

September 22, 2017

To the Creditors of
Tri State Signature Homes Ltd.

Dear Sir/Mesdames:

RE: THE MATTER OF THE PROPOSAL OF TRI STATE SIGNATURE HOMES LTD.

Please find enclosed the following information as required by Section 51(1) of the *Bankruptcy and Insolvency Act*:

1. Notice of Proposal to Creditors;
2. List of Creditors;
3. A Condensed Statement of Assets and Liabilities;
4. A copy of the Proposal;
5. Trustee's Report on Proposal;
6. Proof of Claim and Form of Proxy; and;
7. Voting Letter.

As indicated in the Notice of Proposal to Creditors, a general meeting of the creditors will be held at 3rd Floor, King Edward Conference Room, Manulife Place 10180 – 101 Street, Edmonton, AB on the 6th day of October, 2017 at 10:00 a.m. The purpose of the meeting is to consider to the Proposal put forth by the Insolvent Person and to vote on the Proposal.

Creditors must lodge with the Trustee, prior to the commencement of the meeting of creditors, a proof of claim with proper supporting documentation which substantiates the amount claimed. Creditors with proven claims may vote by letter, by proxy or in person at the meeting of creditors.

If you have any questions regarding the filing of your proof of claim, proxy or voting letter or how the Proposal affects you as a creditor, we encourage you to contact the Trustee at the telephone number noted above.

Yours truly,

DELOITTE RESTRUCTURING INC.

In its capacity as Trustee in re:
The Matter of the Proposal of Tri State Signature Homes Ltd.
and not in its personal capacity

Per: 

Darren Crocker, CPA, CGA, CIRP, LIT
Senior Vice President
Deloitte Restructuring Inc.

Encl.

District of: Alberta
Division No. 01 - Edmonton
Court No. 24-2283216
Estate No. 24-2283216

FORM 92
Notice of Proposal to Creditors
(Section 51 of the Act)

In the matter of the proposal of
Tri State Signature Homes Ltd.
of the City of Edmonton, in the Province of Alberta

Take notice that Tri State Signature Homes Ltd. of the City of Edmonton in the Province of Alberta has lodged with us a proposal under the Bankruptcy and Insolvency Act.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

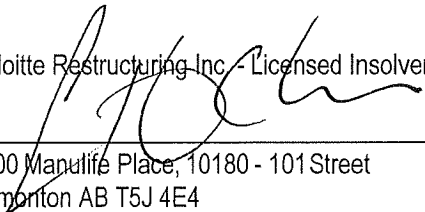
A general meeting of the creditors will be held at 3rd Floor, King Edward Conference Room, Manulife Place 10180-101 Street, Edmonton, AB on the 6th day of October 2017 at 10:00 AM.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting.

Dated at the City of Edmonton in the Province of Alberta, this 21st day of September 2017.

Deloitte Restructuring Inc. - Licensed Insolvency Trustee



2000 Manulife Place, 10180 - 101 Street
Edmonton AB T5J 4E4
Phone: (780) 401-3913 Fax: (780) 421-3782

(A form of proof of claim, a form of proxy and a voting letter should be enclosed with each notice.)

- Creditor Mailing List -

In the matter of the proposal of
Tri State Signature Homes Ltd.
of the City of Edmonton, in the Province of Alberta

| Creditor Type | Name | Attention | Address | Claim \$ |
|---------------|---|--|--|------------|
| Director | Mostafa Vahdaty | | 15723-77 Street NW Edmonton AB T5Z 2R8 | |
| Secured | Alberta New Home Warranty Program | Hugh Bourgeois, Enterprise Risk Management | Springborough Professional Building 301 30 Springborough Boulevard SW Calgary AB T3H 0N9 Fax: (403) 253-3901 hbougeois@anhwp.com | |
| | Bank Of Nova Scotia | | c/o BankruptcyHighway.com PO Box 57100 Etobicoke ON M8Y 3Y2 Fax: (416) 253-3610 bankruptcydocuments@asset.net | 1.00 |
| | Igloo Building Supplies Group Ltd. c/o Dentons | | richard.cotter@dentons.com 2900 Manulife Place, 10180-101 Street Edmonton AB T5J 3V5 | |
| | Jim Peplinski Leasing Inc. | | 3200 Bloor Street West Toronto ON M8X 1E1 | 55,913.69 |
| | KV Capital Inc. | | Suite 108, 2627 Ellwood Drive SW Edmonton AB T6X 0P7 | 676,436.67 |
| | Qualico Developments West Ltd. c/o Dentons | | richard.cotter@dentons.com 2900 Manulife Place, 10180-101 Street Edmonton AB T5J 3V5 | |
| | RBC Royal Bank c/o BDO Canada Limited | | 25 Main Street West, Suite 805 Hamilton ON L8P 1H1 Fax: (905) 570-0249 sburrowes@bdo.ca | 87,000.00 |
| | ResMor Trust Company - Toronto | Legal Department | PO Box 351, STN C Kitchener ON N2G 3Y9 Fax: (877) 349-1070 MortgageSupport@rmgmortgages.ca | 534.85 |
| | Roynat Lease Finance Inc. | Alex Jung | Metrotower 1 1500 - 4710 Kingsway Burnaby BC V5H 4M2 Fax: (866) 805-2298 | |
| | SAS Group of Companies Inc. | | 301, 1230-91 Street SW Edmonton AB T6X 0P2 | |
| | Star Prebuilt Homes Ltd. c/o Dentons | | richard.cotter@dentons.com 2900 Manulife Place, 10180-101 Street Edmonton AB T5J 3V5 | |
| Unsecured | 1826463 Alberta Ltd. o/a Jen's Services | | 9424 208 St Edmonton AB T5T 4C3 | 336.00 |
| | 1836144 Alberta Ltd. o/a Barends | | P.O. Box 79162 Sherwood Park AB T8A 5S3 | 4,940.57 |
| | 1906559 Alberta Ltd. | | PO Box 3065 Beaumont AB T4X 1K8 | 10,421.25 |
| | Access Plumbing & Heating Ltd | | 190 Carlton Drive Carlton Drive AB T8N 6W2 | 108,351.90 |
| | Ace Renovations | | 13435-66St Edmonton AB T5C 0B7 | 13,401.54 |
| | ACQBuilt Inc. | | 4303 55 Avenue Edmonton AB T6B 3S8 | 59,523.84 |
| | Action Alberta Foundation Repair | | 771 Wells Wynd NW Edmonton AB T6M 2J8 | 16,574.15 |

