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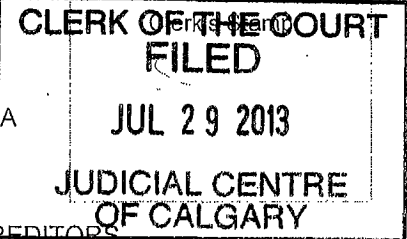
1201-05843

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY



IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, RSC 1985, c-36, AS AMENDED AND IN
THE MATTER OF UBG BUILDERS INC., ALBERTA BUILDERS
CAPITAL INC., ALPINE HOMES (2006) INC., AMERICAN
BUILDERS CAPITAL (US) INC., EGewater AT GRIESBACH
INC., ELITE HOMES (2006) LTD., EVOLUTION BY
GREENBORO INC., GREENBORO COMMUNITIES (2006) INC.,
GREENBORO ESTATE HOMES (2006) LTD., GREENBORO
HOMES (2006) LTD., GREENBORO LUXURY HOMES INC.,
HIGH POINTE INC., MOUNTAINEERS VILLAGE (2006) INC.,
MOUNTAINEERS VILLAGE II INC., ORIGINS AT CRANSTON
INC., SOUTH TERWILLEGAR VILLAGE INC., THE BRIDGES
MANAGEMENT INC., THE LEDGES INC., TIMBERLINE
LODGES (2006) INC., TODAY'S COMMUNITIES (2006) INC.,
TODAY'S HOMES (2006) INC., TUSCANY DEVELOPMENTS
(2006) INC., UBG ALBERTA BUILDERS (2006) INC., UBG
ALPINE HOMES (2006) LTD., UBG BRIDGES INC., UBG
BUILDERS (USA) INC., UBG COMMERCIAL INC., UBG LAND
INC., UBG LOT DEPOSIT CORP., UBG 4500 CALGARY INC.,
UBG 75 CANMORE INC., UBG 808 CALGARY INC., UNITY
INVESTMENTS (2012) INC., VALMONT AT ASPEN STONE
INC., VALOUR PARK AT CURRIE INC., VILLAGE AT THE
HAMPTONS INC., VILLAGE ON THE PARK INC.,
WILDERNESS HOMES BY RIVERDALE INC., WILDERNESS
RIDGE AT STEWART CREEK INC. (COLLECTIVELY, THE
"UBG GROUP OF COMPANIES")

DOCUMENT

TWELFTH REPORT OF ERNST & YOUNG INC. AS CCAA
MONITOR OF THE UBG GROUP OF COMPANIES

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

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INTRODUCTION

1. On May 9, 2012, the Court of Queen's Bench of Alberta ("Court") issued an order ("Initial Order") granting the UBG Group of Companies ("UBG" or the "Company") protection pursuant to the *Companies' Creditors Arrangement Act* ("CCAA") (the "CCAA Proceedings"). Ernst & Young Inc. ("EY") was appointed monitor ("Monitor") under the Initial Order.
2. Since the date of the Initial Order the Monitor has filed eleven reports plus two project-specific reports in these CCAA Proceedings in connection with various Court applications made by UBG including obtaining approval for various Protocols for interim financing with several of the Company's lenders.
3. Pursuant to a Court Order made on June 17, 2013, the stay of proceedings under the Initial Order was extended to September 20, 2013.
4. The primary purposes of the CCAA Proceedings are to protect UBG's business and operations, to allow UBG an opportunity to realize value from its construction and development projects and to facilitate a restructuring of its credit facilities, all under a court-supervised process.
5. Capitalized terms not defined in this twelfth report are as defined in all Reports and orders previously issued in respect of these CCAA Proceedings.

Purpose of this Report

6. The purpose of this twelfth report ("Report") is to inform this Honourable Court of certain issues relating to the Directors' and Officers' Indemnification and Charge, the Administration Charge and the CWB Charge (the "Priority Charges") and respectfully recommend that this Honourable Court make orders:
 - a) Approving the sale of the property owned by Edgewater at Griesbach Limited Partnership ("Edgewater at Griesbach") located in Edmonton to Paycon Holdings Ltd. ("Paycon") and vesting in Paycon as of closing, title to Edgewater at Griesbach, free and clear of all liens, charges, security interests and encumbrances other than those as set out in the purchase and sale agreement, and directing Alberta Land Titles to register title to Edgewater at Griesbach in the name of Paycon or in that of its nominee; and
 - b) Vesting the lands owned by Valour Park at Currie Limited Partnership (the "Valour Park Project") to Canadian Western Bank or its nominee ("CWB");

Terms of Reference

7. In developing this Report, the Monitor has relied upon unaudited financial information prepared by the Company's management, the Company's books and records and discussions with its management. The Monitor has not performed an audit or other verification of such information. An examination of the Company's financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material, and

as such the Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in preparing this Report.

