

Action No.: 1001-07852  
Deponent: Tyrone Schneider  
Date Sworn: September 27<sup>th</sup>, 2010

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE OF CALGARY**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE – FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER – MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.**

**The Petitioners**

**AFFIDAVIT**

I, Tyrone Schneider, of the City of Medicine Hat, in the Province of Alberta, **MAKE OATH AND SAY THAT:**

***Introduction***

1. I am the president of 1539319 Alberta Ltd., the restructuring consultant to all of the Petitioners (the "**Consultant**") retained to assist with the restructuring of the Petitioners. As such, I am familiar with the books and records of these proceedings and have personal

knowledge of the matters herein deposed to except where based upon information and belief, in which case I do verily believe the same to be true.

2. All capitalized terms used in this Affidavit shall have the meaning ascribed to them in the Affidavit sworn by Mr. Wesley Reinheller and filed in these proceedings on May 25, 2010 (the "**Initial Affidavit**") unless otherwise indicated in this Affidavit.

3. I swear this Affidavit in support of the Notice of Motion served by the Medican Group in these proceedings on September 27th, 2010 (the "**Motion**") for the following relief:

(a) an Order, substantially in the form of the Order attached to the Motion as Schedule "A", approving the financing arrangement between Homes by Kingsland Ltd. ("**Kingsland**") and 1554670 Alberta Ltd. ("**1554670**") outlined in the 1554670 Financing Agreement (as herein defined) with respect to Kingsland and the Edgewood Brooks Project (as herein defined) and granting the 1554670 Charge (as herein defined);

(b) Orders, substantially in the form as attached to the Motion as Schedules "B" and "C", seeking bid procedures in respect of:

(i) Phases 2 & 3 of the Riverstone Project, as herein defined; and

(ii) the Sonata Ridge Project, as herein defined,

by which the Medican Group and the Monitor can solicit offers to purchase these Projects (the "**Bid Procedure Orders**");

(c) an Order, substantially in the form of the Order attached to the Motion as Schedule "D" approving the credit bid and the sale and transfer of Phases 2 & 3 of the Axxess Sylvan Lake Project to Monarch Land Ltd. ("**Monarch**");

(d) an Order, substantially in the form of the Order attached to the Motion as Schedule "E", approving the sale of commercial property held by R7 Investments Ltd. ("**R7**") to Memory Lane Computer Training Inc. (formerly 937335 Alberta Ltd.), doing business as Cypress College ("**Cypress College**");

- (e) an Order, substantially in the form of the Order attached to the Motion as Schedule "F", approving the sale of a condominium unit held by R7 to Gerald and Marjorie Kornelson; and
- (f) an Order, substantially in the form attached to the Motion as Schedule "G" for the following relief:
  - (i) granting an extension to the Stay Period granted in these proceedings under the provisions of the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended ("CCAA") from the current expiry date of September 30, 2010 to December 2, 2010;
  - (ii) allowing the late claim of Condominium Corporation Plan 9812578 to be filed in these proceedings, notwithstanding that the claim was filed after the Claims Bar Date, as defined in the Claims Procedure Order granted in these proceedings on June 11, 2010;
  - (iii) approving an extension to the DIP arrangement with Paragon Capital Corporation Ltd.; and
  - (iv) increasing the Administration Charge by \$750,000.

4. I have had the opportunity to review the sixth report of RSM Richter Inc., the court appointed monitor of the Medican Group (the "**Monitor**"), dated September 27, 2010 (the "**Sixth Report of the Monitor**"), and I agree with the summaries of the Development Projects and the recommendations provided therein. Below is the position of the Medican Group with respect to the relief sought, as outlined above.

***The Edgewood Brooks Project***

5. As outlined in the Sixth Report of the Monitor, the "**Edgewood Brooks Project**" is a Development Project that comprises a two phase town house development project located in Brooks, Alberta. Kingsland is the Developer of the Edgewood Brooks Project.

6. The Medican Group received an offer to refinance the Edgewood Brooks Project from 1554670 (the "**1554670 Financing Agreement**"), a copy of which is attached hereto and marked as Exhibit "A" to this my Affidavit.

7. The Medican Group has reviewed the 1554670 Financing Agreement and the Sixth Report of the Monitor and agrees with the Monitor's assessment that it is in the best interest of all the Medican Group's stakeholders.

8. It is a term of the 1554670 Financing Agreement that, as security for its funding, 1554670 be granted a charge over the Edgewood Brooks Project (the "**1554670 Charge**") in priority to the DIP Lender's Charge, the Administration Charge and the Directors' Charge, as defined in the Initial Order granted in these proceedings on May 26, 2010 (the "**CCAA Charges**").

9. The 1554670 Charge was the subject of extensive negotiations and is critical to 1554670's decision to provide its commitment to advance funds pursuant to the 1554670 Financing Agreement. The 1554670 Charge is limited to the project which the funds are being advanced to complete, and will not prejudice the other stakeholders of the Medican Group. Accordingly, the Medican Group is seeking an Order granting the 1554670 Charge, as discussed above.

10. The proposed funding by 1554670 is necessary to complete the Edgewood Brooks Project for the benefit of the Medican Group's stakeholders. The funding provides certainty with respect to the Medican Group's completion of these phases of this Development Project and provides confidence to the Medican Group's customers and stakeholders that viable Development Projects can be completed while the Medican Group restructures its affairs.

11. Moreover, the proposed funding will see all the trade creditors who provided goods and services to the Edgewood Brooks Project paid in full. Not only is this an important requirement of the 1554670 Financing Agreement, it will ensure a timely and efficient continuation of the construction of the Edgewood Brooks Project.

12. Advances pursuant to the 1554670 Financing Agreement will aggregate to a principal sum of approximately \$633,000 and are to be advanced on terms that are acceptable to the

Medican Group, and in the best interests of the Medican Group's stakeholders. Further, I have been informed by the Monitor that it supports this proposed financing arrangement.

13. The Medican Group has been in discussions with Paragon, the DIP Lender in these proceedings, and Paragon has consented to the 1554670 Charge. I have been informed by the Medican Group's counsel, Fraser Milner Casgrain LLP ("FMC"), and do verily believe, that the beneficiaries of the Administration Charge and the Director's Charge consent to the 1554670 Charge.

***The Bid Procedure Orders***

14. As outlined in the Monitor's reports to the Court, there are projects which the Monitor, in consultation with the secured financiers and the Medican Group, has determined would be unprofitable to continue with the proposed construction and would yield the most for the stakeholders of the Medican Group through an organized sales process.

15. In particular, the Monitor has recommended the following Development Projects should be sold through an organized sales process, namely:

- (a) Phases 2 & 3 of the Riverstone condominium Project held by Riverstone (Medicine Hat) Developments Ltd., a Development Project that was planned to be a three phase condominium Development Project located in Medicine Hat, Alberta (the "**Riverstone Project**"); and
- (b) Sonata Ridge, a Development Project that was planned to be a multi-family development project located in Lake Country, British Columbia (the "**Sonata Ridge Project**")

(collectively, the "**Proposed Sale Properties**"). Both Projects are described in the Sixth Report of the Monitor.

16. The Medican Group, with the assistance of the Monitor, developed the sales procedure in the Bid Procedure Orders whereby the Proposed Sale Properties will be marketed for sale through a bid process overseen by the Monitor.

17. The Bid Procedure Orders are necessary to maximize the value in the Proposed Sale Properties. The terms of the Bid Procedure Orders are acceptable to the Medican Group and I do verily believe are fair and reasonable in the circumstances, generally consistent with sales procedures in other similar circumstances, consistent with the procedures previously granted in these proceedings, and are in the best interests of the Medican Group and its stakeholders. Further, I have been informed by the Monitor that it supports this proposed sales procedure.

***The Sylvan Lake Transfer/Sale***

18. As discussed in the Sixth Report of the Monitor, the Monitor implemented the bid procedure, as ordered by this Honourable Court on July 29, 2010, with respect to Phases 2 & 3 of the Axxess Sylvan Lake Project located in Sylvan Lake, Alberta. Copies of the title in respect of Phases 2 & 3 of the Axxess Sylvan Lake Project are attached hereto and marked as Exhibit "B" to this my Affidavit.

19. No bids were received by the Monitor. Accordingly, Monarch has agreed to take title to the Axxess Sylvan Lake Project subject to the following terms and conditions:

- (a) the outstanding principal owing by the Medican Group to Monarch will be reduced by the sum of \$690,000;
- (b) Monarch will pay to Fraser Milner Casgrain LLP the sum of \$34,500 to hold as security for the CCAA Charges; and
- (c) the Medican Group will transfer Phases 2 & 3 of the Axxess Sylvan Lake Project to Monarch, or its nominee, free and clear of all interests of the Medican Group and all parties claiming through the Medican Group.

20. I have been informed by the Monitor that it approves of this sale, and the Medican Group agrees with this recommendation.

***The Terwillegar Transfer/Sale***

21. As discussed in the Sixth Report of the Monitor, the Monitor implemented the bid procedure, as ordered by this Honourable Court on July 29, 2010, with respect to Phases 2 & 3 of the Terwillegar Project located in Sylvan Lake, Alberta. Copies of the title in respect of

Phases 2 & 3 of the Terwillegar Project are attached hereto and marked as Exhibit "C" to this my Affidavit.

22. One bid was received, after the time stipulated in the bid procedure, which the Medican Group has accepted subject to further discussions with the Monitor and Monarch. If the bid is acceptable to the Medican Group's Stakeholders and the conditions precedent are satisfied or waived, it will be the subject of a further application to this Honourable Court for approval.

***The R7 – 7<sup>th</sup> Street Property Sale***

23. As discussed in the Fifth Report of the Monitor, R7 owns a commercial building located in Medicine Hat (the "**7<sup>th</sup> Street Property**"). A copy of title in respect of the 7<sup>th</sup> Street Property is attached hereto and marked as Exhibit "D" to this my Affidavit.

24. On September 13, 2010, the Medican Group appeared before this Honourable Court to seek advice and direction with respect to the disposition of the 7<sup>th</sup> Street Property. Following submissions from counsel to the interested parties, this Honourable Court directed a closed bid process whereby George Schow Professional Corporation ("**Schow**") and Cypress College would submit their sealed bid to the Monitor by September 20, 2010 and the Monitor would determine the preferred bid.

25. Both bids were unconditional, however, the Cypress College bid was successful as it was the highest bid. A copy of the bid from Cypress College is attached hereto and marked as Exhibit "E" to this my Affidavit.

26. The Cypress College bid was the result of a fair bid process and is consistent with the appraised value for the 7<sup>th</sup> Street Property. The sale will see the mortgage holder paid out in full with equity available to the Medican Group's stakeholders.

27. Further, I have been informed by the Monitor that it approves of this sale, and the Medican Group agrees with this recommendation.

***R7 – The Kornelson Sale***

28. R7 also owns a completed residential unit in Medicine Hat, Alberta located at 435 - 29 River Ridge Drive NW, Medicine Hat, Alberta, bearing a legal description of:

CONDOMINIUM PLAN 0512634  
UNITS 323 AND 341  
AND THEIR RESPECTIVE UNDIVIDED 1/10,000 SHARES IN THE  
COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND  
MINERALS

(the "**River Ridge Property**").

Copies of titles for the River Ridge Property are marked as Exhibit "F" and attached to this my Affidavit.

29. As discussed in the Sixth Report of the Monitor, a revised offer from Gerald and Marjory Kornelson for the purchase of the River Ridge Property for the amount of \$297,000 was accepted by R7 (the "**River Ridge Offer**"). A copy of the River Ridge Offer is attached hereto and marked as Exhibit "G" to this my Affidavit.

30. The River Ridge Offer was solicited pursuant to MLS and is with an arm's length purchaser. It has been the subject of arm's length negotiation and is consistent with the appraised value of the property and its listing price.

31. The net proceeds from the sales, once the mortgage holder has been paid out, will be minimal from the River Ridge Offer and will be held in trust by Medican's counsel, FMC, pending either an agreement with R7's secured creditors or order of this Honourable Court.

32. I have been informed by the Monitor that it approves of these sales and the Medican Group agrees with this recommendation.

***Late Claim***

33. On September 14, 2010, the Medican Group, through its solicitors, received the late claim of Condominium Corporation Plan No. 9812528. A copy of the claim is attached hereto and marked as Exhibit "H" to this my Affidavit.

34. The Medican Group has reviewed the claim, and believes the late filing was simply a matter of inadvertence, without any ulterior motive.



***Extension to the Stay of Proceedings***

35. Since August 12, 2010, the following steps in the restructuring of the Medican Group have occurred:

- (a) the Medican Group obtain an approval and vesting order with respect to: (i) the Sylvan Lake Dipert Lands; and (ii) the Saamis Drive Property;
- (b) the Medican Group obtained an order to commence and, with the assistance of the Monitor, has commenced, a sales process with respect to Phases 4, 5, 6 & 7 of the Kaleido Project in Westbank, British Columbia; and
- (c) the Medican Group obtained court approval for: (i) financing from 1554670 for the completion of the Michener Project in Red Deer, Alberta, which is now underway; (ii) financing to enable Macdonald Terwillegar Properties Ltd. to complete and market Phase 1 of the Terwillegar Project in Edmonton, Alberta; and (iii) completion of the Cimarron transaction.

36. In addition to the foregoing, the Medican Group has also worked closely with the Monitor to advance either the sale or development of a number of other Development Projects, all as further described in the Sixth Report of the Monitor.

37. I continue to work with management and staff of the Medican Group to stabilize and rationalize operations to ensure that the efforts of the Medican Group – both through Medican Construction and its Cost-Plus Projects and its profitable Development Projects - can generate positive returns that will enable the Medican Group to implement a successful plan of reorganization in these proceedings.

38. I expect that a formal plan of reorganization is still some months away as: (i) we first ensure that all of the Development Projects are addressed to the satisfaction of affected stakeholders; and (ii) the position of the stakeholders themselves is further clarified. As these issues are becoming resolved - and as discussed in the Sixth Report of the Monitor - the review of unsecured claims has begun as we can now begin to focus on the Development Projects that will form a key part of the Medican Group's emergence from these proceedings.



**OFFER TO FINANCE**

**1554670 ALBERTA LTD.** (the "Lender") hereby offers to provide Loans in the amounts and on the terms set out below:

**Borrower:** Homes By Kingsland Ltd. c/o Tyrone Schneider 1870A 6 Avenue SW, Medicine Hat, Alberta T1A 7X5.


**Purpose:** To be used for the purpose of completing the construction of 5 town house units (the "Lands"), described in Schedule "A" attached hereto and forming part hereof, in the development know as Edgewood located in Brooks, Alberta. (The "**Development**")

**Initial Advance:** The initial advance is a sum equal to the amount necessary to pay (i) the existing accounts payable owing to trades for work completed to date on the project of \$86,317.34 and set out further as Schedule "B" of this Agreement; and (ii) \$110,000.00 to pay amounts owing related to the purchase of the Lands.

This initial advance and all additional advances shall be evidenced by Demand Promissory Notes.

**Additional Advances:** The addition advances shall be a sum equal to the amount necessary to pay amounts to trades for work required to complete the project on the Lands of approximately the following:

- (i) \$86,000 in October of 2010;
- (ii) \$70,000 in November of 2010;
- (iii) \$84,000 in December of 2010;
- (iv) \$92,500 in January of 2011;
- (v) \$90,550 in February of 2011; and
- (vi) \$13,500 in February of 2011.

***THIS IS EXHIBIT "A"***  
*referred to in the Affidavit of*  
*Tyrone Schneider*  
*Sworn before me this 27*  
*day of September A.D. 2010*  
  
A COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA  
**Rebecca Lewis**  
Barrister & Solicitor

The additional advances shall be evidence by Demand Promissory Notes.

**Interest Rate:** Interest shall be 10% per annum.

**Additional Payments to Lender:** In addition to the interest the Lender shall be entitled to receive a payment of SEVENTY THOUSAND (\$70,000.00) DOLLARS by the payment of Fourteen Thousand Dollars (\$14,000.00) from the sale of each Unit upon the Closing of the sale for such Unit.

**Security:** The following security evidenced by documents, registrations, filings and opinions satisfactory to counsel to the Lender is to be provided prior to any advance being made:

1. A registered first Mortgage on the Real Property described in Schedule "A" attached hereto and forming part hereof, The only encumbrances against the land described in Schedule "A" shall be the non financial encumbrances.
2. A first priority charge in favour of the Lender (the "670 Charge") over the undertaking, property, and assets of the Development granted in the proceedings commenced by the Borrow and others pursuant to the provisions of the Companies' Creditors Arrangement Act (Canada), as amended (the "CCAA"), in action number 1001-07852 (the "Proceeding"), by the Court of Queen's Bench of Alberta (the "Court").
3. General Security Agreement registered under the *Personal Property Act Alberta* granting a first general assignment of:
  - (a) Book Debts, Rents and Leases of the Borrower in respect to the Development.
  - (b) Agreements of Purchase and Sale inclusive of Purchaser's Deposits which are to be injected into the Development to fund costs and/or held in accordance with the *Condominium Property Act of Alberta*.
  - (c) All present and after acquired personal property of the Borrower.
  - (d) Construction, supply and consulting contracts related to the Development which may include but not be limited to, the contracts with the Development architect, engineers and marketing agents.
  - (e) Rights of the Borrower:
    - (i) Under all building/development permits and the monies paid thereunder,
    - (ii) To all plans, specifications and drawings related to the Development.

