principal	Interest	Total	
Tribea Investments Ltd		60,000.00	4,666.85	64,666.85	20,387.40
Brent Trottier		10,000.00	686.30	10,686.30	3,369.05
Carol E and Bonnie Van Rossum		60,000.00	4,666.85	64,666.85	20,387.40
Lesley Welsgerber		10,000.00	686.30	10,686.30	3,369.05
Perry Werbiskl		20,000.00	6,901.39	26,901.39	8,481.15
Wilderness Stables & Tack Ltd.		120,400.00	47,793.77	168,193.77	53,026.13
Florin & Morley Wolfer		20,000.00	6,901.39	26,901.39	8,481.15
Olympia Trust - In Trust for Sylvia Wong	RSP	21,600.00	6,619.90	28,219.90	8,896.84
Challan Worthington		10,000.00	3,205.03	13,205.03	4,163.12
Yue Ming Zhong		10,000.00	3,205.03	13,205.03	4,163.12
Karyn Zuidhof		10,000.00	3,310.31	13,310.31	4,196.32
Pamela Zuidhof		15,000.00	4,965.47	19,965.47	6,294.48
Terry Zynych		20,000.00	6,620.63	26,620.63	8,392.64
		3,840,100.00	817,283.45	4,657,383.45	1,468,324.45
Condo-Condo Consulting Services Ltd				2,625.00	827.58
KMC Capital Inc				4,475.10	1,410.86
				4,664,483.55	1,470,562.89
Reserve in full - filed as secured, disallowed as secured on August 9, 2010					
Benjeana Joseph				16,056.61	16,056.61
Jentilly Joseph				13,380.50	13,380.50
				4,635,046.44	1,500,000.00

SCI Bridge II Finance Corp.
Statement of Receipts and Disbursements
As at July 31, 2010
(\$, Unaudited)

Receipts:	
Loan repayment from Condo Condo Consulting Services Ltd.	476,232
Interest	429
Funds on hand as at receivership date	296
	<u>476,957</u>
Disbursements:	
Transfer to Signature Capital Inc. General Account	100,000
Filing fees paid to Official Receiver	70
Bank charges	28
	<u>100,098</u>
Total	<u><u>376,858</u></u>

SCI Bridge II Finance Corp
Proposed Interim Distribution
As at August 12, 2010
(\$)

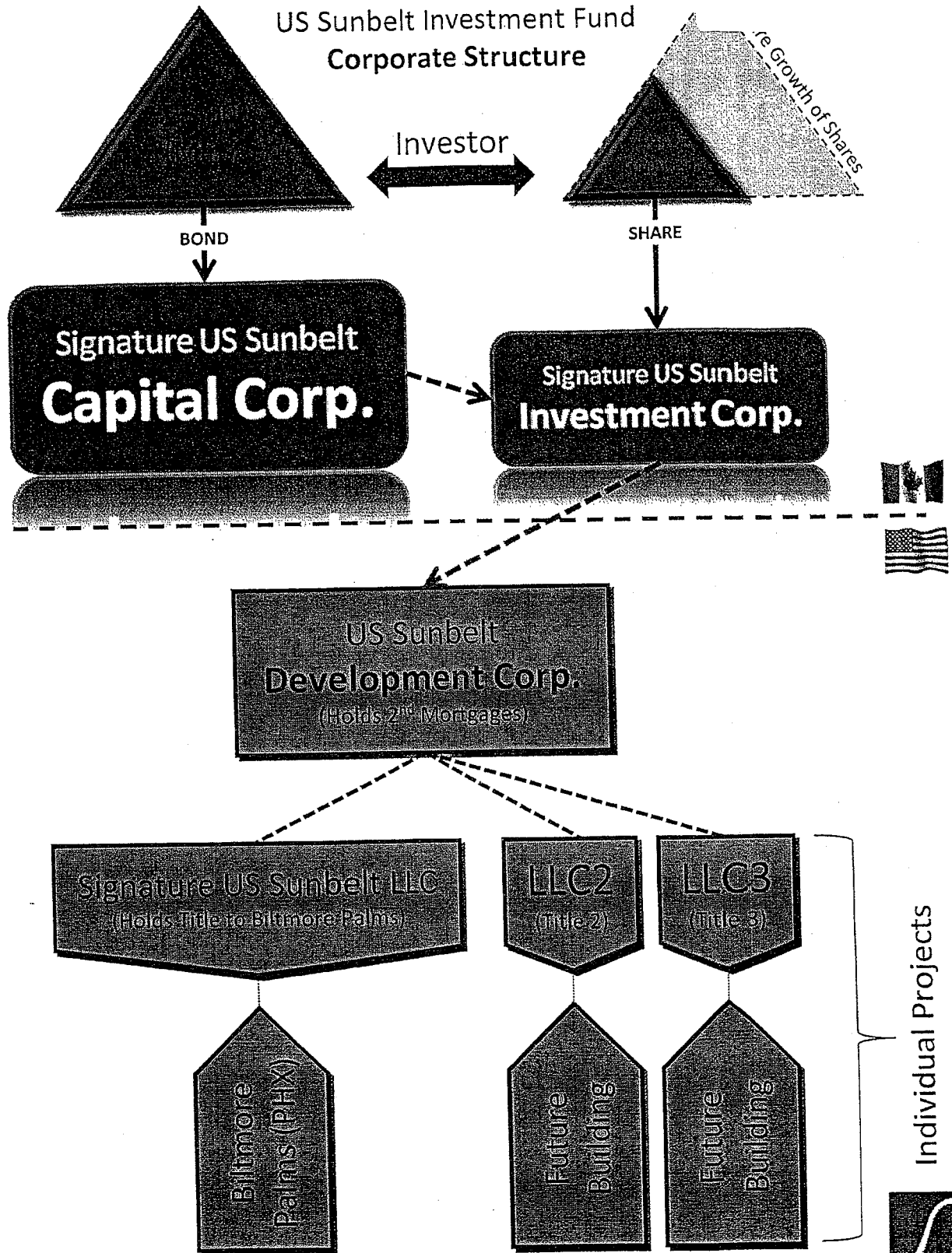
	Account Name	Investment Type	Claim			Distribution Amount
			Principal	Interest	Total	
	681394 Alberta Ltd.		10,000.00	144.66	10,144.66	1,451.32
	AJ Vandenberg Construction Ltd.		15,000.00	1,021.02	16,021.02	2,292.01
Olympia Trust - In Trust for	Brent Allanson	RSP	10,000.00	443.84	10,443.84	1,494.13
Olympia Trust - In Trust for	Kenneth Arndt	RSP	10,000.00	144.66	10,144.66	1,451.32
	David Bailey		10,000.00	144.66	10,144.66	1,451.32
Olympia Trust - In Trust for	James Bastian	RSP	26,500.00	383.34	26,883.34	3,846.01
	Craig Bisschop		15,000.00	216.99	15,216.99	2,176.99
Olympia Trust - In Trust for	Clifford Bowman	RSP	12,500.00	614.71	13,114.71	1,876.23
Olympia Trust - In Trust for	Trista Carey	RSP	10,000.00	443.84	10,443.84	1,494.13
Olympia Trust - In Trust for	Wayne Carey	RSP	10,000.00	611.99	10,611.99	1,518.18
Olympia Trust - In Trust for	Zoe Carey	RSP	10,000.00	611.99	10,611.99	1,518.18
Olympia Trust - In Trust for	Tom Christie	RSP	45,100.00	652.41	45,752.41	6,545.47
Olympia Trust - In Trust for	Maralyn Clarke	TFSA	5,000.00	257.91	5,257.91	752.21
	Maralyn Clarke		5,000.00	257.91	5,257.91	752.21
	Cynthia Laureen Connor		25,000.00	361.64	25,361.64	3,628.31
	Catherine Cosgrove		50,000.00	723.29	50,723.29	7,256.62
	M. Elaine and Robert G. Crawford		20,000.00	1,361.36	21,361.36	3,056.02
	M. Elaine and Robert G. Crawford		20,000.00	1,320.14	21,320.14	3,050.12
	Elaine Crocker		10,000.00	680.68	10,680.68	1,528.01
	Francesca Davenport		10,000.00	144.66	10,144.66	1,451.32
	Terry Erickson		20,000.00	1,272.06	21,272.06	3,043.24
Olympia Trust - In Trust for	Robyn Gabrielson	RSP	10,000.00	611.99	10,611.99	1,518.18
Olympia Trust - In Trust for	Barry Gardner	RSP	5,300.00	235.23	5,535.23	791.89
Olympia Trust - In Trust for	Barry Gardner	TFSA	5,000.00	221.92	5,221.92	747.06
Olympia Trust - In Trust for	Julie Gardner	RSP	10,200.00	429.24	10,629.24	1,520.65
	GDR Software Inc.		12,000.00	173.59	12,173.59	1,741.59
Olympia Trust - In Trust for	Ernie Georgy	RSP	10,000.00	663.50	10,663.50	1,525.55
Olympia Trust - In Trust for	Edward Giesbrecht	TFSA	5,000.00	293.98	5,293.98	757.37
	Edward Giesbrecht		5,000.00	293.98	5,293.98	757.37
Olympia Trust - In Trust for	Linda Giesbrecht	TFSA	5,000.00	293.98	5,293.98	757.37
	Linda Giesbrecht		5,000.00	293.98	5,293.98	757.37
	Grant and Harold Gorrie		115,000.00	1,663.56	116,663.56	16,690.23
	Harold and Grant Gorrie		360,000.00	5,207.67	365,207.67	52,247.69
	Heidi Graham		20,000.00	1,361.36	21,361.36	3,056.02
Olympia Trust - In Trust for	Silvia Grosso	RSP	10,000.00	660.08	10,660.08	1,525.06
	Dwayne Gurski		10,000.00	216.99	10,216.99	1,461.67
	John Hannas		20,000.00	289.32	20,289.32	2,902.65
	Ray Hardy and Sandra Lathrope		10,000.00	144.66	10,144.66	1,451.32
	Ray Hardy and Sandra Lathrope		10,000.00	144.66	10,144.66	1,451.32

SCI Bridge II Finance Corp
Proposed Interim Distribution
As at August 12, 2010
(\$)

Account Name	Investment Type	Claim			Distribution Amount
		Principal	Interest	Total	
Olympia Trust - In Trust for Tim Harris	RSP	5,000.00	72.33	5,072.33	725.66
Olympia Trust - In Trust for Tim Harris	TFSA	5,000.00	72.33	5,072.33	725.66
HJ Baer Geoconsulting Ltd.		10,000.00	656.64	10,656.64	1,524.57
Jon Hodal		60,000.00	867.95	60,867.95	8,707.95
Jon Hodal		40,000.00	578.63	40,578.63	5,805.30
Dianne Holowisky		15,000.00	1,041.63	16,041.63	2,294.96
Tingiao Huang		20,000.00	289.32	20,289.32	2,902.65
Ray Jaskela		20,000.00	289.32	20,289.32	2,902.65
Larry and June Kaida		10,000.00	144.66	10,144.66	1,451.32
Olympia Trust - In Trust for Cathy King	RSP	10,000.00	144.66	10,144.66	1,451.32
Olympia Trust - In Trust for Rick King	RSP	10,000.00	144.66	10,144.66	1,451.32
Richard Klatt		36,000.00	520.76	36,520.76	5,224.77
Grace Klimowicz		10,000.00	467.74	10,467.74	1,497.55
John and Rosemary Konynenbelt		20,000.00	289.32	20,289.32	2,902.65
Olympia Trust - In Trust for Frank Lamb	TFSA	5,000.00	257.91	5,257.91	752.21
Frank Lamb		5,000.00	257.91	5,257.91	752.21
Alisa Latumus		40,000.00	578.63	40,578.63	5,805.30
Olympia Trust - In Trust for Robin Lee	RSP	10,000.00	190.68	10,190.68	1,457.91
Samuel Lim		10,000.00	144.66	10,144.66	1,451.32
Olympia Trust - In Trust for Jason Locke	RSP	10,000.00	491.77	10,491.77	1,500.98
Olympia Trust - In Trust for Roger Marchand	RSP	20,000.00	935.46	20,935.46	2,995.09
Olympia Trust - In Trust for Brent Mathie	RSP	20,200.00	896.55	21,096.55	3,018.13
Olympia Trust - In Trust for Douglas McKillop	RSP	16,500.00	1,089.12	17,589.12	2,516.35
Olympia Trust - In Trust for Gail McKillop	RSP	40,200.00	2,653.49	42,853.49	6,130.75
Olympia Trust - In Trust for John Melissen	TFSA	5,000.00	72.33	5,072.33	725.66
John Melissen		5,000.00	72.33	5,072.33	725.66
Olympia Trust - In Trust for Sharon Moore	RSP	10,300.00	531.30	10,831.30	1,549.56
Olympia Trust - In Trust for Betty Ann Mori	RSP	10,000.00	443.84	10,443.84	1,494.13
Olympia Trust - In Trust for Lynn Morrison	RSP	10,000.00	144.66	10,144.66	1,451.32
Lynn Morrison		15,000.00	990.11	15,990.11	2,287.59
Olympia Trust - In Trust for Sandra Mykytiuk Evans	RSP	11,000.00	658.07	11,658.07	1,667.84
Olusegun Oduwole		15,000.00	990.11	15,990.11	2,287.59
Omicron Enterprises Inc.		20,000.00	289.32	20,289.32	2,902.65
Vicki Peterson		25,000.00	361.64	25,361.64	3,628.31
Edwin and Libia Phillips		10,000.00	144.66	10,144.66	1,451.32
Dennis Philips		10,000.00	680.68	10,680.68	1,528.01
Olympia Trust - In Trust for Krisandra Rafa	TFSA	5,000.00	281.95	5,281.95	755.65
Krisandra Rafa		5,000.00	281.95	5,281.95	755.65
Irgens Vincent Refsahl-Jensen		10,000.00	144.66	10,144.66	1,451.32

SCI Bridge II Finance Corp
Proposed Interim Distribution
As at August 12, 2010
(\$)

Account Name	Investment Type	Claim			Distribution Amount	
		Principal	Interest	Total		
Olympia Trust - In Trust for	Patrick Reilly	RSP	10,000.00	563.90	10,563.90	1,511.30
	Dale Robinson		10,000.00	611.99	10,611.99	1,518.18
	Randy Runka		30,000.00	433.97	30,433.97	4,353.97
Olympia Trust - In Trust for	Susan Rygus	TFSA	5,000.00	311.15	5,311.15	759.83
	Susan Rygus		5,000.00	311.15	5,311.15	759.83
	Andrea Saini		10,000.00	680.68	10,680.68	1,528.01
	Edwin Sande		20,000.00	289.32	20,289.32	2,902.65
Olympia Trust - In Trust for	Edwin Sande	TFSA	5,000.00	72.33	5,072.33	725.66
	Sheila Sande		20,000.00	289.32	20,289.32	2,902.65
Olympia Trust - In Trust for	Sheila Sande	TFSA	5,000.00	72.33	5,072.33	725.66
Olympia Trust - In Trust for	Susan Schade	RSP	25,000.00	1,529.97	26,529.97	3,795.46
	Siegmar and Elizabeth Seida		10,000.00	144.66	10,144.66	1,451.32
Olympia Trust - In Trust for	Marilyn Shudra	RSP	17,200.00	1,093.97	18,293.97	2,617.19
	Gordon Smith		10,000.00	351.78	10,351.78	1,480.96
	Edward Sokalski		20,000.00	289.32	20,289.32	2,902.65
Olympia Trust - In Trust for	Sylvia Stilling	RSP	22,000.00	318.25	22,318.25	3,192.91
	Danielle Thorkelsson		40,000.00	578.63	40,578.63	5,805.30
	Lynn Turner		10,000.00	467.74	10,467.74	1,497.55
Olympia Trust - In Trust for	Marvin Vaage	TFSA	5,000.00	72.33	5,072.33	725.66
	Marvin Vaage		5,000.00	72.33	5,072.33	725.66
Olympia Trust - In Trust for	Babett Valachi	RSP	14,200.00	205.41	14,405.41	2,060.88
Olympia Trust - In Trust for	Lauren Wallace	RSP	20,000.00	795.62	20,795.62	2,975.08
	Janet Zuidhof		50,000.00	723.29	50,723.29	7,256.62
	Karyn Zuidhof		10,000.00	144.66	10,144.66	1,451.32
	Pamela Zuidhof		20,000.00	289.32	20,289.32	2,902.65
	Peter Zuidhof		50,000.00	723.29	50,723.29	7,256.62
			2,039,200.00	55,613.90	2,094,813.90	299,690.26
Target Capital Inc					2,165.09	309.74
					<u>2,096,978.99</u>	<u>300,000.00</u>



The content provided herein is for information purposes only and is not a solicitation as to any investment product. This information is inherently limited in scope and does not contain all of the applicable terms, conditions, limitations and exclusions of the investment described herein. Signature Capital Inc. reserves the right to change the contents of this structure without notice.

**MANAGEMENT SERVICES
AND DISTRIBUTION OF FUNDS AGREEMENT**

August 6, 2010

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**MANAGEMENT SERVICES
AND DISTRIBUTION OF FUNDS AGREEMENT**

THIS AGREEMENT made the 6th day of August, 2010

B E T W E E N:

Condo Condo Consulting Services Ltd., a corporation existing under the laws of the Province of Alberta, (hereinafter referred to as "**Manager**")

- and -

Signature US Sunbelt LLC, a corporation existing under the laws of the State of Delaware, U.S.A. (hereinafter referred to as "**US LLC**")

CONSENTED TO BY:

RSM Richter Inc., the court-appointed receiver and manager of Signature Capital Inc. and related companies (hereinafter referred to as the "**Receiver**").

RECITALS:

- A. Pursuant to an Order of the Court of Queen's Bench of Alberta, granted on November 13, 2009, the Receiver was appointed as Receiver and Manager of Signature Capital Inc. and related entities, including Signature US Capital Corp. (hereinafter referred to as "**USC**") and Signature US Investment Corp. (hereinafter referred to as "**USI**");
- B. USI, which is currently in receivership under the management and direction of the Receiver, is the ultimate equity owner of USDC (as defined below), which in turn is the equity owner of US LLC, and as such, USI will eventually become entitled to receive a return of its equity interest out of the project in respect of which the Manager and US LLC have created the within agreement;
- C. Pursuant to two offering memoranda, USC and USI raised funds (the "**USC Funds**" and the "**USI Funds**") from individual investors (the "**Bondholders**");
- D. The USC Funds were loaned to USI pursuant to a loan agreement between USC and USI;
- E. The USC Funds and USI Funds were then advanced by USI to Signature US Development Corporation, a corporation related to Signature Capital Inc. ("**SCI**") and existing under the laws of the State of Delaware, U.S.A. (hereinafter referred to as "**USDC**"), in exchange for all USDC's shares, making USI the sole owner of USDC;
- F. USDC then used the funds to make a capital contribution to US LLC, of which USDC holds 100% of the membership interest;

G. US LLC obtained financing from an Alberta-based lender, Paragon Capital Corporation Ltd. (hereinafter referred to as "Paragon") and used the proceeds of that financing and the capital contribution from USDC to purchase a condominium units at a property in Phoenix, Arizona, with a municipal address of 4343 N. 21st Street, Phoenix, Arizona (hereinafter referred to as the "Biltmore"), with the Paragon financing being secured against the Biltmore;

H. By way of a Promissory Note, executed on July 27, 2009, USI agreed to pay to the Manager on or before December 24, 2009, the principal amount of \$112,125.00 plus simple interest in arrears at 18% per annum until the principal amount and all accrued interest is repaid to the Manager;

I. By way of a Promissory Note (together with the above, the "Promissory Notes"), executed on July 27, 2009, US LLC agreed to pay to the Manager, on or before December 24, 2009, the principal amount of either \$26,062.50 plus simple interest in arrears at the rate of 15% per annum until the principal amount plus accrued interest is paid to the Manager;

J. The Manager and US LLC entered into an agreement dated July 30, 2009 (the "Retainer Agreement"), whereby the Manager agreed to provide acquisition advice, arrange mortgage financing, arrange personal and corporate guarantees sufficient to satisfy the mortgage lender requirements, and provide ongoing management advice in respect of the Biltmore, and US LLC agreed to pay the sum of \$500,000.00 to the Manager, payable on terms satisfactory to the Manager;

K. USC and US LLC entered into an agreement dated August 6, 2009 in respect of funding advanced and fees earned by the Manager in relation to the Biltmore (the "Priority Agreement"), whereby USC and US LLC acknowledged that the proceeds of sales of units in the Biltmore would be paid first to Paragon to pay out the Paragon financing, second to the Manager for repayment of funds advanced by it to or on behalf of the Biltmore, and third, to the Manager for fees earned and interest at a rate of 1.25% per month on funds advanced by the Manager;

L. US LLC has been engaged in the process of renovating and selling units in the Biltmore since September 2009, the proceeds of which sales have been used to pay out the Paragon financing. On July 20, 2010, Paragon was repaid in full;

M. US LLC and USDC continue to operate in the normal course; and

N. The Manager and US LLC, with the consent of the Receiver, wish to confirm the existence and continuing nature of the agreements constituted by the Retainer Agreement and the Priority Agreement, and further to create an agreement providing for the Manager's ongoing management of the renovation and sales of units in the Biltmore and with the distribution of the proceeds of unit sales therein now that the Paragon financing has been repaid.

NOW THEREFORE in consideration of the respective covenants and agreements of the parties herein contained and for other and valuable consideration (the receipt and sufficiency of which are acknowledged), the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Sections and Headings

The division of this Agreement into Articles and Sections and the insertion of headings and an index are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. Unless otherwise specified, any reference to an Article or Section refers to the specific Article or Section of this Agreement.

1.2 Rules of Construction

In this Agreement:

- (a) words importing the singular number only shall include the plural and *vice versa* and words importing the masculine gender shall include the feminine and neuter genders and *vice versa*;
- (b) the words "include", "includes" and "including" mean "include", "includes" or "including", in each case, "without limitation";
- (c) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (d) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and
- (e) whenever any payment to be made or action to be taken hereunder is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next following Business Day. "Business Day" means a day other than a Saturday or Sunday or a statutory or civic holiday in the Province of Alberta.

1.3 Applicable Law

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Alberta and the federal laws of Canada applicable in such province, and each party hereby irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

1.4 Severability

In the event that one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality or enforceability of the remaining provisions hereof shall not be affected or impaired thereby. Each of the provisions of this Agreement is hereby declared to be separate and distinct.

1.5 No Waiver

The failure of any party to insist upon strict adherence to any provision of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to such provision or any other provision of this Agreement. No purported waiver shall be effective as against any party unless consented to in writing by such party. The waiver by any party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent or other breach.

1.6 Amendment

No amendment of any provision of this Agreement shall be binding on any party unless consented to in writing by such Party.

ARTICLE 2 CONTINUATION OF APPOINTMENT OF THE MANAGER

2.1 Continued Appointment

US LLC hereby agrees to continue to retain the Manager to perform those management duties outlined in Article 3 hereof, in relation to the renovation and sale of the Biltmore units, and the Manager hereby agrees to perform such services on the terms and conditions set out in this Agreement. This Agreement supplements and does not replace or supercede the Retainer Agreement, provided that in the event of direct conflict between the terms of this Agreement and the Retainer Agreement, the terms of this Agreement shall prevail.

ARTICLE 3 DUTIES OF THE MANAGER

3.1 Duties of the Manager

The Manager shall provide day-to-day development and property management services in relation to the renovation and sale of condominium units in the Biltmore in accordance with the terms and conditions of this Agreement, but always under the supervision and control of US LLC. Without limiting the generality of the foregoing, subject at all times to the supervision and control of US LLC, and provided that US LLC may, in its sole discretion, terminate its retainer with the Manager or any delegation of authority to the Manager pursuant to this Agreement, the Manager shall:

- (a) create and provide monthly reports to Simone Rousseau, as principal of US LLC, and the Receiver relating to the marketing of units, cash flow and all other aspects of the Biltmore that the Manager is responsible for under this Agreement;
- (b) oversee the marketing of units in the Biltmore and obtain and monitor public and private advertising of the units, provided that US LLC shall be solely responsible for the full cost and expense of such marketing and advertising;
- (c) communicate with realtors and potential purchasers in relation to the sale of units in the Biltmore;
- (d) oversee the renovation of units in the Biltmore, retain and supervise trades performing work on the units, and make decisions with respect to the manner in which the units are renovated, provided that US LLC shall be solely responsible for the full cost and expense of such renovations and work; and
- (e) execute any and all other deeds, documents and instruments and do all acts as may be necessary or desirable to carry out the intent and purpose of this Agreement, subject to the approval of US LLC.

3.2 Exercise of Powers

The Manager shall, in carrying out its duties and exercising its powers and authority under this Agreement:

- (a) exercise the care, diligence and skill that a diligent development manager would exercise in similar circumstances. The Manager will also manage using reasonable commercial efforts to ensure that any renovation, advertising, sales or management activities undertaken by it conform with the requirements of this Agreement and all applicable laws in all material respects.

3.3 Restriction of Powers of the Manager

In carrying out its duties under this Agreement, the Manager will be responsible for the duties set out in this Article 3 subject at all times to the ultimate authority of US LLC. The Manager will be responsible for implementing the plans developed and approved by US LLC and, in carrying out all of its duties hereunder, at no time shall the Manager act in a manner inconsistent with the instructions of US LLC.

3.4 The Manager's Authority and Credit of US LLC

Save as expressly authorized in this Agreement, the Manager shall have no power or authority, and shall not hold itself out or otherwise represent itself as having any power or authority, to contract on behalf of or otherwise bind or commit or pledge the credit of US LLC.

.....

**ARTICLE 4
DISTRIBUTION OF PROCEEDS OF SALE**

4.1 Distribution of Free Cash Flow

Upon the sale of a unit, US LLC shall direct its escrow agent to distribute the proceeds of sale as follows:

- (a) After paying individual unit closing costs, an amount necessary to ensure that a float of \$50,000.00 total is maintained in the trust account of the solicitor for US LLC or in an account controlled by US LLC, such float to be used only for the purposes of construction costs to prepare units for resale including supervisory costs, common area refurbishments, onsite management, payment of utilities, strata fees, insurance and other normal operating expenses.
- (b) Available funds in excess of (a) above from the sale of units in the Biltmore are to be disbursed to the Manager and the Receiver, on a *pari passu* basis with 29% of the funds to be paid to the Manager and 71% of the funds to be paid to the Receiver, until both parties are paid in full, as follows:
 - (i) to the Manager, for a total amount of funds of \$138,187.50 plus interest, on account of the Promissory Notes; and
 - (ii) to the Receiver, for a total amount of funds of \$339,512.19, on account of funding of the renovation and sales process in relation to the Biltmore from November 13, 2009 to the date hereof, and for further funding to be provided after the date hereof;
- (c) Upon payment of the amounts set out in b(i) and b(ii) above, all available funds in excess of (a) above from the sale of units in the Biltmore are to be disbursed to the Manager until such time as the Manager has been paid the sum of \$500,000.00, as contemplated by the Retainer Agreement, subject to obtaining approval from the Court of Queen's Bench of Alberta to the extent the parties hereto feel it is necessary to receive such approval; and
- (d) Upon payment of the amounts set out in b(i), b(ii) and b(c) above, the balance shall be paid to the Receiver in respect of the indirect equity ownership of US LLC by USI.

**ARTICLE 5
TERMINATION**

5.1 Termination

This Agreement shall commence on the date hereof and shall terminate on August 1, 2011 (the "Termination Date"). On termination of this Agreement, any amounts that continue to be owing

by US LLC to the Manager pursuant to the Retainer Agreement shall be payable in accordance with the Retainer Agreement.

ARTICLE 6 GENERAL

6.1 Notices

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered, faxed or mailed (by certified or registered mail, return receipt requested and first-class postage paid, or by e-mail, receipt confirmed) to either or both of US LLC or the Manager, at the addresses set out below, and shall be deemed received, unless earlier received, (i) if sent by certified or registered mail, return receipt requested, when actually received, (ii) if sent by e-mail, overnight mail or courier, when actually received, (iii) if sent by fax, upon receipt of a transmission confirmation form, and (iv) if delivered by hand, on the date of receipt.

Address for US LLC: Simone Rousseau, c/o RSM Richter Inc.,
Bow Valley Square 2, Suite 3810
205 - 5th Avenue S.W.
Calgary, Alberta T2P 2V7

Address for the Manager: • Suite 220, 701 14 St NW
Calgary, AB T2N 2A4

Any party hereto may, by written notice, designate a different address to which notices and demands shall thereafter be directed, which notice must be given in the same manner and directed to parties as set out above.

6.2 Assignment and Enurement

This Agreement shall not be assignable by any party without the prior written consent of the other parties hereto. This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors.

6.3 Entire Agreement

This Agreement and the agreements and documents referred to herein constitute the entire obligation of the parties with respect to the subject matter hereof and shall supersede any prior expression of intent or understandings with respect to the subject matter hereof, provided that notwithstanding the foregoing the Retainer Agreement, the Priority Agreement and the Promissory Notes shall continue to be in effect.

6.4 No Partnership

This Agreement does not create and shall not in any circumstances create or be deemed to create a partnership between the parties. For all purposes of this Agreement, the Manager shall be an

independent contractor. Except to the limited extent provided in this Agreement, the Manager shall have no authority to bind, obligate or represent US LLC or the Receiver.

6.5 Right of Set-Off

Without limiting any other rights conferred on the parties by law or under this Agreement, each party has the right to set off any amounts owed to it by the other party against any amounts owed by such party to the other party from time to time.

6.6 Time of the Essence

Time shall be of the essence of this Agreement.

6.7 Counterparts

This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

US SUNBELT LLC

Per: Simone Rousseau
Simone Rousseau
Director

Per: _____
[Name]
[Title]

CONDO CONDO CONSULTING
SERVICES INC.

Per: Les Hartland
Les Hartland
Director

Per: LES HARTLAND
[Name]
[Title]

CONSENTED TO BY:

RSM RICHTER INC.

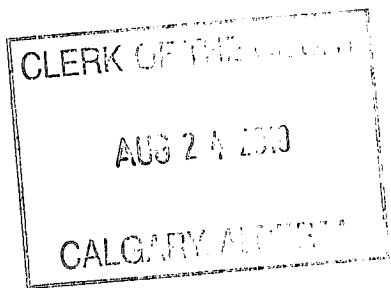
Court-appointed receiver and manager of
Signature Capital Inc. and related
companies

Per: Mitch Vininsky
Name: Mitch Vininsky
Title:

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.



**SIXTH REPORT OF RSM RICHTER INC., AS
RECEIVER AND MANAGER OF SIGNATURE
CAPITAL INC. AND RELATED COMPANIES**

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Frank R. Dearlove
Telephone No.:403-298-3202
Fax No.:403-265-7219
Our File No.:38843.21