Currency

8. All currency references in this Report are in Canadian dollars.

BACKGROUND

Overview

9. UBG is a real estate development group overseeing various homebuilder companies. UBG is involved in residential and commercial real estate development in Alberta and real estate investment through its investment arms, Unity Investments (2012) Inc. ("Unity Investments"), Alberta Builders Capital Inc. ("ABC Capital") and American Builders Capital (US) Inc. ("ABC US Capital"). UBG was previously involved in residential real estate in Colorado Springs, Colorado, and San Antonio, Texas; however, all operations in the United States have been discontinued.
10. The Company's corporate headquarters is located in Calgary, Alberta, as is the managerial and administrative staff. Additional employees are located in Edmonton and at various project sites.
11. Considerable background detail and materials were included in the Monitor's Second Report and in the May 8, 2012 affidavit of Robert Friesen (the "May 8th Friesen Affidavit") filed in these CCAA Proceedings.

EDGEWATER AT GRIESBACH

12. Edgewater at Griesbach is a 6.5 acre site. UBG has purchased one half of the site and retains an option to purchase the other half. The payment on the other half was due in March 2013 and UBG did not have funds available to purchase the remaining half of the lands.
13. Canada ICI Capital Corporation ("ICI") financed the purchase of the first half of the site, holds a first charge security against the lands and is owed approximately \$1.7million. Paycon is UBG's partner on the Griesbach project and together with Greenboro Communities Limited Partnership ("Greenboro Communities LP") are limited partners of Edgewater at Griesbach. Paycon invested approximately \$1.1 million in Griesbach.
14. UBG has been unable to obtain financing and develop this project. Paycon advised the Monitor that it was interested in purchasing the project. Over the past several months, UBG negotiated an Asset Purchase Agreement (the "Agreement") with Paycon.
15. The Monitor was provided with a recent appraisal obtained by UBG. The appraised value of the Griesbach lands is consistent with the amount being paid by Paycon for the Griesbach lands.

16. The salient terms and conditions of the Agreement are as follows:
 - a) The aggregate purchase price is \$2,030,000 which includes the lands owned by UBG and all development plans, reports, surveys and permits related to such lands;
 - b) Paycon will assume the amount owed to ICI including interest, legal fees and transfer costs;
 - c) Paycon will pay the outstanding property taxes and assume the approximately \$193,000 owed to Trade creditors who provided certain materials and services to the Griesbach project; and
 - d) Borrower's Costs of \$61,500 will be paid.
17. The Monitor understands that Paycon has made appropriate arrangements with Canada Lands Corporation ("CLC"), the owner of the development site, in respect of the remaining one half of the development site.
18. The Monitor respectfully recommends that this Honourable Court make an order approving the sale of Griesbach to Paycon for the following reasons:
 - a) The purchase price being paid by Paycon is substantially consistent with the appraised value of the portion of the site owned by UBG;
 - b) ICI agrees with the sale and the assumption of its debt by Paycon;
 - c) Amounts owed to the Griesbach Trade creditors will be paid in full;
 - d) CLC supports the sale to Paycon; and
 - e) Borrower's Costs will be paid from the sales proceeds consistent with sales proceeds in respect of other sales by UBG in these CCAA Proceedings, to assist with UBG's ongoing restructuring efforts.

VALOUR PARK AT CURRIE BARRACKS

Background

19. The project known as Valour Park is a three-phase town home development located in the Currie Barracks area of Calgary. Phase 1 comprises nine units of which eight were pre-sold. The nine units were under construction up to May 9, 2012.
20. Phase 2 comprises 15 town homes. UBG pre-sold eight of the 15 units in Phase 2. Construction on this phase has not commenced. Lands had not yet been purchased by UBG in respect of Phase 3.
21. CWB is providing the financing on this project and Unity Investments is a partner in this project. The CWB Protocol was approved by this Honourable Court on October 17, 2012.