- Creditor Mailing List -

In the matter of the proposal of
Tri State Signature Homes Ltd.
of the City of Edmonton, in the Province of Alberta

| Creditor Type | Name | Attention | Address | Claim \$ |
|---------------|-------------------------------|-----------|---|-----------|
| Unsecured | Adecor Business Solutions | | 13050 St. Albert Trail Upper Level Edmonton AB T5L 4Y6 | 1,612.80 |
| | Alberta Concrete Pumping Ltd | | 824-78ave NW Edmonton AB T6P 1L7 | 11,802.28 |
| | All Concrete Contracting Ltd. | | #101, 9533-165 Street Edmonton AB T5P 3S4 | 5,781.54 |
| | Alta Ready Mix | | 3165 64 Avenue Nw Edmonton AB T6P 1N7 | 11,390.93 |
| | AltaGas Utilities Inc. | | 1259433-9 PO Box 2597 STN M Calgary AB T2P 0C8 | 192.03 |
| | AltaGas Utilities Inc. | | 1280823-4 PO Box 2597 STN M Calgary AB T2P 0C8 | 117.31 |
| | AltaGas Utilities Inc. | | 1280921-6 PO Box 2597 STN M Calgary AB T2P 0C8 | 255.39 |
| | AltaGas Utilities Inc. | | 1280924-0 PO Box 2597 STN M Calgary AB T2P 0C8 | 223.41 |
| | AltaGas Utilities Inc. | | 1251594-6 PO Box 2597 STN M Calgary AB T2P 0C8 | 257.81 |
| | AltaGas Utilities Inc. | | 1251598-7 PO Box 2597 STN M Calgary AB T2P 0C8 | 342.75 |
| | AltaGas Utilities Inc. | | 1251703-3 PO Box 2597 STN M Calgary AB T2P 0C8 | 134.89 |
| | Amazon Springs Water Co. Ltd. | | 43028 #103 - Bellerose Drive St. Albert AB T8N 5E1 | 23.04 |
| | Ancient Stoneworks Ltd | | 15251-75 Street Edmonton AB T5E 3L2 | 18,140.70 |
| | Aprisa Painting Inc | | 18015 107 Ave. Edmonton AB T5S 1K3 | 1,575.00 |
| | Avalanche Concrete | | 13116-83Street Edmonton AB T5E 2W6 | 6,837.60 |
| | Big John Foundations Inc. | | 5021-57 Street Beaumont AB T4X 1B9 | 7,904.93 |
| | Builders' Floor Centre Ltd. | | 118964/118965/118504 4132-99 Street NW Edmonton AB T6E 3N5 Fax: (780) 437-3293 | 22,123.54 |
| | Buildtech Resources Ltd. | | Suite 202, 10459 - 178 Street Edmonton AB T5S 1R5 | 3,087.00 |
| | Buttar Woodworks Ltd. | | 1779 28 Street NW Edmonton AB T6T 0S7 | 25,968.39 |
| | Caprus Janitorial Services | | 2932-39 Avenue Edmonton AB T6T 1L2 | 17,642.60 |
| | City of Leduc | | 011944.00 #1 Alexandra Park Leduc AB T9E 4C4 | 157.76 |

- Creditor Mailing List -

In the matter of the proposal of
Tri State Signature Homes Ltd.
of the City of Edmonton, in the Province of Alberta

| Creditor Type | Name | Attention | Address | Claim \$ |
|---------------|--|-----------|--|-----------|
| Unsecured | City of Leduc | | 011946.00 #1 Alexandra Park Leduc AB T9E 4C4 | 94.26 |
| | CityWide Mechanical | | 14135 128 Ave NW Edmonton AB T5L 3H3 | 4,731.01 |
| | Clear Skies Heating & Air Conditioning | | 3904 - 53 Avenue NW Edmonton AB T6B 3N7 | 20,686.59 |
| | Clear Skies Plumbing | | 3904-53 Ave Edmonton AB T6B 3N7 | 51,279.91 |
| | Coast Appliances | | 18503 Stony Plain Rd Edmonton AB T5S 2X6 | 6,845.45 |
| | Cosmic Closets Inc. | | 17206-107 Ave Edmonton AB T5S 1E9 | 2,054.49 |
| | Dentons Canada LLP | | 2900 Manulife Place 10180 - 101 St Edmonton AB T5J 3V5 Fax: (780) 423-7276 | |
| | Dig Dug Inc | | 15914-121A Ave Edmonton AB T5V 1B5 | 10,972.50 |
| | Direct Energy | | 760502196511 PO Box 1520, 639 5th Avenue SW Calgary AB T2P 5R6 | 119.91 |
| | Direct Energy | | 760502005332 PO Box 1520, 639 5th Avenue SW Calgary AB T2P 5R6 | 192.52 |
| | Duncan & Craig LLP | | 2800 Scotia Place 10060 Jasper Avenue Edmonton AB T5J 3V9 | 81,543.16 |
| | Dundas Appraisals Ltd. | | 153, 17008 90 Avenue Edmonton AB T5T 1L6 | 17,115.00 |
| | Durabuilt Windows & Doors | | 10920-178Street Edmonton AB T5S 1R7 | 6,358.38 |
| | Earth Works Bobcat Services Ltd. | | 37, 52063 Range Road 225 Sherwood Park AB T8C 1C3 earthworksbobcat@hotmail.com | 4,797.08 |
| | Economical Window Wells | | 3327-23 Street NW Edmonton AB T6T 0A7 | 819.00 |
| | EGM Drywall Systems Inc | | 18015 107 Ave. Edmonton AB T5S 1K3 | 45,284.09 |
| | Epcor | | 31389331 PO Box 500 Edmonton AB T5J 3Y3 | 389.38 |
| | Epcor | | 31277015 PO Box 500 Edmonton AB T5J 3Y3 | 62.88 |
| | Epcor | | 31255862 PO Box 500 Edmonton AB T5J 3Y3 | 63.40 |
| | Epcor | | 31167646 PO Box 500 Edmonton AB T5J 3Y3 | 144.99 |
| | Epcor | | 31165491 PO Box 500 Edmonton AB T5J 3Y3 | 237.18 |

- Creditor Mailing List -

In the matter of the proposal of
Tri State Signature Homes Ltd.
of the City of Edmonton, in the Province of Alberta

| Creditor Type | Name | Attention | Address | Claim \$ |
|---------------|---|-----------|--|-----------|
| Unsecured | Epcor | | 31143944 PO Box 500 Edmonton AB T5J 3Y3 | 387.40 |
| | Epcor | | 31103682 PO Box 500 Edmonton AB T5J 3Y3 | 369.17 |
| | Epcor | | 31103484 PO Box 500 Edmonton AB T5J 3Y3 | 211.82 |
| | Epcor | | 30992440 PO Box 500 Edmonton AB T5J 3Y3 | 200.16 |
| | Epcor | | 29246394 PO Box 500 Edmonton AB T5J 3Y3 | 507.98 |
| | Epcor | | 29051380 PO Box 500 Edmonton AB T5J 3Y3 | 187.64 |
| | Epcor | | 28731693 PO Box 500 Edmonton AB T5J 3Y3 | 396.35 |
| | Epcor | | 24153876 PO BOX 500 Edmonton AB T5J 3Y3 | 167.72 |
| | Executive Mat Service Ltd. | | #6, 115 28 Street S.E Calgary AB T2A 5K4 | 79.32 |
| | Expert Electrical Ltd | | 15128-32Street Edmonton AB T5Y 0N2 | 33,044.73 |
| | Extreme Excavating & Backhoe Service Ltd. | | PO Box 20029 Century PO Spruce Grove AB T7X 0S2 | 8,141.44 |
| | Fancy Doors & Mouldings Ltd | | 4421 Roper Road Edmonton AB T6B 3S5 | 22,551.00 |
| | Fast Fence Rentals Ltd. | | 12125 Mount Lawn Road Edmonton AB T5B 4J3 | 3,500.00 |
| | Fireplace By Weiss-Johnson | | 9315 63 Ave. Edmonton AB T6E 0G2 | 7,670.25 |
| | Gradex consulting ltd. | | 130 2833 Broadmoor Blvd Sherwood Park AB T8H 2H3 | 1,282.04 |
| | Gratz Weeping Tile Inc | | 53205 Range Rd. 25, RR1 Carvel AB T0E 0H0 | 1,336.94 |
| | Gulla Contracting & Consulting Ltd. | | 2225 Sasey Cres SW Edmonton AB T6W 3M6 | 6,531.00 |
| | Home Depot | | 6035294350529017 PO Box 675 Station D Scarborough ON M1R 5T4 | 4,184.17 |
| | Hydrodig | | Box 215 Bentley AB T0C 0J0 | 425.25 |
| | Icon Flooring | | 5148-75 Street Edmonton AB T6E 6W2 | 54,901.09 |
| | Igman Contracting Ltd | | 3805-49Ave Beaumont AB T4X 1Y7 | 2,318.40 |
| | International Globe Painting Ltd | | 16206-48 Street Edmonton AB T5Y 3H6 | 12,089.68 |