**Partial Discharge:**

Provided that there has been no Event of Default, the Lender will provide partial discharges upon payment to it of the net sale proceeds from the sale of any unit in the Development and agrees that the Order granted by the Court on June 11, 2010 in the Proceedings regarding the approval and vesting of condominium sales shall govern the sale of units in the Developments, save and except that Net Proceeds (as defined therein) shall be remitted to the Lender in repayment of amounts lent hereunder, together with interest and other amounts payable pursuant to this Agreement.

**Additional Advances:**

The lender shall, subject to the terms of this Agreement, make additional advances in the amounts and at the estimated times set out above. The

Additional Advances set out above are the estimated amounts required for the completion of the project. In each case the Lender shall not be obligated to advance any funds in the event the Borrower has committed an Event of Default in any of the provisions of this Agreement or the security documents given subsequent to the date of this agreement

Conditions Precedent:

1. The Lender shall be under no obligation to make the initial advance or subsequent advances to the Borrower until (i) the security required by the provisions of this Agreement is in place, (ii) the Court approves this Agreement (including without limitation the 670 Charge) no later than September 30, 2010 on terms reasonably satisfactory to the Borrower and the Lender, (iii) the creditors described under "Initial Advance", above, have been paid; (iv) no secured claims exist against the Development except: the Charges (as defined in the Initial Order granted in the Proceedings on May 26, 2010); and (v) the stay of proceedings provided for in the Proceedings is in full force and effect or the Borrower emerges from the Proceedings on terms and conditions satisfactory to the Lender and the Borrower.
2. The Borrower shall remain in good standing until the Development has been completed.
3. The Lender is satisfied with the updated appraisal of the Development.
4. The Lender is satisfied with the environmental reports to be provided by the Borrower.
5. The Lender will have received an approved copy of the New Home Warranty provider's commitment to insure the Development and the Borrower.

Bank Accounts:

There shall be a bank account established in a bank designated by the Lender and all advances and monies received during the carrying out of this Development from all purchases, rebates and goods and services tax (G.S.T.) shall be deposited into such bank account other than deposits pursuant to the *Alberta Condominium Property Act* RSA 2000 Chapter C -22 (The Act). All cheques drawn on such bank account shall be signed by a representative of the Borrower and a representative of the Lender. There shall be established a separate bank account in a bank designated by the Lender in which shall be deposited all deposits made by Purchasers to be held in trust as required by the Act. All cheques on that account must be signed by a representative of the Lender and a representative of the Borrower.

Payments:

All monies received upon the sale of units in the Development shall be used firstly to pay the cost of labour and material used in the construction of the Development to that time and all other money shall be paid to the Lender so as to minimize the cost of borrowing.

Events of Default:

Without restricting the rights of the Lender to demand payment in full at any time, and recognizing that the Borrower is currently insolvent and subject to the provisions of the CCAA and the Proceedings, if any of the following Events of Default occurs, the Lender may, at its option by notice to the Borrower, demand immediate payment of all or any part of the Principal Sum then owed by the Borrower and failing such immediate payment, the Lender may without further notice realize under all or any part of the securities held by it. NOTWITHSTANDING the above, the Principal Sum and all interest payable together with all of the moneys payable pursuant to this agreement shall, at the option of the Lender, become immediately due and payable and any security held by the Lender for the payment thereof shall, at the option of the Lender, become immediately enforceable in each and every of the following events:

If the Borrower make default in the repayment of any installment of principal or interest under this or any other agreement with the Lender, and such default continues for fifteen (15) days after the due date;

If the stay of proceedings provided for in the Proceedings is, for whatever reason, set aside or not maintained, or the Borrower emerges from the Proceedings on terms and conditions that are not satisfactory to the Lender and the Borrower;

If any representation, warranty, certificate, statement or report made in connection with this agreement or given to induce the Lender to enter onto this Agreement is false or erroneous in any material respect;

If the Borrower defaults in any obligation to any other person which obligation involves or could involve a sum which the Lender considers material, and such default shall not be cured within fifteen (15) days of the date the Borrower first knew or should have known of such default, unless the default or the amount thereof is being disputed and there are reasonable grounds for such dispute, or unless the default is made for prudent business reasons other than inability to pay or perform such obligations;

If the Borrower abandons all or any part of its undertaking and property and assets.

If any execution, sequestration, builders lien, or any other process of any court becomes enforceable against the Borrower or if a distress or analogous process is levied on the property and assets of the Borrower, and the execution, sequestration, extent, distress or process, remains unsatisfied for a period of twenty (20) days or as would permit the property or a part of it to be sold;

If the Lender in good faith believes that the ability of the Borrower to pay any of its obligations to the Lender or to perform any of the covenants contained in this agreement is impaired or the security referred to in this agreement is impaired or is in jeopardy;

If an order is made or effective resolutions are passed for the winding-up of the Borrower or if a petition is filed for the winding-up of the Borrower or if a receiver of the Borrower or any part of its assets is appointed;

If any charge or encumbrance created or issued by the Borrower shall become enforceable and steps are taken to enforce the same;

If any of the licenses, permits or approvals granted by any government or governmental authority or agency and essential to the business of the Borrower is withdrawn or cancelled;

If any material adverse change occurs (as determined by the Lender in its sole discretion) in the business, prospects, property, assets or condition (financial or otherwise) of the Borrower.

If the Developments costs are four percent (4%) or more over the estimated budget.

**Borrower Covenants:**

The Borrower covenants with the Lender that so long as any amounts are owing under this Agreement together with interest remains outstanding the Borrower shall deliver to the Lender a monthly in-house profit and loss report in a format acceptable to the Lender by the 18th day of the following month, commencing the month subsequent to the date of this agreement, together with an aged list of accounts receivable and an aged list of trade accounts payable. In the event these reports are not received by the date specified, the Borrower shall pay a late reporting fee of five thousand (\$5,000.00)...00/100 dollars] per month, or a portion thereof. As soon as practicable and in any event within ninety (90) days after the end of each fiscal year (commencing the day following the Borrower's year end), the annual financial statements of the Borrower (audited if requested by the Lender) including the statement of profit and loss of the Borrower for that year, and balance sheets of the Borrower as of the end of that year, setting forth in each case in comparative form, corresponding figures from the preceding annual financial statement, together with the accountant's report, all in reasonable detail, and satisfactory in scope and substance to the Lender, prepared by a firm of qualified accountants and signed by appropriate officers of the Borrower [the Borrower shall pay, if requested by the Lender, a late reporting fee of five thousand (\$5,000.00)...00/100 Dollars per month, or portion thereof, for late submission of year-end financial statements after expiry of the ninety (90) day grace period):

With reasonable promptness, other financial data the Lender may reasonably request from the Borrower:

Will permit any person designated by the Lender in writing to visit and inspect any of the properties, corporate books and financial records of the Borrower and to discuss the affairs, finances and accounts of the Borrower with the principal officers of the Borrower at all reasonable times and as often as the Lender may reasonably request.

Will insure and keep insured the property mortgaged or charged by the Mortgage with extended coverage against loss or damage by fire, theft, collision or other insurance hazards commonly insured against to the full insurable value. All insurance shall be maintained with an insurer or insurers as may be approved by the Lender. The loss under all insurance will be payable to the Lender and the Borrower will cause to be affixed to each policy of insurance a mortgage clause or mortgage endorsement in form satisfactory to the Lender and providing for a minimum of thirty (30) days notice to the Lender of a cancellation or lapse. The Borrower shall pay or cause to be paid all premiums in connection with the insurance and will deposit certified copies of insurance policies with the Lender or otherwise deal with them as the Lender may require.

Will register the Development with a New Home Warranty provider acceptable to the Lender. Prior to any advance the Lender shall have received and approved a copy of the Warranty provider's commitment to insure the Development and the Borrower.

Will give the Lender prompt written notice of any material adverse change in the condition or business of the Borrower, financial or otherwise, or of any material loss, destruction or damage of or to any property secured by the Mortgage.

Will cause the Mortgage and any other instruments of conveyance or assignment effected pursuant to this agreement to be and remain registered, recorded or filed from time to time in a manner and places as may in the opinion of the Lender be of advantage in perfecting the security and will furnish to the Lender evidence satisfactory to it of registration, recording and filing.

Will diligently maintain, use and operate or will cause to be maintained, used or operated, the property and assets which are mortgaged or charged by the Mortgage and will carry on and conduct its business in a proper and efficient manner so as to preserve and protect the property and assets and the business and its earnings, incomes, rents, issues and profits.

Will duly and punctually pay to the Lender, the principal, accrued interest and all other moneys, in the manner provided for in this agreement.

Will pay or reimburse the Lender for all costs, charges and expenses (including legal fees as between a Solicitor and his own client) of or incurred by the Lender in connection with this agreement or any security taken in pursuance of this agreement, including all costs, charges and expenses in connection with the recovery or enforcement of payment of moneys loaned, together with interest at the rate set out in this Agreement.

Will maintain at all times proper records and books of account and make true and correct entries in the records of all dealings and transactions relating to its business.



Will do, observe and perform all of its obligations and all matters and things necessary or expedient to be done, observed or performed under any law or regulation of the Province of Alberta, for the purpose of creating and maintaining the security provided for in this agreement.

Will give the Lender written notice of any Event of Default immediately on the occurrence of such an event.

Will give the Lender written notice of the occurrence of any material litigation, proceeding or dispute affecting the Borrower and will provide to the Lender all reasonable information requested by the Lender concerning the status of the litigation, proceeding or dispute

Will maintain all Federal and Provincial payroll deductions [which includes but is not limited to income taxes, goods and services tax (GST), employment insurance (E.I.), Canada Pension Plan (C.P.P.) and Worker Compensation Board (W.C.B.) payments], in a current position at all times. The Borrower further undertakes to advise the Lender immediately of any source deductions that are remitted.

#### Positive Covenants

The Borrower covenants with the Lender that it will not, without the prior written consent of the Lender;

Redeem, purchase or otherwise acquire, either directly or indirectly any of its shares, or declare or pay any dividend on any of its shares of whatever class, or in any other manner make payments to its shareholders in any fiscal year of the Borrower except for usual remuneration or reimbursement in respect of employment.

Lend money to, invest in, or become contingently liable by guarantee or otherwise for the obligations of, any person, firm or body corporate.

Consolidate, amalgamate or merge with any other corporation or acquire the shares or assets of any corporation, firm or partnership, or sell, lease or transfer or otherwise dispose of all or a substantial part of its assets.

Enter into or be a party to any contract for the purchase of materials, supplies or other property if the contract requires that payments for those materials, supplies or other property shall be made regardless of whether or not delivery is ever made of the materials, supplies or other property,

Make sales to an associated corporation except on a cash basis and at price equal to a fair market price, provided that net sixty days will be construed as a cash basis for the purposes of this paragraph.

Create, suffer or permit to exist any mortgage, pledge, lien, charge, assignment by way of security, hypothecation, security interest, security agreement, trust or arrangement having the effect of security, any type of preferential arrangement or other encumbrance of any kind whether or not similar to the foregoing to exist on or with respect to the assets charged to the

Lender.

Do any act which could adversely affect the ranking or validity of the security interests created, granted or intended to be created or granted to the Lender pursuant to the Mortgage.

Environmental:

The Borrower will carry on business, and maintain its assets and property, in accordance with all applicable environmental laws and regulations. If (a) there is any release, deposit, discharge or disposal of pollutants of any sort (collectively, a "Discharge") in connection with the Development, and the Lender pays any fines or for any clean-up, or (b) the Lender suffers any loss or damage as a result of any Discharge, the Borrower will reimburse the Lender, its directors, officers, employees and agents for any and all losses, damages, fines, costs and other amounts (including amounts spent preparing any necessary environmental assessment or other reports, or defending any lawsuits) that result. If the Lender asks, the Borrower will defend any lawsuits, investigations or prosecutions brought against the Lender or any of its directors, officers, employees and agents in connection with any Discharge. The Borrower's obligation to the Lender under this section continues even after all Loans have been repaid and this Agreement has terminated.

Confidentiality:

The terms of this Agreement are not confidential and the parties agree that this Agreement is subject to the approval of the Court, which approval the Borrower will seek as soon as practical after this Agreement has been executed and delivered and the Lender will support such application.

Advances:

All requests for advances shall be in writing:

Unless otherwise contemplated herein or agreed to by the Borrower and the Lender, accumulated advances shall at no time exceed the cost of work in place.

The Lender reserves the right in its sole discretion, to process advances directly to the subtrades and/or suppliers, if the Borrower are in default. For each Advance, the Borrower shall cause a Statutory Declaration Satisfactory in substance to the Lender's legal counsel to be completed confirming that all loan proceeds are being used solely to pay for payables in respect to the Development, which is being financed by the Lender pursuant to this Agreement (e.g. third-party hard construction cost payables only), and for no other purpose whatsoever, either in respect to the Development or otherwise. Any use of any such funds for any purpose, either within the development, or otherwise, except as set out herein shall constitute a default of this Loan.

Sales Reports:

The Borrower shall provide the lender with Sales Reports on the 15<sup>th</sup> of each month in form and content satisfactory to the Lender, including copies of accepted Sales Agreements.

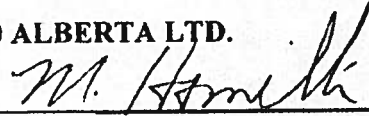
Waiver

The parties may waive, in whole or in part, any right created hereunder as long as any such waiver is in writing and delivered to the other party hereto, with a copy to the monitor in the Proceedings.

If you are in Agreement with the foregoing terms and conditions please indicate by signing and returning one copy of this Commitment to the Lender by September 3, 2010, failing which this Offer shall be deemed null and void.

**1554670 ALBERTA LTD.**

Per:



---

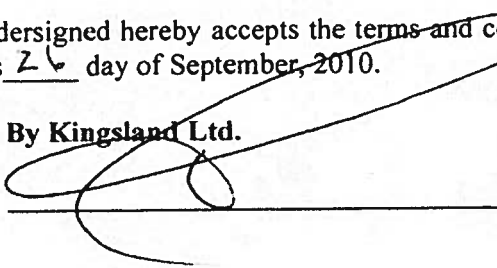
Acceptance:

The Borrower hereby accepts the terms and conditions of the above mentioned commitment and agrees to be responsible for all fees and disbursement payable in accordance with the provision of this commitment.

The undersigned hereby accepts the terms and conditions as stated herein. Dated at the City of Medicine Hat this 2 day of September, 2010.

**Homes By Kingsland Ltd.**

Per:



---

**SCHEDULE A**

**SCHEDULE B**

<b>VENDOR</b>	<b>INVOICE BALANCE</b>
A & B Steel (1996) Ltd.	\$ 40.60
Alberta Plumbing Depot Ltd.	25,596.30
Alta-Wide Builders (Med Hat)	121.89
City of Brooks	2,784.71
C.K. Sheet Metal Inc.	294.00
CWD Windows and Doors	22,898.01
Agcom Petroleum Sales Ltd.	371.34
Western Financial Group (MHS)	3,640.00
Gyp-Tec Drywall	5,250.00
King Kong Koncrete	3,543.75
Lafarge Canada Inc.	6,520.55
Lutes Building Concrete Ltd.	434.14
National Home Warranty Programs	2,982.00
Six Gun Rentals	676.20
Top Line Roofing Ltd.	11,088.00
United Rentals	75.85

**\$86,317.34**



LAND TITLE CERTIFICATE

S		
LINC	SHORT LEGAL	TITLE NUMBER
0033 446 858	0827218;2	082 373 301 +2

LEGAL DESCRIPTION  
 CONDOMINIUM PLAN 0827218  
 UNIT 2  
 AND 3160 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY  
 EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE  
 ATS REFERENCE: 5;1;38;29;SE

MUNICIPALITY: TOWN OF SYLVAN LAKE

REFERENCE NUMBER: 082 320 933

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
082 373 301	27/08/2008	CONDOMINIUM PLAN		

OWNERS

AXXESS (SYLVAN LAKE) DEVELOPMENTS LTD..  
 OF 1870A-6 AVENUE SW  
 MEDICINE HAT  
 ALBERTA T1A 7X5

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
752 118 956	05/09/1975	UTILITY RIGHT OF WAY GRANTEE - ATCO GAS AND PIPELINES LTD.. (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 092067380)

( CONTINUED )

*THIS IS EXHIBIT "B"*  
*referred to in the Affidavit of*

*Tyrone Schneider*

Sworn before me this 27

day of September A.D. 2010

*Rebecca*

Rebecca Lewis  
 Barrister & Solicitor

A COMMISSIONER FOR OATHS  
 IN AND FOR THE PROVINCE OF ALBERTA

-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 082 373 301 +2

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
082 099 023	04/03/2008	MORTGAGE MORTGAGEE - MONARCH LAND LTD.. 361 FIRST STREET SE MEDICINE HAT ALBERTA T1A0A5 ORIGINAL PRINCIPAL AMOUNT: \$4,100,000
082 320 932	01/08/2008	AMENDING AGREEMENT AMOUNT: \$6,000,000 AFFECTS INSTRUMENT: 082099023
082 361 759	22/08/2008	CAVEAT RE : DEVELOPMENT AGREEMENT PURSUANT TO MUNICIPAL GOVERNMENT ACT CAVEATOR - THE TOWN OF SYLVAN LAKE. 4926-50 AVE SYLVAN LAKE ALBERTA T4S1A1
082 373 300	27/08/2008	UTILITY RIGHT OF WAY GRANTEE - AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD.. AS TO PORTION OR PLAN:0827217
082 373 302	27/08/2008	MORTGAGE MORTGAGEE - CIBC MORTGAGES INC.. 400 BURRARD ST, 5TH FLR VANCOUVER BRITISH COLUMBIA V6C3A6 ORIGINAL PRINCIPAL AMOUNT: \$7,350,000
082 373 303	27/08/2008	CAVEAT RE : ASSIGNMENT OF RENTS AND LEASES , ETC. CAVEATOR - CIBC MORTGAGES INC.. 800, 333-11 AVE SW CALGARY ALBERTA T2P2M7 AGENT - JAROLD M SWITZER.
092 057 393	25/02/2009	UTILITY RIGHT OF WAY GRANTEE - FORTISALBERTA INC.. AS TO PORTION OR PLAN:0921943

( CONTINUED )

\* ADDITIONAL REGISTRATIONS MAY BE SHOWN ON THE CONDOMINIUM ADDITIONAL PLAN SHEET

TOTAL INSTRUMENTS: 008

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE  
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED  
HEREIN THIS 22 DAY OF SEPTEMBER, 2010 AT 03:50 P.M.

ORDER NUMBER:17445487

CUSTOMER FILE NUMBER: 526686-1



\*END OF CERTIFICATE\*

---

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE  
SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS  
SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR  
OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL  
PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR  
THE BENEFIT OF CLIENT(S).





LAND TITLE CERTIFICATE

S  
LINC                      SHORT LEGAL                      TITLE NUMBER  
0033 446 840              0827218;3                      082 373 301 +1

LEGAL DESCRIPTION  
CONDOMINIUM PLAN 0827218  
UNIT 3  
AND 3680 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY  
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE  
ATS REFERENCE: 5;1;38;29;SE

MUNICIPALITY: TOWN OF SYLVAN LAKE

REFERENCE NUMBER: 082 320 933

-----  
REGISTERED OWNER(S)  
REGISTRATION      DATE (DMY)      DOCUMENT TYPE      VALUE      CONSIDERATION  
-----  
082 373 301      27/08/2008      CONDOMINIUM PLAN

OWNERS

AXXESS (SYLVAN LAKE) DEVELOPMENTS LTD..  
OF 1870A-6 AVENUE SW  
MEDICINE HAT  
ALBERTA T1A 7X5

-----  
ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION  
NUMBER      DATE (D/M/Y)      PARTICULARS  
-----  
752 118 956      05/09/1975      UTILITY RIGHT OF WAY  
GRANTEE - ATCO GAS AND PIPELINES LTD..  
(DATA UPDATED BY: TRANSFER OF UTILITY RIGHT  
OF WAY 092067380)

( CONTINUED )

-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 082 373 301 +1

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
892 187 954	31/07/1989	UTILITY RIGHT OF WAY GRANTEE - ALBERTA GOVERNMENT TELEPHONES. AS TO PORTION OR PLAN:8821443
902 206 961	12/07/1990	CAVEAT RE : RIGHT OF WAY AGREEMENT CAVEATOR - TAQA NORTH LTD.. PO BOX 2350, STN M CALGARY ALBERTA T2P2M6 (DATA UPDATED BY: TRANSFER OF CAVEAT 982388138) (DATA UPDATED BY: CHANGE OF ADDRESS 062260539) (DATA UPDATED BY: CHANGE OF NAME 072611446) (DATA UPDATED BY: CHANGE OF NAME 092141878)
082 099 023	04/03/2008	MORTGAGE MORTGAGEE - MONARCH LAND LTD.. 361 FIRST STREET SE MEDICINE HAT ALBERTA T1A0A5 ORIGINAL PRINCIPAL AMOUNT: \$4,100,000
082 104 552	07/03/2008	DISCHARGE OF CAVEAT 902206961 PARTIAL EXCEPT PLAN/PORTION: 8920043
082 320 932	01/08/2008	AMENDING AGREEMENT AMOUNT: \$6,000,000 AFFECTS INSTRUMENT: 082099023
082 361 759	22/08/2008	CAVEAT RE : DEVELOPMENT AGREEMENT PURSUANT TO MUNICIPAL GOVERNMENT ACT CAVEATOR - THE TOWN OF SYLVAN LAKE. 4926-50 AVE SYLVAN LAKE ALBERTA T4S1A1
082 373 300	27/08/2008	UTILITY RIGHT OF WAY GRANTEE - AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD.. AS TO PORTION OR PLAN:0827217
082 373 302	27/08/2008	MORTGAGE MORTGAGEE - CIBC MORTGAGES INC.. 400 BURRARD ST, 5TH FLR VANCOUVER

( CONTINUED )

-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 3  
# 082 373 301 +1

REGISTRATION  
NUMBER DATE (D/M/Y) PARTICULARS

-----  
BRITISH COLUMBIA V6C3A6  
ORIGINAL PRINCIPAL AMOUNT: \$7,350,000

082 373 303 27/08/2008 CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES , ETC.  
CAVEATOR - CIBC MORTGAGES INC..  
800, 333-11 AVE SW  
CALGARY  
ALBERTA T2P2M7  
AGENT - JAROLD M SWITZER.

092 057 385 25/02/2009 UTILITY RIGHT OF WAY  
GRANTEE - THE TOWN OF SYLVAN LAKE.  
-  
ALBERTA  
AS TO PORTION OR PLAN:0921942

092 057 393 25/02/2009 UTILITY RIGHT OF WAY  
GRANTEE - FORTISALBERTA INC..  
AS TO PORTION OR PLAN:0921943

\* ADDITIONAL REGISTRATIONS MAY BE SHOWN ON THE CONDOMINIUM ADDITIONAL PLAN SHEET

TOTAL INSTRUMENTS: 012

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE  
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED  
HEREIN THIS 22 DAY OF SEPTEMBER, 2010 AT 03:50 P.M.

ORDER NUMBER:17445487

CUSTOMER FILE NUMBER: 526686-1



\*END OF CERTIFICATE\*

-----  
THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE  
SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS  
SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR

( CONTINUED )

OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S) .



LAND TITLE CERTIFICATE

S LINC SHORT LEGAL TITLE NUMBER
0033 149 121 0822896;2 082 137 259 +1

LEGAL DESCRIPTION
CONDOMINIUM PLAN 0822896
UNIT 2
AND 3421 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE
ATS REFERENCE: 4;25;51;34;SE

MUNICIPALITY: CITY OF EDMONTON

REFERENCE NUMBER: 072 116 916 +1
072 116 916

Table with 5 columns: REGISTRATION, DATE (DMY), REGISTERED OWNER(S), DOCUMENT TYPE, VALUE, CONSIDERATION. Row 1: 082 137 259, 01/04/2008, CONDOMINIUM PLAN

OWNERS
MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD..
OF 1870A-6 AVE
MEDICINE HAT
ALBERTA T1A 7X5

ENCUMBRANCES, LIENS & INTERESTS

Table with 3 columns: REGISTRATION NUMBER, DATE (D/M/Y), PARTICULARS. Row 1: 782 045 535, 06/03/1978, UTILITY RIGHT OF WAY GRANTEE - ATCO GAS AND PIPELINES LTD. 10035-105 ST EDMONTON

( CONTINUED )

THIS IS EXHIBIT "C" referred to in the Affidavit of Tyronne Schneider Sworn before me this 27 day of September A.D. 2010 [Signature]

A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

Rebecca Lewis Barrister & Solicitor

-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 082 137 259 +1

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
		ALBERTA T5J2V6 (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 012025373)
062 344 710	08/08/2006	UTILITY RIGHT OF WAY GRANTEE - EPCOR DISTRIBUTION INC.. AS TO PORTION OR PLAN:0624540 AS TO AREA "A"
062 344 711	08/08/2006	UTILITY RIGHT OF WAY GRANTEE - EPCOR WATER SERVICES INC.. AS TO PORTION OR PLAN:0624540 AS TO AREA "B"
072 089 766	14/02/2007	CAVEAT RE : OFFER TO PURCHASE , ETC. CAVEATOR - TARASUN AT TERWILLEGAR SOUTH LTD.. C/O 1400, 10303 JASPER AVENUE EDMONTON ALBERTA T5J3N6 AGENT - ROBERT P ASSALY
072 116 917	28/02/2007	MORTGAGE MORTGAGEE - MONARCH LAND LTD.. 361 FIRST STREET SE MEDICINE HAT ALBERTA T1A0A5 ORIGINAL PRINCIPAL AMOUNT: \$7,200,000
082 137 231	01/04/2008	MORTGAGE MORTGAGEE - MCAP FINANCIAL CORPORATION. #500, 630 6 AVE SW CALGARY ALBERTA T2P0S8 ORIGINAL PRINCIPAL AMOUNT: \$17,000,000
082 229 860	03/06/2008	UTILITY RIGHT OF WAY GRANTEE - EPCOR DISTRIBUTION & TRANSMISSION INC..
082 229 862	03/06/2008	UTILITY RIGHT OF WAY GRANTEE - THE CITY OF EDMONTON.
082 229 864	03/06/2008	UTILITY RIGHT OF WAY GRANTEE - TELUS COMMUNICATIONS INC..
102 154 012	07/05/2010	BUILDER'S LIEN LIENOR - DAG MASONRY LTD..

( CONTINUED )

-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 3  
# 082 137 259 +1

REGISTRATION  
NUMBER            DATE (D/M/Y)            PARTICULARS

-----  
1870A-6 AVE  
MEDICINE HAT  
ALBERTA T1A7X5  
AGENT - LYDIA Y HANDOUS  
AMOUNT: \$27,436

\* ADDITIONAL REGISTRATIONS MAY BE SHOWN ON THE CONDOMINIUM ADDITIONAL PLAN SHEET

TOTAL INSTRUMENTS: 010

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE  
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED  
HEREIN THIS 23 DAY OF SEPTEMBER, 2010 AT 09:33 A.M.

ORDER NUMBER:17448302

CUSTOMER FILE NUMBER: 526686-1



\*END OF CERTIFICATE\*

-----  
THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE  
SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS  
SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR  
OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL  
PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR  
THE BENEFIT OF CLIENT(S).





-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 082 137 259 +2

REGISTRATION  
NUMBER

DATE (D/M/Y)

PARTICULARS

-----

ALBERTA T5J2V6  
(DATA UPDATED BY: TRANSFER OF UTILITY RIGHT  
OF WAY 012025373)

062 344 710 08/08/2006 UTILITY RIGHT OF WAY  
GRANTEE - EPCOR DISTRIBUTION INC..  
AS TO PORTION OR PLAN:0624540  
AS TO AREA "A"

062 344 711 08/08/2006 UTILITY RIGHT OF WAY  
GRANTEE - EPCOR WATER SERVICES INC..  
AS TO PORTION OR PLAN:0624540  
AS TO AREA "B"

072 089 766 14/02/2007 CAVEAT  
RE : OFFER TO PURCHASE , ETC.  
CAVEATOR - TARASUN AT TERWILLEGAR SOUTH LTD..  
C/O 1400, 10303 JASPER AVENUE  
EDMONTON  
ALBERTA T5J3N6  
AGENT - ROBERT P ASSALY

072 116 917 28/02/2007 MORTGAGE  
MORTGAGEE - MONARCH LAND LTD..  
361 FIRST STREET SE  
MEDICINE HAT  
ALBERTA T1A0A5  
ORIGINAL PRINCIPAL AMOUNT: \$7,200,000

082 137 231 01/04/2008 MORTGAGE  
MORTGAGEE - MCAP FINANCIAL CORPORATION.  
#500, 630 6 AVE SW  
CALGARY  
ALBERTA T2P0S8  
ORIGINAL PRINCIPAL AMOUNT: \$17,000,000

082 229 860 03/06/2008 UTILITY RIGHT OF WAY  
GRANTEE - EPCOR DISTRIBUTION & TRANSMISSION INC..

082 229 862 03/06/2008 UTILITY RIGHT OF WAY  
GRANTEE - THE CITY OF EDMONTON.

082 229 864 03/06/2008 UTILITY RIGHT OF WAY  
GRANTEE - TELUS COMMUNICATIONS INC..

( CONTINUED )

\* ADDITIONAL REGISTRATIONS MAY BE SHOWN ON THE CONDOMINIUM ADDITIONAL PLAN SHEET

TOTAL INSTRUMENTS: 009

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE  
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED  
HEREIN THIS 23 DAY OF SEPTEMBER, 2010 AT 09:33 A.M.

ORDER NUMBER:17448302

CUSTOMER FILE NUMBER: 526686-1



\*END OF CERTIFICATE\*

---

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE  
SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS  
SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR  
OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL  
PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR  
THE BENEFIT OF CLIENT(S).



LAND TITLE CERTIFICATE

S LINC SHORT LEGAL TITLE NUMBER
0020 533 965 1132M;9;1,2 031 247 335

LEGAL DESCRIPTION
PLAN 1132M
BLOCK 9
LOTS 1 AND 2
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE
ATS REFERENCE: 4;5;12;30;NW
MUNICIPALITY: CITY OF MEDICINE HAT
REFERENCE NUMBER: 011 199 482

Table with 5 columns: REGISTRATION, DATE(DMY), REGISTERED OWNER(S) DOCUMENT TYPE, VALUE, CONSIDERATION. Row 1: 031 247 335, 24/07/2003, TRANSFER OF LAND, \$265,000, \$265,000

OWNERS
R7 INVESTMENTS LTD..
OF 1870A-6 AVE SW
MEDICINE HAT
ALBERTA T1A 7X5

ENCUMBRANCES, LIENS & INTERESTS

Table with 3 columns: REGISTRATION NUMBER, DATE (D/M/Y), PARTICULARS. Row 1: 021 047 374, 07/02/2002, CAVEAT RE : ENCROACHMENT AGREEMENT. Row 2: 031 028 832, 24/01/2003, CAVEAT RE : RESTRICTIVE COVENANT

( CONTINUED )

THIS IS EXHIBIT "D" referred to in the Affidavit of Tyronne Schneider Sworn before me this 27 day of September A.D. 2010

A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

Rebecca Lewis Barrister & Solicitor

-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 031 247 335

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

-----

031 247 336 24/07/2003 MORTGAGE  
MORTGAGEE - BANK WEST.  
SUITE 103, 309 1ST ST  
HIGH RIVER  
ALBERTA T1V1M5  
ORIGINAL PRINCIPAL AMOUNT: \$190,000

031 247 337 24/07/2003 CAVEAT  
RE : ASSIGNMENT OF RENTS  
CAVEATOR - BANK WEST.  
DARYL G SCHINDEL LAW OFFICE  
#1, 3295 DUNMORE RD SE  
MEDICINE HAT  
ALBERTA T1B3R2  
AGENT - DARYL G SCHINDEL

TOTAL INSTRUMENTS: 004

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE  
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED  
HEREIN THIS 27 DAY OF SEPTEMBER, 2010 AT 03:50 P.M.

ORDER NUMBER:17473517

CUSTOMER FILE NUMBER: 526686-1



\*END OF CERTIFICATE\*

-----  
THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE  
SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS  
SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR  
OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL  
PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR  
THE BENEFIT OF CLIENT(S).

# COMMERCIAL REAL ESTATE PURCHASE CONTRACT

# 2163850Sep15  
Purchase Contract Number

This form was developed by the Alberta Real Estate Association  
for the use of its members and may not be altered electronically by any person.

## PART A - OFFER TO PURCHASE

This Contract is between

<b>THE SELLER</b>	and	<b>THE BUYER</b>
Name <u>R7 INVESTMENTS LTD</u>		Name <u>CYPRESS COLLEGE</u>
Name _____		Name _____

### 1. THE PROPERTY

1.1 The Property is the Land, Buildings, Accepted Tenancies, Attached Goods (unless excluded) and included Unattached Goods located at:

Municipal Address: 37 ST SE T1A 1J2  
Medicine Hat

Legal Description: Plan 1132M Block 9 Lot/Unit 112

Title(s) # \_\_\_\_\_ A copy of the existing Title(s) attached hereto as Schedule "A".  
 If Condominium Property, legal description and details as described in Commercial Condominium Property Schedule (attached).

1.2 All Attached Goods (fixtures) except for: ALL APPLIANCES INCL DISHWASHER, FRIDGES

1.3 No Unattached Goods (specific chattels) except for: WINDOW COVERINGS

1.4 Title to the Property shall be subject to any reservations and exceptions stated on the Certificate of Title, non-financial obligations now on Title such as easements, utility rights-of-way, covenants and conditions that are normally found registered against property of this nature, and non-financial encumbrances which have been accepted by the Buyer (the "Permitted Encumbrances"). Unless otherwise agreed in writing, the Title shall be free and clear of all other liens, encumbrances, registrations and obligations except those implied by law.

The Buyer agrees to accept the following Permitted Encumbrances: \_\_\_\_\_

The Buyer agrees to accept the following tenancies (the "Accepted Tenancies"): \_\_\_\_\_

### 2. THE TRANSACTION

2.1 The Buyer and the Seller agree to act cooperatively, reasonably, diligently and in good faith.

2.2 The Buyer hereby offers to purchase the Property for the sum of \$ FOUR HUNDRED & SIXTY  
TWO THOUSAND DOLLARS Dollars (the "Purchase Price").

2.3 Other than the Deposits, the Buyer shall pay the Purchase Price by certified cheque, lawyer's trust cheque, bank draft or other agreed value as follows:

\$ <u>20,000.00</u>		Initial Deposit
\$ _____	<i>THIS IS EXHIBIT "E"</i>	Additional Deposit
\$ _____	<i>referred to in the Affidavit of</i>	Assumption of Mortgage/Agreement for Sale
\$ _____	<i>Tyrone Selman</i>	(approximate principal balance)
\$ _____	<i>Sworn before me this 27</i>	New Financing
\$ _____	<i>day of September A.D. 2010</i>	Seller Financing
\$ _____	<i>[Signature]</i>	Other Value
\$ <u>470,000.00</u>	A COMMISSIONER FOR OATHS	Balance Owing
\$ _____	IN AND FOR THE PROVINCE OF ALBERTA	Purchase Price
\$ <u>460,000.00</u>	Rebecca Lewis	(plus GST, if applicable)
	Barrister & Solicitor	

2.4 In addition to the Purchase Price, the applicable GST will be paid by the Buyer. On or before the Completion Day, the Buyer may confirm to the Seller's lawyer that it is registered for the purposes of Part IX of the Excise Tax Act (Canada) (the "Act") and will provide its registration number. In that event, the Buyer covenants to assume liability for applicable GST accruing with respect to the contemplated transaction and further covenants to pay the applicable GST immediately after the Completion Day or to complete, sign and file such forms, filings or reports required by the Act within the prescribed time limits. The Buyer agrees to indemnify and save harmless the Seller from and against all liability, fines, penalties, costs, expenses and interest, including legal fees and disbursements on a solicitor/client full indemnity basis, which the Seller incurs or may incur as a result of or arising out of a default by the Buyer of its obligations described in this paragraph. If the Buyer does not confirm that it is a registrant under Part IX of the Act on or before the Completion Day, then the Seller will collect from the Buyer, the Buyer will pay the applicable GST and the Seller will then remit the GST amount as required by the Act.

**3. DEPOSITS**

3.1 The Initial Deposit shall be delivered in trust to SIGNATURE SERVICE REAL ESTATE

Unless otherwise agreed in writing, the Initial Deposit shall accompany the offer. \_\_\_\_\_

3.2 Any Additional Deposits shall be delivered in trust to \_\_\_\_\_ as follows \_\_\_\_\_

3.3 In the event that either Deposit(s) are undelivered or returned by the financial institution as funds not cleared or non-sufficient funds, then the Buyer must replace the Deposit(s) by certified cheque, money order or bank draft within two (2) Business Days of being notified that the Deposits did not clear. If the Buyer fails to provide the Deposit(s), the Seller may, at its discretion, terminate the Contract by notice in writing to the Buyer within two (2) Business Days.

3.4 Unless otherwise agreed in writing, no interest on the Deposits shall be paid to the Seller or the Buyer. \_\_\_\_\_

3.5 The Deposits shall be held in trust for both the Seller and the Buyer and shall be:

- (a) applied against the Commission (as defined in the Commercial Real Estate Listing Contract or any other commission agreement signed by the Seller) and paid directly out of trust to the brokerage(s) when the Commission is earned in accordance with the terms of the Listing Contract or other commission agreement signed by the Seller;
- (b) returned forthwith to the Buyer if this offer is not accepted and the cheque has not been deposited;
- (c) refunded forthwith to the Buyer if this offer is not accepted and the Buyer's cheque has cleared the brokerage's trust account;
- (d) refunded forthwith to the Buyer upon the Buyer's cheque clearing the brokerage's trust account if a condition is not satisfied or waived (as per Section 4) or the Seller fails to perform this Contract; and
- (e) forfeited to the Seller if this offer is accepted and all conditions are satisfied or waived and the Buyer fails to perform on this Contract.

3.6 The brokerage holding the Deposits is further directed and authorized to pay that portion of the Deposits exceeding the Commission in trust to the Seller's lawyer no later than two (2) Business Days prior to the Completion Day.

3.7 If there is a dispute between the Seller and the Buyer as to entitlement to the Deposits then:

- (a) the brokerage holding the Deposits shall review the circumstances, determine entitlement and pay the money to the party who is entitled to the Deposit;
- (b) if no reasonable conclusion can be made in regard to (a) above, the brokerage shall notify the parties to the Contract in writing and shall pay the money into a lawyer's trust account;
- (c) the parties agree to allow the lawyer and/or the brokerage to deduct from the Deposit a reasonable fee and costs incurred for dealing with the Deposit;
- (d) a brokerage and/or lawyer acting in good faith under this clause shall not be liable to either party for any damages associated with the handling of the Deposit except as arising from the negligence of the brokerage or lawyer.

**4. CONDITIONS**

4.1 **Buyer's Conditions:** The obligations of the Buyer described in this Contract are subject to the satisfaction or waiver of the following conditions precedent, if any. These conditions are inserted for the sole and exclusive benefit and advantage of the Buyer. The satisfaction or waiver of these conditions will be determined in the sole discretion of the Buyer. The Buyer agrees to use reasonable efforts to satisfy these conditions. These conditions may only be satisfied or waived by the Buyer giving written notice (the "Buyer's Notice") to the Seller on or before 5 p.m. on the \_\_\_\_\_ day of \_\_\_\_\_ (the "Buyer's Condition Day"). If the Buyer fails to give the Buyer's Notice to the Seller on or before the Buyer's Condition Day, then this Contract will be ended and the Initial Deposit plus any earned interest will be returned to the Buyer and all agreements, documents, materials and written information exchanged between the parties will be returned to the Buyer and the Seller respectively.

*NO CONDITIONS*

Within three (3) Business Days of the Final Signing of this Contract (Section 18), the Seller will provide to the Buyer true copies of all agreements/documents/materials which reasonably relate to the Property and the Buyer's Conditions and which are in the possession of the Seller or under its control (the "Documents"). The Documents are required by the Buyer in order for it to decide whether the conditions are satisfied or should be waived. Any delay by the Seller in providing the Documents will extend the Buyer's Condition Day.

(a) **Financing Condition:** The Buyer being able to arrange a new mortgage loan upon terms acceptable to the Buyer and/or the Buyer being approved to assume an existing mortgage loan upon terms acceptable to the Buyer.

\_\_\_\_\_ Seller's Initials      DM Buyer's Initials

**(b) Due Diligence Conditions:**

- (i) acceptable physical viewing/inspection of the Property;
- (ii) acceptable review of legal title for the Property and any Unattached Goods;
- (iii) acceptable review of any Permitted Encumbrances;
- (iv) acceptable review of Accepted Tenancies;
- (v) acceptable review of financial records and statements respecting the Property and any operating agreements that the Buyer is to assume;
- (vi) acceptable review of all engineering, mechanical, electrical, plumbing, roof, heating, ventilation, construction or similar reports, studies, assessments, plans, drawings, specifications, correspondence or work orders;
- (vii) acceptable review of all environmental reports;
- (viii) acceptable review of all real property reports; and
- (ix) acceptable review of the following additional agreements/documents/materials: \_\_\_\_\_

- (x) The Buyer may also, at its expense, retain its own consultants to conduct such inspections, reviews and tests and to produce such observations, reports or assessments regarding the Property. In this regard, the Buyer and its authorized representatives will have access to the Property after the Final Signing of this Contract and during normal business hours in order to conduct all inspections, reviews and tests deemed necessary by the Buyer acting reasonably. The rights of the existing tenants must be respected and the Buyer will be responsible for all damages caused by its representatives. The Seller will provide the Buyer with such written authorizations and other assistance when reasonably required by the Buyer to facilitate or to complete its inspections, review or tests.

**(c) Additional Buyer's Conditions:**

AGAIN NO CONDITIONS ATTACHED CASH SALE

**4.2 Seller's Conditions:** The obligations of the Seller described in this Contract are subject to the satisfaction or waiver of the following conditions precedent, if any. These conditions are inserted for the sole and exclusive benefit and advantage of the Seller. The satisfaction or waiver of these Conditions will be determined in the sole discretion of the Seller. The Seller agrees to use reasonable efforts to satisfy these conditions. These conditions may only be satisfied or waived by the Seller giving written notice (the "Seller's Notice") to the Buyer on or before 5 p.m. on the \_\_\_\_\_ day of \_\_\_\_\_, (the "Seller's Condition Day"). If the Seller fails to give the Seller's Notice to the Buyer on or before the Seller's Condition Day, then this Contract will be ended and the Initial Deposit plus any earned interest will be returned to the Buyer and all agreements, documents, materials and written information exchanged between the parties will be returned to the Buyer and the Seller respectively.

**4.3** Subject to clauses 4.1 and 4.2, the Buyer and the Seller may give written notice to the other party on or before the stated Condition Day advising that a Condition will not be waived, has not been satisfied and will not be satisfied on or before the Condition Day. If that notice is given, then this Contract is ended upon the giving of that notice.

**5. INSURANCE**

**5.1** The risk of loss or damage to the Property shall lie with the Seller until the Purchase Price is paid according to the terms of this Contract. If loss or damage to the Property occurs before the Seller is paid the Purchase Price, then any insurance proceeds shall be held in trust for the Buyer and the Seller according to their interests in the Property.

**6. WARRANTIES AND REPRESENTATIONS**

**6.1** The Seller represents and warrants to the Buyer that:

- (a) the current use of the Land and Buildings complies with the existing municipal land use bylaw;
- (b) the Buildings and other improvements on the Land are not placed partly or wholly on any easement or utility right-of-way and are entirely on the Land and do not encroach upon neighbouring lands, except where an encroachment agreement is in place;
- (c) the location of Buildings and other improvements on the Land complies with all relevant municipal bylaws, regulations or relaxations granted by the appropriate municipality prior to the Completion Day, or the Buildings and other improvements on the Land are "non-conforming buildings" as that term is defined in the *Municipal Government Act (Alberta)*;
- (d) to the best of the Seller's knowledge, there is no legal action outstanding with respect to the Property;
- (e) the Seller is not in breach of any contract with respect to the Property;
- (f) the Seller is not in breach of any obligation to any third party with respect to the Property;
- (g) within the meaning of the *Income Tax Act (Canada)*, the Seller is not now, nor will be on the Completion Day, a non-resident of Canada nor an agent or a trustee for any person with an interest in the Property who is a non-resident of Canada;
- (h) \$ \_\_\_\_\_ is the current monthly condominium contribution payable (fee for administrative and other expenses); and
- (i) except as otherwise disclosed, the Seller is not aware of any defects that are not visible and that may render the Property dangerous or potentially dangerous to occupants or unfit for habitation.

**6.2** All of the warranties contained in this Contract and any attached Schedules are made as of and will be true at the Completion Day, unless otherwise agreed in writing.

\_\_\_\_\_  
Seller's Initials

DM  
Buyer's Initials

- 6.3 The Seller and the Buyer each acknowledge that, except as otherwise described in this Contract, there are no other warranties, representations or collateral agreements made by or with the other party, the Seller's brokerage and the Buyer's brokerage about the Property, any neighbouring lands, and this transaction, including any warranty, representation or collateral agreement relating to the size/measurements of the Land and Buildings or the existence or non-existence of any environmental condition or problem.
- 6.4 The representations and warranties in this Contract may be enforced after the Completion Day, provided that any legal action is commenced within the time limits prescribed by the *Limitations Act* (Alberta).
- 6.5 The Buyer shall have the right to register a caveat against the Title to the Property upon the acceptance of this offer by the Seller. Should the Buyer fail to perform this Contract, it agrees to forthwith discharge that caveat.

**7. ADDITIONAL TERMS**

- 7.1 All time periods, deadlines and dates in this Contract shall be strictly followed and enforced. All times will be Alberta time unless otherwise stated.
- 7.2 Neither the Buyer or the Seller shall assign its interest in the Property without the written approval of the other, such approval not to be unreasonably withheld.
- 7.3 All changes of number and gender shall be made where required.
- 7.4 This Contract will be governed by the laws of the Province of Alberta. The parties submit to the exclusive jurisdiction of the Courts in the Province of Alberta regarding any dispute that may arise out of this transaction.
- 7.5 The following terms are a part of this Contract:

**8. CLOSING**

- 8.1 Subject to compliance with the terms hereof, possession of the Property shall be available and given to the Buyer on or before 12 noon on the 30 day of SEPT for 2010 (the "Completion Day"), subject to the rights of the Accepted Tenancies, if any. *OR WHAT WORKS FOR THE COURTS*  
When the Buyer obtains possession, the Property will be in substantially the same condition as it was in when this Contract was accepted.
- 8.2 All normal adjustments for the Property including but not limited to taxes, local improvement levy and assessments, municipal charges, rents, utilities, tenant deposits including interest, prepaid rent, mortgage principal and interest that are applicable with respect to the Property shall be adjusted as of 24:00 hours on the Completion Day. The Buyer shall assume all local improvements, assessments and charges against the Property as of that time.
- 8.3 Closing documents shall:
  - (a) consist of the transfer of land (the "Transfer") in registerable form together with all applicable conveyancing documents normally expected in a commercial transaction of this nature;
  - (b) include estoppel certificates for each of the Accepted Tenancies (if applicable); and
  - (c) be prepared at the expense of the Seller and delivered to the Buyer's lawyer within a reasonable time to confirm registration prior to the Completion Day.
- 8.4 In the event the Seller fails to deliver the Transfer to the Buyer's lawyer within such reasonable time, then the Buyer shall not be obliged to pay interest on that portion of the cash to close attributable to the Buyer's own funds, excluding mortgages, provided that those funds are paid to Seller's lawyer in trust, until the Buyer has a reasonable time in which to register the Transfer.
- 8.5 The Seller's lawyer may use the Purchase Price to pay out all mortgages, condominium contributions, registrations and other financial obligations that are the Seller's obligation to pay or discharge. Within a reasonable period of time after the Completion Day, the Seller's lawyer will provide the Buyer's lawyer with evidence of all discharges including, where required, a certified copy of the certificate of title and an estoppel certificate evidencing the payment of all condominium contributions that are the Seller's obligation to pay.
- 8.6 All money due and owing to the Seller including GST, if applicable, shall be paid to the Seller's lawyer on or before the Completion Day. If the Seller agrees to accept payment after the Completion Day, the Buyer shall pay interest at a rate of 3% per annum above the prime rate set by the Alberta Treasury Branch on all monies owing to the Seller, from the Completion Day to and including the date that the monies owing have been unconditionally paid.
- 8.7 If a new mortgage is a condition of this Contract, the Seller agrees to trust conditions that allow the Buyer's lawyer to register the Transfer so as to obtain the advance of mortgage funds on the new mortgage; provided however that the Buyer's lawyer undertakes, accepts, and complies with reasonable trust conditions imposed by the Seller's lawyer until the Seller has been paid the total Purchase Price.
- 8.8 The Seller's lawyer has a right to prepare (at the expense of the Buyer) any mortgage or agreement for sale between the Seller and the Buyer.

**9. ATTACHED SCHEDULES**

- 9.1 The following Schedules form part of this Contract and are attached:
 

<input type="checkbox"/> Schedule A (copy of Title)	<input type="checkbox"/> Financing Schedule
<input type="checkbox"/> Schedule B (other documents)	<input type="checkbox"/> Assumption of Mortgage/Agreement for Sale
<input type="checkbox"/> Commercial Condominium Property Schedule	<input type="checkbox"/> Other Value
<input type="checkbox"/> Addendum	<input type="checkbox"/> Seller Financing
<input type="checkbox"/> Other Schedules _____	

\_\_\_\_\_ Seller's Initials      DM Buyer's Initials



10. CONFIDENTIALITY

10.1 The Buyer shall keep all information obtained in strictest confidence and shall only make the information available to the Buyer's employees, agents and professional advisors in strict confidence and shall return all of the Documents including all copies to the Seller before any Deposits are released to the Buyer pursuant to this Contract.

11. REMEDIES/DISPUTES

11.1 If the Seller or the Buyer fails or refuses to complete the Contract according to its terms, then the other party may pursue all available remedies. The Seller's remedies include keeping the Deposits and claiming additional damages. Both the Seller and the Buyer can claim reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.

12. SECURITY FOR THE SELLER'S BROKERAGE'S FEES

12.1 The Seller does hereby irrevocably assign to the Seller's brokerage enough of the Purchase Price to pay all sums due and owing to the Seller's brokerage, and agrees to pay any unpaid balance of the Commission to the Seller's brokerage.

13. ADVICE

13.1 This Contract is intended to create binding legal obligations. The Seller and the Buyer should read this Contract carefully and are encouraged to obtain legal advice before signing.

13.2 This Contract may be signed and sent by fax and this procedure will be as effective as signing and delivering an original copy.

13.3 Unless there is a dual agency or another written agreement, the Seller's brokerage represents the Seller as Seller's Agent and does not have a fiduciary relationship with the Buyer, and the Buyer's brokerage represents the Buyer as Buyer's Agent and does not have a fiduciary relationship with the Seller.

13.4 The Buyer and Seller agree that the sale and other related information regarding this transaction may be retained and disclosed by the brokerage and/or its real estate board(s) as required for closing and for reporting, appraisal and statistical purposes.

14. DEFINITIONS

14.1 In this Contract:

- (a) Business Day means a day when the Land Titles Office is open for business.
(b) Buyer's Agent means the licensed brokerage (including its broker, all associate brokers and agents) who represents the Buyer.
(c) Seller's Agent means the licensed brokerage (including its broker, all associate brokers and agents) who represents the Seller.

15. REPRESENTATIVES/NOTICE

Note: The Representative information must be completed in full by the Buyer's Agent at the offer stage prior to the Contract being signed in order to permit communication on the Representatives.

15.1 The Representatives identified in clause 15.2 represent the Seller and the Buyer.

15.2 For the purposes of giving and receiving any notice referred to in this Contract, and for acceptance of an offer to purchase, communication must be in writing and must be delivered to the address or faxed to the number described below.

A notice sent or received by a Representative is proper notice for the purposes of this Contract.

Seller's Information: Seller's Address 37 ST SE Medicine Hat T1A 1J2 (postal code) Phone Fax

Seller's GST #

Seller's Representative: STEVEN ROOD

Broker, associate broker or agent registered to the brokerage

Brokerage Name SIGNATURE SERVICE REAL ESTATE

Brokerage Address 1001 KINGSWAY AVE. SE

MEDICINE HAT T1A 2X7 (postal code)

Phone (403)527-4000 Fax (403)529-0859

Buyer's Information: Buyer's Address Phone Fax (postal code)

Buyer's GST #

Buyer's Representative: NORBERT KLAIBER

Broker, associate broker or agent registered to the brokerage

Brokerage Name SIGNATURE SERVICE REAL ESTATE

Brokerage Address 1001 KINGSWAY AVE. SE

MEDICINE HAT T1A 2X7 (postal code)

Phone (403)527-4000 Fax (403)529-0859

Seller's Initials DM Buyer's Initials

16. OFFER

16.1 The Buyer offers to buy the Property for the Purchase Price according to the terms of this Contract.

16.2 This offer/counter offer shall be open for acceptance in writing until September 22, 2010

SIGNED AND DATED at Medicine Hat, Alberta at 5:00 p.m. on the 15 day of September, 2010

Cypress College (MLCTI)
Name of Buyer (Print)

Per: David M Martin
Authorized Signing Officer(s)

David M Martin
Print Name of Authorized Signing Officer(s)

Per:
Authorized Signing Officer(s)

Print Name of Authorized Signing Officer(s)

[Signature]
Witness

Norbert Klaiber
Print Name of Witness

Witness

Print Name of Witness

PART B - ACCEPTANCE

17. ACCEPTANCE

17.1 The Seller accepts the Buyer's offer and agrees to sell the Property for the Purchase Price according to the terms of the Contract.

SIGNED AND DATED at \_\_\_\_\_, Alberta at \_\_\_\_ .m. on the \_\_\_\_\_ day of \_\_\_\_\_

Name of Seller (Print)

Per:
Authorized Signing Officer(s)

Print Name of Authorized Signing Officer(s)

Per:
Authorized Signing Officer(s)

Print Name of Authorized Signing Officer(s)

Witness

Print Name of Witness

Witness

Print Name of Witness

18. FINAL SIGNING

18.1 Final Signing of this Contract occurred at \_\_\_\_\_ .m. on \_\_\_\_\_

Initials of the person(s) who signed last \_\_\_\_\_

CONVEYANCING

Seller's Lawyer

Lawyer's Address (postal code)

Lawyer's Phone Fax

Buyer's Lawyer Kip Weiss MICHAEL POLAN

Lawyer's Address (postal code)

Lawyer's Phone Fax



# Common Law Transaction Brokerage Agreement

This form was developed by the Real Estate Council of Alberta for use in residential real estate.

**BUYER:**

**and**

**SELLER:**

Name CYPRESS COLLEGE

Name R7 INVESTMENTS

Name \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Address 3 7 ST SE

Medicine Hat

T1A 1J2

(postal code)

(postal code)

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email: \_\_\_\_\_

Email: \_\_\_\_\_

**and BROKERAGE:**

Brokerage Name SIGNATURE SERVICE REAL ESTATE

Address 1001 KINGSWAY AVE. SE

MEDICINE HAT

T1A 2X7

(postal code)

Phone: (403)527-4000

Fax: (403)529-0859

Email: norbertklaiber@live.ca

This Agreement is entered into by the Buyer, the Seller and the Brokerage with respect to the Property known as: 3 7 ST SE

Medicine Hat

T1A 1J2

Plan: 1132M

Block: 9

Lot/Unit: 112

(the Property) on the basis of the following facts:

- (a) The Buyer is interested in purchasing, and the Seller is interested in selling, the Property;
- (b) The Brokerage concurrently represents both the Buyer and the Seller;
- (c) Such concurrent representation of both the Buyer and the Seller by the Brokerage prevents it from:
  - (i) being loyal both to the Buyer and the Seller and to act solely in both of their best interests;
  - (ii) avoiding all conflicts of interest including conflicts that may arise between the interests of the Buyer, and of the Seller and the Brokerage;
  - (iii) making full disclosure of all facts that may influence the decisions of the Buyer or of the Seller; and,
  - (iv) maintaining the confidentiality of information obtained from the Buyer or from the Seller.
- (d) Such concurrent representation by the Brokerage is only permitted by law with the fully informed and voluntary consent of both the Buyer and the Seller;
- (e) The Buyer and the Seller have read the *Agency Relationships Guide* published by the Real Estate Council of Alberta and this Agreement, and have been given the opportunity to seek further information and independent advice concerning Transaction Brokerage representation and other relationships discussed therein.

Therefore the Buyer and the Seller consent and agree to their continued representation by the Brokerage now acting in the capacity of Transaction Facilitator, on the following terms:

## 1. IMPARTIALITY

1.1 The Brokerage will treat the interests of both the Buyer and the Seller in an even-handed, objective and impartial manner, including but not limited to, any advice or information given to one party will be disclosed to the other.

## 2. REASONABLE CARE AND SKILL

2.1 The Brokerage will exercise reasonable care and skill in the performance of its mandate under this Agreement.

## 3. ACCURACY OF INFORMATION

3.1 The Brokerage will not negligently or knowingly give false or misleading information to the Buyer or the Seller.

## 4. INSTRUCTIONS

4.1 The Brokerage will obey the lawful instructions of the Buyer or the Seller to the extent that they are consistent with the other terms of this Agreement.

## 5. DISCLOSURE OF INFORMATION

5.1 Other than the information described in clause 6, the Brokerage will disclose all information it provides or receives during the course of this Agreement and, in particular, will disclose:

- (a) to the Buyer, all material latent defects affecting the Property known to the Brokerage; and,
- (b) to the Seller, all material facts relevant to the Buyer's ability to purchase the Property known to the Brokerage.

## 6. NON-DISCLOSURE OF CERTAIN INFORMATION

6.1 The Brokerage will not disclose without the informed written consent of the Buyer or the Seller, as the case may be:

- (a) that the Buyer may be prepared to offer a higher price or terms other than those contained in the offer to purchase;
- (b) that the Seller may be prepared to accept a lower price or terms other than those contained in the Seller's Exclusive Seller Brokerage Agreement;
- (c) the motivation of the Buyer or the Seller for wishing to respectively purchase or sell the property; and,
- (d) subject to clause 5, personal information relating to the Buyer or the Seller and other information disclosed at any time in confidence by either to the Brokerage.

## 7. INSPECTIONS AND INQUIRIES

7.1 The Brokerage will not, for the Buyer:

- (a) conduct or influence an independent inspection of the Property; nor
- (b) in the absence of instructions from the Buyer, arrange or decide on arrangements for an inspection of the Property by another; nor
- (c) verify the accuracy or completeness of any information supplied or statements made by the Seller concerning the Property.

7.2 The Brokerage will not, for the Seller:

- (a) conduct or influence an independent inquiry into the financial status of the Buyer; or
- (b) verify the accuracy or completeness of any financial information supplied by the Buyer.

Common Law Transaction Brokerage Agreement

8. NO ATTRIBUTION OF KNOWLEDGE

8.1 The Brokerage's knowledge concerning the Buyer or the Seller will not be attributed to the other.

9. VICARIOUS LIABILITY

9.1 Neither the Buyer nor the Seller will be vicariously liable to the other for any acts of the Brokerage.

10. FACILITATION SERVICES

- 10.1 The Brokerage will: (a) present to the Buyer and the Seller, in a timely manner, all offers and counter-offers... 10.2 The Brokerage will also perform for the Buyer and the Seller all necessary facilitation services...

11. BROKERAGE'S FEE

11.1 The Buyer and the Seller will compensate the Brokerage in accordance with the terms of the Buyer's Exclusive Buyer Brokerage Agreement (if any) and Seller's Exclusive Seller Brokerage Agreement with the Brokerage respectively.

12. BROKERAGE'S RESPONSIBILITY

- 12.1 The Brokerage will ensure that the member(s) of the Brokerage providing facilitation services to the Buyer and Seller under this Agreement; (a) complies with the Brokerage's policies and procedures governing Transaction Brokerage; and, (b) treats the interests of both the Buyer and the Seller in an evenhanded, objective and impartial manner. 12.2 The Brokerage will supervise the member(s) of the Brokerage and support staff providing facilitation services to the Buyer and the Seller to ensure that they properly fulfill this Agreement. 12.3 The Brokerage will hold all monies received in respect of the transaction in trust in accordance with the provisions of the Real Estate Act.

13. PRIOR AGREEMENTS

13.1 With the exception of clauses 2 and 3 specifying the Brokerage's mandate and services in the Buyer's Exclusive Buyer Brokerage Agreement and the Seller's Exclusive Seller Brokerage Agreement respectively, the rights and obligations of the Buyer, the Seller, and the Brokerage will be determined in accordance with those agreements.

14. THIS AGREEMENT

- 14.1 No amendment to the terms of this Agreement shall be effective unless it is in writing and signed by the Buyer, the Seller and the Brokerage. 14.2 If there is a conflict or discrepancy between any provision added to this Agreement and any provision in the standard pre-set portion hereof, the added provision will supersede the standard pre-set provision to the extent of such conflict or discrepancy. 14.3 Subject to clauses 11 and 13 of this Agreement, this Agreement will constitute the entire agreement between the Buyer and the Seller and the Brokerage, and there are no representations, warranties, collateral agreements or conditions, which affect this Agreement other than as expressed herein. 14.4 This Agreement will be read with all changes of number required by the context.

15. ACKNOWLEDGMENT

15.1 The Buyer and the Seller, having both received and read this Agreement and the Agency Relationships Guide, and having been given the opportunity to request further information concerning this Agreement and the representation relationships described and in the Agency Relationships Guide, acknowledge this Agreement accurately sets out the terms agreed to by the Buyer, the Seller and the Brokerage.

SIGNED AND DATED

this 15 day of September, 2010

Signature of Buyer [Signature]

Print Name of Buyer CYPRESS COLLEGE

Signature of Witness

Print Name of Witness Norbert Klaiber

Signature of Buyer

Print Name of Buyer

Signature of Witness

Print Name of Witness

Signature of Seller

Print Name of Seller R7 INVESTMENTS

Signature of Witness

Print Name of Witness

Signature of Seller

Print Name of Seller

Signature of Witness

Print Name of Witness

Signature of Brokerage Representative [Signature]

Print Name Norbert Klaiber

Signature of Witness [Signature]

Print Name of Witness [Signature]



LAND TITLE CERTIFICATE

S		
LINC	SHORT LEGAL	TITLE NUMBER
0031 171 937	0512634;323	071 038 691

LEGAL DESCRIPTION  
 CONDOMINIUM PLAN 0512634  
 UNIT 323  
 AND 76 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY  
 EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE  
 ATS REFERENCE: 4;6;12;35;NE

MUNICIPALITY: CITY OF MEDICINE HAT

REFERENCE NUMBER: 051 263 128 +41

REGISTERED OWNER(S)				
REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
071 038 691	24/01/2007	TRANSFER OF LAND		SEE INSTRUMENT

OWNERS  
 R7 INVESTMENTS LTD..  
 OF 1870A-6 AVE SW  
 MEDICINE HAT  
 ALBERTA T1A 7X5

ENCUMBRANCES, LIENS & INTERESTS		
REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
011 374 512	13/12/2001	EASEMENT (SEE INSTRUMENT)
041 015 273	13/01/2004	RESTRICTIVE COVENANT

( CONTINUED )

*THIS IS EXHIBIT "F"*  
*referred to in the Affidavit of*  
*Tyone Schneider*  
 Sworn before me this 27  
 day of September A.D. 2010  
  
 A COMMISSIONER FOR OATHS  
 IN AND FOR THE PROVINCE OF ALBERTA  
**Rebecca Lewis**  
 Barrister & Solicitor

-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 071 038 691

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
041 015 274	13/01/2004	EASEMENT
041 015 276	13/01/2004	EASEMENT
041 139 252	20/04/2004	RESTRICTIVE COVENANT
041 139 253	20/04/2004	EASEMENT
051 041 883	01/02/2005	PARTY WALL AGREEMENT SEE INSTRUMENT
051 263 129	22/07/2005	EASEMENT OVER AND FOR BENEFIT OF: SEE INSTRUMENT
051 263 130	22/07/2005	RESTRICTIVE COVENANT
071 038 692	24/01/2007	MORTGAGE MORTGAGEE - SCOTIA MORTGAGE CORPORATION. 443-3RD AVENUE MEDICINE HAT ALBERTA T1Z0G8 ORIGINAL PRINCIPAL AMOUNT: \$292,500

\* ADDITIONAL REGISTRATIONS MAY BE SHOWN ON THE CONDOMINIUM ADDITIONAL PLAN SHEET

TOTAL INSTRUMENTS: 010

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE  
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED  
HEREIN THIS 27 DAY OF SEPTEMBER, 2010 AT 03:50 P.M.

ORDER NUMBER:17473517

CUSTOMER FILE NUMBER: 526686-1



\*END OF CERTIFICATE\*

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE  
SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS  
SET OUT IN THE PARAGRAPH BELOW.

( CONTINUED )

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S) .





-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 071 038 691 +1

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
041 015 274	13/01/2004	EASEMENT
041 015 276	13/01/2004	EASEMENT
041 139 252	20/04/2004	RESTRICTIVE COVENANT
041 139 253	20/04/2004	EASEMENT
051 041 883	01/02/2005	PARTY WALL AGREEMENT SEE INSTRUMENT
051 263 130	22/07/2005	RESTRICTIVE COVENANT
071 038 692	24/01/2007	MORTGAGE MORTGAGEE - SCOTIA MORTGAGE CORPORATION. 443-3RD AVENUE MEDICINE HAT ALBERTA T1Z0G8 ORIGINAL PRINCIPAL AMOUNT: \$292,500

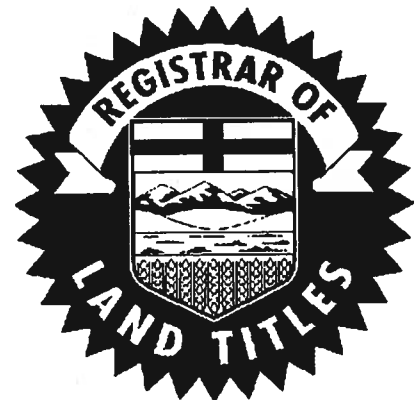
\* ADDITIONAL REGISTRATIONS MAY BE SHOWN ON THE CONDOMINIUM ADDITIONAL PLAN SHEET

TOTAL INSTRUMENTS: 009

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE  
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED  
HEREIN THIS 27 DAY OF SEPTEMBER, 2010 AT 03:50 P.M.

ORDER NUMBER:17473517

CUSTOMER FILE NUMBER: 526686-1



\*END OF CERTIFICATE\*

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE  
SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS  
SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR  
OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL

( CONTINUED )

PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR  
THE BENEFIT OF CLIENT(S).



WK081110

Purchase Contract Number

# RESIDENTIAL REAL ESTATE PURCHASE CONTRACT

This form was developed by the Alberta Real Estate Association for the use of its members and may not be altered electronically by any person. Others who use this document do so at their own risk.

This Contract is between  
**THE SELLER** and **THE BUYER**

Name R7 INVESTMENTS LTD

Name GERALD KORNELSON

Name \_\_\_\_\_

Name MARJORIE KORNELSON

## 1. THE PROPERTY

1.1 The property is the Land, Buildings, Attached Goods (unless excluded) and included Unattached Goods located at (municipal address): 435-29 RIVER RIDGE DR NW

Medicine Hat, AB T1A 8V3

1.2 The legal description of the Property is:

Plan 0512634 Block/Unit 323 Lot \_\_\_\_\_ Other \_\_\_\_\_

If Condominium Property, details as described in Condominium Property Schedule (attached)

No Unattached Goods (chattels) except for:

fridge; stove; built-in microwave; built-in dishwasher; central air conditioning; window coverings; packed debris; m.s.k. bk

1.4 All Attached Goods (fixtures) except for:

1.5 Unless otherwise agreed in writing, title will be free and clear of all encumbrances, registrations and obligations except the following:

- (a) those implied by law;
- (b) non-financial obligations now on title such as easements, utility rights-of-way, covenants and conditions that are normally found registered against property of this nature and which do not affect the saleability of the Property;
- (c) homeowner association caveats, encumbrances and similar registrations; and
- (d) those items which the Buyer agreed to assume in this Contract.

## 2. THE TRANSACTION

2.1 The Buyer and the Seller agree to act cooperatively, reasonably, diligently and in good faith.

2.2 Other than the Deposits, the Buyer shall pay the Purchase Price by certified cheque, lawyer's trust cheque, bank draft or referred to in the Affidavit of

\$ 5000.00 Initial Deposit

\$ \_\_\_\_\_ Additional Deposit

\$ \_\_\_\_\_ Assumption of Mortgage (approximate principal balance as per attached Financing Schedule)

\$ \_\_\_\_\_ New Financing

\$ \_\_\_\_\_ Seller Financing (as per attached Financing Schedule)

\$ \_\_\_\_\_ Other Value \$ 292,000.00 m.l.k.

\$ 280,000.00 Balance Owning (subject to adjustments)

\$ 285,000.00 Purchase Price 297,000.00 m.l.k.

Tyrone Schneider

Sworn before me this 27

day of September A.D. 2011

A COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA

Rebecca Lewis  
Barrister & Solicitor

Unless otherwise agreed in writing, the Purchase Price includes any applicable Goods and Services Tax (GST).



3. DEPOSITS

- 3.1 All Deposits shall be delivered in trust to Maxwell Jean Kachy  
Unless otherwise agreed in writing, the Initial Deposit shall accompany the offer.
- 3.2 The Initial Deposit shall be deposited no later than the third Business Day following the day that Final Signing occurred (as per clause 15.1). Additional Deposits shall be deposited no later than the third Business Day following the day the Additional Deposit is received by the brokerage.
- 3.3 Any Additional Deposits shall be delivered as follows: \_\_\_\_\_
- 3.4 Unless otherwise agreed in writing, no interest on the Deposits shall be paid to the Seller or the Buyer. \_\_\_\_\_
- 3.5 The Deposits shall be held in trust for both the Seller and the Buyer and shall be:
  - (a) applied against the Commission and paid directly out of trust to the brokerage(s) when the Commission is earned in accordance with the terms of the Listing Contract;
  - (b) refunded forthwith to the Buyer if this offer is not accepted;
  - (c) refunded forthwith to the Buyer upon the Buyer's cheque clearing the brokerage's trust account if a condition is not satisfied or waived (as per clauses 8.5 and 8.6) or the Seller fails to perform this Contract; and
  - (d) forfeited to the Seller if this offer is accepted and all conditions are satisfied or waived and the Buyer fails to perform on this Contract.
- 3.6 The brokerage holding the Deposits is further directed and authorized to pay that portion of the Deposits exceeding the Commission in trust to the Seller's lawyer no later than two (2) Business Days prior to the Completion Day.
- 3.7 If there is a dispute between the Seller and the Buyer as to entitlement to the Deposits then:
  - (a) the brokerage holding the Deposits shall review the circumstances, determine entitlement and pay the money to the party who is entitled to the Deposits;
  - (b) if no reasonable conclusion can be made in regard to (a) above, the brokerage shall notify the parties to the Contract in writing and shall pay the money into a lawyer's trust account;
  - (c) the parties agree to allow the lawyer or the brokerage to deduct from the Deposits a reasonable fee and costs incurred for dealing with the Deposits;
  - (d) a brokerage and/or lawyer acting in good faith under this clause shall not be liable to either party for any damages associated with the handling of the Deposits, except as arising from the negligence of the brokerage or lawyer.
- 3.8 In the event that the brokerage holding the trust funds ceases to be licensed in real estate, the Buyer and Seller agree to allow the trust funds to be transferred to the brokerage representing the other party.

4. CLOSING

- 4.1 Unless otherwise agreed in writing, this Contract will be completed, the Purchase Price will be fully paid and vacant possession will be available by noon on the 1st day of September 2010 (the "Completion Day"), subject to the rights of the existing tenants, if any. November 2010 MRK
- 4.2 When the Buyer obtains possession, the Property will be in substantially the same condition as it was in when this Contract was accepted.
- 4.3 Items which are normally adjusted for, such as real estate taxes, amortized local improvement levies, utilities, rents, security deposits, statutory interest on security deposits, mortgage interest, homeowner association fees and monthly condominium contributions, will be assumed by the Buyer and will be adjusted as of 24:00 hours on the Completion Day.
- 4.4 The Seller or the Seller's lawyer will deliver normal closing documents including, where applicable, a real property report pursuant to clause 4.11, to the Buyer or the Buyer's lawyer upon reasonable conditions consistent with the terms of this Contract. The Buyer or the Buyer's lawyer must have an opportunity to review the real property report, where applicable, prior to submitting the transfer documents to the Land Titles Office and a reasonable period of time before the Completion Day to confirm registration of documents at the Land Titles Office and to obtain the advance of proceeds for any New Financing and Other Value.
- 4.5 If the Seller fails to deliver the closing documents according to clause 4.4, then payment of the Purchase Price and late interest will be postponed until the Buyer has received the closing documents and has a reasonable period of time to register them and to obtain the advance of proceeds for any New Financing and Other Value. Notwithstanding the foregoing, if the Buyer is otherwise ready, willing and able to close in accordance with this Contract and desires to take possession of the Property, then the Seller shall give the Buyer possession upon reasonable terms which will include the payment of late interest only on the amount of mortgage being obtained by the Buyer, if any, at the interest rate of such mortgage.
- 4.6 In circumstances where the Seller has complied with clause 4.4 but the Buyer is not able to close in accordance with this Contract, then the Seller may, but is not obligated to, accept late payment of the Purchase Price and give the Buyer possession upon reasonable terms. If the Seller agrees in writing to accept late payment of the Purchase Price under this clause then, whether or not possession is granted, the Buyer will pay late interest at the prime lending rate of the Province of Alberta Treasury Branches at the Completion Day plus 3% calculated daily from and including the Completion Day to (but excluding) the day the Seller is paid in full. Payment received after noon on any day will be payment as of the next Business Day.
- 4.7 The Seller's lawyer may use the Purchase Price to pay out all mortgages, condominium contributions, registrations and other financial obligations that are the Seller's obligation to pay or discharge. Within a reasonable period of time after the Completion Day, the Seller's lawyer will provide the Buyer's lawyer with evidence of all discharges including, where required, a certified copy of the certificate of title and an estoppel certificate evidencing the payment of all condominium contributions that are the Seller's obligation to pay.

u Seller's Initials      MRK Buyer's Initials



WK081110

Purchase Contract Number

- 4.8 The Seller will pay the costs to prepare the closing documents; to prepare, register and discharge any Seller's caveat based on this Contract; and to provide the documents described in clause 4.11.
- 4.9 The Buyer will pay the costs to prepare, register and discharge any Buyer's caveat based on this Contract; and to register the transfer of land.
- 4.10 If the Property is rented and the Buyer is not assuming the tenancy, then the Seller is responsible for all costs related to ending the tenancy and to giving vacant possession to the Buyer.
- 4.11 At least ten (10) Business Days prior to the Completion Day, the Seller will provide the Buyer, regarding the matters described in clause 6.1, a real property report reflecting the current state of improvement on the Property, according to the Alberta Land Surveyors' Manual of Standard Practice, with evidence of municipal compliance or non-conformance. This obligation will not apply to condominium units that do not create a lot nor to any transaction where there are no structures on the land.
- 4.12 Notwithstanding the closing provisions in this Contract, the parties instruct their lawyers to follow, if appropriate, the Law Society of Alberta Conveyancing Protocol in the closing of this transaction.

5. INSURANCE

- 5.1 The risk of loss or damage to the Property shall lie with the Seller until the Purchase Price is paid according to the terms of this Contract. If loss or damage to the Property occurs before the Seller is paid the Purchase Price, then any insurance proceeds shall be held in trust for the Buyer and the Seller according to their interests in the Property.

6. WARRANTIES AND REPRESENTATIONS

- 6.1 The Seller represents and warrants to the Buyer that:
  - (a) the Seller has the legal right to sell the Property;
  - (b) the Attached Goods and Included Unattached Goods are in normal working order and are free and clear of all encumbrances;
  - (c) the Seller is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada);
  - (d) the current use of the Land and Buildings complies with the existing municipal land use bylaw;
  - (e) the Buildings and other Improvements on the Land are not placed partly or wholly on any easement or utility right-of-way and are entirely on the Land and do not encroach on neighbouring lands, except where an encroachment agreement is registered on title;
  - (f) the location of Buildings and other Improvements on the Land complies with all relevant municipal bylaws, regulations or relaxations granted by the appropriate municipality prior to the Completion Day, or the Buildings and other improvements on the Land are "non-conforming buildings" as that term is defined in the *Municipal Government Act* (Alberta);
  - (g) \$ 366.66 is the current monthly condominium contribution payable (fee for administrative and other expenses); and
  - (h) except as otherwise disclosed, the Seller is not aware of any defects that are not visible and that may render the Property dangerous or potentially dangerous to occupants or unfit for habitation.
- 6.2 All of the warranties contained in this Contract and any attached Schedules are made as of and will be true at the Completion Day, unless otherwise agreed in writing.
- 6.3 The representations and warranties in this Contract may be enforced after the Completion Day, provided that any legal action is commenced within the time limits prescribed by the *Limitations Act* (Alberta).
- 6.4 The Seller and the Buyer each acknowledge that, except as otherwise described in this Contract, there are no other warranties, representations or collateral agreements made by or with the other party, the Seller's brokerage and the Buyer's brokerage about the Property, any neighbouring lands, and this transaction, including any warranty, representation or collateral agreement relating to the size/measurements of the Land and Buildings or the existence or non-existence of any environmental condition or problem.

7. ADDITIONAL TERMS

- 7.1 All time periods, deadlines and dates in this Contract shall be strictly followed and enforced. All times will be Alberta time unless otherwise stated.
- 7.2 This Contract is for the benefit of and shall be binding upon the heirs, executors, administrators and assigns of the individual parties and the successors and assigns of corporate parties.
- 7.3 All changes of number and gender shall be made where required.
- 7.4 This Contract will be governed by the laws of the Province of Alberta. The parties submit to the exclusive jurisdiction of the Courts in the Province of Alberta regarding any dispute that may arise out of this transaction.
- 7.5 In addition to any Schedules required in Section 8, the following Schedules form part of this Contract:
  - Financing Schedule
  - Addendum
  - Property Schedule
  - Condominium Property Schedule
- 7.6 Additional terms of sale (if any):

*New buyer is not to incur any financial encumbrances in repercussion to Medicor's financial difficulties.*

*[Handwritten signatures]*  
Seller's Initials      Buyer's Initials



8. CONDITIONS

8.1 The Buyer's Conditions are:

(a) Financing Condition

The Buyer will apply and be approved for New Financing as follows:

- as per clause 2.2 (plus applicable mortgage Insurance fee, if any)
- interest rate not to exceed \_\_\_\_\_ percent a year calculated semi-annually not in advance
- a term of not less than \_\_\_\_\_ years

Monthly payment of principal and interest not to exceed \$ \_\_\_\_\_ (including mortgage insurance fee, if applicable) for an amortization of 25 years.

The Buyer will pay for all costs associated with the New Financing.

Before 9 p.m. on \_\_\_\_\_ (the "Condition Day").

(b) Property Inspection Condition

As per attached Property Inspection Schedule, this Contract is subject to the Buyer's approval of a property inspection.

Before 9 p.m. on \_\_\_\_\_  Yes  No (the "Condition Day").

(c) Condominium Documents Condition

This Contract is subject to the Buyer's Condition regarding Condominium Documents, as per attached Condominium Property Schedule.

Before 9 p.m. on \_\_\_\_\_  Yes  No (the "Condition Day").

(d) Sale of Buyer's Home Condition

This Contract is subject to the sale of the Buyer's home, as per attached Sale of Buyer's Home Schedule.  Yes  No

Before 9 p.m. on \_\_\_\_\_ (the "Condition Day").

(e) Additional Buyer's Conditions:

Before 9 p.m. on \_\_\_\_\_ (the "Condition Day").

8.2 The Seller's Conditions are:

*Approval of Court Appointed Monitor  
M.L.K. JK*

Before 9 p.m. on \_\_\_\_\_ (the "Condition Day").

8.3 If this Contract contemplates an assumption of mortgage, then it is subject to the lender confirming the assumability of the mortgage by the Buyer.

Before 9 p.m. on \_\_\_\_\_ (the "Condition Day").

This Condition is for the mutual benefit of both the Buyer and the Seller and cannot be waived unilaterally.

8.4 Unless otherwise agreed in writing, the Buyer's Conditions are for the sole benefit of the Buyer and the Seller's Conditions are for the sole benefit of the Seller. The Buyer and Seller must use reasonable efforts to satisfy their respective Conditions.

8.5 The Buyer and the Seller may unilaterally waive or acknowledge satisfaction of their Conditions by giving a written notice to the other party on or before the stated Condition Day. If that notice is not given, then this Contract is ended immediately following that Condition Day.

8.6 Subject to clause 8.4, the Buyer and the Seller may give written notice to the other party on or before the stated Condition Day advising that a Condition will not be waived, has not been satisfied and will not be satisfied on or before the Condition Day. If that notice is given, then this Contract is ended upon the giving of that notice.

9. REMEDIES/DISPUTES

9.1 If the Seller or the Buyer fails or refuses to complete this Contract according to its terms, then the other party may pursue all available remedies. The Seller's remedies include keeping the Deposits and claiming additional damages. Both the Seller and the Buyer can claim reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.

9.2 If the Seller must restore title to the Property, enforce a lien against the Property or regain possession of the Property due to the Buyer's default, then the Buyer will pay the Seller's reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.

10. ADVICE/DISCLOSURE

10.1 This Contract is intended to create binding legal obligations. The Seller and the Buyer should read this Contract carefully and are encouraged to obtain legal advice before signing.

10.2 Any representations as to the measurements of the Buildings are only approximations and may not be accurate. The Buyer may wish to obtain an independent property inspection and verify the measurements of the Land and Buildings.

*[Signature]* Seller's Initials *M.L.K.* Buyer's Initials *JK*



- 10.3 Unless there is written consent for alternate representation, the Seller's brokerage represents the Seller as Seller's Agent and does not have a fiduciary relationship with the Buyer, and the Buyer's brokerage represents the Buyer as Buyer's Agent and does not have a fiduciary relationship with the Seller.
- 10.4 The Seller and the Seller's brokerage have signed a Listing Contract. The Seller directs the Seller's lawyer to honour the terms of the Listing Contract and in particular to close the transaction according to the irrevocable assignment of the Purchase Price contained in the Listing Contract.
- 10.5 The Buyer and Seller agree that the sale and other related information regarding this transaction may be retained and disclosed by the brokerage and/or the real estate boards(s) as required for closing and for reporting, appraisal and statistical purposes.
- 10.6 This Contract may be signed and sent by fax and this procedure will be as effective as signing and delivering an original copy.
- 10.7 Dower consent may be required for this Purchase Contract to be binding if title is in only one name and the registered owner is legally married.

**11. DEFINITIONS**

- 11.1 In this Contract:
- (a) *Business Day* means a day when the Land Titles Office is open for business.
  - (b) *Buyer's Agent* means the licensed brokerage (including its broker, all associate brokers and associates) that represents the Buyer.
  - (c) *Commission* means the sum owing from the Seller for services rendered under the Listing Contract plus GST.
  - (d) *Completion Day* is the day described in clause 4.1.
  - (e) *Deposits* mean the Initial Deposit plus all Additional Deposits.
  - (f) *Listing Contract* means any written service or commission agreement obligating the Seller to pay remuneration.
  - (g) *Seller's Agent* means the licensed brokerage (including its broker, all associate brokers and associates) that represents the Seller.
  - (h) *Unless otherwise agreed in writing* means either changes made to the terms of this Contract that are agreed to by both the Seller and the Buyer, or a written agreement by letter or otherwise between the Seller or the Seller's lawyer and the Buyer or the Buyer's lawyer.

**12. REPRESENTATIVES/NOTICE**

Note: The Representative information must be completed in full at the offer stage prior to the Contract being signed in order to permit communication on the Representatives.

- 12.1 The Representatives identified in clause 12.2 represent the Seller and the Buyer.
- 12.2 For the purposes of giving and receiving any notice referred to in this Contract, and for acceptance of an offer to purchase, communication must be in writing and must be delivered to the address or faxed to the number described below. A notice sent or received by a Representative is proper notice for the purposes of this Contract.

**Seller's Information:**  
 Seller's Address 1870 6th Ave SW  
Medicine Hat AB Phone 403-526-3477 Fax \_\_\_\_\_  
(postal code)

**Seller's Representative:**  
Steven Hood  
Broker, associate broker or associate registered to the brokerage  
 Brokerage Name Signature Service Real Estate  
 Address \_\_\_\_\_  
 Phone 403 928 6410 Fax 403 504 8666  
(postal code)

**Buyer's Information:**  
 Buyer's Address 2224 29 River Ridge Dr. NW  
Medicine Hat AB T1A 8V3 Phone 403 488 6997 Fax \_\_\_\_\_  
(postal code)

**Buyer's Representative:**  
Wanda Kelug  
Broker, associate broker or associate registered to the brokerage  
 Brokerage Name Max Well Jeans Realty  
 Address 3098 Dunmore Rd SE  
Medicine Hat AB T1B Phone 403 928 3477 Fax 403 504 1554  
(postal code)



13. OFFER

13.1 The Buyer offers to buy the Property for the Purchase Price according to the terms of this Contract.

13.2 This offer/counter offer shall be open for acceptance in writing until 6:00 pm on August 11, 2010

SIGNED AND DATED at Medicine Hat, Alberta at 12:00 noon on the 11th day of August, 2010.

[Signature]  
Signature of Buyer

GERALD KORNELSON  
Print Name of Buyer

Marjorie L. Kornelson  
Signature of Buyer

MARJORIE KORNELSON  
Print Name of Buyer

Marjorie L. Kornelson  
Signature of Witness

MARJORIE KORNELSON  
Print Name of Witness

[Signature]  
Signature of Witness

WANDA KEUG  
Print Name of Witness

14. ACCEPTANCE

14.1 The Seller accepts the Buyer's offer and agrees to sell the Property for the Purchase Price according to the terms of this Contract.

SIGNED AND DATED at Medicine Hat, Alberta at 4:00 p.m. on the 11 day of August, 2010.

[Signature]  
Signature of Seller

TYRONE S Schneider  
Print Name of Seller

Signature of Seller

Print Name of Seller

[Signature]  
Signature of Witness

STEVEN ROOD  
Print Name of Witness

Signature of Witness

Print Name of Witness

15. FINAL SIGNING

15.1 Final Signing of this Contract occurred at 9:00 .m. on Aug, 2010.  
Initials of the person(s) who signed last [Signature]

CONVEYANCING

Seller's Lawyer Sihvon

Lawyer's Address \_\_\_\_\_ (postal code)

Lawyer's Phone \_\_\_\_\_ Fax \_\_\_\_\_

Buyer's Lawyer MURRAY Mc CARTNEY

Lawyer's Address \_\_\_\_\_ (postal code)

Lawyer's Phone \_\_\_\_\_ Fax \_\_\_\_\_





WK081120  
~~1844411~~ wk  
Agreement Number

### PROPERTY APPENDIX

This Appendix forms part of the Residential MLS® Listing Contract/  
Exclusive Seller Brokerage Agreement # 1844411 July

#### Mortgage Details:

- Name of lender \_\_\_\_\_
- Principal balance owing with per diem interest \_\_\_\_\_
- Interest rate \_\_\_\_\_
- Maturity date \_\_\_\_\_
- Amount of payment and frequency \_\_\_\_\_
- Is the loan insured?
- Is this a cash-back mortgage?
- Is there a tax account?
- Any other relevant details \_\_\_\_\_

#### Residential Rental Agreement Details:

- Name of the tenant \_\_\_\_\_
- Written rental agreement exists?  Yes (copy to buyer)  No
- Move-in inspection report exists?  Yes (copy to buyer)  No
- Commencement date of lease \_\_\_\_\_
- Expiry or end date of lease \_\_\_\_\_
- Does the tenant have any right to renew the rental agreement?  Yes  No
- What is the rent? \_\_\_\_\_
- If there is a security deposit, how much is it and when was it last paid? \_\_\_\_\_
- Is there a property management contract?  Yes  No
- Is the tenant in possession?  Yes  No
- Is the rental agreement in default?  Yes  No
- Any other relevant details \_\_\_\_\_

#### Manufactured/Mobile Home Details:

- Make \_\_\_\_\_
- Model/serial number \_\_\_\_\_
- Year of manufacture (age) \_\_\_\_\_ • C.S.A. number \_\_\_\_\_
- Construction details of any foundation \_\_\_\_\_
- Is the land leased or owned?  leased  owned
- Written lease agreement exists?  Yes (copy to buyer)  No
- Is a security deposit required?  Yes  No
- Monthly pad rental \$ \_\_\_\_\_
- Fees for: water \$ \_\_\_\_\_
- heat \$ \_\_\_\_\_
- gas \$ \_\_\_\_\_
- cable/digital/satellite \$ \_\_\_\_\_
- Any occupancy restrictions?  Yes  No
- Any other relevant details \_\_\_\_\_

*[Signature]*  
Seller's Initials

### CONDOMINIUM PROPERTY APPENDIX

This Appendix forms part of the MLS® Listing Contract/  
Exclusive Seller Brokerage Agreement # WK081120 WK

- Name of project River Ridge Estates
- Municipal address (including suite #) 4435 29 River Ridge Dr - NW
- Condominium plan(s) 0512634
- Condominium plan(s) of redivision, if applicable \_\_\_\_\_
- Legal unit #(s) 323
- Parking stall(s) owned  leased \_\_\_\_\_ assigned \_\_\_\_\_
- Legal parking unit(s) \_\_\_\_\_
- Stall #(s) 1
- Storage unit(s) owned  leased \_\_\_\_\_ assigned \_\_\_\_\_
- Legal storage unit(s) 1
- Locker #(s) \_\_\_\_\_
- Condominium type: conventional \_\_\_\_\_
- Bare land (creating a lot) \_\_\_\_\_

#### Important Information (as per clause 11.1(b) of the Seller Brokerage Agreement):

- a copy of the registered condominium plan
- a copy of the current bylaws of the corporation
- a copy of the most recent financial statements, if any, of the corporation
- a copy of the budget of the corporation
- a statement setting out the amount of the monthly contributions (condominium fees) and the basis on which that amount was determined
- a copy of any minutes of proceedings of a general meeting of the corporation or of the board for the past 12 months
- a copy of any special resolutions
- a copy of the insurance certificate
- a copy of any lease agreement or exclusive use agreement with respect to the possession of a portion of the common property, including a parking stall or storage unit
- the particulars of, or a copy of, any subsisting management agreement
- the particulars of, or a copy of, any subsisting recreational agreement
- a statement setting out structural deficiencies that the corporation has knowledge of at the time of the request in any of the buildings that are included in the condominium plan
- a statement setting out the amount of the capital replacement reserve fund
- a copy of the most recent reserve fund report
- a copy of the most recent reserve fund plan
- the particulars of any post tensioned cables located anywhere on or within the Property
- a statement setting out the amount of any contributions due and payable in respect of a unit
- the particulars of any action commenced against the corporation and served on the corporation
- the particulars of any unsatisfied judgment or order for which the corporation is liable
- the particulars of any written demand made on the corporation for an amount in excess of \$5,000 that, if not met, may result in an action being brought against the corporation

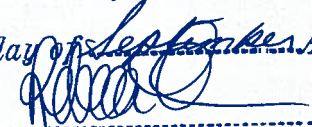
The Important Information (referred to in the Purchase Contract as the "Documents")  
will be required by the buyer as a condition of sale.

*[Signature]*  
Seller's Initials

# MACK MEAGHER LLP

Barristers  
1610, 717 – 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 0Z3  
Telephone: 403-221-8326  
Facsimile: 403-270-3278

PERRY R. MACK, Q.C.  
Direct Line: 403-221-8338  
Email: mack@mackmeagher.com  
Our File No: 5169 PRM

*THIS IS EXHIBIT " H "*  
*referred to in the Affidavit of*  
*Tyrone Schneider*  
*Sworn before me this 27*  
*day of September A.D. 2010*  


A COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA  
**Rebecca Lewis**  
Barrister & Solicitor

September 14, 2010

*Via Email: david.mann@fmc-law.com*  
Fraser Milner Casgrain LLP  
Barristers and Solicitors  
15<sup>th</sup> Floor, Bankers Court  
850 – 2<sup>nd</sup> Street SW  
Calgary AB T2P 0R8

*Attention: David W. Mann*

*Via Email: cgyinfo@rsmrichter.com*  
RSM Richter Inc.  
Bow Valley Square 2  
3810, 205 – 5<sup>th</sup> Avenue SW  
Calgary, AB T2P 2V7

*Attention: Lynda Huber*

Dear Sir and Madam:

**RE: Medican Group of Companies**  
**Claim by the Owners: Condominium Plan No. 9812528 (Sierras of Heritage)**

---

Further to my letter of August 10, 2010 and my discussions with Mr. Mann, I enclose the claim form completed by the President of the Condominium Corporation.

As I indicated in my voice mail message to Mr. Mann today, the claim form has been prepared at the number in the underlying statement of claim which claims damages estimated at \$5,000,000.00.

I expect the actual amount of the claim will be lower and I attach some schedules indicating amounts expended to date in repairs to the project. There are ongoing costs

associated with this claim however we expect that the ultimate amount of the claim will be lower than the amount in the statement of claim.

I am collecting the invoices described in the attached schedules and will forward them in due course.

I trust this is the information you require.

Mr. Mann, I look forward to hearing from you as to next steps which I presume will include an order of the court confirming the allowance of the late filing of this claim.

Yours truly,

**MACK MEAGHER LLP**

**PERRY R. MACK, Q.C.**

PRM/hc  
Enclosures

SCHEDULE "B"

Action No. 1001-07852

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

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND THE  
JUDICATURE ACT, R.S.A. 2000, c. J-2, AS AMENDED.

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE - FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER - MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.

Proof of Claim  
For Claims Arising Before May 26, 2010  
(See Reverse for Instructions)

Regarding the claim of Condominium Cooperation Plan 981252P (referred to in this form as "the creditor").  
(name of creditor)

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

Mack Meagher LLP  
1610, 717 7th Ave S.W. Calgary Alberta

Telephone: 403-221-8338 Fax: 403-270-3278

I, Rose Alford (name of person signing claim) residing in the \_\_\_\_\_ (city, town, etc.)

of Calgary Alberta (name of city, town, etc.) in the Province of \_\_\_\_\_

Do hereby certify that:

I am the creditor

or

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

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

3. Check box of appropriate CCAA debtor that your claim is against:

- Medican Holdings Ltd.
- R7 Investments Ltd.
- Medican Concrete Inc.
- 1144233 Alberta Ltd.
- 9150-3755 Quebec Inc.
- Axxess (Sylvan Lake) Developments Ltd.
- Elements (Grande Prairie) Developments Ltd.
- Lake Country (Sitara) Developments Ltd.
- Medican (Grande Prairie) Holdings Ltd.
- Medican (Lethbridge - Fairmont Park) Developments Ltd.
- Medican (Sylvan Lake) Developments Ltd.
- Medican (Westbank) Land Ltd.
- Medican Developments (Medicine Hat Southwest) Inc.
- Medican Equipment Ltd.
- Medican General Contractors Ltd.
- Riverstone (Medicine Hat) Developments Ltd.
- Sierras Of Eaux Claires (Edmonton) Developments Ltd.
- Sylvan Lake Marina Developments Ltd.
- The Legend (Winnipeg) Developments Ltd.

- Medican Developments Inc.
- Medican Construction Ltd.
- 1090772 Alberta Ltd.
- 1344241 Alberta Ltd.
- Axxess (Grande Prairie) Developments Ltd.
- Canvas (Calgary) Developments Ltd.
- Homes By Kingsland Ltd.
- Medican (Edmonton Terwillegar) Developments Ltd.
- Medican (Kelowna Move) Developments Ltd.
- Medican (Red Deer - Michener Hill) Developments Ltd.
- Medican (Westbank) Development Ltd.
- Medican Concrete Forming Ltd.
- Medican Enterprises Inc. / Les Entreprises Medican Inc.
- Medican Framing Ltd.
- Medican General Contractors 2010 Ltd.
- Sanderson Of Fish Creek (Calgary) Developments Ltd.
- Sonata Ridge (Kelowna) Developments Ltd.
- The Estates Of Valleydale Developments Ltd.
- Watercrest (Sylvan Lake) Developments Ltd.

The CCAA Debtor (check appropriate box above) was, as at May 26, 2010, and still is indebted to the creditor in the sum of \$5,000,000.00 <sup>estimated</sup> CDN as shown by the statement of account attached hereto and marked "Schedule A". Claims should not include the value of goods and/or services supplied after May 26, 2010. If a creditor's claim is to be reduced by deducting any counter claims to which the CCAA Debtor is entitled and/or amounts associated with the return of equipment and/or assets by the CCAA Debtor, please specify.

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

4.  Unsecured claim. \$ 5,000,000.00 In respect to the said debt, the creditor does not and has not held any assets of as security.
- Secured claim. \$ \_\_\_\_\_ In respect of the said debt, the creditor holds assets valued at \$ \_\_\_\_\_ as security:

Provide full particulars of the security, including the date on which the security was given and the value at which the creditor assesses the security together with the basis of valuation, and attach a copy of the security documents as Schedule "B".

Dated at Calgary, this 12 day of Sept, 2010.

Witness [Signature]  
Insert city and date of signature

[Signature]  
(signature of individual completing the form)

Must be signed and witnessed

\* The claim is for damages as set out in Q.B. Action No 0901-06398. Copies of the pleadings, ie the Statement of Claim and Statement of Defence have previously been provided. Expenses to date

**Vendor Ledger**  
 Property=9370  
 Account=5901  
 mm/yy=01/2009 - 09/2010

Description	Tran#	Condomini	Invoice Date	Account	Invoice Number	Amount	Unpaid Amount	Check#	Check Date
(mold) - Mold Squad Corpo									
proj#1368.01 - gen requi	P-73119	9370	08/31/2009	5901	726	108,911.71	0.00	345	10/09/2009
2009 parkade rprs/exteri	P-74298	9370	09/28/2009	5901	742	109,911.66	0.00	371	11/05/2009
2009 parkade rprs/exteri	P-74299	9370	09/28/2009	5901	749	26,894.57	0.00	371	11/05/2009
2009 parkade rprs/exteri	P-75785	9370	10/31/2009	5901	804	109,911.77	0.00	387	12/03/2009
2009 parkade rprs/exteri	P-78033	9370	12/10/2009	5901	801.46	111,003.03	0.00	421	01/27/2010
holdback for nvs#726/74	P-78034	9370	12/15/2009	5901	801.53	51,959.19	0.00	422	01/30/2010
crack rpr of underground	P-83008	9370	02/28/2010	5901	526.17	5,228.31	0.00	485	05/12/2010
interior parkade crack r	P-83009	9370	01/31/2010	5901	876	17,730.55	0.00	485	05/12/2010
interior parkade crack r	P-83010	9370	02/28/2010	5901	526.18	9,387.43	0.00	485	05/12/2010
signage-non potable wat	P-83011	9370	03/19/2010	5901	51036	130.86	0.00	485	05/12/2010
signage-non potable wat	P-83011	9370	03/19/2010	5901	51036	14.54	0.00	536	07/19/2010
phase 2 - 2009 parkade/	P-84014	9370	04/30/2010	5901	51064	175,424.39	0.00	512	06/14/2010
phase 2 - 2009 parkade/	P-84015	9370	04/30/2010	5901	51065	14,314.07	0.00	512	06/14/2010
progress#3	P-86752	9370	05/31/2010	5901	51108	175,426.28	0.00	559	08/11/2010
progress#4	P-86753	9370	05/31/2010	5901	51109	122,855.62	0.00	559	08/11/2010
<b>Total (mold) - Mold Squ</b>						<b>1,040,103.9</b>	<b>0.00</b>		
						<b>1,040,103.9</b>	<b>0.00</b>		

**Vendor Ledger**  
 Property=9370  
 Account=5901  
 mm/yy=01/2009 - 09/2010

Description	Tran#	Condomini	Invoice Date	Account	Invoice Number	Amount	Unpaid Amount	Check#	Check Date
(magp) - Magple Mechanic									
20 a/c units remove for c	P-84013	9370	04/06/2010	5901	0974	3,402.00	0.00	509	06/02/2010
#104-unhooked a/c units	P-84885	9370	04/30/2010	5901	0967	498.75	0.00	522	06/21/2010
#106-unhooked a/c units	P-84886	9370	04/30/2010	5901	0968	393.75	0.00	522	06/21/2010
#108-unhooked a/c units	P-84887	9370	04/30/2010	5901	0969	393.75	0.00	522	06/21/2010
#110-unhooked a/c units	P-84888	9370	04/30/2010	5901	0970	393.75	0.00	522	06/21/2010
#112-unhooked a/c units	P-84889	9370	04/30/2010	5901	0971	414.75	0.00	522	06/21/2010
#114-unhooked a/c units	P-84890	9370	04/30/2010	5901	0972	414.75	0.00	522	06/21/2010
#118-unhooked a/c units	P-84891	9370	04/30/2010	5901	0973	404.25	0.00	522	06/21/2010
Total (magp) - Magple M						6,315.75	0.00		
						6,315.75	0.00		

**Vendor Ledger**  
 Property=9370  
 Account=5901  
 mm/yy=01/2009 - 09/2010

<u>Description</u>	<u>Tran#</u>	<u>Condomini</u>	<u>Invoice Date</u>	<u>Account</u>	<u>Invoice Number</u>	<u>Amount</u>	<u>Unpaid Amount</u>	<u>Check#</u>	<u>Check Date</u>
(amvm) - AMVM Concrete remove paving stones/w	<u>P-66804</u>	<u>9370</u>	<u>04/21/2009</u>	<u>5901</u>	<u>2324</u>	<u>6,090.00</u>	<u>0.00</u>	<u>262</u>	<u>05/08/2009</u>
Total (amvm) - AMVM C						<u>6,090.00</u>	<u>0.00</u>		
						<u>6,090.00</u>	<u>0.00</u>		



**Vendor Ledger**  
 Property=9370  
 Account=5901  
 mm/yy=01/2009 - 09/2010

<u>Description</u>	<u>Tran#</u>	<u>Condomini</u>	<u>Invoice Date</u>	<u>Account</u>	<u>Invoice Number</u>	<u>Amount</u>	<u>Unpaid Amount</u>	<u>Check#</u>	<u>Check Date</u>
(cartl) - Cartwright Lighting exterior lights	<u>P-74855</u>	<u>9370</u>	<u>11/03/2009</u>	<u>5901</u>	<u>B89547</u>	<u>6,540.81</u>	<u>0.00</u>	<u>378</u>	<u>11/17/2009</u>
Total (cartl) - Cartwright						<u>6,540.81</u>	<u>0.00</u>		

**Vendor Ledger**  
 Property=9370  
 Account=5901  
 mm/yy=01/2009 - 09/2010

Description	Trans#	Condomini	Invoice Date	Account	Invoice Number	Amount	Unpaid Amount	Check#	Check Date
(build) - Building Science +									
1368.01-parkade leak	P-63828	9370	01/26/2009	5901	0905718	1,210.13	0.00	200	02/13/2009
1368.01-parkade leak	P-64629	9370	02/26/2009	5901	0909769	1,111.72	0.00	223	03/16/2009
1368.01-parkade leak	P-65606	9370	03/26/2009	5901	0913810	1,312.29	0.00	236	04/01/2009
parkade leak	P-66778	9370	04/24/2009	5901	0917892	3,074.51	0.00	263	05/06/2009
legal investigation	P-66779	9370	04/24/2009	5901	0917891	338.63	0.00	263	05/06/2009
1368.02 - legal investiga	P-67904	9370	05/25/2009	5901	0922916	184.80	0.00	270	06/02/2009
1368.01-parkade lead	P-67905	9370	05/25/2009	5901	0922915	5,102.69	0.00	270	06/02/2009
parkade leak	P-69030	9370	06/24/2009	5901	0926 955	10,345.76	0.00	293	06/30/2009
legal investigation 1368.	P-70374	9370	07/23/2009	5901	0930 028	386.93	0.00	309	07/31/2009
parkade leak-b&w copie	P-70375	9370	07/23/2009	5901	0930 027	3,959.58	0.00	309	07/31/2009
parkade leak (project#13	P-71573	9370	08/25/2009	5901	0935 092	5,192.88	0.00	326	09/04/2009
legal investigation 1368-	P-73390	9370	09/24/2009	5901	0939 139	189.00	0.00	347	10/16/2009
concrete testing 1368.01	P-73391	9370	09/24/2009	5901	0939 138	57.33	0.00	347	10/16/2009
parkade leak 1368.01	P-73392	9370	09/24/2009	5901	0939 137	12,204.51	0.00	347	10/16/2009
parkade leak 1368.01	P-74091	9370	10/23/2009	5901	0943 213	7,477.07	0.00	370	10/30/2009
legal investigation 1368.	P-74092	9370	10/23/2009	5901	0943 214	811.13	0.00	370	10/30/2009
parkade leak	P-76333	9370	11/25/2009	5901	0948 256	4,832.60	0.00	400	12/15/2009
parkade leak mech cons	P-76334	9370	11/25/2009	5901	0948 257	507.68	0.00	400	12/15/2009
legal investigation	P-76335	9370	11/25/2009	5901	0948 258	590.63	0.00	400	12/15/2009
parkade leak - site revie	P-77502	9370	01/05/2010	5901	1001 343	11,317.04	0.00	417	01/15/2010
parkade leak-drawing re	P-77677	9370	01/06/2010	5901	1001 344	10,651.20	0.00	423	01/28/2010
parkade leak-drawing re	P-78142	9370	01/25/2010	5901	1003 357	5,892.08	0.00	423	01/28/2010
parkade leak mech cons	P-78143	9370	01/25/2010	5901	1003 358	65.63	0.00	423	01/28/2010
legal investigation	P-78144	9370	01/25/2010	5901	1003 359	1,673.07	0.00	423	01/28/2010
parkade leak (phase 2/3	P-80057	9370	02/24/2010	5901	1008 428	4,270.56	0.00	446	03/10/2010
parkade leak	P-81206	9370	03/24/2010	5901	1012 452	7,107.45	0.00	471	04/06/2010
parkade leak mech cons	P-81214	9370	03/24/2010	5901	1012 453	78.75	0.00	471	04/06/2010
parkade leak - phase 3	P-82466	9370	04/23/2010	5901	1017 535	8,329.94	0.00	484	05/03/2010
parkade leak	P-84623	9370	05/27/2010	5901	1021 569	4,509.54	0.00	514	06/14/2010
parkade leak mech cons	P-84624	9370	05/27/2010	5901	1021 570	157.50	0.00	514	06/14/2010
parkade leak - drawing r	P-85748	9370	06/24/2010	5901	1025 618	7,674.27	0.00	533	07/12/2010
parkade leak mech cons	P-85749	9370	06/24/2010	5901	1025 619	330.75	0.00	533	07/12/2010
deficiency report	P-85750	9370	06/24/2010	5901	1025 620	756.00	0.00	533	07/12/2010
parkade leak	P-87567	9370	07/23/2010	5901	1029677	9,870.26	0.00	565	08/20/2010
Total (build) - Building S						131,573.91	0.00		
						131,573.91	0.00		

not yet paid!

INV. 10341-725      15,881.04  
 INV. 1034-726      1,111.69  
 INV. 1034-727      362.25  
14,354.98

total: \$ 48,928.89

**BUILDING SCIENCE**  
+ ARCHITECTURE Ltd

Invoice # 1034 725

Invoice Date: 8/26/2010

Bill To: Sierras of Heritage Condominium  
c/o Simco Management  
2-11410 27 Street SE  
Calgary, AB T2Z 3R6

Proj. Manager: RE
P.O. No.:
Terms: Due on receipt

Project: 1368.01 - Parkade Leak

Description	Budget	Prev. Invd.	Current %	This Month
Drawing Review - Budget \$2500, previously billed	0.00			0.00
Tender Package - Budget \$10,000.00 previously billed	0.00			0.00
Tender Phase - Budget \$5000.00 previously billed	0.00			0.00
Contract Admin - Budget \$25,000.00 previously billed	0.00			0.00
Phase 1 - Budget \$10,000.00, previously billed \$9279.50	720.50	720.50	0.00%	0.00
Phase 2	10,000.00	10,000.00	0.00%	0.00
Phase 3	25,000.00	25,000.00	0.00%	0.00
Phase 3 (Part 2) Project Completion Disbursements	45,500.00	15,000.18	32.97%	15,000.00
Project Mileage (208 kms @ \$0.60/km)	0.00			0.00
				124.80

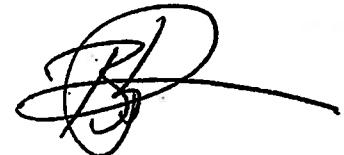
RECEIVED AUG 27 2010

GST Registration Number: 880281001

Subtotal	\$15,124.80
GST	\$756.24
Payments/Credits	\$0.00

**Total Amount Due \$15,881.04**

9370	5901
CHQ #: _____	
CHQ DATE _____	
PM APPROVAL: _____	



Box No. 345, 305 - 4625 Varsity Drive N.W. Calgary, Alberta T3A 0Z9  
Phone 403-543-2255 Fax 403-289-2289 Email: general@bsaa.ca Website: www.bsaa.ca

R.S. (Bob) Passmore, M.A.A.A., M.A.I.B.C.

**BUILDING SCIENCE**  
+ ARCHITECTURE Ltd

Invoice # 1034 726

Invoice Date: 8/26/2010

Bill To: Sierras of Heritage Condominium  
c/o Simco Management  
2-11410 27 Street SE  
Calgary, AB T2Z 3R6

Proj. Manager: RE
P.O. No.:
Terms: Due on receipt

Project: 1368.01.2 - Parkade Leakage Mech. Cons.

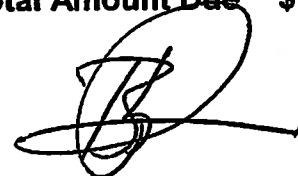
Description	Qty	Rate	Amount
Roof Inspections - July 5 & 8	2	195.00	390.00
Concrete testing	1	668.75	668.75

RECEIVED AUG 27 2010

9370	5901
CHQ #: _____	
CHQ DATE _____	
PM APPROVAL: _____	

GST Registration Number - 880281001

Subtotal	\$1,058.75
GST	\$52.94
Payments/Credits	\$0.00
<b>Total Amount Due</b>	<b>\$1,111.69</b>



Box No. 345, 305 - 4625 Varsity Drive N.W. Calgary, Alberta T3A 0Z9  
Phone 403-543-2255 Fax 403-289-2289 Email: general@bsaa.ca Website: www.bsaa.ca

R.S. (Bob) Passmore, M.A.A.A., M.A.I.B.C.

**BUILDING SCIENCE**  
+ ARCHITECTURE Ltd

Invoice # 1034 727

Invoice Date: 8/26/2010

Bill To: Sierras of Heritage Condominium  
c/o Simco Management  
2-11410 27 Street SE  
Calgary, AB T2Z 3R6

Project: 1368.03 - Additional Service

Proj. Manager: RE
P.O. No.:
Terms: Due on receipt

Description	Qty	Rate	Amount
R. Eshaghurshan, Architect	2.3	150.00	345.00

RECEIVED AUG 27 2010

9370

5901

CHQ #: \_\_\_\_\_

CHQ DATE \_\_\_\_\_

PM APPROVAL: \_\_\_\_\_

Subtotal	\$345.00
GST	\$17.25
Payments/Credits	\$0.00
<b>Total Amount Due</b>	<b>\$362.25</b>

GST Registration Number - 880281001



Box No. 345, 305 - 4625 Varsity Drive N.W. Calgary, Alberta T3A 0Z9  
Phone 403-543-2255 Fax 403-289-2289 Email: general@bsaa.ca Website: www.bsaa.ca

R.S. (Bob) Passmore, M.A.A.A., M.A.I.B.C.

Action No. 1001-07852  
Deponent: Tyrone Schneider  
Date Sworn: September 27, 2010

---

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

---

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND *THE JUDICATURE ACT*, R.S.A. 2000, c. J-2, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MEDICAN HOLDINGS LTD., MEDICAN DEVELOPMENTS INC., R7 INVESTMENTS LTD., MEDICAN CONSTRUCTION LTD., MEDICAN CONCRETE INC., 1090772 ALBERTA LTD., 1144233 ALBERTA LTD., 1344241 ALBERTA LTD., 9150-3755 QUEBEC INC., AXCESS (GRANDE PRAIRIE) DEVELOPMENTS LTD., AXCESS (SYLVAN LAKE) DEVELOPMENTS LTD., CANVAS (CALGARY) DEVELOPMENTS LTD., ELEMENTS (GRANDE PRAIRIE) DEVELOPMENTS LTD., HOMES BY KINGSLAND LTD., LAKE COUNTRY (SITARA) DEVELOPMENTS LTD., MEDICAN (EDMONTON TERWILLEGAR) DEVELOPMENTS LTD., MEDICAN (GRANDE PRAIRIE) HOLDINGS LTD., MEDICAN (KELOWNA MOVE) DEVELOPMENTS LTD., MEDICAN (LETHBRIDGE - FAIRMONT PARK) DEVELOPMENTS LTD., MEDICAN (RED DEER - MICHENER HILL) DEVELOPMENTS LTD., MEDICAN (SYLVAN LAKE) DEVELOPMENTS LTD., MEDICAN (WESTBANK) DEVELOPMENT LTD., MEDICAN (WESTBANK) LAND LTD., MEDICAN CONCRETE FORMING LTD., MEDICAN DEVELOPMENTS (MEDICINE HAT SOUTHWEST) INC., MEDICAN ENTERPRISES INC. / LES ENTREPRISES MEDICAN INC., MEDICAN EQUIPMENT LTD., MEDICAN FRAMING LTD., MEDICAN GENERAL CONTRACTORS LTD., MEDICAN GENERAL CONTRACTORS 2010 LTD., RIVERSTONE (MEDICINE HAT) DEVELOPMENTS LTD., SANDERSON OF FISH CREEK (CALGARY) DEVELOPMENTS LTD., SIERRAS OF EAUX CLAIRES (EDMONTON) DEVELOPMENTS LTD., SONATA RIDGE (KELOWNA) DEVELOPMENTS LTD., SYLVAN LAKE MARINA DEVELOPMENTS LTD., THE ESTATES OF VALLEYDALE DEVELOPMENTS LTD., THE LEGEND (WINNIPEG) DEVELOPMENTS LTD., and WATERCREST (SYLVAN LAKE) DEVELOPMENTS LTD.**

The Petitioners

---

**AFFIDAVIT**

---

**FRASER MILNER CASGRAIN LLP**

Barristers and Solicitors  
15<sup>th</sup> Floor Bankers Court  
850 2 Street SW  
Calgary, Alberta T2P 0R8

---

Solicitors: David W. Mann/Rebecca L. Lewis  
Telephone: (403) 268-7097/(403) 268-6354  
Facsimile: (403) 268-3100  
File: 526686-1