22. In previous reports the Monitor advised that following a detailed review of the project it was determined that the project as planned was uneconomic and that in order to make Valour Park economic for the benefit of CWB, Unity Investments and the Trades, Valour Park must be built under a much different pricing structure.
23. Therefore disclaimer notices (the "Disclaimer Notices") were issued to all eight purchasers of units in Phase I of the Valour Park Project. Only one of these parties filed an objection to the Disclaimer Notice. The objection application was adjourned so the parties could explore a re-pricing alternative.
24. CWB continued to advance funds; however, UBG was forced to retender certain aspects of Valour Park resulting in significant increased costs to complete. Consequently, UBG determined that regardless of an alternative pricing structure it was unable to continue to develop Valour Park. Accordingly UBG has agreed with CWB that it will surrender its interest in Valour Park to CWB. The Monitor is in support of UBG surrendering its interest in Valour Park to CWB subject to comments provided later in this report.
25. Based on the increased costs to complete construction, it is likely there is no equity in Valour Park over amounts owed to CWB. Consequently it appears that Unity Investments which is owed approximately \$4.5 million (excluding accrued interest) in respect of this project will recover nothing on its investment.

Borrower's Costs

26. As at the date of the Initial Order, many of the Company's projects were under construction. Financing was required to complete some of the projects and in that connection financing protocols were arranged with project lenders to fund the costs of completion. In all of the protocols put in place, Borrower's Costs were addressed to cover UBG's ongoing costs and disbursements of developing, constructing, marketing, selling and completing the projects.
27. There were projects in various stages of completion. Depending on the life cycle of a project the protocols established provided for Borrower's Costs to be paid from either i) draws on the financing being advanced by the lender; or ii) sales proceeds realized from closing residential unit sales. In respect of the Valour Project, the CWB Interim Financing Agreement (the "CWB Protocol") provided for a total of \$350,000 towards Borrower's Costs to be paid while Phase 1 was under construction due to the Disclaimer Notices that had been issued, UBG having to remarket the residential units for sale and because closings of residential unit sales were not anticipated for many months. A copy of the CWB Protocol is attached as Appendix "A".
28. The Borrower's Costs were capped at a maximum of \$350,000 for Phase 1 as requested by CWB. Although the costs to address Phase 1 were estimated to be much higher than \$350,000, it was anticipated that once Phase 1 was complete, Phase 2 would commence and additional costs incurred on Phase 1 could be recouped from that Phase, as Phase 2 appeared to be much more profitable than Phase 1. It was estimated that Borrower's Costs on Phase 1 and Phase 2 would approximate \$1.0 million to cover UBG's ongoing expenses in respect of Valour Park.
29. CWB has advanced \$50,000 in respect of the Borrower's Costs but has objected to paying the remaining \$300,000.

30. Although Phase 1 of the Valour Project has not been completed, significant resources were deployed towards the Valour Project by UBG, its legal counsel and the Monitor and its legal counsel including the development of new budgets and re-pricing structure, disclaiming the uneconomic purchaser contracts, meetings with each of the purchasers, ongoing meetings with the land developer, negotiating the CWB commitment letter and CWB Protocol, clarifying Alberta New Home Warranty Program's insurance obligations, arranging for an alternative insurance provider, obtaining a Court Order for subdivision, overseeing construction, establishing and undertaking a marketing program, regular correspondence and discussions with CWB and its legal counsel, etc. While no detailed costing was tracked in respect of these efforts, the Monitor believes that even on a conservative calculation of these items they are far in excess of \$350,000.
31. Moreover, should CWB not provide for its contribution to the Borrower's Costs, those costs incurred as outlined in the above paragraph, will, as a result, effectively be borne by other projects which is unfair to the stakeholders in those other respective projects.

CONCLUSION AND RECOMMENDATION

32. The quantum of Borrower's Costs established for Phase 1 of Valour Park was established to partially cover the various costs that would be incurred by UBG to address Phase 1 of the project. If the amount established is not contributed by CWB the Borrower's Costs will have to be disproportionately funded by other stakeholders.
33. It is the Monitor's view that Valour Park must contribute the established proportionate share and that \$350,000 is fair and reasonable as:
 - All other lenders in respect of UBG's projects have accepted the established amounts as a reasonable cost of UBG's CCAA Proceedings;
 - The amounts established for each of the projects were based on the lifecycle of a project and are generally proportionate among the projects;
 - The amounts established were determined at a point in time and based on an anticipated future outcome; and
 - The amounts established are not based on an allocation of effort, outcome or whether UBG or Valour Park advances any plan of arrangement or compromise.