- Creditor Mailing List -

In the matter of the proposal of
Tri State Signature Homes Ltd.
of the City of Edmonton, in the Province of Alberta

| Creditor Type | Name | Attention | Address | Claim \$ |
|---------------|--|-----------|--|-----------|
| Unsecured | Internet Lightspeed | | 200-6960 Royal Oak Avenue Burnaby BC V5J 4J2 | 623.29 |
| | Landscaping By Gradex Ltd. | | 130, 2833 Broadmoor Blvd Sherwood Park AB T8H 2H3 | 310.72 |
| | Leduc Regional Chamber of Commerce | | 6420 50 Street Leduc AB T9E 7K9 | 170.36 |
| | Maag Concrete Ltd. | | 708 Albany Place Edmonton AB T6V 0H9 | 10,185.00 |
| | Mega Builder Inc | | 11316-37ave Edmonton AB T6J 0H5 | 7,158.77 |
| | Midwest Seasonal Services | | 13524-83 Street Edmonton AB T5E 2X3 Midwest_2009@hotmail.com | 4,725.00 |
| | Minister of Finance | | PO Box 1760 Station M Calgary AB T2P 4S4 | 955.96 |
| | Modern Kitchens & Closets (2010) Inc | | 10403-170 Street NW Edmonton AB T5P 4T2 | 56,827.49 |
| | Muscle Mudjacking | | 50178 Hwy 814 Leduc County AB T4X 0K2 | 840.00 |
| | Nava CabinetsSolutions Inc. c/o Ogilvie LLP | | Suite 1400, 10303 Jasper Avenue Edmonton AB T5J 3N6 | 18,032.30 |
| | Noranco Transport Ltd. | | P.O. BOX 3430 Spruce Grove AB T7X 3A7 | 682.50 |
| | Northsat Distribution | | 4320 Savaryn Drive SW Edmonton AB T6X 1Z9 | 241.31 |
| | Northstar Equipment Rentals | | 16060; 11-089 7028 56 Avenue Unknown AB T6B 1E4 | 3,075.16 |
| | Overhead Door Company of Edmonton | | 11703 - 160 Street Edmonton AB T5M 3Z3 | 13,722.60 |
| | Pals Geomatics Corp. | | 10704 - 176 Street NW Edmonton AB T5S 1G7 | 4,865.40 |
| | Perfect Tub And Window | | #511-17319-69 Ave Orangeville AB T5T 3S7 | 157.50 |
| | Pitney Bowes | | Po Box 190 Edmonton ON L9W 2Z6 | 226.31 |
| | Ply Gem | | 9704 12 Ave SW Edmonton AB T6X 0J5 | 204.32 |
| | PM Signs Ltd. | | 12925 148 Street Edmonton AB T5L 2H9 | 6,237.00 |
| | Primrose Developments Ltd. c/o Dentons | | richard.cotter@dentons.com 2900 Manulife Place, 10180-101 Street Edmonton AB T5J 3V5 | 6,423.95 |
| | Riva Bruno | | 12212-85 Street Edmonton AB T5S 1Z5 | 925.01 |
| | RONA Inc. | | 3111-76 Avenue Edmonton AB T6P 1T4 | 22,195.35 |
| | Ronco Doors & Distribution Ltd. | | 17206 107 Avenue Edmonton AB T5S 1E9 | 868.62 |
| | Rulam Ready Mix Inc. | | 11175-255 Street Acheson AB T7X 6C9 | 68,567.29 |
| | Sam's Furnace & Carpet Cleaning | | 16005 10 Avenue SW Edmonton AB T6W 2H1 | 2,493.75 |

- Creditor Mailing List -

In the matter of the proposal of
Tri State Signature Homes Ltd.
of the City of Edmonton, in the Province of Alberta

| Creditor Type | Name | Attention | Address | Claim \$ |
|---------------|---|-----------|--|------------|
| Unsecured | SATT Engineering Ltd. | | #207, 3132 Parson Road NW Edmonton AB T6N 1L6 | 924.00 |
| | Scamper Delivery Service Ltd. | | 40 PO Box 1522 Edmonton Main Edmonton AB T5J 2N7 | 240.45 |
| | Southside Ornamental Iron Works | | 7515-104Street Edmonton AB T6E 4C1 | 325.50 |
| | Spindle Factory | | 11319 199 Street Edmonton AB T5S 2C6 | 18,619.09 |
| | Star Prebuilt Homes Ltd. c/o Dentons | | richard.cotter@dentons.com 2900 Manulife Place, 10180-101 Street Edmonton AB T5J 3V5 | 180,537.00 |
| | Superpass Petro Canada | | 9930804019 PO Box 8500 Don Mills ON M3C 3B2 | 1,199.42 |
| | The New Home Warranty Insurance (Canada) Corp. | | Suite 301, 30 Springborough Blvd SW Calgary AB T3H 0N9 | 1.00 |
| | The Stair Shop Ltd. | | 23023 112 Avenue Edmonton AB T5S 2M4 | 2,127.30 |
| | Tiger Paw Safety Systems Inc. | | 12534 125 Street Edmonton AB T5L 0T3 | 1,575.00 |
| | Titan Excavating Ltd. | | 3015-13 Ave NW Edmonton AB T6L 3N8 | 40,801.33 |
| | Town of Beaumont | | 107660.00 5600 49 St Beaumont AB T4X 1A1 | 65.31 |
| | Trend Aurora Ltd. | | 2800, 10060 Jasper Avenue Edmonton AB T5J 3V9 | 11,831.46 |
| | Tri State Laurel South Stage 1 Project Ltd. | | 301, 1230-91 Street SW Edmonton AB T6X 0P2 | 157.50 |
| | Triple G Mechanical Ltd | | 14749-25 Street NW Edmonton AB T5Y 2E8 | 9,730.89 |
| | Vahdaty, Mostafa | | 301, 1230-91 Street SW Edmonton AB T6X 0P2 | 26,500.00 |
| | Vinton Centre Carpets Ltd. | | 12903 - 54 Street Edmonton AB T5A 5E5 | 15,755.25 |
| | Vision Home Design Ltd. O/A Master Stucco | | 14611 15 St. Edmonton AB T5Y 2X9 | 3,496.50 |
| | Westairs Installations Inc. | | 12020-143Ave Edmonton AB T5X 3T6 | 1,407.00 |
| | Wicked Walls | | 15023-118Ave Edmonton AB T5V 1H9 | 54,090.11 |
| | Wildrose Granite Ltd. | | #100, 17812-105Ave Edmonton AB T5S 2H5 | 22,207.50 |
| | Xerox Canada Ltd. | | 959271867 PO Box 4539 STN A Toronto ON M5W 4P5 | 317.31 |

