

PROTOCOL AGREEMENT

THIS AGREEMENT made this 11 day of September, 2012

BETWEEN:

**TODAY'S HOMES LIMITED PARTNERSHIP, by its general partner, TODAY'S HOMES (2006) INC
(the "Borrower")**

OF THE FIRST PART

- and -

STERLING BRIDGE MORTGAGE CORP. ("SBMC")

OF THE SECOND PART

WHEREAS the Borrower has obtained protection under and pursuant to the provisions of the *Companies' Creditors Arrangement Act* pursuant to an Initial Order (the "Initial Order") made in the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "Court") in Action Number 1201-05843 on May 9, 2012 (the "CCAA Proceedings");

AND WHEREAS the Borrower has obtained a Vesting Order (the "Vesting Order") in the CCAA Proceedings in respect of, *inter alia*, the single family dwellings constructed or to be constructed on such lands as more particularly set out in the attached Schedule "A" (the "Homes");

AND WHEREAS the Borrower has obtained a Claims Procedure Order (the "Claims Procedure Order") in the CCAA Proceedings;

AND WHEREAS Ernst & Young Inc. is the court appointed monitor (the "Monitor") in the CCAA Proceedings;

AND WHEREAS the Borrower, SBMC, and the Monitor (collectively, the "Parties") have agreed to proceed with a plan to:

- (a) fund any Lot Purchase Amounts (as defined below) in respect of the Homes;
- (b) fund and complete construction of the pre-sold Homes;
- (c) close the sales of Homes that are under contract for sale; and
- (d) market and sell the Showhomes, and any remaining Homes, if any;

all with a view to expeditiously repaying the indebtedness then owing to SBMC.

AND WHEREAS pursuant to a commitment letter dated September 11, 2012, and accepted by Borrower and Today's Homes (2006) Inc. as guarantor as of September 11, 2012 (the "Commitment Letter"), SBMC is prepared to make certain funding available to the Borrower in respect of the Homes

on the terms and subject to the conditions set forth therein, a copy of which is attached as Schedule "B" to this Agreement;

NOW THEREFORE, this agreement (hereinafter, the "**Agreement**") witnesses that in consideration of the mutual covenants and agreements contained herein the Parties agree as follows:

1. Defined Terms

In this Agreement, unless otherwise defined herein, capitalized terms shall have the meanings assigned thereto in the Commitment Letter. Any capitalized terms not defined in the Commitment Letter shall have the following meanings:

"Borrower's Costs" means an amount payable to the Borrower for its immediate use to cover its ongoing costs and disbursements of constructing and otherwise completing the Homes, such amount not to exceed where the percentage is equal to: (a) [intentionally deleted]; (b) 6 % in respect of a sale scheduled to close between September 1, 2012 and December 31, 2012; and (c) 4% in respect of a sale scheduled to close on or after January 1, 2013;

"Closing Costs" means all ordinary or reasonable costs of closing the sale of a Home payable by the Borrower including, without limitation: (a) all goods and services and other applicable sales taxes, property taxes, commissions, applicable community fees, and legal fees and disbursements; and (b) such withholdings as may be customary or necessary, including to secure warranty obligations of the Borrower of 0.5% of the total sale proceeds of the Home;

"DIP Order" means an Order granted by the Court in the CCAA Proceedings in the form attached hereto as Schedule "C" or otherwise acceptable to the parties;

"Loan Documents" means the Commitment Letter, security documents, and related agreements among SBMC and the Borrower governing the credit facilities granted by SBMC in favour of the Borrower for the completion of the Homes;

"Lot Purchase Amount" means any amounts payable to a developer to complete the purchase of the lands related to a particular Home, including amounts owing to Canada ICI Capital Corporation in respect of the Showhomes;

"QS" means the quantity surveyor as SBMC, the Borrower and the Monitor may agree upon;

"Showhomes" means the Homes designated as "Showhomes" in Schedule "A" hereto;

"Trade Payables" means any amount owed by the Borrower for the provision of property, goods or services in respect of developing the Homes to their completion and, in the case of such goods or services provided to the Borrower prior to May 9, 2012, where such claim has been proven in accordance with the Claims Procedure Order; provided, however, that this does not include any amounts incurred prior to the approval of this agreement by the Court in respect of the Showhomes.

2. Home Completion

(a) General

The Borrower has advised that the Homes (other than the Showhomes) have been sold to arms length parties pursuant to existing written contracts for sale (collectively, the "Contracts"). The Borrower agrees to provide copies of the Contracts to SBMC and the Monitor on or before the advance of funds, in accordance with the Commitment Letter.

(b) Interim Financing

SBMC will advance the funds required to complete each as requested by the Borrower (the "Draws") subject to the terms and on the conditions set forth in the Commitment Letter, and in connection therewith, the parties agree as follows:

- (i) Draws will be secured by the "super-priority" charge set forth in, and otherwise governed by the provisions of, the DIP Order;
- (ii) Draws will not exceed the allocated budget expense for each Home (as confirmed by the QS);
- (iii) Draws will be used to pay the Lot Purchase Amount and Trade Payables related to each Home; and
- (iv) except as may be provided in this Agreement and the DIP Order, Draw advances shall be subject to the terms and conditions set forth in the Loan Documents.

The Borrower shall immediately proceed in the CCAA Proceedings to seek and obtain the DIP Order.

(c) Completion of Homes Under Construction

The Borrower agrees to utilize diligent commercial efforts to proceed to the completion of the Homes, including the closing of the sale of the Homes pursuant to the Contracts and the sale of the Showhomes. The Parties agree that the sale proceeds from the completion of the sale of each Home shall be disbursed as follows:

- (i) firstly, to the payment of Closing Costs;
- (ii) secondly, to the payment of the Borrower's Costs;
- (iii) thirdly, to the repayment of all Draws made pursuant to the DIP Order (including all of SBMC's costs and expenses); and
- (iv) fourthly, in accordance with such entitlements as may be determined pursuant to consent of the Monitor, further Court order, or the implementation of a Plan in the CCAA Proceedings.

3. Sale of further Homes

The Borrower has advised that certain lots are neither under construction nor subject to a Contract (the "Lots"). The parties agree that Lots may be sold to arm's length, third party purchasers and then become a Home (and developed as such hereunder) only with the prior consent of SBMC and the Monitor.

4. General

- (a) The Parties agree and acknowledge that this Agreement is subject to the provisions of, and compliance with, the granting of the DIP Order, the Claims Procedure Order and the Vesting Order, all in form and substance satisfactory to the Parties.
- (b) The Parties agree to use diligent commercial efforts to give full effect to the terms and conditions of this Agreement. To the extent a Party determines, acting reasonably, that Court approval is required to give effect to the provisions herein, then the other Parties covenant and agree to support any application to the Court to give effect to the terms of this Agreement.
- (c) There is no promise, warranty, representation, undertaking, covenant or understanding by or binding upon the Parties except such as are expressly set forth in this Agreement and the Commitment Letter. The terms of the Commitment Letter shall govern in the event of any inconsistency with the terms of this Agreement.
- (d) This Agreement shall be construed and enforced in accordance with, and the rights of the Parties shall be governed by, the laws of the Province of Alberta.
- (e) No amendment, modification or supplement to this Agreement shall be valid or binding unless set out in writing and executed by the Parties.
- (f) Whenever necessary or appropriate in this Agreement, the plural shall be interpreted as singular, the masculine gender as feminine or neuter and vice versa.
- (g) Time shall be of the essence hereof.

- (h) This Agreement may be executed in counterparts and delivered via facsimile or via email in PDF format and the counterparts together shall constitute an original.

The Parties have entered into this Agreement as of the date first above written.

TODAY'S HOMES LIMITED PARTNERSHIP, by its
general partner **TODAY'S HOMES (2006) INC.**

Per: _____

Name:

Title:

STERLING BRIDGE MORTGAGE CORP.

Per: _____

Name:

Title:

The Terms of the memorandum of
Understanding are Approved and Consented to
by the Monitor, **ERNST & YOUNG INC.**

Per: _____

Robert J. Taylor

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TODAY'S HOMES LIMITED PARTNERSHIP, by its
general partner, **TODAY'S HOMES (2006) INC.**

Per: _____
Name:
Title:

STERLING BRIDGE MORTGAGE CORP.

Per: _____
Name: *K.A. PROSSER*
Title: *President*

The Terms of the memorandum of
Understanding are Approved and Consented to
by the Monitor, **ERNST & YOUNG INC.**

Per: _____
Robert J. Taylor

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TODAY'S HOMES LIMITED PARTNERSHIP, by its
general partner, **TODAY'S HOMES (2006) INC.**

Per: _____
Name:
Title:

STERLING BRIDGE MORTGAGE CORP.