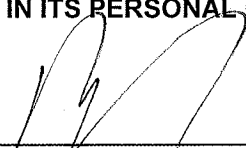
34. The Monitor respectfully recommends that this Honourable Court make orders granting the relief detailed in Paragraph 6 a) and b) of this Report.

* * *

All of which is respectfully submitted this 26th day of July 2013.

**ERNST & YOUNG INC.
IN ITS CAPACITY AS CCAA MONITOR OF
THE UBG GROUP OF COMPANIES
AND NOT IN ITS PERSONAL CAPACITY**

Per: _____


Robert J. Taylor, FCA, CIRP

INTERIM FINANCING AGREEMENT

THIS AGREEMENT made this 4th day of October, 2012

BETWEEN:

VALOUR PARK AT CURRIE LIMITED PARTNERSHIP, by its general partner, VALOUR PARK AT CURRIE INC. (the "Borrower")

OF THE FIRST PART

- and -

CANADIAN WESTERN BANK ("CWB")

OF THE SECOND PART

- and -

VALOUR PARK AT CURRIE INC. (a "Guarantor")

OF THE THIRD PART

- and -

UBG ALBERTA BUILDERS LIMITED PARTNERSHIP (a "Guarantor")

OF THE FOURTH PART.

WHEREAS CWB has made secured loans and advances to the Borrower and has been granted security from the Borrower therefor including, *inter alia*, first mortgages on the Project, including the lands and premises described in the attached Schedule "A" (the "Lands" or the "Units");

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

AND WHEREAS the Borrower has obtained a Vesting Order (the "Vesting Order") in the CCAA Proceedings on June 15th, 2012 in respect of, *inter alia*, the sale of the Units;

AND WHEREAS the Borrower has obtained a Claims Procedure Order (the "Claims Procedure Order") in the CCAA Proceedings on June 15th, 2012;

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

AND WHEREAS UBG Alberta Builders Limited Partnership and Valour Park at Currie Inc. (together the "Guarantors") have guaranteed the indebtedness of the Borrower to CWB;

AND WHEREAS capitalized terms used in this Agreement shall have the defined meanings set out in this Agreement;

AND WHEREAS CWB has agreed to refinance the principal balance, accrued interest and all other costs and charges now due or accruing due to CWB pursuant to the Credit Facilities, such that this Indebtedness will be subject to and governed by the DIP Order;

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

- (a) fund and complete construction of Phase 1, including the Phase 1 Units under construction;
- (b) close the sales of Phase 1 Units that are under contract for sale;
- (c) market and sell (and to the extent required, complete the construction thereof) the Remaining Phase 1 Units;
- (d) all with a view to expeditiously repaying the secured indebtedness owing or which may then be owing to CWB.

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

1. Defined Terms

In this Agreement, unless otherwise defined herein, capitalized terms shall have the following meanings:

"Borrower's Costs" means an amount payable to the Borrower from Draws (as defined in clause 2 hereof) for its immediate use to cover its ongoing costs and disbursements of developing, constructing, marketing, selling, and otherwise completing Phase 1 of the Project, calculated as the amount of \$50,000 per month, beginning on the date on which the first advance is made and ending on the date of closing a sale of the last Unit in Phase 1, but not to exceed in any event a maximum aggregate amount of \$350,000, or 7 months;

"Closing Costs" means all ordinary or reasonable costs of closing the sale of a Unit including, without limitation: (a) all goods and services and other applicable sales taxes, property taxes, commissions, applicable condominium or community fees, and legal fees and disbursements incurred for the sale of that Unit; and (b) such withholdings as may be customary or necessary, including to secure warranty obligations of the Borrower of 0.5% of the total sale proceeds of the Unit (provided that any amount not used for the purpose for which it is withheld shall be added to the Sale Proceeds for such Unit);

"Contract" means an unconditional bona fide agreement of purchase and sale for a Unit between the Borrower and a third party and **"Contracts"** means more than one;

"Credit Facilities" means the operating reducing demand loan (including letters of credit) granted by CWB in favour of the Borrower for the development, construction, marketing and completion of Phase 1;

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

"Indebtedness" means all amounts owing to CWB, present and future, for principal, interest and all other costs and charges, including letters of credit, pursuant to the Credit Facilities;