District of: Alberta
 Division No. 01 - Edmonton
 Court No. 24-2283216
 Estate No. 24-2283216

Original Amended

-- Form 78 --
 Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the matter of the proposal of
 Tri State Signature Homes Ltd.
 of the City of Edmonton, in the Province of Alberta


To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 16th day of August 2017. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

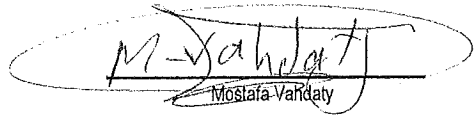
| LIABILITIES (as stated and estimated by the officer) | ASSETS (as stated and estimated by the officer) |
|--|--|
| 1. Unsecured creditors as per list "A" | 1. Inventory |
| 1,386,018.56 | 0.00 |
| Balance of secured claims as per list "B" | 2. Trade fixtures, etc. |
| 372,372.85 | 950.00 |
| Total unsecured creditors | 3. Accounts receivable and other receivables, as per list "E" |
| 1,758,391.41 | Good |
| 2. Secured creditors as per list "B" | 113,975.93 |
| 819,886.21 | Doubtful |
| 3. Preferred creditors as per list "C" | 0.00 |
| 0.00 | Bad |
| 4. Contingent, trust claims or other liabilities as per list "D" | 73,674.76 |
| estimated to be reclaimable for | Estimated to produce |
| 0.00 | 113,975.93 |
| Total liabilities | 4. Bills of exchange, promissory note, etc., as per list "F" |
| 2,578,277.62 | 0.00 |
| Surplus | 5. Deposits in financial institutions |
| NIL | 0.00 |
| | 6. Cash |
| | 37,210.49 |
| | 7. Livestock |
| | 0.00 |
| | 8. Machinery, equipment and plant |
| | 0.00 |
| | 9. Real property or immovable as per list "G" |
| | 346,900.00 |
| | 10. Furniture |
| | 0.00 |
| | 11. RRSPs, RRIFs, life insurance, etc. |
| | 0.00 |
| | 12. Securities (shares, bonds, debentures, etc.) |
| | 0.00 |
| | 13. Interests under wills |
| | 0.00 |
| | 14. Vehicles |
| | 118,750.00 |
| | 15. Other property, as per list "H" |
| | 191,721.00 |
| | If debtor is a corporation, add: |
| | Amount of subscribed capital |
| | 0.00 |
| | Amount paid on capital |
| | 0.00 |
| | Balance subscribed and unpaid |
| | 0.00 |
| | Estimated to produce |
| | 0.00 |
| | Total assets |
| | 809,507.42 |
| | Deficiency |
| | 1,768,770.20 |

I, Mostafa Vahdaty, of the City of Edmonton in the Province of Alberta, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of Tri State Signature Homes Ltd.'s affairs on the 16th day of August 2017 and fully disclose all property of every description that is in its possession or that may devolve on it in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the City of Edmonton in the Province of Alberta, on this 15th day of September 2017.



JEFF FIXSEN
 BARRISTER & SOLICITOR



 Mostafa Vahdaty

District of Alberta
Division No. 01-Edmonton
Court No. 24-2283216
Estate No. 24-2283216

IN THE MATTER OF THE DIVISION I PROPOSAL OF

TRI STATE SIGNATURE HOMES LTD.

DIVISION I PROPOSAL

(Section 50 of the *Bankruptcy and Insolvency Act*)

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| ARTICLE 1 – DEFINITIONS..... | 3 |
| ARTICLE 2 – INSOLVENT DEBTOR | 4 |
| ARTICLE 3 - PURPOSE AND EFFECT OF PROPOSAL | 5 |
| ARTICLE 4 – MEETING OF CREDITORS | 5 |
| ARTICLE 5 – ADMINISTRATION OF THE PROPOSAL | 5 |
| ARTICLE 6 – REASONABLE SECURITY..... | 5 |
| ARTICLE 7 – DEFAULT BY INSOLVENT DEBTOR IN PERFORMANCE OF PROPOSAL | 5 |
| ARTICLE 8 – DEFINITION OF CREDITOR CLAIMS | 6 |
| ARTICLE 9 – ARRANGEMENTS AFFECTING CANADA REVENUE AGENCY ("CRA")..... | 7 |
| ARTICLE 10 – ARRANGEMENTS AFFECTING CERTAIN CREDITORS | 7 |
| ARTICLE 11 – ARRANGEMENTS AFFECTING CERTAIN CROWN CLAIMS..... | 7 |
| ARTICLE 12 – ARRANGEMENTS AFFECTING SECURED CREDITORS..... | 8 |
| ARTICLE 13 – ARRANGEMENTS AFFECTING EMPLOYEES AND FORMER EMPLOYEES | 8 |
| ARTICLE 14 – ARRANGEMENTS AFFECTING PREFERRED CREDITORS | 8 |
| ARTICLE 15 – ARRANGEMENTS AFFECTING UNSECURED CREDITORS | 8 |
| ARTICLE 16 – VALUATION OF CLAIMS, VOTING AND APPLICABLE DATES..... | 10 |
| ARTICLE 17 – MODIFICATIONS AND AMENDMENTS | 11 |
| ARTICLE 18 – NOTICE | 11 |

District of Alberta
Division No. 01-Edmonton
Court No. 24-2283216
Estate No. 24-2283216

**IN THE MATTER OF THE PROPOSAL OF
TRI STATE SIGNATURE HOMES LTD.
AN INSOLVENT DEBTOR**

DIVISION I PROPOSAL
(Section 50 of the *Bankruptcy and Insolvency Act*)

ARTICLE 1 - DEFINITIONS

1.1. Definitions

In this Proposal, the following words and phrases shall have the following respective meanings:

- a) **"Acceptance"** means the acceptance of the Proposal by the Creditors and the approval of the Proposal by the Court;
- b) **"Act"** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;
- c) **"Certain Crown Claims"** means those Creditors defined in Article 8.2 hereof;
- d) **"Claim Provable"** has the meaning ascribed thereto in the Act;
- e) **"Court"** means the Court of Queen's Bench of Alberta in Bankruptcy and Insolvency;
- f) **"Creditor"** or **"Creditors"** means the creditors of the Insolvent Debtor affected by the Proposal;
- g) **"Insolvent Debtor"** means Tri State Signature Homes Ltd.;
- h) **"Meeting of Creditors"** means the meeting of Creditors scheduled to consider and vote on the Proposal;
- i) **"Notice of Intention Date"** means August 16, 2017;
- j) **"Notice of Meeting"** means the notice of the Meeting of Creditors forwarded to the Creditors;
- k) **"Preferred Creditors"** means all those Creditors of the Insolvent Debtor defined in Article 8.5 hereof;
- l) **"Proposal"** means the series of steps and arrangements contemplated herein, by which the debts and obligations owing by the Insolvent Debtor to the Creditors will be dealt with pursuant to Part III, Division I of the Act;
- m) **"Proposal Fund"** shall mean the fund of money paid under Article 15 to the Trustee for the purpose of distribution to the Creditors of the Insolvent Debtor in accordance with the terms of this Proposal;