Per: _____
Name:
Title:

The Terms of the memorandum of
Understanding are Approved and Consented to
by the Monitor, **ERNST & YOUNG INC.**

Per: _____
Robert J. Taylor

SCHEDULE "A" -HOMES

PART 1 – Owned by Today's Homes (2006) Inc.	
51 Cimarron Springs Road, Okotoks	Plan 0715152, Block 35, Lot 24
3 Cimarron Springs Way, Okotoks	Plan 0715152, Block 35, Lot 42
41 Evergreen Mount SW, Calgary	Plan 0813998, Block 2, Lot 14
** 629 Muirfield Crescent, Lyalta	Condominium Plan 0710284, Unit 83
** 47 Nolan Hill Gate NW, Calgary	Plan 1210002, Block 14, Lot 44
** 397 Nolanfield Way NW, Calgary	Plan 1210002, Block 13, Lot 42
PART 2 – Owned by UBG Land Inc.	
572 Muirfield Crescent, Lyalta	Condominium Plan 0710284, Unit 160
71 Muirfield Close, Lyalta	Condominium Plan 0710284, Unit 133
PART 3 – Owned by Madacalo Investments Ltd. and United Acquisition II Corp.	
91 Sage Bank Court NW, Calgary	Plan 1111767, Block 20, Lot 79
19 Sage Bank Court NW, Calgary	Plan 1111767, Block 20, Lot 97
31 Sage Berry Road NW, Calgary	Plan 1111767, Block 26, Lot 37
57 Nolanfield Manor NW, Calgary	Plan 1113692, Block 11, Lot 6
7 Nolanfield Heights NW, Calgary	Plan 1113692, Block 12, Lot 17
321 Nolanfield Way NW, Calgary	Plan 1113692, Block 13, Lot 23
13 Nolanfield Court NW, Calgary	Plan 1210002, Block 14, Lot 4
75 Nolanfield Court NW, Calgary	Plan 1210002, Block 14, Lot 10
54 Nolanfield Court NW, Calgary	Plan 1210002, Block 14, Lot 23

** denotes those Homes that are referred to in and for the purposes of the Protocol Agreement as the "Showhomes"

SCHEDULE "B" – COMMITMENT LETTER

(attached)



This Summary of Indicative Terms and Conditions is for the Borrower's confidential use only, and neither its existence nor its terms shall be disclosed by the Borrower to any person other than its officers, directors, employees, accountants, attorneys and other advisors, and then only on a "need to know" basis in connection with the transaction contemplated hereby and on a confidential basis. Notwithstanding the foregoing this document may not be given to any financial institution that would be deemed to be a competitor.

September 10, 2012

Today's Homes Limited Partnership
c/o Unity Builders Group
808 55 Avenue NE
Calgary, Alberta T2E 6Y4

Attention: **Mr. Robert Friesen**

By Courier/By Electronic Transmission

Dear Mr. Friesen:

Re: First Mortgage "Debtor in Possession" (DIP) financing to provide an operating facility to facilitate the construction of single family dwellings in and around Calgary. Financing will be provided via a First mortgage (DIP) facility with interest only payments.

Based on the information and documentation which you have provided, we are pleased to advise that we have approved the following terms and conditions respecting the subject financing:

LOAN DETAILS

1. Loan Amount:

- Loan Amount (1) \$ Up to \$6,000,000 operating facility, to revolve in multiples of \$100,000, not to exceed 75% of value, 85% of cost on the initial advance based on the budget attached as Schedule "A" reducing to 80% of cost within 90 days. Initial Advance to be no greater than 85% of the cost of the land/lots plus "Work-in-Place", to be confirmed by a qualified professional Appraiser.

2. Purpose

Loan Segment (1): Initial advance to close on the purchase of the lands / 17 lots, to pay existing accounts payable (unpaid trades) and to provide funding on a "Draw by Draw" basis for the completion of the construction of 17 single family dwellings (SFD) which include 14 pre-sold and 3 showhomes over a period of twenty four (24) months.

Upon completion of the construction of the SFD, possession will transfer to the individual purchasers and the proceeds from the sales will be used to repay the herein described first mortgage loan.

Financing will be via a secured first mortgage "Debtor in Possession" loan more particularly described in this Commitment Letter.

A-1

Initial _____

3. Borrower

Today's Homes Limited Partnership, by its general partner, TODAY'S HOMES (2006) INC.

The Borrower is a limited partnership governed by the laws of the Province of Alberta and will hold legal title to the Property in trust for the Borrower, its general partner, Today's Homes (2006) Inc.

4. Guarantors

Unlimited Corporate Guarantee of Today's Homes (2006) Inc.

5. Property

Initial advance based on 17 properties located at:

Address	Legal Description
51 Cimarron Springs Road, Okotoks	Plan 0715152, Block 35, Lot 24
3 Cimarron Springs Way, Okotoks	Plan 0715152, Block 35, Lot 42
41 Evergreen Mount SW, Calgary	Plan 0813998, Block 2, Lot 14
572 Muirfield Crescent, Lyalta	Condominium Plan 0710284, Unit 160
71 Muirfield Close, Lyalta	Condominium Plan 0710284, Unit 133
629 Muirfield Crescent, Lyalta	Condominium Plan 0710284, Unit xxxx
91 Sage Bank Court NW, Calgary	Plan 1111767, Block 20, Lot 79
19 Sage Bank Court NW, Calgary	Plan 1111767, Block 20, Lot 97
31 Sage Berry Road NW, Calgary	Plan 1111767, Block 26, Lot 37
57 Nolanfield Manor NW, Calgary	Plan 1113692, Block 11, Lot 6
7 Nolanfield Heights NW, Calgary	Plan 1113692, Block 12, Lot 17
47 Nolan Hill Gate NW, Calgary	Plan 1210002, Block 14, Lot 44
397 Nolanfield Way NW, Calgary	Plan 1210002, Block 13, Lot 42
321 Nolanfield Way NW, Calgary	Plan 1113692, Block 13, Lot 23
13 Nolanfield Court NW, Calgary	Plan 1210002, Block 14, Lot 4
75 Nolanfield Court NW, Calgary	Plan 1210002, Block 14, Lot 10
54 Nolanfield Court NW, Calgary	Plan 1210002, Block 14, Lot 23

6. **Maximum Amount**

\$ 6,000,000 CDN. (the "Loan")

7. **Interest Rate**

9.75% per annum for the Term, calculated and payable monthly. Interest at the aforesaid rate shall accrue on the principal amount of the Loan, any overdue interest and any Expenses, charges or other costs not paid when due.

8. **Term/Loan Expiry Date**

24 Months from the date of the making of the Initial Advance (as defined below) to the Borrower (the "Term").

The Loan is repayable the earlier of the end of the Term, or the date payment is demanded following the occurrence of any Event of Default.

9. **Costs and Fees**

a) **Costs and Expenses**

Whether or not the Loan closes, or the Advance is made, the Borrower will be responsible for, and shall pay on demand, all expenses and costs incurred by the Lender in connection with the Loan including, but without limitation, in respect of any structural, engineering, environmental consultants or reports, completing or obtaining any audits, credit reports, appraisals, insurance consultant review or surveys and any legal expenses on a solicitor and his own client basis, including without limitation, the preparation of all legal documentation including without limitation documentation relating to the syndication of the Loan, and out-of-pocket expenses relating to registration fees and other filing fees and all costs associated with the preservation, maintenance and enforcement of the Lender's rights in respect of this Loan or in respect of any security granted in favour of the Lender under the Loan and Security Documents (the "Expenses").

b) **Commitment Fee & Other Fees**

The Borrower will pay the Lender a fee equivalent to Two and one half percent (2.50%) of the maximum principal amount to be made available by the Lender pursuant to this Commitment Letter (the "Commitment Fee"). The Commitment Fee shall be fully earned. The Lender may in its sole discretion allow the Commitment Fee to be paid at the time of making the Initial Advance to the Borrower, and is in addition to the Expenses.

In the event that the Initial Advance is not made by the Lender as a result of due diligence undertaken by the Lender being unsatisfactory to the Lender or as a result of the Borrower's or the Guarantors' failure to fulfill its or their obligations hereunder or under the balance of the Loan and Security Documents (as such term is defined below) then the Commitment Fee (less any amount prepaid including as a result of the application towards the Commitment Fee of the Application Fee) will be payable to the Lender on demand.

For further clarity, the Initial Fee shall be payable by the Borrower to the Lender in each of the following circumstances:

- (i) if, because of the Borrower's failure or inability for any reason whatsoever to comply with any terms or conditions in this Commitment Letter, the Borrower has not requested and received the Initial Advance by the Commitment Expiry Date (as defined below); or
- (ii) if, for any reason, the Borrower does not accept all or a portion of the proceeds of the Loan when the Lender makes them available; or
- (iii) if the Borrower enters into a loan commitment with another party or receives alternate financing from another lender respecting the Property without the Lender's consent; or
- (iv) if the Borrower fails, refuses or is unable to comply with any of the terms and conditions as set forth in this Commitment Letter and/or in the Loan and Security Documents.

As security for payment of the Expenses, the Commitment Fee and any other amounts payable hereunder, the Borrower hereby mortgages and charges in favour of the Lender all of its interest in all its present and after acquired real and personal property.

Further, the Borrower will pay the Lender a fee in the amount of \$400.00 for each sum advanced and/or capitalized under the Development Advance at the time of making any such Advances. Development Advances must be drawn in minimum increments of a multiple of \$100,000. Fees payable under the Development Advances will all be in addition to the Expenses.

10. Repayment

As to Interest: Payments of interest only are calculated and payable monthly on the **twentieth calendar day of each month**. Interest is payable both before and after maturity or demand, default and judgment. Any payment not made when due shall be subject to a \$500.00 administrative charge per occurrence, representing additional administrative cost incurred by the Lender and not as a penalty, to be collected upon repayment or payout. Failure to pay the interest when due shall constitute an Event of Default the remedies for which will be exercised at the sole and unfettered discretion of the Lender. To the extent permitted by law, the Borrower waives the provisions of the *Judgment Interest Act* (Alberta) or equivalent legislation of other provinces, if this Commitment is governed by the laws of that other province.

As to Principal: The principal balance is to be repaid from the proceeds of sales. Security will be discharged on each SFD upon receipt of 90% of the gross selling price to the Lender until the Loan is paid in full.

The following table details the 17 single family dwellings which include 14 pre-sold that form the initial advance with the applicable values:

Location	Seller's Sale Price	Disbursed Proceeds @ 80%	Status
51 Cimarron Springs Road, Okotoks	\$473,144	\$425,830	Sold
3 Cimarron Springs Way, Okotoks	\$472,315	\$425,084	Sold
41 Evergreen Mount SW, Calgary	\$1,516,062	\$1,364,456	Sold
572 Muirfield Crescent, Lyalta	\$481,428	\$433,285	Sold
71 Muirfield Close, Lyalta	\$610,813	\$549,732	Sold
91 Sage Bank Court NW, Calgary	\$483,823	\$435,441	Sold
629 Muirfield Crescent, Lyalta	\$542,857	\$488,571	
19 Sage Bank Court NW, Calgary	\$441,670	\$397,503	Sold
31 Sage Berry Road NW, Calgary	\$433,544	\$390,190	Sold
57 Nolanfield Manor NW, Calgary	\$350,739	\$315,665	Sold
7 Nolanfield Heights NW, Calgary	\$347,562	\$312,806	Sold
321 Nolanfield Way NW, Calgary	\$351,366	\$316,229	Sold
47 Nolan Hill Gate NW, Calgary	\$525,041	\$472,537	
397 Nolanfield Way NW, Calgary	\$413,500	\$372,150	
13 Nolanfield Court NW, Calgary	\$497,958	\$448,162	Sold
75 Nolanfield Court NW, Calgary	\$476,976	\$429,278	Sold
54 Nolanfield Court NW, Calgary	\$548,128	\$493,315	Sold
TOTAL	\$8,966,926	\$8,070,234	

Proceeds of sales may be held by the Lender's solicitors and be used to revolve the loan to pay bona fide expenses relating to the completion of construction of the uncompleted SFD units. Payments received after 2:00pm MST, will be credited the following business day. At no time shall the loan amount as a percentage of the value of asset security exceed 75%, as determined solely by the Lender. Management of funds in trust will be with consent of the Lender.

Prior to the occurrence of an Event of Default, all payments or other amounts received by the Lender shall be applied firstly against any accrued interest on the Loan, secondly against the Expenses, and thirdly toward repayment of the principal amount of the Loan, until such time as the entire principal amount of the Loan, any accrued interest and the Expenses have been repaid in full. After the occurrence of an Event of Default, all payments or other amounts received by the Lender (including any amounts received from any realization) may be applied on such part or parts of the indebtedness and liability owed to the Lender under the Loan and Security Documents as the Lender may determine in its sole discretion.

A processing fee in the amount of two hundred and fifty dollars (\$250) per individual title shall be applicable if the discharge is prepared by the Lender's counsel, such fees to be payable to the Lender by the Borrower prior to the release of the mortgage in favour of the Lender against that title. The Borrower may have its counsel prepare such discharge, in which event; no processing fees shall be applicable.

11. The Security

All amounts owed by the Borrower pursuant to or in respect of the Loan shall be secured by a **FIRST** fixed and specific mortgage (DIP) and charge of the Properties and by a General Security Agreement in **FIRST** position providing a specific charge against the subject lots of the Borrower, which together with this Commitment Letter and the other loan and security documents which are set out on the attached Schedule A, or as may be required by the Lender, are collectively known as the "Loan and Security Documents".

12. Loan Advance

a) Maximum Amount

\$6,000,000, subject to the provisions of this Commitment Letter.

b) Advances

Upon satisfaction of all of the conditions set out in this Commitment Letter and the execution and delivery of the Loan and Security Documents, the Lender will make the following advances to the Borrower:

i) \$3,617,103 (the "Initial Advance") expected to be on or before September 20, 2012, as follows:

Initial advance breakdown	
Lot costs	\$3,130,381
Construction costs to date	\$1,335,179
Sub total	\$4,465,560
@81% lending value=Initial Advance	\$3,617,103
Less: Interest reserve	\$80,000
SBMC Commitment Fee	\$150,000
Legal est. etc:	\$10,000
Total Net Advance	\$3,347,103

ii) After the initial advance, up to the total amount of \$ 2,382,897 (the "Development Advances") remaining so as to facilitate the completion of construction of 17 SFD houses located in and around Calgary. The Development Advance shall be in minimum increments of \$100,000.00 and shall be processed in accordance with the Project Appraiser's reports at the discretion of the lender.

The Initial Advance and the Development Advance are hereinafter collectively referred to as the "Advance".

The Advance may be reduced by any amounts withheld by the Lender in accordance with this Commitment Letter, or as the Lender may otherwise reasonably require be held in reserve.

c) Special Conditions:

In addition to the other requirements set out herein, the Borrower must satisfy the following conditions prior to the making of the Advance and at all times thereafter until the Loan, any accrued interest and Expenses are repaid in full:

- i. The Borrower acknowledges that at no time shall the loan amount as a percentage of the value of asset security exceed 75% as determined solely by the Lender;
- ii. Receipt and review by Sterling Bridge Solicitor of the initial fourteen (14) firm and binding, arms length pre-sales, providing total gross sales proceeds of not less than \$7,485,528, with minimum deposits of 10% for all units sold;
- iii. The Borrower agrees to provide copies of all future sales contracts which form is to be satisfactory to the Lender and its legal counsel with each sales contract accompanied by a non-refundable cash deposit of not less than 10% (the "Deposit") or at the lender's discretion. All deposits are to be held by the Borrower's solicitor in trust;
- iv. The Borrower through the Alberta New Home Warranty Program or equivalent provider will be insured to use \$25,000 of deposit monies per unit to cover approved expenses related to the project. As the Loan amount and project budget does not include the usage of presale deposits, the available loan will be reduced "dollar for dollar" for any presale deposits on new sales used by the Borrower;
- v. Financial statement, for the Borrower and the Guarantors in a form satisfactory to the Lender, acting reasonably;
- vi. Provide a proforma sales price list, net of GST (the "Price List") on a unit by unit basis, inclusive of deposits received;
- vii. The Borrower to provide evidence of Alberta New Home Warranty or equivalent coverage for all projects and each single family dwelling;
- viii. Borrower to sign an Affidavit that the Agreement of Purchase and Sale of the 17 lots for \$3,130,381 has not been changed by any written document or verbal commitment and is a bona fide third party arms-length contract between the Vendor and the Borrower/Purchaser;
- ix. All municipal, regulatory and other laws, permits, agreements, approvals, plans, specifications pertaining to the Property shall have been obtained and shall be adhered to by the Borrower, must be satisfactory to the Lender acting reasonably and shall be provided to the Lender upon request;
- x. A statutory declaration will be provided by the Borrower confirming that all trades/sub trades, and material suppliers have been paid or will be paid from the proceeds of the herein described loan and that there are or will be no current or subsequent lienable interests at the time of initial funding of the loan ;

Title searches will be conducted by the Lender, at the Borrower's expense, verifying there have been no liens registered and no changes to title since the previous draw;

- x. GST and/or HST will be funded by the Borrower and recovered by the Borrower;
- xi. There must be no uncured default of any provision of the Loan and Security Documents or any security ranking in priority thereto;
- xii. The Property and the operation thereof must comply with all legal requirements;
- xiii. All requirements, including without limitation lien holdbacks, of applicable builders' or construction lien legislation shall have been complied with;
- xiv. All encumbrances in favour of builders/purchasers are to be postponed to the Lender's security;
- xv. Any cost overruns, using the Project Budget confirmed by the Appraiser and accepted by the Borrower and the Lender, are to be paid by the Borrower;
- xvi. Funds for all budgeted project costs will be advanced based on the Appraiser's written progress report addressed to the Lender. This written progress report is to confirm the percentage of work in place. The Borrower will provide a written progress report on each unit to confirm the value of work in place, the estimated costs to complete, and the amount of the available draw, using the accepted Project Budget. Sufficient funds will always be retained from advances in order to fully pay the expenses associated with the Project Budget;
- xvii. The Lender and the Borrower will agree to a detailed construction budget which will set out any costs associated with the completion of the SFD's in form and content satisfactory to the Lender, acting reasonably;
- xviii. The Borrower agrees not to reduce the proforma sale price on the residential lots being developed without the written approval of the lender or increase the proforma sale price on the lots being developed without the written approval of the lender;

The amount of payment required to partially discharge each individual unit sale shall be calculated as 90% of the gross sales price. A list of prices for each unit within each project must receive consent of the Lender and any changes to these prices must be approved by the Lender, such approval will not be unreasonably withheld;
- xix. Approval by the Court of Queen's Bench approving the funding pursuant to the Commitment Letter and the issuance of a court order in a form satisfactory to the Lender;
- xx. Prior to any Advance, the required reporting provisions will include:

xxii.

From the Borrower:

1. A written request received by the Lender not less than 15 days prior to the requested date of the Advance indicating the amount and to whom funds are to be disbursed, confirming that, based on latest estimates, the unused portion of the Loan will be sufficient to fully complete the project and to retire all payables relating to the project and, the costs with respect to which an Advance pertains is properly incurred in accordance with the Project Budget;
2. A statutory declaration that all accounts payable in respect to the project for all periods prior to the current billing period have been paid or will be paid from the Advance; and
3. A certificate of the Borrower certifying, amongst other things, that no material adverse change has occurred to the Property or in the financial condition of the project, the Borrower or the Guarantors since the date of the last Advance.

From the Appraiser:

1. A progress report showing a percentage complete for each unit;

xxiii. Satisfactory site visit with the Borrower and Guarantors by the Lender;

d) General Conditions

The Advance to be made pursuant to the Loan shall be made in accordance with the customary disbursement procedures utilized by the Lender, including that all due diligence of the Lender is satisfactory to it in its sole, unfettered and absolute discretion and that there shall be no uncured default of any provision of any of the Loan and Security Documents and there shall have been no material adverse change in the financial or other condition of the Property, the Borrower or the Guarantors. All Loan and Security Documents shall have been completed, registered, and delivered to the Lender. The Borrower shall pay any reasonable costs and expenses incurred by the Lender in connection with the Advance. In addition to the provisions of Section 16, in the event the Lender is not satisfied with all due diligence to be undertaken by it, or in the event any of the prefunding conditions set out in Section 12(c) have not been satisfied, in each case by October 15, 2012 then this Commitment shall, at the option of the Lender, be terminated and be of no further force and effect.

13. Prepayment

The Borrower shall be entitled to prepay the principal amount of the Loan in whole or in part at any time without notice, bonus or penalty provided that a minimum of three months of accrued interest has been paid by the Borrower to the Lender on the outstanding amount of the Loan. Prior to the payment by the Borrower to the Lender of three months of accrued interest, the principal amount of the Loan or any part thereof may only be prepaid upon the payment to the Lender of an amount equal to the difference between the accrued interest actually paid to the Lender as at the date of prepayment and an amount equal to three months of accrued interest on the Loan.

14. Reserves

An amount of \$250,000 for interest servicing will be permitted under the credit facility as a component of project costs. The latter amount is considered to be a segment of the Development Advance and as such will not be initiated until such time as the conditions and requirements under the Development Advance have been met.

At all times a minimum of **one (1)** month's interest (\$49,000), calculated on the maximum principal amount authorized, must remain in the interest reserve. If for any reason, including the payment of interest when due, the funds are reduced to an amount less than the required amount the reserve must be replenished to the full amount before the 10th day of the following month. **Failure to replenish these funds by this date may, at the option of the Lender, constitute an Event of Default.** This replenishment amount is in addition to, and not in lieu of, the next interest payment or any other interest payment.

For greater certainty, on the 20th of each month the reserve account will contain, at a minimum, an amount equivalent to two (2) months interest payments. This will consist of the interest for the current month (due and payable on the 20th) and the minimum one (1) month reserve.

15. Standard Clauses

All terms and conditions contained in the attached Schedules hereto form part of this Commitment Letter and the Loan is subject to such terms and conditions, such Schedules being as follows:

- Schedule A: Closing Deliveries
- Schedule B: Environmental Requirements
- Schedule C: Insurance Requirements
- Schedule D: Additional Standard Provisions
- Schedule E: Statutory Declaration

16. Commitment Expiry Date

In the event the Loan and Security Documents are not registered and in place, all funding conditions satisfied and the Initial Advance has not occurred on or before (October 15, 2012) (the "Commitment Expiry Date"), this Commitment shall, at the option of the Lender, expire and be of no force and effect.

17. Notices

The address for all notices, communications and statements of each of the parties hereto shall be as follows:

Lender: Sterling Bridge Mortgage Corp.
Suite 206, 400 Crowfoot Crescent NW
Calgary, Alberta T3G 5H6
Attention: Keith Prosser

Phone: (403) 298-0642 Fax: (403) 263-1767

Lender Solicitor: Fraser Milner Casgrain LLP
Bankers Court, 15th Floor
850 – 2nd Street SW
Calgary, Alberta T2P 0R8
Attention: Mr. Robert McKinnon

Phone: (403) 268-7191 Fax: (403) 268-3100

Borrower
& the Guarantors: Today's Homes Limited Partnership
808 55 Avenue NE
Calgary, Alberta T2E 6Y4
Attention: Mr. Robert Friesen

Borrower Solicitor: Fraser Milner Casgrain LLP
Bankers Court, 15th Floor
850 – 2nd Street SW
Calgary, Alberta T2P 0R8
Attention: Mr. David Mann

Phone: (403) 268-7134

All notices required, permitted or contemplated hereunder shall be in writing, and shall be deemed to be sufficiently given and received if:

- a) personally served on the other party by delivery during the normal business hours of the recipient at the addresses set forth above (such notices shall be deemed received by the addressee when actually delivered); or
- b) by telefax directed to the party on whom they are to be served at that party's fax number set forth above and such notice so served shall be deemed to have been received by the addressee thereof when actually received by it if received within the normal working hours of a business day, or at the commencement of the next ensuing business day following transmission thereof.

Either of the parties hereto may from time to time change its address for service herein by giving written notice to the other.

18. Governing Law

This Commitment Letter shall be governed by and construed in accordance with the laws of the Province of Alberta. The parties hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta, located in the Judicial District of Calgary.

B. COMMITMENT AND ACCEPTANCE

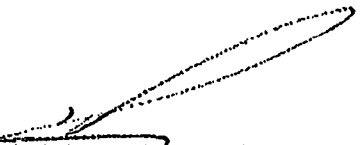
This Commitment Letter supersedes and cancels all prior proposal letters, loan applications, expressions of intent, agreements or understandings, whether oral or written, with respect to the proposed Loan and such prior matters and documents are merged in this Commitment Letter. In the event of any conflict between the provisions of this Commitment Letter and the other Loan and Security Documents, this Commitment Letter shall govern, provided, however, that no conflict shall be deemed to exist simply because one document refers to a specific matter and another does not, or because one document clarifies or enlarges a particular matter and the other does not.

We trust that you will find the proposed Loan helpful in meeting your financial requirements. We ask that if you wish to accept this offer of financing, please do so by signing and returning the attached duplicate copy of this Commitment Letter to the undersigned. Please have the Guarantors sign the Commitment Letter below where indicated. This offer will expire if not accepted in writing and received by the Lender on or before _____ pm on _____, 2012.

Yours truly,
STERLING BRIDGE MORTGAGE CORP.

Per: 

Frank McGinn, Senior Underwriter

Per: 

Keith Prosser, President

The undersigned hereby accepts the foregoing offer this 11 day of Sept, 2012.

BORROWER

Today's Homes Limited Partnership, by its general partner, TODAY'S HOMES (2006) INC.

Per: 
(I have authority to bind the Corporation)

Print Name: ROBERT FRIESEN

Per: _____
(I have authority to bind the Corporation)

Print Name: _____

The undersigned, on a joint and several basis, hereby guarantee payment and performance of all obligations of the Borrower hereunder and hereby acknowledge receiving advice of the foregoing Loan this _____ day of _____, 2012 and agree that if the Lender fails to insist upon strict performance or observance of the requirements of the Commitment Letter set out above or in any other agreement which now or may hereafter apply to the Loan, or waives or amends any such requirements, such action shall not prejudice the Lender's rights under the guarantee of the Borrower provided by us.

The terms of this Commitment letter maybe amended in writing by agreement between the Borrower and the Lender subject to approval of the Monitor.

GUARANTOR(S)

TODAY'S HOMES (2006) INC.


_____ Witness

Print Name: ROBERT FRIESEN

_____ Witness

Print Name: _____
3504630_3

SCHEDULE A - CLOSING DELIVERIES

The Borrower and the Guarantors (to the extent applicable), in addition to satisfying all of the other terms and conditions of the Loan, will execute and deliver all Loan and Security Documents as may be required by the Lender including, but without limitation, the following:

- a) a first fixed and specific demand collateral mortgage and charge of the Property;
- b) a General Security Agreement granting a specific charge against all of the Borrowers present and acquired personal property in connection with the subject properties
- c) an assignment of all material contracts (including the general contractor and a major subtrade contracts), and permits made by the Borrower affecting the Property;
- d) an assignment of all Purchase and Sale Contracts and the proceeds realized there from, including all deposits;
- e) an assignment of Insurance made by the Borrower with the Lender as first loss payee, with those coverages as set out in Schedule "C";
- f) unlimited guarantees to be provided by the Guarantor;
- g) written undertaking by the Borrower and the Guarantor to fund all cost overruns as they occur;
- h) collateral agreement to cover the use of the interest reserve;
- i) unconditional and unlimited Environmental Indemnity Agreement, signed by the Borrower and Guarantor;
- j) the opinions of legal counsel to the Borrower and any corporate Guarantor, confirming, amongst other things, that the Loan and Security Documents have been duly authorized, executed and delivered in a form satisfactory to the Lender, together with supporting certificates and resolutions;
- k) a Statutory Declaration stating that no condemnation or adverse zoning or usage change proceeding shall have occurred or shall have been threatened against the Property; the Property shall have suffered any significant damage by fire or other casualty which has not been repaired; no law, regulation, ordinance, moratorium, injunctive proceeding, restriction, litigation, action, citation or similar proceeding or matter shall have been enacted, adopted, or to the best knowledge of the Borrower, threatened by any third party or governmental authority, which would have, in the Lender's judgment, a material adverse effect on the Borrower, the Property or the Lender with respect to the Loan or any of the Loan and Security Documents;
- l) a Statutory Declaration confirming that all fees and commissions payable to real estate brokers, mortgage brokers, or any other brokers or agents in connection with the Loan or the Property have been paid or will be paid from the Initial Advance; and
- m) **such other documents or items as the Lender or its counsel reasonably may require**

SCHEDULE B - ENVIRONMENTAL REQUIREMENTS

Dangerous Substances

The Borrower and the Guarantors warrant and represent that the Property and its existing or, to the best of their knowledge after due inquiry, prior uses comply and have at all times complied with all laws, regulations, orders and approvals of all governmental authorities having jurisdiction with respect to environmental matters applicable to the Property (collectively, the "Environmental Laws") and, without limiting the generality of the foregoing:

- (i) The Property has never been used as a land fill site or to store Dangerous Substances (as defined below) either above or below ground, in storage tanks or otherwise;
- (ii) All Dangerous Substances used in connection with the business conducted on the Property have at all times been received, handled, used, stored, treated, shipped and disposed of in strict compliance with all Environmental Laws;
- (iii) No Dangerous Substances have been released into the environment or deposited, discharged, placed or disposed of at, on or near the Property as a result of the conduct of the Borrower's business on the Property; and
- (iv) No notices of any violation of any matters referred to above relating to the Property or its use have been received and there are no directions, writs, judgments, orders or judgments outstanding, no law suits, claims, proceedings, or investigations being instituted or filed.

Environmental Concerns

At the time of any Advance of the Loan, the Lender shall be satisfied that there are not in, on, under or about the Property, or any part thereof, any contaminants, toxic, dangerous or hazardous substances (collectively, "Dangerous Substances") including, without limitation, gasoline, oil, wastes, UFFI (Urea Formaldehyde Foam Insulation), asbestos fireproofing insulation, PCB's (Polychlorinated Biphenyl's) or radioactive materials and neither the Property, nor to the best of the Borrower's knowledge, any adjacent lands, have ever been used as or for a waste disposal or coal gasification site, nor have they ever contained any underground storage tanks, and further, the use of the Property has not involved, and will not involve, during the Term, the handling of Dangerous Substances nor will such use result in any environmental damage. In addition to any liability imposed on the Borrower and the Guarantors under the other Loan and Security Documents, the Borrower and Guarantors shall be liable for any and all of the costs, expenses, damages or liabilities of the Lender, its directors and officers (including, without limitation, all reasonable legal fees on a solicitor/client basis) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of any Dangerous Substances and such liabilities shall survive repayment of the Loan and the satisfaction, release or discharge of the Loan and Security Documents, foreclosure of the Loan and Security Documents and/or any other extinguishments of the obligations of the Borrower or the Guarantors under the Loan and Security Documents and any other exercise by the Lender of any remedies available to it against the Borrower or the Guarantors.

SCHEDULE C - INSURANCE REQUIREMENTS

Evidence of insurance in form and substance satisfactory to the Lender is required, confirming compliance with the below requirements. Insurance must be forwarded to the Lender, who will then provide to their insurance consultant for review. The cost of the review of the insurance documentation shall be for the account of the Borrower and may be deducted from the Initial Advance under the Loan.

Acceptance of this Commitment authorizes the Lender or their insurance consultant to contact your insurance broker as required to obtain information with respect to the insurance policy(s) and to request amendments to the policy(s) where required.

The Borrower shall give a copy of Schedule C to their insurance agent/broker immediately and instruct them to follow these requirements without omission or change. The Borrower's insurance broker is as follows (please provide full name and contact information):

Insurance Company: _____

Address _____

Attention: _____ Email: _____

Telephone: _____ Fax: _____

1. **GENERAL**

- A) All insurance policies referred to herein shall be in form and with insurers reasonably acceptable to the Lender, and signed by an authorized representative of the Insurer.
- B) All policies shall be permitted to contain reasonable deductibles.
- C) All property policies shall contain a standard Insurance Bureau of Canada Mortgage Clause in favour of the Lender, and shall provide for 30 days prior notice to the Lender of any adverse material change, cancellation or non-renewal and name the Lender as loss payee as its interest appears. In the event that any coverage required under this schedule is not renewed, the Borrower will promptly provide evidence of replacement coverage.
- D) If the Borrower fails to take out and keep in force such minimum insurance as is required hereunder, then the Lender may, but shall not be obligated to, take out and keep in force such insurance at the immediate sole cost and expense of the Borrower plus costs incurred, or use other means at its disposal under the terms of this Loan.
- E) It is clearly understood and agreed that the insurance requirements contained herein are a minimum guide and, although must be adhered to throughout the life of the Loan, in no way represent an opinion as to the full scope of insurance coverage a prudent borrower would arrange to adequately protect its interests and the interests of the Lender and the Borrower must govern itself accordingly.

2. SPECIFIC – COMPLETED PROPERTIES

The following policies of insurance must be submitted, incorporating those requirements contained in the general section of these insurance requirements.

- A) All risks of physical loss, or, damage including earthquake, flood and collapse for, one hundred percent (100%) of the full replacement cost of the Property, without deduction for foundation and footings, including builders all risk coverage, if applicable. The replacement cost wording to have the "Same or Adjacent Site" clause deleted and the policy must include increased cost of by-laws coverage, demolition and debris removal for damaged and undamaged property. Co-insurance must either be waived or stated amount.
- B) Insurance against loss of rents, and other income of payments to be made by tenants, licensees or others with respect to use of the property or any part thereof from at least those risks covered by the other required insurance for an amount not less than 100% of the rents and other payments or rental value for a period of at least twelve (12) months from the date the claim arises. Coverage to follow Form with 2. A) above.
- C) Comprehensive form boiler and machinery insurance including unfired pressure vessels, air conditioning equipment, if any, including repair and replacement and conforming to limits and coverages in 2. A) and B) above.
- D) Commercial general liability insurance against claims for bodily injury, death or property damage occurring on, in or about the property, or the elevators or escalators therein including among other things coverage against accidents or occurrences in an amount of not less than \$2 million for any one occurrence or such greater amount as the Lender may reasonably require.

3. SPECIFIC – CONSTRUCTION PERIOD

The following policies of insurance must be submitted, as required in the general section of the insurance requirements.

- A) All-Risk Builder's Risk Form in the full amount of the estimated hard construction costs and recurring soft costs. Form to include Flood and Earthquake, and the policy shall allow for partial or complete occupancy.
- B) The Mortgagor will also maintain Equipment Breakdown Insurance to cover all building equipment and machinery (and production machinery, if applicable) for explosion, electrical loss or damage and mechanical breakdown. Such coverage shall include testing.
- C) The Mortgagor will effect and maintain Business Interruption Insurance on the form known as Delayed Income (or its equivalent) for loss resulting from those perils covered by the insurance described in 3. A) and B) above. The period of indemnity will not be less than twelve months. The coverage will provide for not less than 100% of such loss of profits or rents.
- D) Commercial general liability insurance against claims for bodily injury, death or property damage occurring on, in or about the property, or the elevators or escalators therein including among other things coverage against accidents or occurrences in an amount of not less than \$2 million for any one occurrence or such greater amount as the Lender may reasonably require.

All cancellation clauses in the above referenced policies, including those contained in the mortgage clause, are to provide for a thirty day notice of cancellation to the Lender.

SCHEDULE D - ADDITIONAL STANDARD PROVISIONS

1. Impounds

The Loan and Security Documents shall contain, among other things, a provision that the Borrower deposit funds with the Lender, monthly, in a non-interest bearing escrow account in an amount sufficient to pay when due all taxes on the Property which become due within each succeeding twelve (12) month period, provided however, that if the Borrower makes arrangements to make payment of all property taxes on a monthly basis and provides the Lender with evidence that all such property tax payments are being made, the Lender will not require such an escrow account. Periodic confirmation of payments through the City of Calgary is acceptable in the alternative.

2. Other Encumbrances

The Borrower shall not grant or permit any charges, mortgages or other encumbrances to encumber the Property or the assets of the Borrower or the Guarantors other than charges, mortgages or encumbrances securing the Loan and disclosed to the Lender in writing, without the prior written consent of the Lender. The Borrower shall remain the sole registered and beneficial owner of the Property until the Loan is repaid.

3. Representations and Warranties

The Borrower and the Guarantors, as the case may be, hereby represent and warrant, which representations and warranties shall be deemed to be continually repeated so long as any amounts remain outstanding and unpaid under this Commitment Letter or so long as this Commitment Letter and the other Loan and Security Documents remain in effect, that:

- a) The Borrower and any corporate Guarantor are corporations duly incorporated and organized, validly existing and in good standing under the laws of the Province of Alberta and have adequate corporate power and authority to carry on its business, own property, borrow monies or, in the case of the Guarantors, guarantee the obligations of the Borrower, as the case may be, and enter into agreements therefore, execute and deliver the documents required hereunder, and observe and perform the terms and provisions of this Commitment Letter and the other Loan and Security Documents.
- b) The Borrower is a single-purpose entity whose sole business is, or will be, owning, operating, developing, and managing the Property.
- c) There are no laws, statutes or regulations applicable to or binding upon the Borrower or the Guarantors, and no provisions in the Borrower's or any corporate Guarantor's articles or in any by-laws, resolutions, contracts, agreements, or arrangements, which would contravene, breach, default or violate the execution, delivery, performance or observance of any terms of this Commitment Letter or of the other Loan and Security Documents.
- d) Subject to the Insolvency proceedings currently in respect of the Borrower, all material authorizations, approvals, consents, licenses, exemptions, filings, registrations, notarizations and other requirements of governmental, judicial and public bodies and authorities required reasonably necessary to carry on the Borrower's or the Guarantors' business have been or will be obtained or effected and are or will be in full force and effect.

- e) The financial information and forecasts delivered to the Lender required by Sterling Bridge, acting reasonably.
- f) All of the remittances required to be made by the Borrower or the Guarantors to the federal, provincial and municipal governments have been made, are currently up to date and there are no outstanding arrears. Without limiting the foregoing, all employee source deductions (including Income Taxes, and Canada Pension Plan), sales taxes (both provincial and federal), corporate income taxes, payroll taxes and workmen's compensation dues are currently paid and up to date.
- g) The Sole General Partner of the Borrower is Today's Homes (2006) Inc.

4. Positive Covenants:

As long as the Loan or commitment of the Lender remains outstanding, the Borrower and the Guarantors, as the case may be, will:

- a) Cause to be paid all amounts of principal, interest, Expenses or any other amounts on the dates, times and place specified herein or under any other agreement between the Lender and the Borrower.
- b) Provide annual Review Engagement financial statements within 120 days of each respective period accompanied by a compliance certificate from the Chief Financial Officer of the Borrower confirming that the Borrower has complied with all terms and conditions of this Commitment Letter and that no event has occurred that is, or with the passing of time may become, an Event of Default under this Commitment Letter or a default under any of the other Loan and Security Documents.
- c) Advise promptly after the happening of any event, which will result in a material adverse change in the financial condition of the Borrower, the Guarantors, or the Property or the occurrence of any Event of Default or default under the Loan and Security Documents, or any other agreement for borrowed money.
- d) Cause to be done all things necessary to maintain in good standing its or their corporate existence and preserve and keep all material agreements, rights, franchises, licenses, operations, contracts or other arrangements in full force and effect.
- e) Take all necessary actions to ensure its obligations hereunder will rank ahead of all other indebtedness of the Borrower.
- f) Cause to be paid or discharged, all lawful taxes, assessments and government charges or liens imposed on earnings, labour or materials, etc., which might result in a lien or charge upon the property or assets of the Borrower unless such taxes, assessments, charges or liens are being contested in good faith and appropriate reserves shall be made with funds set aside in a separate trust fund.
- g) Provide the Lender with information and financial data as it may request from time to time (including information and financial data respecting the Guarantors).
- h) Maintain the Property, plant and equipment therein in good repair and working condition.

- i) Inform the Lender of any actual or probable material litigation and furnish Lender with copies of details of any material litigation or other proceedings, which might materially affect the financial status or operation of the Borrower, the Guarantors or the Property.
- j) Provide such additional security, information and documentation as may be reasonably required by the Lender or its counsel.
- k) Continue to carry on the business contemplated in Schedule D - 3(b) hereof.
- l) Maintain adequate insurance on all of its assets (including without limitation the Property), undertakings, and business risks.

5. Negative Covenants

The Borrower hereby covenants and agrees with the Lender that, unless the Lender shall have consented in writing, it shall not, so long as the Loan or any portion of the commitment hereunder remains outstanding:

- a) Create, incur, assume or suffer to exist (directly or indirectly) any indebtedness except for any indebtedness in favour of the Lender, except in the normal course of business.
- b) Guarantee or act as surety or agree to indemnify the debts of others, except as disclosed to the Lender.
- c) Merge or consolidate with, or sell, assign, or otherwise dispose of (whether in one transaction or in a series of transactions) the Property or all or substantially all of its assets (whether now owned or hereafter acquired) to any person excepting in the normal course of business.
- d) Create, incur, assume, or suffer to exist, any mortgage, deed or trust, pledge, lien, security interest, assignment, charge, or encumbrance (including without limitation, any conditional sale, or other title retention agreement, or finance lease) of any nature, upon or with respect to any of its properties, now owned or hereafter acquired, or sign or file, or permit any subsidiary to sign or file, under the PPSA or a similar registry system of any jurisdiction any financing statement which names the Borrower as a debtor or sign any security agreement authorizing any secured party there under to file such financing statement, except in the normal course of business.
- e) Sell, lease, assign, transfer, convey or otherwise dispose of any of its now owned or hereafter acquired assets (including, without limitation, shares or stock and indebtedness of subsidiaries, receivables and leasehold interests), excepting in the ordinary course of business.
- f) Terminate or enter into a surrender of any pledged lease of any property mortgaged under the Loan and Security Documents.
- g) Cease to carry on the business contemplated in Schedule D - 3(b) hereof.
- h) Permit any change of ownership, allot and issue any new shares or change the capital structure of the Borrower.

- i) Pay any management fees, salaries or other compensation to any employees of the Borrower or the manager of the Property in excess of limits reasonably approved in writing by the Lender.
- j) Communicate in any manner with any of the Co-Lenders without the prior written consent of the Lender.

6. Change of Control

Prior written consent of the Lender is required for any future consolidations, mergers, acquisitions and/or changes of control of the Borrower.

7. Events of Default

The Lender has the right to accelerate the payment of principal, accrued interest, Expenses or other amounts due under the Loan and to take any steps available to it under, or realize on any security provided under, the Loan and Security Documents at any time after the occurrence of any one of the following events of default (together, "Events of Default" or singularly, an "Event of Default"):

- a) Nonpayment of principal when due or nonpayment of interest, Expenses or any other amount, within five business days of when due or when demanded.
- b) The failure of the Borrower or any Guarantor in the performance of any other covenant under the Loan and Security Documents or any other agreement between the Lender and the Borrower and such default continues unremedied for five business days after the occurrence.
- c) If any representation, warranty or statement made under the Loan and Security Documents or made in connection with the execution and delivery thereof should be false or misleading at any time in any material respect.
- d) If there is a breach or non-performance or non-observance of any term, covenant or condition of the Loan and Security Documents, or in any security agreement or mortgage provided hereunder.
- e) If the Borrower, any one of its subsidiaries, or any Guarantor makes a general assignment for the benefit of creditors, files or presents a petition, makes a proposal or commits any act of bankruptcy, or if any action is taken for the winding up, liquidation or the appointment of a liquidator, trustee in bankruptcy, custodian, curator, sequester, receiver or any other officer with similar powers be appointed or if a judgment or order shall be entered by any court or jurisdiction approving a petition for reorganization, arrangement or composition of or in respect of the Borrower, any one of its subsidiaries, or any Guarantor is insolvent or declared bankrupt. Any Guarantor shall provide quarterly written statements confirming at a minimum, that their financial status has not suffered a material adverse change.
- f) If there exists a voluntary or involuntary suspension of business of the Borrower, any of the Borrower's subsidiaries, or the Guarantors.
- g) If action is taken by an encumbrancer against the Borrower, any subsidiary of the Borrower or the Guarantors to take possession of property or enforce proceedings against any assets.

- h) If any final judgment for the payment of monies in excess of \$50,000 be rendered against the Borrower, its subsidiaries, or any of the Guarantors and it is not discharged within 30 days from the imposition of such judgment.
- i) If there exists an event, the effect of which with lapse of time, will constitute an Event of Default under this or any other agreement entered into by the Borrower, the Guarantors or any of the Borrower's subsidiaries.
- j) Default by the Borrower, any subsidiary, or any Guarantor in any material payment of monies owing by any of them to anyone, including the Lender, or default in the performance of any other obligation of the Borrower, any Guarantor or any of the Borrower's subsidiaries under any agreement to which any of them are subject.
- k) There shall occur, in the Lender's reasonable determination, a material adverse change in the financial condition, business or operations of the Borrower, any of the Borrower's subsidiaries, any Guarantor, or the Property.

If the Lender accelerates the payment of principal, interest and Expenses hereunder, the Borrower shall immediately pay to the Lender all amounts outstanding hereunder. The acceleration of payment of principal, interest and Expenses shall be deemed to have occurred where the Event of Default has occurred pursuant to Schedule D - 7(e) hereof.

8. Representations

No representation or warranty or other statement made by the Lender concerning the Loan shall be binding on the Lender unless made by it in writing as a specific amendment to this Commitment Letter.

9. Non-waiver

Should there be a breach of or noncompliance with any term or condition of the Loan and Security Documents, or should an Event of Default occur, the Lender may at its option exercise any rights or remedies it may have there under or which may be available to it and the failure of the Lender to exercise any such rights or remedies shall not be deemed to be a waiver of such term or condition and will not prevent the Lender from exercising such rights and remedies pursuant to that default or subsequent defaults at any later time.

10. Signage

The borrower will permit the Lender to erect a sign at the Property indicating financing is being provided by the Lender.

11. Third Parties

The Borrower and each of the Guarantors (to the extent applicable) (on a joint and several basis) agrees to indemnify, defend and hold harmless the Lender from any loss, claim, damage or liability arising from any claim or litigation made or threatened by any third party (including, without limitation, any seller, broker, partner of the Borrower, governmental entity or other third party) in connection with the Loan, and any court costs and legal fees (on a solicitor and his own client basis) incurred by the Lender in connection with any such claim or litigation, if such claim or litigation arises as a result of, or in connection with, any acts or omissions of the Borrower, any of the Guarantors or those persons for whom the Borrower or the Guarantors are responsible in law which indemnity shall survive repayment of the Loan and the satisfaction, release or discharge of the Loan and Security Documents, foreclosure of the Loan and Security Documents and/or any other extinguishments of the obligations of the Borrower or the Guarantors under the Loan and Security Documents and any other exercise by the Lender of any remedies available to it against the Borrower or the Guarantors.

12. Assignability

Any approval of the Loan is personal to the Borrower, and the rights of the Borrower, if any, there under may not be assigned to, and may not be enforced by, any other person or entity unless the Lender agrees in writing. The Lender may assign all or any portion of its interest in the Loan and the Loan and Security Documents without the consent of the Borrower provided that the rights which accrue in favour of the Borrower pursuant to or in respect of the Loan and Security Documents and the Loan remain unchanged and that the Borrower will not be required to make payment of any out-of-pocket expenses. The Borrower shall not be entitled to assign the Loan or its interest in any of the Loan and Security Documents without the prior written consent of the Lender.

13. Further Assurances

At the closing of the transaction contemplated in this Commitment Letter and thereafter as may be necessary and without further consideration, the parties hereto shall execute, acknowledge and deliver such other documents, instruments and agreements and shall do such other things as may be necessary to carry out their respective obligations under the Loan and Security Documents or as may be reasonably required by either party.

14. Time of the Essence

Time shall be of the essence in the Loan and Security Documents.

15. Interest and Fees

If any provision of this Commitment Letter or of the other Loan and Security Documents would oblige the Borrower to make any payment of interest or any other amount payable to the Lender in an amount or calculated at rate which would be prohibited by law or would result in receipt by the Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)) then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by the Lender of interest at a criminal rate, such adjustment to be effected to the extent necessary, as follows:

- a) firstly, by reducing the amount or rate of interest required to be paid to the Lender under this Section; and

- b) thereafter, by reducing any fees, commissions, premiums or other amounts required to be paid to the Lender which would constitute interest for the purposes of Section 347 of the *Criminal Code* (Canada).

If the Lender shall have received an amount in excess of the maximum prohibited by Section 347 of the *Criminal Code* (Canada) after giving effect to all adjustments contemplated in this Section, then the Borrower shall be entitled, by notice in writing to the Lender, to obtain reimbursement from the Lender in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by the Lender to the Borrower. Any amount or rate of interest referred to in this Section shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the Term of the Loan on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the *Criminal Code* (Canada)) shall, if they relate to a specific period of time, be prorated over that period of time and otherwise be prorated over the period from the date of the making of the Initial Advance to the Borrower until the end of the Term.

16. Condition to Advance of Funds

The Borrower and the Guarantor (to the extent applicable) acknowledge and agree that the Lender shall only be able to advance funds from time to time to the Borrower as contemplated in this Commitment Letter in the event the Lender is able to complete a syndication of the Loan, including without limitation, completing such syndication on terms and with investors satisfactory to it in its sole discretion, prior to the making of any such advance. The completion of such syndication of the Loan is a condition precedent for the sole benefit of the Lender which must be satisfied in a manner which is satisfactory to the Lender in its sole discretion prior to the Lender making any or all advance of funds to the Borrower from time to time. The condition precedent may only be waived by the Lender providing directly to the Borrower the Lender's express prior written confirmation of such waiver. In the event the Lender is unable to make any or all advances from time to time to the Borrower as contemplated in this Commitment Letter as a result of its inability to satisfy the foregoing condition, the Lender shall not be liable for, and the Borrower hereby releases the Lender of and from, any and all actions, causes of action, claims, counterclaims, demands, damages (including indirect or consequential damages) interest, costs, expenses and compensation of whatsoever kind and howsoever arising, whether known or unknown, which the Borrower may suffer or incur in any way arising or resulting there from.

17. Information

The Borrower shall furnish upon request to the Lender all information as may be required by the Lender to enable it to complete its due diligence to its satisfaction and hereby authorizes any third party to co-operate with any reasonable inquiries made by the Lender concerning the Borrower, the Guarantors (to the extent applicable), or the Property.

18. Disclosure

The Borrower and the Guarantors (to the extent applicable) confirm that they have disclosed to the Lender all material facts known to them which, in their good faith determination, might adversely affect the Property or the financial condition, business or operation of the Borrower, or the Guarantors and agree to promptly so inform the Lender if any such fact becomes known to them prior to closing.

19. Privacy Notice

The Lender is a member of Sterling Bridge Financial Group and is committed to compliance with

privacy rights under applicable privacy legislation and will obtain express consent for the collection, use and disclosure of personal information. All reasonable steps will be taken to protect personal information from inadvertent or improper disclosure.

In accepting this Commitment Letter from the Lender the Borrower and any Guarantors consent to the collection, use and disclosure of their personal and financial information via any form of transmittal, including electronic, by the Lender. The Borrower and any Guarantors also consent to having the Lender and its agents conduct or cause to be conducted personal and credit investigations and due diligence necessary for the financing contemplated herein.

The Borrower and any Guarantors consent to the disclosure of such information in respect of the Borrower and the Guarantors, and if the Borrower or any Guarantor is a corporation, to the disclosure of the principal individuals of the Borrower and such Guarantor to other creditors, lenders, consumer reporting agencies, risk management consultants, investors and potential investors, purchasers and potential purchasers, agents and other parties involved in the risk evaluation and syndicated loan process including other members of the Sterling Bridge Financial Group.

Should the Lender desire to collect, use or disclose personal information for a purpose not described herein, further consent will be obtained.

Questions or concerns can be addressed by contacting the Lender's Privacy Officer at 403-298-0636.

SCHEDULE "C" – DIP ORDER

(attached)

Schedule "C"

Clerk's stamp:

COURT FILE NUMBER 1201-05843

COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF UBG BUILDERS INC., ALBERTA BUILDERS
CAPITAL INC., ALPINE HOMES (2006) INC., AMERICAN BUILDERS
CAPITAL (US) INC., EDGEWATER AT GRIESBACH INC., ELITE HOMES
(2006) LTD., EVOLUTION BY GREENBORO INC., GREENBORO
COMMUNITIES (2006) INC., GREENBORO ESTATE HOMES (2006) LTD.,
GREENBORO HOMES (2006) LTD., GREENBORO LUXURY HOMES INC.,
HIGH POINTE INC., MOUNTAINEERS VILLAGE (2006) INC.,
MOUNTAINEERS VILLAGE II INC., ORIGINS AT CRANSTON INC., SOUTH
TERWILLEGAR VILLAGE INC., THE BRIDGES MANAGEMENT INC., THE
LEDGES INC., TIMBERLINE LODGES (2006) INC., TODAY'S
COMMUNITIES (2006) INC., TODAY'S HOMES (2006) INC., TUSCANY
DEVELOPMENTS (2006) INC., UBG ALBERTA BUILDERS (2006) INC., UBG
ALPINE HOMES (2006) LTD., UBG BRIDGES INC., UBG BUILDERS (USA)
INC., UBG COMMERCIAL INC., UBG LAND INC., UBG LOT DEPOSIT
CORP., UBG 4500 CALGARY INC., UBG 75 CANMORE INC., UBG 808
CALGARY INC., UNITY INVESTMENTS (2012) INC., VALMONT AT ASPEN
STONE INC., VALOUR PARK AT CURRIE INC., VILLAGE AT THE
HAMPTONS INC., VILLAGE ON THE PARK INC., WILDERNESS HOMES BY
RIVERDALE INC., WILDERNESS RIDGE AT STEWART CREEK INC.
(COLLECTIVELY, THE "APPLICANTS")

DOCUMENT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

DATE ON WHICH ORDER WAS
PRONOUNCED

NAME OF JUSTICE WHO MADE
THIS ORDER

ORDER

FRASER MILNER CASGRAIN LLP
Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8
Attention: David W. Mann / Derek M. Pontin
Ph. (403) 268-7097/6301 Fx. (403) 268-3100
File No.: 549362-1

September 14, 2012

The Honourable Madam Justice K.M. Horner

DRAFT

ORDER

(re: SBMC Protocol)

UPON the application of the Applicants in these proceedings (collectively, "UBG"); **AND UPON** having read the Application of the Applicants, dated September 11, 2012, the Affidavit of Robert Friesen, dated September 11, 2012 (the "Friesen Affidavit"), the Fifth Report of the Monitor, dated September 11, 2012, the Affidavit of Dawn Roy, dated September _____, 2012 (the "Service Affidavit"), and such other material in the pleadings and proceedings as deemed necessary; **AND UPON** hearing counsel for UBG, counsel for Sterling Bridge Mortgage Corp. ("SBMC"), counsel for the Monitor, and other interested parties; **IT IS HEREBY ORDERED AND DECLARED THAT:**

Service

1. The time for service of notice of this application is abridged to the time actually given and service of the Application and supporting material as described in the Service Affidavit is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.
2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted in these proceedings on May 9, 2012 (the "Initial Order"), and the term "Net Proceeds" shall mean the proceeds from the sale of the Lots described in paragraphs 4 and 5 hereof, less amounts required to pay all reasonable and ordinary closing costs, including without limitation goods and services and other applicable sales taxes, property taxes, commissions, applicable condominium fees and legal fees and disbursements, calculated in a manner consistent with the calculation of 'Net Proceeds' described in the Order granted by this Honourable Court in these proceedings on June 15, 2012, and including, without limitation, a deduction in favour of the Applicants of 5% for their business and operational purposes.

Approval of the Sterling Bridge Interim Financing Agreement

3. The commitment letter ("**Commitment Letter**") and protocol agreement ("**Protocol Agreement**") among Today's Homes Limited Partnership, by its general partner, Today's Homes (2006) Inc. (the "**Borrower**") and SBMC, dated September 11, 2012, attached respectively as Exhibits "C" and "D" to the Friesen Affidavit (collectively, the "**SBMC Interim Financing Agreement**") providing for the funding, completion, sale of and distribution of proceeds from the construction and sale of Homes (as defined in the SBMC Interim Financing Agreement) are hereby approved.
4. The Borrower is hereby authorized to purchase, and UBG Land Inc. to sell to the Borrower, the lots related to those Homes listed in Part 2 of Schedule A of the Protocol Agreement (the "**Lots**").
5. UBG Land Inc. is hereby authorized and directed to distribute any Net Proceeds from the sale of the Lots to the Borrower in accordance with the valid and enforceable charges against such Lots in accordance with their lawful priority and upon the approval of the Monitor.
6. UBG and the Monitor are hereby authorized and directed to take all steps as may be reasonably necessary or desirable to ensure the enforceability and priority of the Borrower's entitlement to the Homes.

7. UBG and the Monitor are hereby authorized and directed to do all things reasonably necessary to implement and perform all of their respective obligations under the SBMC Interim Financing Agreement.

Approval of the SBMC Charge

8. As security for monies advanced by SBMC to the Borrower pursuant to the SBMC Interim Financing Agreement, a charge is hereby granted on the undertaking, property, and assets of the Borrower in favour of SBMC (the "**SBMC Charge**"), which charge shall rank in priority to all claims against the Borrower, including the Administration Charge and the Directors' Charge, but shall be subject to the distribution scheme set forth in the SBMC Interim Financing Agreement.
9. The proceeds from the sale of the Homes (as defined in the SBMC Interim Financing Agreement) shall, subject to the consent of the Monitor and compliance with any applicable claims procedures established in these proceedings, be distributed as set forth in the SBMC Interim Financing Agreement.

Miscellaneous

10. The SBMC Interim Financing Agreement and the SBMC Charge shall be valid and enforceable and the rights and remedies of the parties thereto shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any Bankruptcy Order sought or issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of any of the Applicants or any assignment in bankruptcy made or deemed to be made in respect of any of the Applicants; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds any of the Applicants (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:
 - (a) neither the creation of the SBMC Interim Financing Agreement, the creation of the SBMC Charge, nor the execution, delivery or performance of the SBMC Interim Financing Agreement shall create or be deemed to constitute a breach by any of the Applicants of any Third Party Agreement to which it is a party; and
 - (b) the parties to the SBMC Interim Financing Agreement shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the SBMC Charge or the execution, delivery or performance of the SBMC Interim Financing Agreement.
11. Notwithstanding the pendency of these proceedings and the declaration of insolvency made in these proceedings, the SBMC Interim Financing Agreement and the SBMC Charge shall constitute legal, valid and binding obligations of the Applicants enforceable against them in accordance with the terms thereof, and the payments made by the parties pursuant to this Order, the SBMC Interim Financing Agreement, or the SBMC Charge do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law, and shall not constitute advances under the *Builders' Lien Act* (Alberta) nor be subject to any builder's lien registered at the date of this Order or thereafter.

12. Except as specifically set forth in this Order, the rights and remedies of the parties under the SBMC Interim Financing Agreement shall be subject to the terms of this Order, the Initial Order, including the stay of proceedings, and all other Orders made in these proceedings.
13. No action or proceeding may be commenced against a party to the SBMC Interim Financing Agreement by reason of any such party having entered into the SBMC Interim Financing Agreement or having performed the obligations thereunder without leave of this Court having been obtained on seven days' notice to the Applicants, SBMC, and the Monitor.
14. The Applicants, SBMC and the Monitor or any party to the SBMC Interim Financing Agreement are at liberty to apply for such further advice, assistance and direction as may be necessary to give full force and effect to the terms of this Order.
15. The Applicants shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at this application and on all parties who received notice of this application or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service effected as aforesaid shall be good and sufficient service.

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Justice of the Court of Queen's Bench of Alberta