"Loan Documents" means collectively the commitment letters, loan documents, security documents, guarantees, mortgages and related agreements among CWB, the Borrower and the Guarantors governing the Credit Facilities, including without limitation the documents and agreements listed in Schedule "C";

"Parties" means the signatories to this Agreement, including the Monitor;

"Payables" means any amount owed by the Borrower to third parties for the provision of goods or services in respect of developing and constructing Phase 1 of the Project and all the Units thereof to their completion and, in the case of goods or services provided to the Borrower prior to May 9, 2012, where such claim has been proven in accordance with the Claims Procedure Order;

"Phase 1" means the first phase or building of the Project, comprising 9 town home units located on lands more particularly described in Schedule "A";

"Phase 2" means the second phase or building of the Project, comprising 15 town home units located on lands more particularly described in Schedule "A";

"Project" means the multi-unit residential condominium project known as "Valour Park" comprising 2 buildings with a total of 24 town home Units with parking located in the Currie Barracks area of Calgary, Alberta. The parties acknowledge the Project may ultimately consist of two (or more) separately registered condominium plans for each building and its parking stalls and the term "phases" as used in this Agreement is for convenience of reference only, with each "phase" referring to a particular building and its parking stalls;

"QS" means the quantity surveyor for the Project, namely BTY Group, or such other quantity surveyor as CWB, the Borrower and the Monitor may agree upon;

"Sale Proceeds" means the gross selling price of each Unit exclusive of GST;

"Unit" means one of the residential town home units with parking in the Project and **"Units"** means more than one; and

"Units Under Construction" means those Units listed in Schedule "D" to this Agreement.

2. CWB Indebtedness

- (a) CWB, the Borrower and the Guarantors agree that as of the date hereof the Indebtedness is \$6,587,217, plus the two letters of credit issued by CWB on behalf of the Borrower totalling

\$45,900, exclusive of accrued interest and all other costs and charges due or accruing due under and pursuant to the Credit Facilities.

- (b) CWB agrees to refinance the present Indebtedness pursuant to the Credit Facilities, provided all of the Indebtedness will be subject to and governed by the DIP Order.
- (c) Throughout the CCAA Proceedings and until the Indebtedness is repaid in full, CWB shall be entitled to charge interest on the Indebtedness to the Borrower on the terms and conditions prescribed by the Credit Facilities (the "Interest"). The Borrower shall pay Interest to CWB first out of any interest reserves of the Borrower with CWB (the "Interest Reserves") until the Interest Reserves are exhausted, after which such Interest shall be paid to CWB by the Borrower out of its cashflow.
- (d) CWB will advance the funds required to complete Phase 1 of the Project and market the Phase 1 Units Under Construction, as requested by the Borrower (the "Draws"), subject to and in accordance with the following:
 - (i) Draws will be part of the Indebtedness and will be secured by the "super-priority" charge set forth in, and otherwise governed by the provisions of, the DIP Order;
 - (ii) Draws will not exceed the allocated budget expense for Phase 1 of the Project (as confirmed by the QS);
 - (iii) the total aggregate principal amount of the Indebtedness will not exceed \$11,619,890, plus the letters of credit, and will bear interest at a rate equal to CWB's Prime Lending Rate plus 4.25% per annum, pursuant to the Credit Facilities;
 - (iv) For the sake of clarity, all fees, costs, charges and similar amounts payable by the Borrower to CWB pursuant to the original Loan Documents shall also be paid by the Borrower as part of the Indebtedness, and shall be withdrawn by CWB pursuant to the terms of the Credit Facilities;
 - (v) Draws will be used solely to pay Payables related to Phase 1 of the Project and the Phase 1 Units Under Construction;
 - (vi) The CCAA Proceedings shall have not been terminated and the stay of proceedings pursuant thereto shall be in full force and effect;
 - (vii) The status of all Loan Documents and security shall be satisfactory to CWB in its sole, absolute and unfettered discretion;
 - (viii) Draws will be against monthly Draw requests prepared by the Borrower and reviewed by the Monitor, the QS and CWB and supported by the following, satisfactory to CWB in its sole, absolute and unfettered discretion:
 - (A) detailed budget showing the original budget, revised budget, costs to date and costs to complete, for every Unit being financed;
 - (B) list of Payables, holdbacks and GST reconciliation;