- n) **"Proposal Implementation Date"** means the date that rights and obligations under the Proposal become effective and is the latest date upon which each of the following events has occurred:
 - i. the approval of the Proposal by the requisite majority in number and in value of the Creditors required under the Act has been obtained; and
 - ii. an Order of the Court approving the Proposal has been obtained and the appeal period from such Order has expired or, if any appeal is taken from such Order, a final Order dismissing such appeal has been obtained;
- o) **"Proposal Valuation Date"** means August 16, 2017;
- p) **"Secured Creditors"** means those Creditors defined in Article 8.3 hereof;
- q) **"Termination Date"** means the date upon which the claims of all Creditors have been satisfied in accordance with the Proposal or otherwise satisfied;
- r) **"Trustee"** means Deloitte Restructuring Inc., Licensed Insolvency Trustee under the Proposal;
- s) **"Unsecured Creditors"** means those Creditors defined in Article 8.6 hereof;
- t) **"Valued Claim"** means the claim of a creditor as of the Proposal Valuation Date which has been valued by the Trustee; and
- u) **"Wage Claims"** means the claims advanced against the Insolvent Debtor by those Creditors defined in Article 8.4 hereof;

2. ARTICLE 2 – INSOLVENT DEBTOR

- 2.1. The Insolvent Debtor, hereby submits the following Proposal pursuant to the Act.

ARTICLE 3 - PURPOSE AND EFFECT OF PROPOSAL

- 3.1. The purpose of the Proposal is to allow the Insolvent Debtor the opportunity to offer a compromise to its Creditors of their claims against the Insolvent Debtor.
- 3.2. The Insolvent Debtor wishes to permit the Creditors to achieve a recovery on their claims against the Insolvent Debtor which is superior to that which the Creditors are expected to achieve in the event that the Insolvent Debtor were to become bankrupt.
- 3.3. The Proposal will become effective on the Proposal Implementation Date, on which date the claims of the Creditors will be compromised in accordance with the terms hereof.

ARTICLE 4 – MEETING OF CREDITORS

- 4.1. The Creditors shall be given formal notice to attend a Meeting of Creditors as outlined in the Notice of Meeting.

ARTICLE 5 – ADMINISTRATION OF THE PROPOSAL

- 5.1. The Creditors, with the consent of the Insolvent Debtor, may include such additional provisions or terms in the Proposal with respect to the supervision of the affairs of the Insolvent Debtor as they may deem advisable.
- 5.2. The Creditors may appoint one or more, but no more than five, inspectors of the Proposal of the Insolvent Debtor.
- 5.3. The Proposal shall be terminated upon the date on which the claims of all Creditors have been satisfied pursuant to the terms of the Proposal, or upon the bankruptcy of the Insolvent Debtor, or upon default under the terms of the Proposal by the Insolvent Debtor.

ARTICLE 6 – REASONABLE SECURITY

- 6.1. Pursuant to Section 59(3) of the Act, the Trustee has received \$8,333.33 from the Insolvent Debtor which will serve as reasonable security in support of this Proposal.

ARTICLE 7 – DEFAULT BY INSOLVENT DEBTOR IN PERFORMANCE OF PROPOSAL

- 7.1. The Insolvent Debtor shall be in default of its obligations under the Proposal in the event that it does not make the required payments noted in Article 15.2.
- 7.2. Where default is made in the performance of any provision of the Proposal and the default is not remedied by the Insolvent Debtor or waived by the Inspectors, or in the absence of inspectors, by the Trustee or a majority of the Creditors as defined in dollar value of proven claims, within thirty (30) days immediately following the default, the Trustee shall so inform all of the Creditors and the Official Receiver in the manner prescribed pursuant to the Act.
- 7.3. In the absence of Inspectors, the Trustee shall have the power to extend the time for the making of any payment required to be made pursuant to this Proposal.

8. ARTICLE 8 – DEFINITION OF CREDITOR CLAIMS

- 8.1. The claims of Creditors shall have the respective definitions provided in this Article 8.
- 8.2. **“Certain Crown Claims”** shall mean any claim of Her Majesty in the Right of Canada or a Province or Territory of all amounts of a kind that could be subject to a demand under:
 - a) subsection 224(1.2) of the *Income Tax Act*;
 - b) any provision of the *Canada Pension Plan* or the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act*; and
 - c) any substantially similar provincial or territorial legislation that has a similar purpose to the subsection 224(1.2) of the *Income Tax Act*.
- 8.3. **“Secured Creditor”** means a person holding a mortgage, hypothec, pledge, charge, security interest or lien on or against the property of the Insolvent Debtor or any part of that property as security for a debt due or accruing due to the person from the Insolvent Debtor, or a person whose claim is based on, or secured by, a negotiable instrument held as collateral security and in respect of which the Insolvent Debtor is only indirectly or secondarily liable.
- 8.4. **“Wage Claim”** includes any claim of employees and former employees of the Insolvent Debtor for amounts equal to the amounts that such employees may be qualified to receive

pursuant to subsection 136(1)(d) of the Act as at the Notice of Intention Date or of the filing of the Proposal.

- 8.5. **"Preferred Creditor"** includes any creditor with a claim defined pursuant to subsection 136(1) of the Act. However, "Preferred Creditor" shall exclude any person advancing a Wage Claim.
- 8.6. **"Unsecured Creditor"** includes all persons to whom the Insolvent Debtor owes any obligations of any nature and kind whatsoever, whether due or not due for payment at the Notice of Intention Date and including contingent or unliquidated claims arising out of any transactions entered into by the Insolvent Debtor prior to the time of the filing of the Notice of Intention, save and except for the claims of Secured Creditors, Wage Claims, Certain Crown Claims and the claims of Preferred Creditors.

9. ARTICLE 9 – ARRANGEMENTS AFFECTING CANADA REVENUE AGENCY ("CRA")

- 9.1. The Insolvent Debtor shall be deemed to have completed a year-end on the day prior to the Notice of Intention Date. Federal, provincial and territorial income taxes, including interest and penalty charges thereon and goods and services taxes (GST), including interest and penalty charges thereon, accruing due or payable for the current fiscal year up to and including the day preceding the filing of the Notice of Intention shall be included as an unsecured claim pursuant to Article 8.6 herein. Any adjustments, assessments or reassessments (if any) made by CRA for claims filed by the Insolvent Debtor prior to the date of the Notice of Intention in relation to income taxes or GST shall be considered an adjustment, assessment or reassessment in relation to the pre-proposal period.

ARTICLE 10 – ARRANGEMENTS AFFECTING CERTAIN CREDITORS

- 10.1. Any indebtedness incurred by the Insolvent Debtor for the provision of goods, services, supplies, or any other considerations subsequent to the filing of the Notice of Intention and prior to the approval of the Proposal by the Court shall be paid in full in the ordinary course and in priority only to the claims of the Unsecured Creditors as defined in Article 8.6 herein, existing at the Notice of Intention Date.
- 10.2. Creditors dealing with the Insolvent Debtor following the Notice of Intention Date shall have no right of set-off.

ARTICLE 11 – ARRANGEMENTS AFFECTING CERTAIN CROWN CLAIMS

- 11.1. The claims defined in Article 8.2 hereof, comprised of all amounts outstanding at the time of the filing of the Notice of Intention or of filing the Proposal, shall be paid in full within six (6) months following Court approval of the Proposal or in an extended period of time if approved by Her Majesty in Right of Canada as represented by CRA from proceeds realized in relation to the business operations in subordination to the Trustee's fees and disbursements and in priority only to the payment of the claims of the Preferred Creditors as defined in Article 8.5 herein and the payment of the claims of the Unsecured Creditors as defined in Article 8.6 herein.
- 11.2. The Insolvent Debtor shall remit payment directly to CRA for claims defined in Article 8.2.

ARTICLE 12 – ARRANGEMENTS AFFECTING SECURED CREDITORS

- 12.1. The payment of the claims of the Secured Creditors of the Insolvent Debtor shall be made in accordance with terms and conditions of the existing agreements between the Secured Creditors and the Insolvent Debtor. If payments to Secured Creditors are made out of the proceeds of sale of assets of the Insolvent Debtor undertaken in the ordinary course of business, such payments shall be made net of reasonable closing costs and shall be made to the Secured Creditors in priority of their respective claims as evidenced by registrations made by such Secured Creditors in the relevant governmental registries.
- 12.2. If any payments to any of the Secured Creditors arising out of the sale of assets of the Insolvent Debtor undertaken in the ordinary course of business result in a deficiency in respect of amounts owing to any particular Secured Creditor, then in such case the deficiency amount shall be unsecured and the Secured Creditor shall thereafter be treated as an Unsecured Creditor and the deficiency portion of their claim shall be addressed in accordance with Article 15.
- 12.3. For greater certainty, the payment of the secured claims (other than any unsecured deficiency amount) as defined in Article 8.3 herein, shall be the sole responsibility of the Insolvent Debtor and the secured claims shall not be included for distribution of any dividends payable by the Trustee with respect to this Proposal.

ARTICLE 13 – ARRANGEMENTS AFFECTING EMPLOYEES AND FORMER EMPLOYEES

- 13.1. The claims defined in Article 8.4 hereof of all amounts outstanding at the time of the filing of the Notice of Intention or of filing the Proposal, together with all amounts accrued due for services rendered after that date and before Court approval of the Proposal, shall be paid in full immediately following Court approval of the Proposal and in priority to the claims of all other Creditors, however, payment to wage claimants shall be subordinate to payment of the Trustee's fees and disbursements.
- 13.2. For greater certainty, the payment of the claims defined in Article 8.4 hereof shall be the sole responsibility of the Insolvent Debtor and the claims shall not be included for distribution of any dividends payable by the Trustee with respect to this Proposal.
- 13.3. The Insolvent Debtor is not aware of any indebtedness to employees or former employees as defined in Article 8.4 hereof.

ARTICLE 14 – ARRANGEMENTS AFFECTING PREFERRED CREDITORS

- 14.1. That the funds available for distribution in this Proposal shall be distributed to the Preferred Creditors (as defined in Article 8.5 hereof) in priority only to the Unsecured Creditors and the distribution of dividends to the Preferred Creditors shall be subordinate to payment of each of the Trustee's, and the Insolvent Debtor's legal counsel's, fees and disbursements.
- 14.2. The Insolvent Debtor is not aware of any indebtedness to Preferred Creditors as defined in Article 8.5 hereof.

ARTICLE 15 – ARRANGEMENTS AFFECTING UNSECURED CREDITORS

- 15.1. The Insolvent Debtor shall contribute the following to the Proposal Fund:
 - a) Funds sufficient for payment of the Trustee's and the Insolvent Debtor's legal counsel's fees and disbursements in priority to all claims;

- b) Funds sufficient for payment of the Superintendent's levy for distribution;
- c) Funds sufficient for distribution to the Preferred Creditors (where applicable) in priority only to the Unsecured Creditors and to the Unsecured Creditors; and

In complete and full satisfaction of all claims against the Insolvent Debtor at law or in equity.

- 15.2 The Insolvent Debtor shall provide the following to the Proposal Fund:
- a) The Insolvent Debtor shall remit to the Trustee funds equal to 30% in value of the Valued Claims of the Unsecured Creditors, which are to be valued through the process described in Article 16 as of the Proposal Valuation Date, by way of three equal semi-annual installments on January 31, 2018, July 31, 2018, and January 31, 2019.
- 15.3 The Trustee shall distribute dividends, where applicable, firstly to the Preferred Creditors as defined in Article 8.5 hereof, in priority only to the Unsecured Creditors, and finally the Unsecured Creditors as defined in Article 8.6 by payment of the Proposal Funds under Article 15.1. No creditor shall be entitled to receive more than the amount of their Claim Provable.
- 15.4 Each of the Trustee's and the Insolvent Debtor's legal counsel's fees and disbursements shall be paid in priority to the claims of all Creditors defined in Articles 8.2, 8.5 and 8.6 hereof. Trustee's fees shall be calculated in accordance with the time spent by the Trustee and its staff at the Trustee's standard rates for the individuals involved.
- 15.5 The Trustee's fees and disbursements shall be submitted to the Court for approval and taxation with the Trustee's Final Statement of Receipts and Disbursements pursuant to the Act. Notwithstanding the requirement for taxation of Trustee's fees at the end of the administration of this Proposal, the Trustee will be at liberty to draw its fees and disbursements on a monthly basis at the discretion of the Trustee (if required) in order to cover the costs of administration of the proposal.
- 15.6 Effective as of the Proposal Implementation Date, the Insolvent Debtor and the Trustee (collectively "the Released Parties" and individually a "Released party") will be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature that any of the Creditors may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Proposal Valuation Date relating to, arising out of or in connection with the Claims or the business and affairs of the Insolvent Debtor.
- 15.7 Upon the Insolvent Debtor performing its obligations under the Proposal, the Trustee shall provide the Insolvent Debtor with a Certificate of Full Performance of the Proposal pursuant to section 65.3 of the BIA.
- 15.8 Upon issuance by the Trustee to the Insolvent Debtor of a Certificate of Full Performance of the Proposal, the Insolvent Debtor will be released from all debts and liabilities, present or future, to which the Insolvent Debtor was subject on the Proposal Valuation Date, or to which the Insolvent Debtor has or may become subject after the Proposal Valuation Date by reason of any obligation incurred or any act or omission which occurred on or before the Proposal Valuation date (save and except for Claims against the Insolvent Debtor under section 178 of the Act), including claims against the Insolvent Debtor for indemnity and all unliquidated or contingent claims arising out of

any transaction entered into by the Insolvent Debtor on or prior to the Proposal Valuation Date, regardless of whether or not a proof of claim was filed with the Trustee in respect of any such claim.

- 15.9 As required by section 60(2) of the Act, all monies payable under the Proposal shall be paid by the Insolvent Debtor to the Trustee, and shall thereafter be distributed by the Trustee in accordance with the Proposal and the Act.

ARTICLE 16 – VALUATION OF CLAIMS, VOTING AND APPLICABLE DATES

- 16.1 The Claims of all Creditors who have proven claims against the Insolvent Debtor shall be valued as at the Proposal Valuation Date by the Trustee, at or before the Meeting of Creditors.
- 16.2 Proofs of claim, proxies and voting letters intended to be used at the Meeting of Creditors must be lodged with the Trustee prior to the Meeting of Creditors.
- 16.3 Creditors may vote their claims by either returning a properly completed voting letter to the Trustee prior to the Meeting of Creditors, or by attending at the Meeting of Creditors and voting in person or by proxy.
- 16.4 Pursuant to section 50(1.2) of the Act, and for the purposes of the Proposal, the Insolvent Debtor hereby makes this proposal to the Creditors and the Insolvent Debtor hereby designates such parties to whom it is making the Proposal into the following class of Creditors more particularly described below, namely:

- a) Class One - Unsecured Creditors: All Creditors with unsecured Claims against the Insolvent Debtor for debts and liabilities, present or future, including all Creditors claiming any one or more of the following types of debts or liabilities:
- i. debts or liabilities to which the Insolvent Debtor was subject on the Proposal Valuation Date including, without restriction, any anticipated deficiencies in respect of any Secured Creditor Claims;
 - ii. debts or liabilities to which the Insolvent Debtor may in future become subject by reason of any obligation incurred by it or on its behalf on or before the Proposal Valuation Date;
 - iii. debts or liabilities arising from claims against the Insolvent Debtor for indemnity; and
 - iv. debts or liabilities arising from all unliquidated or contingent claims related to any act or omission of the Insolvent Debtor which occurred, or any transaction entered into by the Insolvent Debtor, on or before the Proposal Valuation Date.

ARTICLE 17 – MODIFICATIONS AND AMENDMENTS

- 17.1 The Trustee, with the approval of the Court and without notice to the Creditors, may agree to any modification or amendment to the Proposal after the Creditors have voted on the Proposal, including without limiting the generality of the foregoing, any extension of time for carrying out the terms of the Proposal or for taking any steps or proceedings hereunder, other than any modification or amendments which would materially adversely affect the rights of any creditors.

ARTICLE 18 – NOTICE

18.1 Unless otherwise indicated, any notice required or permitted to be given pursuant to the Proposal shall be sufficiently given or made if delivered, faxed or mailed by prepaid postage as follows:

To the Insolvent Debtor:

Tri State Signature Homes Ltd.
c/o Duncan Craig LLP
2800, 10060 Jasper Ave.
Edmonton, AB T5J 3V9

Copy to Counsel for the Insolvent Debtor:

Duncan Craig LLP
2800, 10060 Jasper Ave.
Edmonton, AB T5J 3V9
Phone: 780-428.6036
Fax: 780-428-9683
Attention: Darren Bleganek, Q.C.

To the Trustee:

Deloitte Restructuring Inc.
2000 Manulife Place
10180 - 101 Street
Edmonton, Alberta, T5J 4E4
Attention: Darren Crocker
Phone: (780) 421-3687
Facsimile: (780) 421-3782

To the Creditors:

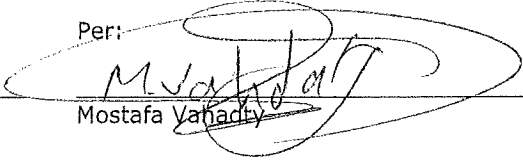
At their last known address according to the Insolvent Debtor or such other addresses as any of the foregoing may designate from time to time.

Any notice delivered as aforesaid shall be deemed to have been received when delivered, if delivered on a day other than Saturday, Sunday or statutory holiday, and otherwise on the next following business day. Any notice mailed as aforesaid shall be deemed to have been received on the 7th business day following the day on which such notice is mailed.


Dated at the City of Edmonton, in the Province of Alberta, this 15th day of September, 2017.

Tri State Signature Homes Ltd.

Per:


Mostafa Vahady

Witness





COURT FILE NUMBER 24-2283216

COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE EDMONTON

STYLE OF CAUSE IN THE MATTER OF THE PROPOSAL OF
TRI STATE SIGNATURE HOMES LTD.

OF THE CITY OF EDMONTON
IN THE PROVINCE OF ALBERTA

DOCUMENT **REPORT OF TRUSTEE ON PROPOSAL**

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT**

Deloitte Restructuring Inc.
2000 Manulife Place
10180 101 Street
Edmonton, AB T5J 4E4

Attention: Darren M. Crocker
Telephone: (780) 421 3687
Fax: (780) 421 3782
Email: dcrocker@deloitte.ca

Introduction

1. On August 16, 2017 (the "**NOI Filing Date**"), Tri State Signature Homes Ltd. (the "**Company**") filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act* (the "**BIA**").
2. Deloitte Restructuring Inc. ("**Deloitte**") is named as the Licensed Insolvency Trustee under the proposal in the NOI (the "**Proposal Trustee**"). Deloitte hereby presents its report to the creditors of the Company regarding the proposal that was filed with the Office of the Superintendent of Bankruptcy on September 15, 2017 (the "**Proposal**").

Purpose of this report

3. The purpose of this report is to provide the Company's creditors with further information in respect of the Company's Proposal and Statement of Affairs.

Notice to reader

4. In developing this report, the Proposal Trustee has relied upon unaudited financial information prepared by the Companies' management, the Companies' books and records and discussions with its management. The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the information. 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 Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this First Report, or relied upon by the Proposal Trustee in preparing this First Report.

Currency

5. All currency references in this report are in Canadian dollars.

Background

6. The Company incorporated as an Alberta corporation 8 years ago as Tri State Homes Ltd. and underwent a name change shortly after to its current name. The Company's sole director is Mr. Arash Vahdaty.
7. The Company operates as a residential home builder and currently has three homes under construction in Edmonton, Alberta. The Company operates from a leased office located at #301, 1230 91 Street SW, Edmonton, Alberta.

Financial position and causes of financial difficulty

8. The Trustee is advised that the primary cause of the Company's current difficulties arose from the Company purchasing a significant amount of land inventory based on projections that assumed a prebuilt manufacturing method would cut the Company's historical build times in half. The projected reduction in build times did not materialize and the Company became saddled with excess land inventory along with the associated financing and carrying costs. Coupled with the challenging Alberta economy and being undercapitalized, the Company was forced to return land to developers and sell lots to other builders in order to recover deposits paid on lands. As a result, the Company has faced operating losses over the past two years.

Conduct of debtor

9. Throughout the process, the Company has cooperated fully with respect to the provision of information which would assist the Proposal Trustee in assessing the benefits of the Proposal.

Independence of trustee

10. Deloitte has no previous associations or business dealings with the Company and is therefore acting independently as Proposal Trustee.

Statement of affairs

11. The Company disclosed the following assets and liabilities on its Statement of Affairs:

| Asset | Note | Book Value | Estimated Net Realizable Value |
|--|-------------|-----------------------|--------------------------------|
| Cash on hand (encumbered) | (1) | 37,210.49 | 37,210.49 |
| Funds in trust – Duncan & Craig | (2) | 186,570.51 | - |
| Receivables (encumbered) | (3) | 187,650.69 | 113,975.93 |
| Vendor deposit (encumbered) | (3) | 25,000.00 | 25,000.00 |
| Security deposits (encumbered) | (3) | 10,000.00 | 10,000.00 |
| Work in progress (encumbered) | (4) | 1,070,049.86 | - |
| Land (encumbered) | (5) | 346,900.00 | 346,900.00 |
| Computer equipment (encumbered) | (6) | 4,338.29 | 433.83 |
| Office Equipment (encumbered) | (6) | 5,161.72 | 516.17 |
| Office Furniture (encumbered) | (6) | 56,216.52 | 5,621.65 |
| Show home furniture (encumbered) | (6) | 47,571.39 | 4,757.14 |
| Leasehold improvements (encumbered) | (7) | 197,555.92 | - |
| 2016 Porsche Cayenne (encumbered) | (8), (9) | 88,424.50 | 58,421.00 |
| 2013 GMC Sierra 1500 (encumbered) | (8), (9) | 38,717.72 | 26,329.00 |
| 2014 Chevrolet Silverado (encumbered) | (8), (9) | 32,500.00 | 17,000.00 |
| 2014 Ford Transit Connect Cargo (encumbered) | (8), (9) | 34,363.00 | 17,000.00 |
| 2016 tax refund (encumbered) | (10) | 156,721.00 | 156,721.00 |
| Total | (11) | \$2,524,951.61 | \$ 819,886.21 |

Notes:

- (1) Cash balance per books on NOI Filing Date.
- (2) The Trustee is advised that these funds represent construction holdbacks held in trust and are not property of the Company.
- (3) Based on estimates of recovery by Company's management.
- (4) Estimated to be of no realizable value in a bankruptcy or liquidation as no further progress draws could be taken. The work in progress only has value if the projects are completed.
- (5) The Trustee is advised that the Company has historically been able to realize cost value of the land when selling land inventory.
- (6) Estimated liquidation value of 10 cents on the dollar of book value.
- (7) Estimated to be of no value in liquidation.
- (8) Based on fair value estimates from Black Book before secured creditors' interests.
- (9) All vehicles have specific personal property security registrations against them.
- (10) The 2016 income tax refund was a receivable on the NOI Filing Date. The Company received the tax refund after the NOI filing.
- (11) Amounts before cost of realization and secured creditors' interests. Multiple secured creditors have personal property security registrations against all present and after acquired property of the Company.

12. The Company disclosed unsecured creditors totaling \$1,386,018.56 and secured creditors totaling \$1,192,259.06. As these are amounts estimated by the Company, actual amounts proven by the unsecured and secured creditors may be materially different.

Proposal filed September 15, 2017

13. The Proposal is made to unsecured creditors generally. Secured creditors are proposed to be paid according to the existing agreements between the Company and its secured creditors and such responsibility to service secured debts remains with the Company notwithstanding the Proposal. However, if payment of the Company's secured indebtedness are made out of proceeds of asset sales, the deficiency of the secured creditor, if any, shall be treated as an unsecured claim as defined in the Proposal.
14. Under the terms of and as detailed in the Proposal, the Company proposes to contribute funds equal to 30% of proven unsecured creditors' claims net of the fees, disbursements, and GST of its legal counsel and the Trustee and net of the 5% levy on dividends of the Office of the Superintendent of Bankruptcy. The 30% is to be paid to the Trustee in three equal and semi-annual installments occurring on January 31, 2018; July 31, 2018; and January 31, 2019.
15. Assuming that the quantum of proven unsecured claims equals the amount disclosed by the Company in its Statement of Affairs of \$1,386,018.56, the value of the proposed 30% to be paid by the Company under the terms of the Proposal will be \$415,805.57.
16. The Proposal Trustee will distribute the Proposal Fund as follows:
 - a) Firstly, to the Proposal Trustee's fees and disbursements, including the fees and disbursements of its legal counsel, if any, and the legal fees and disbursements of the Insolvent Person;
 - b) Secondly, to Certain Crown Claims as outlined in Article 8.2 of the Proposal;
 - c) Thirdly, to Preferred Creditors as outlined in Article 8.5 of the Proposal; and
 - d) Finally, to the Unsecured Creditors as outlined in Article 8.6 of the Proposal.

Bankruptcy alternative

17. Rejection of the Proposal by the unsecured creditors will result in the automatic bankruptcy of the Company.
18. Based on the Company's Statement of Affairs, the Company's secured debt exceeds its assets and it would appear that there would be insufficient assets to make any distribution to unsecured creditors

under a bankruptcy scenario as compared to the anticipated distribution of 30% of proven claims under the Proposal.

Conclusion

19. It is a requirement of any proposal that it provide a greater return to unsecured creditors than would be possible under the option of a bankruptcy. In this matter, it is our opinion that acceptance of the proposal would provide a better opportunity for recovery for unsecured creditors that exceeds the potential recovery in a bankruptcy scenario.

All of which is respectfully submitted this 21st day of September, 2017, by:

DELOITTE RESTRUCTURING INC.

In its capacity as Trustee in re: the Proposal of
Tri State Signature Homes Ltd.

And not in its personal capacity

Per:



Darren M. Crocker, CPA, CGA, CIRP, LIT
Senior Vice-President

District of: Alberta
Division No. 01 - Edmonton
Court No. 24-2283216
Estate No. 24-2283216

FORM 31 / 36
Proof of Claim / Proxy
In the matter of the proposal of
Tri State Signature Homes Ltd.
of the City of Edmonton, in the Province of Alberta

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

In the matter of the proposal of Tri State Signature Homes Ltd. of the City of Edmonton in the Province of Alberta and the claim of _____, creditor.

I, _____, of the city of _____, a creditor in the above matter, hereby appoint _____, of _____, to be my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without) power to appoint another proxyholder in his or her place.

I, _____ (name of creditor or representative of the creditor), of the city of _____ in the province of _____ do hereby certify:

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____ creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 16th day of August 2017, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit or solemn declaration) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ _____

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
(Attach a copy of sales agreement and delivery receipts.)

E. CLAIM BY WAGE EARNER OF \$ _____

That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____,

That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____,

F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____

That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____,

That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____,

G. CLAIM AGAINST DIRECTOR \$ _____

(To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I _____ (am/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. *(Applicable only in the case of the bankruptcy of an individual.)*

Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.

I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____, _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

Phone Number: _____

Fax Number: _____

E-mail Address: _____

Deloitte Restructuring Inc. - Licensed Insolvency Trustee

2000 Manulife Place, 10180 - 101 Street
Edmonton AB T5J 4E4
Phone: (780) 401-3913 Fax: (780) 421-3782
E-mail: cknox@deloitte.ca

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

District of: Alberta
Division No. 01 - Edmonton
Court No. 24-2283216
Estate No. 24-2283216

FORM 37

Voting Letter
(Paragraph 51(1)(f) of the Act)

In the matter of the proposal of
Tri State Signature Homes Ltd.
of the City of Edmonton, in the Province of Alberta

I, _____, creditor (or I, _____, representative
of _____, creditor), of _____, a creditor in the above matter
for the sum of \$ _____, hereby request the trustee acting with respect to the proposal of Tri State
Signature Homes Ltd., to record my vote _____ (for or against) the acceptance of the proposal as
made on the _____ day of _____.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:
Deloitte Restructuring Inc. - Licensed Insolvency Trustee
Per:

Darren Crocker - Licensed Insolvency Trustee
2000 Manulife Place, 10180 - 101 Street
Edmonton AB T5J 4E4
Phone: (780) 401-3913 Fax: (780) 421-3782
E-mail: cknox@deloitte.ca