- (C) compliance certificate signed by the Borrower confirming compliance with the *Builders' Lien Act* (Alberta), all applicable tax legislation and the terms and conditions of this Section 2(d);
 - (D) sales summary and summary of purchaser deposits, together with copies of Contracts;
 - (E) sub-search of the subject Units; and
 - (F) all other information CWB may require to process the Draws;
- (ix) at the request of CWB, the Borrower shall submit a copy of all cheques that will be issued along with detailed invoices supporting same. The QS and the Monitor shall review and formally approve all Draws and cheques to be presented for payment;
 - (x) all Draws shall be advanced into the Borrower's account maintained at CWB, which account will be subject to such controls and operating procedures as CWB in its sole, absolute and unfettered discretion shall determine, including without limitation regular monitoring by the Monitor;
 - (xi) the Borrower shall not further encumber any of its assets or change its ownership structure without the prior written consent of CWB, satisfactory to CWB in its sole, absolute and unfettered discretion;
 - (xii) the Borrower shall not permit or agree to any financing by other financial institutions in respect of Phase 1 without the prior written consent of CWB, satisfactory to CWB in its sole, absolute and unfettered discretion;
 - (xiii) any sale or transfer of assets or any material change in ownership of the Borrower not approved by CWB will result in the entire Indebtedness becoming due and payable at the option of CWB;
 - (xiv) CWB may perform periodic site visits of the Project and the Borrower shall provide necessary site access to complete same;
 - (xv) title to the Lands shall remain satisfactory to CWB in its sole, absolute and unfettered discretion;
 - (xvi) any breach of this Agreement shall constitute a breach and/or event of default under the Credit Facilities and the Loan Documents;
 - (xvii) any breach under the Credit Facilities or the Loan Documents occurring after the date of this Agreement shall constitute a breach under this Agreement;
 - (xviii) all Draws shall otherwise be subject to the terms and conditions set forth in the Credit Facilities.

3. Security

All of the Indebtedness will be secured by the DIP Order and the security forming part of the Loan Documents.

The security of CWB under the DIP Order and the Loan Documents for the total Indebtedness (including all Draws) will rank in priority to all CCAA Costs (including the Administration and Directors' Charges and any other DIP financing provided to any other entities in the UBG group), excluding Closing Costs (to be paid from Sale Proceeds) and Borrower's Costs (to be paid from Draws), and all amounts owing to CWB for Indebtedness will be secured by all assets of the Borrower including both the Phase 1 and Phase 2 Units.

For greater certainty, the Parties acknowledge and agree that after the Sale Proceeds from Phase 1 Units are applied to Closing Costs, and the Indebtedness, any unpaid residual of the Indebtedness will be secured by a first "super-priority" charge over Units in Phase 2, ranking in priority to all CCAA costs (including the Administration and Directors' Charges), any and all liens, any other secured creditors of the Borrower and any other future DIP lender.

4. DIP Arrangement Fee

As an incentive to CWB to provide this new financing for Phase 1, the Borrower shall forthwith after the execution and delivery of this Agreement by the Parties, and the granting of the DIP Order, pay CWB a DIP arrangement fee of \$120,000.

5. DIP Order

The Borrower shall forthwith after execution and delivery of this Agreement by the Parties, proceed in the CCAA Proceedings to seek and obtain the DIP Order, on notice to CWB, the Monitor, all parties with registrations against the Lands, Alberta New Home Warranty Program and such other parties as the Bank, the Monitor or the Court may require.

6. Future Unit Sales

- (a) The Borrower has advised that the Phase 1 Units listed in Part I of Schedule "D" to this Agreement have been sold to third parties pursuant to bona fide written contracts for sale (collectively, the "**Phase 1 Contracts**"). The Borrower agrees to provide copies of the current Phase 1 Contracts to CWB and the Monitor on or before October 15, 2012.
- (b) The Borrower has advised that the Phase 1 Units listed in Part II of Schedule "D" to this Agreement have not yet been sold and are being constructed as part of the requirements of the Project and the occupancy thereof (the "**Phase 1 Spec Units**").

- (c) The Borrower agrees to utilize diligent commercial efforts to proceed to the completion of Phase 1 of the Project, including the closing of the sales of the Phase 1 Units pursuant to the Phase 1 Contracts to the completion, sale and closing of the sales of the Phase 1 Spec Units.
- (d) The Parties agree that the Sale Proceeds from the Phase 1 Units shall be disbursed as follows:
 - (A) firstly, to the payment of Closing Costs for the Unit;
 - (B) secondly, to the repayment of the Indebtedness, including all of CWB's costs and expenses under the CCAA Proceedings, and the Borrower's Costs;
 - (C) thirdly, if any, to the Borrower for general corporate purposes.

7. Borrower's Costs

An amount of \$50,000 per month will be paid to the Borrower from Draws for Borrower's Costs, not to exceed a maximum amount of \$350,000 or 7 months, and such Borrower's Costs shall have the same priority and entitlement to payment as any other expense paid by Draws.

8. Sale and Marketing of Remaining Units in Phase 1

- (a) The Borrower, with the consent of the Monitor, shall supply a proposed listing price (the "Listing Price") for each of the Phase 1 Spec Units (the "Remaining Phase 1 Units") to CWB for its approval. CWB's approval of the Listing Prices shall be subject to the sole, absolute and unfettered discretion of CWB and may be arbitrarily and unreasonably withheld by CWB.
- (b) The Borrower, with the written consent of the Monitor, shall be entitled to enter into bona fide contracts for sale of the Remaining Phase 1 Units at a price that is equal to or greater than the Listing Price approved for that Unit, or such other price as may be approved in writing by the CWB, which price CWB may in its sole, absolute and unfettered discretion arbitrarily and unreasonably refuse to accept.
- (c) The Sale Proceeds from any Remaining Phase 1 Units shall be disbursed and applied pursuant to Section 6(d) hereof.
- (d) The Parties agree that the Borrower shall consult with CWB in respect of the sales and marketing process for the Remaining Phase 1 Units.

9. Construction and Loan Maturity

- (a) The Borrower hereby confirms that the entire Indebtedness pursuant to the terms of the Credit Facilities and this Agreement shall be repayable in full, including interest, fees

and other amounts due and owing to CWB, by no later than April 30th, 2013 (the "Maturity Date").

- (b) The Borrower shall make its best efforts on an ongoing basis to construct the Project in a timely, orderly and diligent fashion, and shall complete construction of Phase 1 of the Project by no later than the Maturity Date.
- (c) The Borrower acknowledges and agrees that its breach of sections 9(a) and 9(b) shall constitute events of default pursuant to the Loan Documents.

10. The Guarantees

The Guarantors hereby acknowledge and affirm their existing and ongoing obligations to CWB pursuant to the Guarantees for the Indebtedness under the Credit Facilities.

11. General

- (a) The Parties agree and acknowledge that this Agreement is subject to the provisions of, and compliance with, the DIP Order, which shall be in form and substance satisfactory to the Parties.
- (b) The Parties agree to use diligent commercial efforts to give full effect to the terms and conditions of this Agreement. To the extent a Party determines, acting reasonably, that Court approval is required to give effect to the provisions herein, then the other Parties covenant and agree to support any application to the Court to give effect to the terms of this Agreement.
- (c) In the event of conflict between this Agreement and the Credit Facilities, the Parties agree to resolve such conflict so as to best achieve the intention and purposes of the Credit Facilities and the first priority and security required by CWB.
- (d) This Agreement shall be construed and enforced in accordance with, and the rights of the Parties shall be governed by, the laws of the Province of Alberta.
- (e) No amendment, modification or supplement to this Agreement shall be valid or binding unless set out in writing and executed by the Parties.
- (f) Whenever necessary or appropriate in this Agreement, the plural shall be interpreted as singular, the masculine gender as feminine or neuter and vice versa.
- (g) Time shall be of the essence hereof.

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

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

**VALOUR PARK AT CURRIE LIMITED
PARTNERSHIP, by its general partner VALOUR
PARK AT CURRIE INC.**

Per: _____
Name: _____
Title: _____

CANADIAN WESTERN BANK

Per: _____
Name: _____
Title: _____

Guarantors:

**UBG ALBERTA BUILDERS LIMITED
PARTNERSHIP, by its general partner UBG
ALBERTA BUILDERS (2005) INC.**

Per: _____
Name: _____
Title: _____

VALOUR PARK AT CURRIE INC.

Per: _____
Name: _____
Title: _____

**The T
Conse
INC.**

Per: _____
Robert J. Taylor

SCHEDULE A

LANDS

A. Phase 1

PLAN 1010457

BLOCK 7

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

B. Phase 2

PLAN 1010457

BLOCK 1

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS