

COURT FILE NUMBER **2201 13540**

COURT Court of King's Bench of Alberta

JUDICIAL CENTRE Calgary

PLAINTIFF
(APPLICANTS) **BANCORP FINANCIAL SERVICES INC., BANCORP BALANCED MORTGAGE FUND II LTD., and BANCORP GROWTH MORTGAGE FUND II LTD.**

DEFENDANTS
(RESPONDENTS) **ALVARO DEVELOPERS INC., ALVARO LIMITED PARTNERSHIP, CRUZ CUSTOM HOMES LTD., 1770374 ALBERTA INC., SUNSET HOMES LTD., DANIEL RODOLFO ASTETE-CRUZ, and PEDRO ARNOLDO OCANA MULLER**

DOCUMENT **AFFIDAVIT OF MICHAEL SABA**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Fasken Martineau DuMoulin LLP**
Barristers & Solicitors
3400 First Canadian Centre
350 – 7th Avenue S.W.
Calgary, AB T2P 3N9

Jessica L. Cameron
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COM
Dec 2 2022

File No.: 315128.00002

AFFIDAVIT OF MICHAEL SABA

Sworn on November 16, 2022

I, Michael Saba, of the City of Vancouver, in the Province of British Columbia, MAKE OATH AND SWEAR AND SAY THAT:

1. I am a director and Vice President of Bancorp Financial Services Inc. ("BFS"), one of the Applicants in these proceedings, and as such I have personal knowledge of the matters

COURT FILE NUMBER

Clerk's Stamp

COURT Court of King's Bench of Alberta

JUDICIAL CENTRE Calgary

PLAINTIFF
(APPLICANTS) **BANCORP FINANCIAL SERVICES
INC., BANCORP BALANCED
MORTGAGE FUND II LTD., and
BANCORP GROWTH MORTGAGE
FUND II LTD.**

DEFENDANTS
(RESPONDENTS) **ALVARO DEVELOPERS INC., ALVARO
LIMITED PARTNERSHIP, CRUZ
CUSTOM HOMES LTD., 1770374
ALBERTA INC., SUNSET HOMES LTD.,
DANIEL RODOLFO ASTETE-CRUZ,
and PEDRO ARNOLDO OCANA
MULLER**

DOCUMENT **AFFIDAVIT OF MICHAEL SABA**

ADDRESS FOR
SERVICE AND
CONTACT **Fasken Martineau DuMoulin LLP**
INFORMATION OF
PARTY FILING **Barristers & Solicitors**
THIS DOCUMENT **3400 First Canadian Centre**
350 – 7th Avenue S.W.
Calgary, AB T2P 3N9

Jessica L. Cameron
jcameron@fasken.com
Tel: 403.261.9468
Fax: 403.261.5351

Desmond Mitic
dmitic@fasken.com
Tel: 587.233.4122
Fax: 403.261.5351

File No.: 315128.00002

AFFIDAVIT OF MICHAEL SABA

Sworn on November 16, 2022

I, Michael Saba, of the City of Vancouver, in the Province of British Columbia, MAKE
OATH AND SWEAR AND SAY THAT:

1. I am a director and Vice President of Bancorp Financial Services Inc. ("BFS"), one of the
Applicants in these proceedings, and as such I have personal knowledge of the matters

hereinafter deposed to, except where stated to be based on information and belief, and where so stated I believe the same to be true.

2. I am authorized to make this affidavit on behalf of BFS and the other two Applicants: Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd. (collectively, the “**Lender**” or the “**Applicants**”).
3. This affidavit is sworn in support of the Applicants’ application (the “**Receivership Application**”) for an order (the “**Receivership Order**”) appointing a receiver-manager over the Respondents, Alvaro Developers Inc. (the “**Trustee**”) and Alvaro Limited Partnership (the “**Beneficial Owner**”, and together with the Trustee, the “**Borrower**”) and all of the borrower’s personal property, including the Lands (as defined below).
4. As detailed below, the Trustee, Mr. Daniel Astete-Cruz, Cruz Custom Homes Ltd. (“**Cruz Homes**”), and Mr. Pedro Ocana Muller, support Bancorp’s application to appoint a receiver over the Development.
5. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Receivership Application.

I. The Parties

6. The Applicants are corporations incorporated under the laws of British Columbia. Attached hereto collectively as Exhibit “A” are copies of corporate searches for each of the Applicants.
7. The Respondents comprise the Borrower (i.e. the Trustee and the Beneficial Owner), plus Cruz Homes, 1770374 Alberta Inc. (“**177**”), Sunset Homes Ltd. (“**Sunset**”), Daniel Rodolfo Astete-Cruz, and Pedro Arnold Ocana Muller (collectively, the “**Guarantors**”).
8. The Trustee, Cruz Homes, 177 and Sunset are corporations incorporated under the laws of Alberta. Attached hereto collectively as Exhibit “B” are copies of corporate searches of each of these entities.

9. As can be seen from the corporate searches of the Trustee, Cruz Homes, 177 and Sunset, Mssrs. Asete-Cruz (the Trustee and Cruz Homes) and Ocana Muller (177 and Sunset) are directors of these corporations.
10. The Beneficial Owner is a limited partnership formed under the laws of Alberta, and the Trustee is its general partner. Attached hereto as Exhibit "C" is a copy of a partnership search of the Beneficial Owner.

II. The Loan and Security Documents

11. In early September 2019, the Lender and the Borrower entered into discussions regarding the Lender's providing to the Borrower first mortgage construction financing to build a residential development, which was to comprise 10 townhomes and two condominium units (the "**Development**"), on two parcels of land located at 428 and 430 3rd Avenue, Northeast, in Calgary, Alberta, and legally described as (together, the "**Lands**"):

Title Number: 181 195 112

Plan 1332N, Block 2, Lot 1, Excepting thereout that portion of Lot 1 lying east of a line drawn 37.5 feet east from the west boundary and all of Lots 2 to 4 inclusive, excepting thereout all mines and minerals from Lot 2 and the [sic] that portion of Lot 3 which lies to the east of the westerly 7 feet throughout of the said Lot 3;

Title Number: 201 009 726

Plan 1332N, Block 2, all that portion of Lot 1 which lies to the east of a line drawn parallel with and 37.5 feet perpendicularly distant easterly from the west boundary of said lot.

12. Attached hereto as Exhibit "D" are copies of land title certificates in respect of the Lands as at November 8, 2022.
13. By Commitment Letter dated September 23, 2019, and as amended and restated from time to time (the "**Loan Agreement**"), the Lender agreed to loan the Borrower the principal

sum of \$5,350,000 (the “**Loan**”) to construct the Development. Attached hereto as Exhibit “E” is a copy of the Loan Agreement.

14. Pursuant to the Loan Agreement, all obligations of the Borrower to the Lender, including to pay the amount owing under the Loan inclusive of interest and legal and other costs (the “**Indebtedness**”) are secured by, among other things (collectively, and together with the Loan Agreement, the “**Security Documents**”):
 - (a) a Collateral Mortgage and Assignment of Rents and Leases granted by the Trustee in the principal amount of \$5,350,000, which was registered against title to the Lands on November 26, 2019 under registration numbers 201 011 929 and 201 011 930 (together, the “**First Mortgage**”);
 - (b) a General Security Agreement dated November 6, 2019, granted by the Borrower in favour of the Lender (the “**GSA**”); and
 - (c) a Guarantee and Postponement of Claims dated November 6, 2019 (the “**Guarantee**”), granted by each of the Guarantors in favour of the Lender.
15. Attached hereto as Exhibits “F” through “H” are copies of the First Mortgage, GSA, and Guarantee.
16. Prior to Bancorp extending the Loan to the Borrower, the Borrower had entered into a vendor take back mortgage (“**VTB**”) in the amount of \$1,140,000 in order to purchase the property. The VTB was subordinated and postponed to Bancorp’s First Mortgage through a Subordination and Standstill Agreement entered into between the VTB holder, Bancorp, and the Borrower, on or about December 4, 2019 (the “**Subordination Agreement**”). Attached hereto and marked as Exhibit “I” is a copy of the Subordination Agreement.
17. Attached hereto collectively Exhibit “J” are searches of the Alberta Personal Property Registry in respect of the Trustee and Beneficial Owner that show that the Lender has a first-ranking security interest over all of the Borrowers’ present and after-acquired personal property.

III. The Lands

(i) *The Status of the Development*

18. The development is comprised of 7 units on one of the parcels of Lands and 5 units on the second parcel of Land. Since the beginning of September 2022, construction of the Development was completed to the point that each of the 7 units were at lock-up. This means that they have walls, windows and doors such that each unit can be independently secured. The other 5 units only have their foundation poured. The parkade in relation to the Development is also completed.
19. In or about May 2022, I was advised by the Borrower that there had been ongoing issues with people sleeping in the parkade and some of the units. Additionally, the Borrower advised me that there had also been fires on the Development as a result of this transient activity. When I was advised of this issue, the Borrower had already removed these individuals from the Development. Significant clean-up was required as a result of this issue on the Development, which was completed in about July 2022.
20. Further, I understand based on my discussions with the Borrower that the Development is not presently fully fenced in. While a completed fence was previously in place protecting the Development, the Borrower did not pay the fencing company and the fencing company took the fence down in or about October, 2022. Following a partial payment to, and negotiations with, the fencing company, the fence was partially reinstalled around the Development; however, I understand that it is not presently fully fenced in.
21. Given the Development is a vacant site, with a history of individuals seeking shelter in the completed parkade and units, BFS has serious concerns regarding the site security respecting the Development, especially during the winter months when more people may be seeking shelter from the elements. As a result, in or about November 7, 2022, BFS retained the services of Regent Protection Services Ltd. (the “**Regent**”) to provide site security for the Development.
22. Additionally, around the end of September 2022, BFS learned that the Borrower failed to maintain its insurance payments and that the insurance policy respecting the Development was at risk of lapsing. As a result, on October 1, 2022, the Lender put in place a commercial

general liability insurance policy respecting the Development, which policy will expire on December 1, 2022. Attached hereto as Exhibit “K” is a copy of the confirmation of insurance.

23. Lastly, I understand that the Borrower has failed to pay the property taxes respecting the Development that are presently due and owing to the City of Calgary. Attached hereto as Exhibit “L” is a copy of property tax searches from the City of Calgary respecting the Lands.

(ii) The Accepted Offer

24. In or about July 2022, the Borrowers listed the Development for sale.
25. On about August 24, 2022, the Trustee accepted an offer to purchase the Lands made by 1188716 B.C. Ltd. (the “**Potential Purchaser**”) of the same date (the “**Accepted Offer**”). Attached hereto as Exhibit “M” is a copy of the Accepted Offer with all references to the consideration payable thereunder redacted. Attached hereto as Confidential Exhibit “N” is an unredacted copy of the Accepted Offer, which BFS will be seeking a sealing order over.
26. The Lender and the Borrower have been discussing the mechanics of the completion of the Accepted Offer, and it has become apparent that the Trustee cannot convey clear title to the Lands to the Potential Purchaser on account of the registration of the Charges (defined and discussed below).
27. The Development remains listed for sale with a real estate agent.

(ii) The Charges

28. As at November 8, 2022, there were numerous registrations and encumbrances registered against title to the Lands. In particular, there are 6 builders’ liens registered against the Lands, 3 agreements charging the lands, and 2 writs. Additionally, there are several registrations pending at the land titles office respecting the Lands. The charges are summarized as:

Type of Encumbrance	Encumbrancer	Value	Date of Registration
Agreement Charging Land	Pedro Ocana Muller	Not specified	January 21, 2021
Builder's Lien	Foothills Fire Protections Ltd.	\$63,381.00	March 5, 2021
Agreement Charging Land	BESTPRO Construction Ltd.	Not specified	March 24, 2021
Builder's Lien	Q Construction Management Ltd.	\$130,543.00	March 24, 2021
Builder's Lien	Creative Solutions Contracting Services Ltd. c/o Beaumont Church LLP	\$39,084.00	March 26, 2021
Builder's Lien	Q Construction Management Ltd.	\$101,200.00	May 1, 2021
Builder's Lien	BESTPRO Construction Ltd.	\$39,102.00	May 3, 2021
Agreement Charging Land	King Construction Ltd.	Not specified	August 27, 2021
Writ	Lafarge Cananda Inc.	\$155,461 + costs if any	October 5, 2021
Writ	Masuch Law LLP	\$23,859.00 + costs if any	November 10, 2021
Builder's Lien	Lux Windows and Glass Ltd.	\$62,489.00	May 17, 2022

The land titles certificates evidencing the charges were previously attached together as Exhibit "D".

IV. Default under the Security Documents

29. On January 31, 2021, the Loan matured without extension.
30. By August 11, 2021, the Borrower breached the terms of the Loan Agreement and the Security Documents by, among other things, failing to make payments when due (the **"First Default"**).
31. On August 11, 2021, the Lender made demand on the Borrower and Guarantors for payment of the Indebtedness and provided notice of its intention under section 244 of the

Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3 to enforce the Security. Attached hereto collectively as Exhibit “O” are copies of these letters along with the prescribed notices.

32. Between about August 11 2021, and August 19, 2022, the Lender and the Borrower engaged in discussions regarding the First Default and repayment of the Loan, but no formal agreement crystallized.
33. On August 19, 2022, the Lender made further demand on the Borrower and Guarantors for payment of the Indebtedness and provided notice of its intention under section 244 of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3 to enforce the Security Documents. Attached hereto collectively as Exhibit “P” are copies of these letters along with the prescribed notices.
34. On September 26, 2022, the Lender, Borrower, and Guarantors entered into a forbearance of even date (the **“Forbearance Agreement”**), pursuant to which the parties agreed, among other things, that:
 - (a) the Borrower had defaulted under the terms of the Security Documents, and the Borrower and Guarantors had requested the Lender forbear for a period of time from realizing on its security;
 - (b) as at August 19, 2022, the Indebtedness totalled \$4,717,516.00, and the Borrower and the Guarantors were liable therefor;
 - (c) the Security Documents were valid and enforceable and would remain so following execution of the Forbearance Agreement;
 - (d) the Borrower would make payments on account of the Indebtedness in accordance with the schedule set forth therein (the **“Payment Schedule”**), which, among other things, provided that:
 - (i) on October 8, 2022 the Borrower would pay the deposit payable pursuant to the Accepted Offer to the Lender;

- (ii) the Indebtedness would be paid in full by November 30, 2022 (the “**Deadline**”);
 - (e) by the Deadline, the Borrower would complete the sale of the Lands pursuant to the Accepted Offer; and
 - (f) upon the occurrence of an Event of Default (as defined therein), the Lender may, without further notice to the Borrower or Guarantors, pursue its remedies under the Security Documents, including the appointment of a receiver.
35. Attached hereto as Exhibit “Q” is a copy of the redacted Forbearance Agreement, with only the information pertaining to the consideration payable pursuant to the Accepted Offer redacted. Attached hereto as Confidential Exhibit “R” is a copy of the unredacted Forbearance Agreement, which BFS will be seeking a sealing order over.
36. As at the date of swearing this Affidavit, the Borrower has not made any payments pursuant to the Payment Schedule as set forth in the Forbearance Agreement. The Borrower is therefore in default pursuant to the terms of the Forbearance Agreement.
37. As at November 7, 2022 there remained \$4,585,157.88 due and owing by the Borrower to the Lender pursuant to the Loan Agreement. Attached together hereto as Exhibit “S” is a copy of a payout statement respecting the Borrower dated November 7, 2022 as well as the Borrowers statement of account from December 1, 2019 to November 7, 2022.

V. The Receiver

38. Under the Receivership Order, the Lender seeks to appoint Alvarez & Marsal Canada Inc. (“**A&M**”) to act as receiver over the Borrower and its property, including the Development.
39. A&M is qualified to act as a receiver under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 and has consented to its appointment as receiver. Attached hereto as Exhibit “T” is an unfiled copy of the Consent to Act as Receiver signed by A&M and to be filed in these proceedings.

40. The Trustee, Mr. Daniel Astete-Cruz, and Cruz Homes are represented in these proceedings by counsel, Ms. Lina Truong. On November 8, 2022, Ms. Truong advised the Borrower's legal counsel that her clients supported the appointment of a receiver for the purposes of selling the Development. Attached hereto as Exhibit "U" is a copy of this email dated November 8, 2022.
41. Further, while Mr. Pedro Ocana-Muller is not represented by counsel, he did verbally confirm to me that he also supports Bancorp's application to appoint a receiver over the Development.
42. I swear this Affidavit in support of the Lender's Application for a Receivership Order respecting the Borrower, including the Development.

SWORN BEFORE ME at Vancouver, British
Columbia, this 16th day of November, 2022.

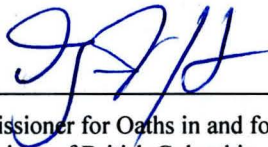
A Commissioner for taking Affidavits for
British Columbia

)))))))

MICHAEL SABA

OLIVER VERENCA
Barrister & Solicitor
Fasken Martineau DuMoulin LLP
2900 - 550 Burrard Street
Vancouver, BC V6C 0A3
604 631 3141

This is Exhibit "A"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'JF/H', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia



BC Company Summary

For
BANCORP FINANCIAL SERVICES INC.

Date and Time of Search: October 31, 2022 07:51 AM Pacific Time
Currency Date: August 19, 2022

ACTIVE

Incorporation Number: BC0712503
Name of Company: BANCORP FINANCIAL SERVICES INC.
Business Number: 123789687 BC0003
Recognition Date and Time: December 31, 2004 12:01 AM Pacific Time as a result of an Amalgamation
Last Annual Report Filed: December 31, 2021
In Liquidation: No
Receiver: No

COMPANY NAME INFORMATION

Previous Company Name	Date of Company Name Change
BANCORP FINANCIAL GROUP INC.	December 31, 2004

AMALGAMATING CORPORATION(S) INFORMATION

Name of Amalgamating Corporation	Incorporation Number in BC
BANCORP FINANCIAL GROUP INC.	BC0676439
BANCORP FINANCIAL SERVICES INC.	C0711027
FREEDOM MANAGEMENT SERVICES LTD.	BC0493408

REGISTERED OFFICE INFORMATION

Mailing Address:	Delivery Address:
1600 - 925 WEST GEORGIA STREET VANCOUVER BC V6C 3L2 CANADA	1600 - 925 WEST GEORGIA STREET VANCOUVER BC V6C 3L2 CANADA

RECORDS OFFICE INFORMATION

Mailing Address:	Delivery Address:
1600 - 925 WEST GEORGIA STREET VANCOUVER BC V6C 3L2 CANADA	1600 - 925 WEST GEORGIA STREET VANCOUVER BC V6C 3L2 CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:

Bentley, Douglas H.

Mailing Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Miles-Pickup, Arnold Ernest

Mailing Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Nicholson, Richard

Mailing Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Saba, Michael

Mailing Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Silverwood, Mark

Mailing Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Wong, Garry

Mailing Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Wong, Danny K.

Mailing Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

OFFICER INFORMATION AS AT December 31, 2021**Last Name, First Name, Middle Name:**

Bentley, Douglas H.

Office(s) Held: (CEO, Chair)

Mailing Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Herdin, Wendy

Office(s) Held: (Other Office(s))

Mailing Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Nicholson, Richard

Office(s) Held: (Vice President)

Mailing Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Saba, Michael

Office(s) Held: (Vice President)

Mailing Address:

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1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Silverwood, Mark

Office(s) Held: (Vice President)

Mailing Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Wong, Garry

Office(s) Held: (President)

Mailing Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

SUITE 1420
1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Wong, Danny K.

Office(s) Held: (Vice President)

Mailing Address:

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1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

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VANCOUVER BC V6E 3V7
CANADA



BC Company Summary

For

BANCORP BALANCED MORTGAGE FUND II LTD.

Date and Time of Search: October 31, 2022 07:54 AM Pacific Time

Currency Date: August 19, 2022

ACTIVE

Incorporation Number: BC0856913

Name of Company: BANCORP BALANCED MORTGAGE FUND II LTD.

Business Number: 855857462 BC0001

Recognition Date and Time: Incorporated on July 16, 2009 02:16 PM Pacific Time

In Liquidation: No

Last Annual Report Filed: July 16, 2021

Receiver: No

REGISTERED OFFICE INFORMATION

Mailing Address:

700 - 401 WEST GEORGIA STREET
VANCOUVER BC V6B 5A1
CANADA

Delivery Address:

700 - 401 WEST GEORGIA STREET
VANCOUVER BC V6B 5A1
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

700 - 401 WEST GEORGIA STREET
VANCOUVER BC V6B 5A1
CANADA

Delivery Address:

700 - 401 WEST GEORGIA STREET
VANCOUVER BC V6B 5A1
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:

Bentley, Douglas H.

Mailing Address:

1420 -1090 WEST GEORGIA STREET
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CANADA

Delivery Address:

1420 -1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Herdin, Wendy

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Miles-Pickup, Arnold E.

Mailing Address:

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VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Nicholson, Richard K.

Mailing Address:

1420 -1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 -1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Saba, Michael

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Silverwood, Mark

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Wong, Danny Kevin (formerly Wong, Danny)

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Wong, Garry

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

OFFICER INFORMATION AS AT July 16, 2021

Last Name, First Name, Middle Name:

Bentley, Douglas H.

Office(s) Held: (CEO)

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Herdin, Wendy

Office(s) Held: (Secretary)

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Wong, Garry

Office(s) Held: (CFO, President)

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA



BC Company Summary

For

BANCORP GROWTH MORTGAGE FUND II LTD.

Date and Time of Search: October 31, 2022 07:55 AM Pacific Time

Currency Date: August 19, 2022

ACTIVE

Incorporation Number: BC0856914

Name of Company: BANCORP GROWTH MORTGAGE FUND II LTD.

Business Number: 855857066 BC0001

Recognition Date and Time: Incorporated on July 16, 2009 02:25 PM Pacific Time

In Liquidation: No

Last Annual Report Filed: July 16, 2021

Receiver: No

REGISTERED OFFICE INFORMATION

Mailing Address:

700 - 401 WEST GEORGIA STREET
VANCOUVER BC V6B 5A1
CANADA

Delivery Address:

700 - 401 WEST GEORGIA STREET
VANCOUVER BC V6B 5A1
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

700 - 401 WEST GEORGIA STREET
VANCOUVER BC V6B 5A1
CANADA

Delivery Address:

700 - 401 WEST GEORGIA STREET
VANCOUVER BC V6B 5A1
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:

Bentley, Douglas H.

Mailing Address:

1420 -1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 -1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Herdin, Wendy

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Miles-Pickup, Arnold E.

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Nicholson, Richard K.

Mailing Address:

1420 -1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 -1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Saba, Michael

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Silverwood, Mark

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Wong, Garry

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Wong, Danny Kevin (formerly Wong, Danny)

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

OFFICER INFORMATION AS AT July 16, 2021

Last Name, First Name, Middle Name:

Bentley, Douglas H.

Office(s) Held: (CEO)

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Herdin, Wendy

Office(s) Held: (Secretary)

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Last Name, First Name, Middle Name:

Wong, Garry

Office(s) Held: (CFO, President)

Mailing Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

Delivery Address:

1420 - 1090 WEST GEORGIA STREET
VANCOUVER BC V6E 3V7
CANADA

This is Exhibit "B"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'JPH', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2022/10/31
Time of Search: 09:06 AM
Search provided by: FASKEN MARTINEAU DUMOULIN LLP
Service Request Number: 38546207
Customer Reference Number: 315128.00002

Corporate Access Number: 2021110388
Business Number: 755777315
Legal Entity Name: ALVARO DEVELOPERS INC.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
2111038 ALBERTA INC.	2018/06/25

Legal Entity Status: Struck
Struck Off Date: 2022/10/02
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2018/04/09 YYYY/MM/DD

Registered Office:

Street: 223 LAKESIDE GREENS CRT
City: CHESTERMERE
Province: ALBERTA
Postal Code: T1X1C8

Records Address:

Street: 223 LAKESIDE GREENS CRT
City: CHESTERMERE
Province: ALBERTA
Postal Code: T1X1C8

Email Address: DANNY@CRUZCUSTOMHOMES.COM

Directors:

Last Name: ASTETE
First Name: DANIEL
Street/Box Number: 223 LAKESIDE GREENS COURT
City: CHESTERMERE

Province: ALBERTA
Postal Code: T1X1C8

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SCHEDULE "A" ATTACHED HERETO AND FORMING A PART HEREOF.

Share Transfers: NO SHARES OF THE CORPORATION SHALL BE TRANSFERRED WITHOUT THE APPROVAL OF THE BOARD OF DIRECTORS OF THE CORPORATION AS EVIDENCED BY A RESOLUTION OF THE DIRECTORS OF THE CORPORATION.

Restrictions:

Min Number Of Directors: 1

Max Number Of Directors: 7

Business Restricted To: NONE

Business Restricted From: NONE

Other Provisions: SEE SCHEDULE "B" ATTACHED HERETO AND FORMING A PART HEREOF.

Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
ALVARO LIMITED PARTNERSHIP	LP21361118

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2020	2020/04/28

Outstanding Returns:

Annual returns are outstanding for the 2022, 2021 file year(s).

The corporation representative has confirmed that there are no shareholders.

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2018/04/09	Incorporate Alberta Corporation
2018/06/25	Name Change Alberta Corporation
2020/02/23	Update BN
2020/04/28	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2021/09/03	Change Address
2022/06/02	Status Changed to Start for Failure to File Annual Returns
2022/10/02	Status Changed to Struck for Failure to File Annual Returns

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2018/04/09
Other Rules or Provisions	ELECTRONIC	2018/04/09

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2022/10/31
Time of Search: 09:07 AM
Search provided by: FASKEN MARTINEAU DUMOULIN LLP
Service Request Number: 38546224
Customer Reference Number: 315128.00002

Corporate Access Number: 2014943092
Business Number: 820202869
Legal Entity Name: CRUZ CUSTOM HOMES LTD.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
1494309 ALBERTA LTD.	2010/03/15

Legal Entity Status: Struck
Struck Off Date: 2022/04/02
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2009/10/06 YYYY/MM/DD

Registered Office:

Street: 223 LAKESIDE GREENS COURT
City: CHESTERMERE
Province: ALBERTA
Postal Code: T1X1C8

Records Address:

Street: 223 LAKESIDE GREENS COURT
City: CHESTERMERE
Province: ALBERTA
Postal Code: T1X1C8

Directors:

Last Name: ASTETE
First Name: DANIEL
Street/Box Number: 202, 1915 - 27 AVENUE NE
City: CALGARY
Province: ALBERTA

Postal Code: T2E7E4

Voting Shareholders:

Last Name: ASTETE
First Name: DANIEL
Street: 202, 1915 - 27 AVENUE NE
City: CALGARY
Province: ALBERTA
Postal Code: T2E7E4
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE ATTACHED SCHEDULE "A"
Share Transfers Restrictions: SEE ATTACHED SCHEDULE "B"
Min Number Of Directors: 1
Max Number Of Directors: 10
Business Restricted To: NONE.
Business Restricted From: NONE.
Other Provisions: SEE ATTACHED SCHEDULE "C"

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2019	2020/03/19

Outstanding Returns:

Annual returns are outstanding for the 2021, 2020 file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2009/10/06	Incorporate Alberta Corporation
2010/03/15	Name Change Alberta Corporation
2012/04/11	Initiate Revival of Alberta Corporation

2012/04/11	Complete Revival of Alberta Corporation
2018/03/28	Change Address
2020/02/20	Update BN
2020/03/19	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2021/12/02	Status Changed to Start for Failure to File Annual Returns
2022/04/02	Status Changed to Struck for Failure to File Annual Returns

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
<u>Share Structure</u>	ELECTRONIC	2009/10/06
<u>Restrictions on Share Transfers</u>	ELECTRONIC	2009/10/06
<u>Other Rules or Provisions</u>	ELECTRONIC	2009/10/06

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2022/10/31
Time of Search: 09:09 AM
Search provided by: FASKEN MARTINEAU DUMOULIN LLP
Service Request Number: 38546245
Customer Reference Number: 315128.00002

Corporate Access Number: 2017703741
Business Number: 838351831
Legal Entity Name: 1770374 ALBERTA INC.

Legal Entity Status: Active
Alberta Corporation Type: Numbered Alberta Corporation
Registration Date: 2013/09/06 YYYY/MM/DD
Date of Last Status Change: 2018/12/11 YYYY/MM/DD

Registered Office:

Street: 2124 32 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2T1W8

Records Address:

Street: 2124 32 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2T1W8

Email Address: PEDRO@SUNSETHOMES.CA

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
OCANA	PEDRO			2124 32 AVE SW	CALGARY	ALBERTA	T2T1W8	PEDRO@SUNSETHOMES.CA

Directors:

Last Name: OCANA
First Name: PEDRO
Street/Box Number: 2124 32 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2T1W8

Voting Shareholders:

Last Name: OCANA
First Name: PEDRO
Street: 2124 32 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2T1W8
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE ATTACHED SCHEDULE A

Share Transfers: NO SHARES OF THE CORPORATION SHALL BE TRANSFERRED WITHOUT THE APPROVAL OF THE DIRECTORS OF THE CORPORATION AS EVIDENCED BY A RESOLUTION OF THE DIRECTORS OF THE CORPORATION

Min Number Of Directors: 1

Max Number Of Directors: 7

Business Restricted To: NONE

Business Restricted From: NONE

Other Provisions: SEE ATTACHED SCHEDULE B

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2022	2022/08/24

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2013/09/06	Incorporate Alberta Corporation
2018/11/02	Status Changed to Start for Failure to File Annual Returns
2019/07/09	Change Director / Shareholder
2020/02/21	Update BN
2022/08/24	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2013/09/06
Other Rules or Provisions	ELECTRONIC	2013/09/06

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2022/10/31
Time of Search: 09:10 AM
Search provided by: FASKEN MARTINEAU DUMOULIN LLP
Service Request Number: 38546264
Customer Reference Number: 315128.00002

Corporate Access Number: 2014873752
Business Number: 849189451
Legal Entity Name: SUNSET HOMES LTD.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
PJ CONSULTING & ENGINEERING LTD.	2009/11/19
PJ TECHNICAL SERVICES LTD.	2011/01/17
MODULAR DEVELOPMENTS LIMITED	2011/04/26

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2009/08/28 YYYY/MM/DD
Date of Last Status Change: 2019/11/07 YYYY/MM/DD

Registered Office:

Street: 2124 32 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2T1W8

Email Address: PEDRO@SUNSETHOMES.CA

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
OCANA MULLER	PEDRO			2124 32 AVE SW	CALGARY	ALBERTA	T2T1W8	PEDRO@SUNSETHOMES.CA

Directors:

Last Name: OCANA
First Name: PEDRO
Street/Box Number: 2124 32 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2T1W8

Voting Shareholders:

Last Name: OCANA MULLER
First Name: PEDRO
Street: 2124 32 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2T1W8
Percent Of Voting Shares: 100

Details From Current Articles:**The information in this legal entity table supersedes equivalent electronic attachments**

Share Structure:	SEE SCHEDULE A
Share Transfers Restrictions:	THERE WILL BE NO SHARE TRANSFERS WITHOUT THE CONSENT OF THE BOARD OF DIRECTORS OR A UNANIMOUS SHAREHOLDERS AGREEMENT
Min Number Of Directors:	1
Max Number Of Directors:	10
Business Restricted To:	NO RESTRICTIONS
Business Restricted From:	NO RESTRICTIONS
Other Provisions:	SEE SCHEDULE B

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2022	2022/08/24

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2009/08/28	Incorporate Alberta Corporation
2011/04/26	Name Change Alberta Corporation
2011/04/26	Change Address
2017/03/30	Name/Structure Change Alberta Corporation
2019/07/08	Change Director / Shareholder
2019/10/02	Status Changed to Start for Failure to File Annual Returns
2020/02/20	Update BN
2022/08/24	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
<u>Share Structure</u>	ELECTRONIC	2009/08/28
<u>Other Rules or Provisions</u>	ELECTRONIC	2009/08/28
<u>Share Structure</u>	ELECTRONIC	2013/09/25
<u>Share Structure</u>	ELECTRONIC	2017/03/30
<u>Other Rules or Provisions</u>	ELECTRONIC	2017/03/30

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



This is Exhibit "C"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'J. S. H.', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

Government of Alberta ■ Trade Name / Partnership Search

Corporate Registration System

Date of Search: 2022/10/26
Time of Search: 09:41 AM
Search provided by: FASKEN MARTINEAU DUMOULIN LLP
Service Request No: 38522694
Customer Reference No: 315128.00002

Registration No: LP21361118
Current Business Name: ALVARO LIMITED PARTNERSHIP
Status of Business Name: Active
Trade Name / Partnership Type: Limited Partnership
Date of Registration: 2018/08/09 YYYY/MM/DD
Home Jurisdiction: ALBERTA
Termination Date: 2023/08/01 YYYY/MM/DD

Current General Partner:

Last/Legal Entity Name: ALVARO DEVELOPERS INC.
Street: 125, 8838 BLACKFOOT TRAIL SE
City: CALGARY
Province: ALBERTA
Postal Code: T2J3J1

Other Information:

Filing History:

List Date	Type of Filing
2018/08/09	Register Limited Partnership
2018/12/19	Amend Limited Partnership


Attachments:

Attachment Type	Microfilm Barcode	Date Recorded (YYYY/MM/DD)
Certificate of Limited Partnership (AB)	10000607118394321	2018/08/09
Notice to Amend	10000007118394324	2018/08/15
Notice to Amend	10000802000612132	2018/11/21
Notice to Amend	10000402000612134	2018/11/21
Notice to Amend	10000702000612142	2018/12/19

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



This is Exhibit "D"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'J. H.', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia



LAND TITLE CERTIFICATE

B
LINC SHORT LEGAL TITLE NUMBER
0036 689 842 1332N;2;1-4 181 195 112

LEGAL DESCRIPTION

PLAN 1332N
BLOCK 2
LOT 1
EXCEPTING THEREOUT THAT PORTION OF LOT 1
LYING EAST OF A LINE DRAWN 37.5 FEET
EAST FROM THE WEST BOUNDARY
AND ALL OF LOTS 2 TO 4 INCLUSIVE

EXCEPTING THEREOUT ALL MINES AND MINERALS FROM LOT 2
AND THE THAT PORTION OF LOT 3 WHICH LIES TO THE EAST
OF THE WESTERLY 7 FEET THROUGHOUT OF THE SAID LOT 3

ATS REFERENCE: 5;1;24;22;SE
ESTATE: FEE SIMPLE

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 151 138 286

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
181 195 112	13/09/2018	TRANSFER OF LAND	\$1,800,000	CASH & MORTGAGE

OWNERS

ALVARO DEVELOPERS INC.
OF 223 LAKESIDE GREENS COURT
CHESTERMERE
ALBERTA T1X 1C8

(DATA UPDATED BY: CHANGE OF ADDRESS 191003164)

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION		
NUMBER	DATE (D/M/Y)	PARTICULARS
5495FS .	18/12/1945	RESTRICTIVE COVENANT

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
181 195 112

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

181 229 765 26/10/2018 MORTGAGE
MORTGAGEE - 1788459 ALBERTA LTD.
226043 76 STREET E
FOOTHILLS
ALBERTA T1S3W2
ORIGINAL PRINCIPAL AMOUNT: \$500,000
(DATA UPDATED BY: TRANSFER OF MORTGAGE
201009727)

201 009 729 14/01/2020 AMENDING AGREEMENT
AMOUNT: \$1,140,000
AFFECTS INSTRUMENT: 181229765

201 011 929 16/01/2020 MORTGAGE
MORTGAGEE - BANCORP FINANCIAL SERVICES INC.
1420, 1090 WEST GEORGIA STREET
VANCOUVER
BRITISH COLUMBIA V6E3V7
MORTGAGEE - BANCORP BALANCED MORTGAGE FUND II LTD.
MORTGAGEE - BANCORP GROWTH MORTGAGE FUND II LTD.
BOTH OF:
#1420, 1090 WEST GEORGIA STREET
VANCOUVER
BRITISH COLUMBIA V6E3V7
ORIGINAL PRINCIPAL AMOUNT: \$5,350,000

201 011 930 16/01/2020 CAVEAT
RE : ASSIGNMENT OF RENTS AND LEASES
CAVEATOR - BANCORP FINANCIAL SERVICES INC.
CAVEATOR - BANCORP BALANCED MORTGAGE FUND II LTD.
CAVEATOR - BANCORP GROWTH MORTGAGE FUND II LTD.
ALL OF :
ATTENTION:MANAGER
1420-1090 WEST GEORGIA STREET
VANCOUVER
BRITISH COLUMBIA V6E3V7
AGENT - GABRIELLE MOTUZ

201 039 228 25/02/2020 POSTPONEMENT
OF MORT 181229765
TO MORT 201011929 CAVE 201011930

211 018 522 21/01/2021 CAVEAT
RE : AGREEMENT CHARGING LAND
CAVEATOR - PEDRO OCANA MULLER
WESLEY MAH
206, 1333-8 ST SW
CALGARY
ALBERTA T2R1M6

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 3

181 195 112

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

AGENT - WESLEY MAH

211 049 341 05/03/2021 BUILDER'S LIEN
LIENOR - FOOTHILLS FIRE PROTECTION LTD.
46 CIMARRON GROVE DRIVE
OKOTOKS
ALBERTA T1S2H1
AGENT - PRIORITY CREDIT MANAGEMENT CORP.
AMOUNT: \$63,381

211 062 027 24/03/2021 CAVEAT
RE : AGREEMENT CHARGING LAND
CAVEATOR - BESTPRO CONSTRUCTION LTD.
ATTN: ALEJANDRO BARON
3217 11 MAHOGANY ROW
CALGARY
ALBERTA T3M2L6
AGENT - ALEJANDRO BARON

211 062 732 24/03/2021 BUILDER'S LIEN
LIENOR - Q CONSTRUCTION MANAGEMENT LTD.
4915 51 STREET SE
CALGARY
ALBERTA T1X1C8
AGENT - ADRIANNA WORMAN
AMOUNT: \$130,543

211 064 408 26/03/2021 BUILDER'S LIEN
LIENOR - CREATIVE SOLUTIONS CONTRACTING SERVICES
LTD.
C/O BEAUMONT CHURCH LLP
ATTN: DANIEL A HAWKWOOD
300, 2912 MEMORIAL DR SE
CALGARY
ALBERTA T2A6R1
AGENT - RENO VOLPI
AMOUNT: \$39,084
(DATA UPDATED BY: 211064430)

211 087 141 01/05/2021 BUILDER'S LIEN
LIENOR - Q CONSTRUCTION MANAGEMENT LTD.
ATTN:ADRIANNA WORMAN
GOODFELLOW & SCHUETTLAW
200,602 11 AVE SW
CALGARY
ALBERTA T2R1J8
AGENT - ADRIANNA WORMAN
AMOUNT: \$101,200

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 4
181 195 112

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

211 087 552 03/05/2021 BUILDER'S LIEN
LIENOR - BESTPRO CONSTRUCTION LTD.
C/O FIELD LLP
400, 444-7 AVE SW
CALGARY
ATTN: TODD W. KATHOL
ALBERTA T2P0X8
AGENT - ALEJANDRO BARON
AMOUNT: \$39,102

211 129 438 06/07/2021 CERTIFICATE OF LIS PENDENS
AFFECTS INSTRUMENT: 211087552

211 164 579 27/08/2021 CAVEAT
RE : AGREEMENT CHARGING LAND
CAVEATOR - KANG CONSTRUCTION LTD.
C/O 900, 517 10 AVENUE SW
CALGARY
ALBERTA T2R0A8
AGENT - CALVIN C ROBB

211 193 150 05/10/2021 WRIT
CREDITOR - LAFARGE CANANDA INC.
C/O 2800, 801-6TH AVE SW
CALGARY
ALBERTA T2P4A3
DEBTOR - ALVARO DEVELOPERS INC.
C/O 125, 8838 BLACKFOOT TR SE
CALGARY
ALBERTA T2J3J1
AMOUNT: \$155,461 AND COSTS IF ANY
ACTION NUMBER: 2101-08456

211 224 653 10/11/2021 WRIT
CREDITOR - MASUCH LAW LLP.
#125, 8838 BLACKFOOT TRAIL SE
CALGARY
ALBERTA T2J3J1
DEBTOR - ALVARO DEVELOPERS INC.
520, 999 - 8 STREET SW
CALGARY
ALBERTA T2R1J5
AMOUNT: \$23,859 AND COSTS IF ANY
ACTION NUMBER: 2101-01295

211 224 666 10/11/2021 CERTIFICATE OF LIS PENDENS
AFFECTS INSTRUMENT: 211049341
DATE RECEIVED AUGUST 30/2021

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 5
181 195 112

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
211 237 307	29/11/2021	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 211164579
211 238 109	29/11/2021	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 211062732 AFFECTS INSTRUMENT: 211087141 RECEIVED SEPT 15/2021
211 238 266	29/11/2021	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 211064408
221 071 883	05/04/2022	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 211226377
221 103 153	17/05/2022	BUILDER'S LIEN LIENOR - LUX WINDOWS AND GLASS LTD. 6875-9TH STREET NE CALGARY ALBERTA T2E8R9 AGENT - PHIL CARTWRIGHT AMOUNT: \$62,489 RECEIVED FEBRUARY 9, 2022

TOTAL INSTRUMENTS: 023

PENDING REGISTRATION QUEUE

DRR NUMBER	RECEIVED DATE (D/M/Y)	CORPORATE LLP TRADENAME	LAND ID
D009DCW	18/08/2022	FARES LAW FIRM 4035081900 CUSTOMER FILE NUMBER: 11562/SARHAN (CB)	
001		DISCHARGE	0036 689 842
002		DISCHARGE	0036 689 842
D00BKUJ	11/10/2022	ROBERT SCHUETT PROFESSIONAL CORPORATION 4039840872 CUSTOMER FILE NUMBER: 08903-001/AB	
001		WRIT	#181 195 112
D00BP89	14/10/2022	MCLEOD LAW LLP 403-873-3700 CUSTOMER FILE NUMBER: 157778	

(CONTINUED)

PENDING REGISTRATION QUEUE

PAGE 6

181 195 112

DRR RECEIVED
NUMBER DATE (D/M/Y)

CORPORATE LLP TRADENAME

LAND ID

001		CERTIFICATE OF LIS PENDENS	#181 195 112
D00BXG5	25/10/2022	ROBERTSON LLP 403-407-2605 CUSTOMER FILE NUMBER: ALVARO	
001		EXPIRATION	#181 195 112
D00C49R	26/10/2022	MCLEOD LAW LLP 403-873-3700 CUSTOMER FILE NUMBER: 157778	
001		CERTIFICATE OF LIS PENDENS	#181 195 112

TOTAL PENDING REGISTRATIONS: 005

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 8 DAY OF
NOVEMBER, 2022 AT 09:38 A.M.

ORDER NUMBER: 45811783

CUSTOMER FILE NUMBER: 315128.00002



END OF CERTIFICATE

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

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

IF MORE INFORMATION IS REQUIRED ON A PENDING REGISTRATION WHERE
THE CONTACT INFORMATION DISPLAYS N/A PLEASE EMAIL LTO@GOV.AB.CA.



LAND TITLE CERTIFICATE

B

LINC SHORT LEGAL
0020 451 761 1332N;2;1

TITLE NUMBER
201 009 726

LEGAL DESCRIPTION

PLAN 1332N
BLOCK 2

ALL THAT PORTION OF LOT 1 WHICH LIES TO THE EAST OF A
LINE DRAWN PARALLEL WITH AND 37.5 FEET
PERPENDICULARLY DISTANT EASTERLY FROM THE WEST BOUNDARY OF SAID LOT

ATS REFERENCE: 5;1;24;22;SE
ESTATE: FEE SIMPLE

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 191 166 751

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
201 009 726	14/01/2020	TRANSFER OF LAND	\$600,000	\$600,000

OWNERS

ALVARO DEVELOPERS INC.
OF 223 LAKESIDE GREENS COURT
CHESTERMERE
ALBERTA T1X 1C8

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION		
NUMBER	DATE (D/M/Y)	PARTICULARS
991 082 894	27/03/1999	CAVEAT RE : ENCROACHMENT AGREEMENT
201 009 728	14/01/2020	MORTGAGE MORTGAGEE - 1788459 ALBERTA LTD. 226043 76 STREET E FOOTHILLS

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
201 009 726

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

ALBERTA T1S3W2
ORIGINAL PRINCIPAL AMOUNT: \$1,140,000

201 009 796 14/01/2020 AMENDING AGREEMENT
AMOUNT: \$1,140,000
AFFECTS INSTRUMENT: 201009728

201 011 929 16/01/2020 MORTGAGE
MORTGAGEE - BANCORP FINANCIAL SERVICES INC.
1420, 1090 WEST GEORGIA STREET
VANCOUVER
BRITISH COLUMBIA V6E3V7
MORTGAGEE - BANCORP BALANCED MORTGAGE FUND II LTD.
MORTGAGEE - BANCORP GROWTH MORTGAGE FUND II LTD.
BOTH OF:
#1420, 1090 WEST GEORGIA STREET
VANCOUVER
BRITISH COLUMBIA V6E3V7
ORIGINAL PRINCIPAL AMOUNT: \$5,350,000

201 011 930 16/01/2020 CAVEAT
RE : ASSIGNMENT OF RENTS AND LEASES
CAVEATOR - BANCORP FINANCIAL SERVICES INC.
CAVEATOR - BANCORP BALANCED MORTGAGE FUND II LTD.
CAVEATOR - BANCORP GROWTH MORTGAGE FUND II LTD.
ALL OF :
ATTENTION:MANAGER
1420-1090 WEST GEORGIA STREET
VANCOUVER
BRITISH COLUMBIA V6E3V7
AGENT - GABRIELLE MOTUZ

201 039 227 25/02/2020 POSTPONEMENT
OF MORT 201009728
TO MORT 201011929 CAVE 201011930

211 205 970 20/10/2021 WRIT
CREDITOR - LAFARGE CANADA INC.
2800,801-6TH AVE.SW
CALGARY
ALBERTA T2P4A3
DEBTOR - ALVARO DEVELOPERS INC.
C/O 125, 8838 BLACKFOOT TRAIL SE
CALGARY
ALBERTA T2J3J1
AMOUNT: \$155,461 AND COSTS IF ANY
ACTION NUMBER: 2101-08456

211 224 653 10/11/2021 WRIT

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 3
201 009 726

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

CREDITOR - MASUCH LAW LLP.
#125, 8838 BLACKFOOT TRAIL SE
CALGARY
ALBERTA T2J3J1
DEBTOR - ALVARO DEVELOPERS INC.
520, 999 - 8 STREET SW
CALGARY
ALBERTA T2R1J5
AMOUNT: \$23,859 AND COSTS IF ANY
ACTION NUMBER: 2101-01295

TOTAL INSTRUMENTS: 008

PENDING REGISTRATION QUEUE

DRR NUMBER	RECEIVED DATE (D/M/Y)	CORPORATE LLP TRADENAME	LAND ID
D00B4JV	29/09/2022	JZ LAW 4036809264 CUSTOMER FILE NUMBER: 258001	
001		MORTGAGE	#201 009 726
D00BKUJ	11/10/2022	ROBERT SCHUETT PROFESSIONAL CORPORATION 4039840872 CUSTOMER FILE NUMBER: 08903-001/AB	
001		WRIT	#201 009 726

TOTAL PENDING REGISTRATIONS: 002

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 8 DAY OF
NOVEMBER, 2022 AT 09:38 A.M.

ORDER NUMBER: 45811783

CUSTOMER FILE NUMBER: 315128.00002



END OF CERTIFICATE

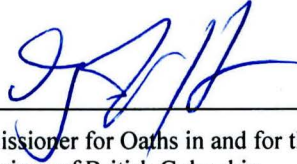
(CONTINUED)

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

IF MORE INFORMATION IS REQUIRED ON A PENDING REGISTRATION WHERE THE CONTACT INFORMATION DISPLAYS N/A PLEASE EMAIL LTO@GOV.AB.CA.

This is Exhibit "E"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'J. H.', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

September 23, 2016

Alvaro Developers Inc.
c/o Nadeem Keshavjee
Canada ICI Capital Corporation
430 - 2020 4th Street SW
Calgary, AB
T2S 1W3

COMMITMENT LETTER

Re: Our Loan #4814
First Mortgage Construction Financing for a twelve unit townhouse and condo project, located
at 428 3rd Avenue NE, Calgary, Alberta.

On behalf of the Lender named herein, Bancorp Financial Services Inc. (hereinafter referred to as "Bancorp") is pleased to advise approval of financing (the "Loan"), subject to the following terms and conditions:

PURPOSE OF LOAN: The Borrower is seeking first mortgage construction financing for a development comprising 10 townhouse and 2 condo units, located at 428 3rd Avenue NE, Calgary, Alberta (the "Property").

BORROWER: Alvaro Developers Inc., and Alvaro Limited Partnership (the "Borrower").

COVENANTORS: The unlimited joint and several guarantees of Danny Astate, Pedro Orana, Cruz Custom Homes Ltd., YYC Framing Ltd. and Sunset Homes Ltd (collectively, the "Covenantor").

LOAN AMOUNT: \$5,150,000 first mortgage (the "Loan") loan. The loan will be funded on a work in place cost to complete basis as verified by the project's cost consultant.



Quantity Surveyor
(Cuthbert Smith)

The draws for the modular builder, Champion Homes, will be funded into the Lender's lawyers trust account. The funds will be advanced to trust in line with the fixed price contract with 30% posted on execution of the contract, 30% after half of the modules are completed and the final 40% on completion (these draws are subject to BTY's confirmation and amounts and times may change as the final contract has not been executed).

The Borrower has possession of the units. The lender will release 90% of the draw proceeds once the units are on site, with the balance of the proceeds released upon receipt of an occupancy permit. For greater clarity, 10% of the budget will be held in the Lender's lawyers trust account until occupancy permit is achieved.

LENDER: Bancorp Growth Mortgage Fund II Ltd., Bancorp Balanced Mortgage Fund II Ltd., Bancorp Financial Services Inc. and/or nominee (collectively, the "Lender").

SUITE 1420 - 1090 WEST GEORGIA STREET
VANCOUVER, BC V6E 3V7
TEL: (604) 608 - 2717 FAX: (604) 608 - 7107



12/1/19

5. Term of the loan shall be 24 months, mature and payable on January 31, 2021 (the "Maturity Date").

13/ JAN 1ST, 2021

The interest rate shall be calculated monthly at a rate of 3.25% per annum, or the Canadian Imperial Bank of Commerce Prime Lending rate as established from time to time plus 0.25% per annum until and including October 31, 2020. Thereafter to maturity interest will be charged at a step rate which will be the greater of 3.25% per annum or the Canadian Imperial Bank of Commerce Prime Lending rate plus 0.25% per annum. An interest reserve will be created from the Loan proceeds, which will be used to service the loan during the loan term.

As of September 23, 2019, Canadian Imperial Bank of Commerce Prime Lending Rate is 3.957%

12/1/19

Monthly payments of interest shall be required during the term of the loan commencing on the first day of the month following the date of the execution of this Agreement and the balance of principal and interest shall be due and payable on the Maturity Date.

The project budget includes an interest reserve component and will be established from the loan proceeds to cover monthly interest payments. Quarterly calculation of the projected interest reserve at \$325,000. The Borrower will pay the interest due from its own resources (via Pre-Authorized Debit).

12/1/19
13/ JAN 1ST, 2021

The Loan may be repaid in whole or in part at any time subject to the Lender having received evidence of substantial completion of the Project.

12/1/19
13/ JAN 1ST, 2021

- 1) No advances shall be made until all documentation has been completed and registered, all security is in place and all conditions of this commitment letter have been met to the satisfaction of Bancorp acting on behalf of the Lender, with all documents requiring legal approval by Bancorp and its solicitors completed and as applicable.
- 2) The Loan shall be disbursed on a work in place basis to complete basis as defined by the Project's cost consultant. The borrower will always have a minimum of \$1,400,000 of equity in the loan inclusive of the \$325,000 under take back mortgage.

31

31

If necessary, and unless otherwise approved by Bancorp, the initial Loan Advance must occur prior to October 31, 2019.

In the event of default, any balance of funds held in such trust account shall be applied on the Loan.

- 3) Any red of advances may be withheld if Bancorp's solicitor finds a material adverse change in circumstances which would materially and adversely affect the

P.O.



It is understood that the user of this document should be aware of the following conditions:

any commitment of \$100,000 to be used to pay off non-recourse debt of the company's sister. The funds of the foundation must be used to pay off the company's debt, and not to be used for other purposes. A commitment of the the Agency.

P.O. 

\$ 83,000

\$ 20,000 At the time of acceptance of the loan made by the Bank
 \$ 20,000 At the time of acceptance of the commitment letter
 \$ 20,000 At the time of the initial disbursement. If and when the
 this deferred payment is secured by the promissory note
 attached hereto as Exhibit "C". The fully executed
 promissory note must be delivered to Bank at the time
 effect in writing of the commitment letter.

DRAWN BY

DISCUSSION

...e sono le tre grandi linee di tendenza:

- 1 A 1st ranking mortgage charge and assignment of the property and
- 2 conditions contained in the deed of assignment to the Property
- 3 Trust and standing agreement between the lender and the mortgagee, G. L. Bank Mortgage Ltd.
- 4 A 1st ranking general security agreement between the Borrower and Commercial
- 5 Finance Co. Ltd. for the purpose of providing a loan to the Borrower under the
- 6 Assignment of any proceeds of the credit facilities referred to in the
- 7 Assignment of the consideration of the said credit facilities and the
- 8 assignment of the proceeds of the said credit facilities to the lender
- 9 and the assignment of the proceeds of the said credit facilities to the lender
- 10 and the assignment of the proceeds of the said credit facilities to the lender
- 11 and the assignment of the proceeds of the said credit facilities to the lender
- 12 and the assignment of the proceeds of the said credit facilities to the lender

P.O.

10. Commercial title insurance for the Loan;
11. Postponement of all shareholder and related party loans to the Borrower;
12. Unlimited joint and several guarantees from the Covenantors; and
13. All other standard security for a transaction of this nature.

Title to the security and all documentation are to be in a form satisfactory to Bancorp's solicitors.

The mortgage and all security documentation shall be completed and registered in the name of the Lender as set out herein. Notwithstanding such registration, the Loan shall be administered by Bancorp as Servicing Agent as set out under "STANDARD CONDITIONS" as Schedule "A" hereto.

SOLICITORS:

All legal work and documentation is to be performed at the Borrower's expense by Bancorp's solicitors.

Fasken Martineau DuMoulin LLP
Mr. Brent Clark
2900 -- 550 Burrard Street
Vancouver, B.C.
Canada V6C 0A3
Telephone: (604) 631-4852 Fax: (604) 631-3232
Email: bccclark@fasken.com

SUBSEQUENT MORTGAGES
& CHARGES:

At time of disbursement, there must be no other financial charges against the subject property except for those listed under "SECURITY AND DOCUMENTATION" hereinbefore. Following disbursement, there shall be no subsequent mortgages or other financial encumbrances registered against the subject properties without Bancorp's prior written consent.

PARTIAL
DISCHARGES:

Except in default, partial discharges will be provided upon payment to the Lender of the greater of (a) 100% of the Net Sale Proceeds (as defined below) arising upon the sale and transfer of any strata lot to a bona fide arm's-length purchaser thereof for value, and (b) 95% of the Approved Sale List as agreed to by the Lender (attached as Schedule D to this letter).

"Net Sales Proceeds" shall mean the sales price (exclusive of GST), less reasonable legal and brokerage fees to a maximum of 5%. Sales at less than 95% of the Lender's approved sales list of each unit, will be subject to Bancorp's prior approval.

A copy of the applicable purchase/sales agreement, statement of adjustments, and disbursing solicitor's statement of funds received and disbursed for each unit sold are to be provided to Bancorp prior to the provision of partial discharges.

A deferred commitment fee of \$250 per unit shall be payable each time a partial discharge is provided.

P.O.



County of Los Angeles
City of Los Angeles

and shall retain the right to terminate the loan program, without notice, if any of the following conditions are not met:

- a) the mortgage is not recorded by October 31, 2019; 31
- b) the student is not a full-time student attending a college or university;
- c) the student is not a member of the student body of the college or university in which he or she is enrolled;
- d) there is a material adverse change in the financial condition of the student, materially and adversely affecting the value of the property, the student's ability to pay the loan, or the student's ability to complete the program of study; or
- e) the student is not a member of the student body of the college or university in which he or she is enrolled, or the student is not a member of the student body of the college or university in which he or she is enrolled, or the student is not a member of the student body of the college or university in which he or she is enrolled.

INTERPRETATION

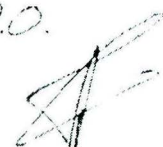
This commitment shall be interpreted in accordance with the laws of the State of California and the laws of the City of Los Angeles.

EXHIBITS

Exhibit A is attached to the Loan Program and is hereby incorporated by reference into this agreement.

1. Satisfactory inspection by an Officer of the Lender (attached);
2. Receipt and review of a satisfactory financial report showing the student's financial condition as of the date of the report (attached);
3. Evidence of satisfactory insurance for the property (attached);
4. Copy of the construction contract between the Lender and general contractor (attached);
5. Receipt and satisfactory review of all financial statements of the student, along with a statement of the student's financial condition (attached);
6. Financial statements of the Borrower and Lender (attached);
7. Copy of the construction permit for the property (attached);
8. Copies of the project plans and specifications of the Project;
9. Copy of the student's warranty for the Project;
10. Current statement of the student's financial condition, showing that the total Project budget is \$3,500,000, and that the student has the ability and capacity to complete the Project.

P.O.



11. Confirmation that at least 85% of the hard costs including all major sub-trades for the Project are under fixed price contracts, as to be verified by the cost consultant;
12. Receipt and satisfactory review of a geotechnical report along with a Letter of Transmittal confirming the Lender's reliance on the report (report received, LOT outstanding);
13. Copy of net worth statement for each Covenantor on Bancorp's standard form along with copies of titles for all properties listed on the net worth statement confirming ownership details and copies of last two years notice of assessment for their income tax returns;
14. Current dated Equifax report for the Borrower and Covenantor; and
15. All other standard funding conditions for a transaction of this nature as may be required by Bancorp.

SYNDICATION

The Loan is subject to syndication by the Lender. The Lender shall remove the syndication clause within five (5) business days from the date of Borrower acceptance of this Commitment Letter, otherwise the subject Loan is null and void.

TIME FOR ACCEPTANCE:

The offer of financing as contained in this commitment letter shall be open for acceptance a duplicate of this letter to Bancorp before close of business on Thursday, September 26, 2019 ~~as well as receipt of the further deposit (\$20,000) payable to "Bancorp Financial Services Inc. In Trust"~~ after which time this offer of financing shall be voidable at Bancorp's option.

We wish to express our appreciation for the opportunity to provide this financial accommodation and look forward to a continuing mutually beneficial association.

Yours very truly,

BANCORP FINANCIAL SERVICES INC.



Mike Soha
Vice President



Garry Wong
President

P.O.



[illegible]

26
4

day 1 Sept 2014

Borrower

ALVARO DE VASCONCELOS

~~REDACTED~~

P.O.

[Handwritten signature]

COVENANTORS:

The undersigned Covenantor hereby agree(s) to observe and perform all of the covenants and obligations of the Borrower herein and in respect of all Loan Documents and to indemnify the Lender in respect thereof; such covenant, guarantee and indemnity to be in the standard form used by Bancorp's solicitors for its mortgage loans and subject to the limitation, if any, as set out hereinbefore



PEDRO OCANA


DANNY ASTETE

SUNSET HOMES LTD.


Per: CRUZ CUSTOM HOMES LTD.


Per: YYC FRAMING LTD.

Per: SUNSET HOMES LTD.

BORROWER'S SOLICITOR:

We advise that the Borrower's solicitor for this transaction is:

NAME: Lev Kramar

FIRM: Masuch Law LLP

ADDRESS: 125, 8838 Blackfoot Trail SE, Calgary, AB T2J 3J1

PHONE: (403) 543-1100

FAX: (403) 543 1111

P.O. 

STANDARD CONDITIONS

The Loan is subject to the following Standard Conditions as applicable:

In the event of any inconsistency or conflict between these Standard Conditions and the Special Conditions and the other terms and conditions set forth on a particular page of a purchase order, then the latter shall prevail.

These criteria are not sufficient to distinguish among the different

P.C.

The Borrower and Covenantor shall provide such additional financial and other information as may be required by Bancorp from time to time relating to the Borrower, the Covenantor, the Project and/or the Loan.

Bancorp shall have the right at reasonable times upon request to inspect the Project, books of account, and other documentation and material relating to the Loan and the Project.

CREDIT REPORTS:

Bancorp shall be provided with current bank and credit reports on the Borrower and Covenantor. These reports are to be satisfactory to Bancorp in its sole discretion.

In accepting this commitment letter, the Borrower and Covenantor authorize Bancorp to make such credit investigations as and when it deems necessary from time to time.

CONSENT TO DISCLOSURE:

The Borrower and the Covenantor consent to and acknowledge that credit, financial and personal inquiries regarding the Borrower and the Covenantor, their respective officers, directors and principal shareholder(s) may be made at any time in connection with the Loan applied for and/or in connection with any assignment, sell down, syndication or securitization of the Loan by the Lender and the Borrower and the Covenantor consent to the making of any such inquiries by or on behalf of the Lender and consent to disclosure without restriction and without notice to or the consent of the Borrower or the Covenantor of any such information to any credit reporting service, financial institution, rating agency, participant, investor, certificate holder, assignee or purchaser of all or any part of the Loan or interest therein and any organization maintaining databases on the underwriting and performance of commercial mortgage loans. The Borrower and Covenantor irrevocably waive any and all rights they may have under applicable law to prohibit such disclosure including, but not limited to, any right of privacy. The Borrower and Covenantor acknowledge that the aforementioned collection, use and disclosure of personal information is appropriate in these circumstances.

CONSTRUCTION LOANS:

1. In accepting this commitment letter, the Borrower and the Covenantor undertake that they:
 - (a) shall, in the event any Project approved costs in excess of the approved Project budget are identified and regardless of the cause of the deficiency, inject such additional funds into the Project as are necessary to reduce the cost-to-complete for the Project, including interest accruing due under the Loan, to an amount no greater than the remaining unadvanced portion of the Loan.
 - (b) shall provide regular and ongoing status reports on the development and sales and leasing (if applicable) at least monthly in respect of the Project.
 - (c) shall perform and do all things and acts that are necessary to complete the Project in accordance with the approved Project budget and the construction schedule accepted by Bancorp.
 - (d) shall permit the Lender and its Project consultant(s) to inspect the Project at any time and to review all contracts, plans, reports, budgets, surveys, insurance policies, invoices, permits and letters of credit relating to the Project and such other documentation and information requested by the Lender and its Project consultant(s) from time to time, and the costs of the foregoing shall be for the account of the Borrower and/or Covenantor.


P.O.



-

\$250

- Figure 1

P.O. 

insurance documents must be furnished to Borrower's insurance consultant for review and approval at least 15 days prior to the policy and/or renewal date.

All construction contracts for insurance shall be reviewed and approved by Lender.

Improvements must be insured for the replacement cost of the Loan against all hazards for their full economic value within 30 days to the Lender.

Municipal City Taxes

All property taxes and charges levied in respect of the Project shall be paid in full when due with evidence of payment being provided to Lender no later than ten (10) days following the payment due date. Property taxes and utilities shall be in a current position at the time of any Loan advance. The Lender reserves the right to collect 10% of an estimated annual property taxes with each regular monthly payment of interest and principal and interest under the Loan.

Harmonized Goods Taxes/Foods And Services Tax

On completion by the Lender of the Project construction, all Harmonized Sales Tax and Goods and Services Tax payable by the Borrower in respect of Project sales shall be remitted directly to Revenue Canada by the Borrower's solicitor or notary public immediately on completion of such sales, with evidence of such payment provided to the Lender.

5.2.2

For construction loans or loans secured by an existing building(s) or other improvements prior to any advance, an up-to-date surveyor's certificate and survey plan, completed by a registered Professional Surveyor acceptable to Lender in respect of the property to be mortgaged is to be furnished at the Borrower's expense. Such surveyor's certificate and survey plan, together with any other certification required, are to establish to the satisfaction of Lender and its solicitors:

- (a) the boundaries and dimensions of the property;
 - (b) the location of the building(s) and other improvements on the property and that the location and construction of the building(s) and other improvements comply with all rules, regulations, and by-laws of the appropriate municipal authority having jurisdiction in connection therewith including, without limitation, compliance with all setbacks, easements, zoning and other restrictions;
 - (c) that the building(s) and other improvements do not encroach upon adjoining lands, easements, rights of way or covenant areas; and that there are no encroachments upon the property;
 - (d) the location of the registered easements, rights of way and covenant areas; and
 - (e) the dimensions of the building(s) improvements.
- Following completion of the foundations and prior to funding of any superstructure elements of the Project, a surveyor's certificate and sketch of survey prepared by a registered British Columbia land surveyor acceptable to the Lender, and certificate to confirm the location of any buildings and other improvements constructed on the Lands and that the location and exterior dimensions of such buildings and other improvements comply with all rules, regulations and by-laws of the appropriate municipal or other Governmental Authority having jurisdiction in this regard including, without limitation, all statutory provisions relating to building and private easements, and setback and zoning restrictions.

The Borrower and the Guarantor, jointly and severally, shall agree to indemnify the Lender for any and all costs and expenses incurred by the Lender in connection with the enforcement of its rights under this Agreement, including reasonable attorneys' fees and costs, and the Lender shall be entitled to recover such costs and expenses from the proceeds of the Loan. The Borrower and the Guarantor shall also agree to indemnify the Lender for any and all costs and expenses incurred by the Lender in connection with the enforcement of its rights under this Agreement, including reasonable attorneys' fees and costs, and the Lender shall be entitled to recover such costs and expenses from the proceeds of the Loan.

(b) The bond secured by an existing building or other immovable property, if any, shall be provided with a full set of plans prior to any advance of funds.

The Borrower's strata condominium corporation owns, holds title to, and is responsible for the maintenance and repair of the common elements, including the roof, exterior walls, and other structural elements of the building. The Borrower's strata condominium corporation is also responsible for the maintenance and repair of the common areas, including the hallways, stairs, and other areas that are shared by the owners.

The Bureau of the Congo for water and riparian rights and the "indigenous" people of the Congo have the right to dispose of their own land, water, and riparian rights. The Bureau of the Congo for water and riparian rights and the "indigenous" people of the Congo have the right to dispose of their own land, water, and riparian rights. The Bureau of the Congo for water and riparian rights and the "indigenous" people of the Congo have the right to dispose of their own land, water, and riparian rights.

The Borrower and the Lender have agreed to be responsible for all costs, fees and expenses (collectively, the "Costs and Expenses") associated with the Borrower's application for the Loan, the consummation of the Loan and the Loan and security documents, including, without limitation, legal fees and disbursements, application, filing, or re-application fees, court costs, insurance, stamp, notary, recording fees, the independent cost consultant, insurance consultant and any other costs, fees or expenses whatsoever incurred in connection with the Loan.

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release or for the making and performing of all of its covenants and obligations under this Commitment letter and related Loan Documents, the execution and delivery of this Commitment letter and related Loan Documents, and for the carrying out of the transactions contemplated hereby;

- (k) the Borrower is duly authorized, qualified and licensed under all applicable laws to carry on the business of owning and leasing the Project;
- (l) all necessary arrangements have been taken to guarantee the execution, delivery and performance of this commitment letter and related Loan Documents and the consummation of the transactions contemplated hereby and thereby;
- (m) there is no action, suit, proceeding, or investigation pending or threatened against the Borrower or Covenantor or affecting the Borrower or Covenantor or any property of the Borrower or Covenantor at law or in equity or before or by any federal, state, provincial or municipal department, commission, board, bureau, agency or other body which place in question the validity or enforceability of this commitment letter or the Loan Documents or any action to be taken in connection therewith;
- (n) it is not in default under, or is in violation of any provision of its Articles or By-Laws in any material respect, any applicable Law or, in any material respect any indenture, agreement, lease, deed or trust, mortgage, bond or other evidence of indebtedness or other instrument by which it is bound;
- (o) it is not insolvent, bankrupt or proceeding with a winding-up, whether voluntary or involuntary;
- (p) all financial statements presented to Bancorp or the Lender are true and correct in all material respects as at the date and for the periods indicated and have been prepared in accordance with generally accepted accounting principles.

The Borrower and the Covenantor shall provide to Bancorp or to the Lender a certificate on the date of advance hereunder that the warranties and representations hereinbefore set out comprise to be true and correct.

If at any time before the advance of mortgage funds, there is or has been any material discrepancy or inaccuracy in any written information statement or warranty or representation made or furnished to Bancorp or to the Lender by or on behalf of the Borrower or Covenantor concerning the Project or the Borrower or the Covenantor, then the Lender shall be entitled forthwith to cancel its obligations hereunder by notice to the Borrower.

1.12 THE MORTGAGE

The mortgage securing the Loan and the security agreement shall each contain an appropriate provision permitting the Lender to appoint a receiver or a receiver and manager of the Project assets in the event of the default of the Borrower with any costs being the Borrower's obligation.

1.13 NO MERGER

It is understood and agreed that the execution, delivery and registration of the mortgage and other Loan Documents shall in no way merge or extinguish this commitment letter or the terms and conditions thereof which shall survive and continue in full force and effect provided, however, that in case of any inconsistency or conflict between the terms of this commitment letter and any Loan Documents, or as between any Loan Documents, the agreement or provision thereof which provides greater rights to the Lender will prevail and if there is any disagreement as to which agreement or provision thereof ought to prevail the determination will be made by the Lender in its sole discretion.

AND IT IS

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actuarial practices and principles, firstly by reducing to the extent necessary the amount of any bonus payable hereunder, secondly (if required) by reducing to the extent necessary the amount of any fees or commissions or other consideration other than interest payable hereunder, and thirdly (if required) by reducing to the extent necessary the interest rate. In the event that the Borrower and/or Covenantor(s) have paid to the Lender interest at a criminal rate on the credit advanced under the mortgage securing the Loan (as "interest", "credit advanced" and "criminal rate" are defined in Section 347 of the Criminal Code (Canada)), the Lender shall at the request of the Borrower and/or Covenantor refund to the Borrower and/or Covenantor an amount equal to the amount by which such interest exceeds the criminal rate. The provisions of this commitment letter shall be modified and are deemed to be modified to the extent necessary to effect the foregoing.

AMENDMENTS

No term or requirement of this commitment letter or of the mortgage or any other Loan Documents securing the Loan may be waived or varied orally or by any course of conduct of any employee of Bancorp or the Lender. Any amendments to this commitment letter or to the mortgage securing the Loan or any other Loan Documents, and any waiver of any term or requirement of this commitment letter or the mortgage security the Loan or any other Loan Documents must be in writing signed by two duly authorized officers of Bancorp or the Lender.

CAPTIONS AND HEADINGS

The captions and headings contained in this commitment letter are for convenience or reference only and in no way define, limit or enlarge the scope, meaning or intent hereof or in any way this commitment letter.

ENTIRE AGREEMENT

This commitment letter and all documents herein contemplated constitute the entire agreement among the parties hereto pertaining to this transaction and supersedes all prior agreements, understandings and negotiations in connection therewith.

TIME OF THE ESSENCE

Time is of the essence in this commitment letter.

JOINT AND SEVERAL LIABILITY

If the Borrower is more than one person, all covenants and obligations of the Borrower under this commitment letter and related Loan Documents shall be joint and several, unless otherwise specified in this commitment letter and related Loan Documents. If the Covenantor is more than one person, all covenants and obligations under this commitment letter and related Loan Documents shall be joint and several as between each Covenantor and with the Borrower, unless otherwise specified in this commitment letter and related Loan Documents.

EXECUTION BY FACSIMILE AND ELECTRONIC TRANSMISSION

This commitment letter may be executed by the parties and transmitted by facsimile and/or electronic transmission and if so executed and transmitted this commitment letter shall be for all purposes as effective as if the parties had delivered an executed original copy of this commitment letter.



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eighty

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[Handwritten signature]

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Please

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Please

Please

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P.O. 84

INSURANCE COVERAGE OF LINES FOR MORTGAGED PROPERTIES

When completing the form of this contract, please sign the policy as a signatory to review and approve the policy and its terms and conditions. Forward documents together with the other relevant documents to the lender.

1. Lender Risk Management Inc.
1000 St. Jean Blvd.
Toronto, Ontario M5T 1M7

2. Lender Risk Management Inc.
Tel: 416-448-1231
Fax: 416-348-9721
Contact: Lender Risk Management Inc.
Heather Chatham (Tel: 416-448-1231)
lender@lender.ca

at least 2 business days prior to anticipated funding date

WHILE UNDER CONSTRUCTION

1. Risks: Earthquake, Flood, Sewer Back-up, Delayed Opening, at least equivalent to L.A.O. Form 5071

- Insurance for 100% of replacement cost including foundations and air ducts below ground level
- Insurance for 100% of all soft costs including interest and fees
- Insurance for 100% of the gross annual costs or rental value
- Up to \$1,000,000 Coverage for Property & Builder and Machine Policies
- Permission for partial or full occupancy
- Delayed opening income
- Replacement Cost Clause - Same or Adjacent Site Clause Renowned
- Standard Mortgage Clause
- Lender's Policy - Addition to Mortgage of record
- 30 Days Notice of Material Change or Cancellation to Loss Payee

2. Lender's General Liability

Minimum \$2,000,000 inclusive limit

- Lender to be Additional Insured to the CGL
- Third Party Property Damage and Bodily Injury

Transparency

P.O. 

Minimum \$4 million or such greater amount as the Lender may reasonably require.

Course Instructor: Craig Bartholomew

By Laws Covering the Property & Police and Magistrate

Case "B" is a different type of case.

30-Days' Notice of Motion's Change of Jurisdiction in La Porte Case

insurance for 100% of the gross annual rents and, in an additional step, the non-voluntary owner pays for 50%-25% per year.

2007年11月15日 星期四

Waterfront Development

30. Dave's rate of material increase in consumption is 100 percent.

Mr. Turner 62 000,00%, net 530,00%

[order to be Add here, this will be](#)

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~ Third Party Property Damage and Bodily Injury

All of the above policies to be with insurers and on terms and conditions satisfactory to the Mortgagee.

P.O. 

Power of Attorney

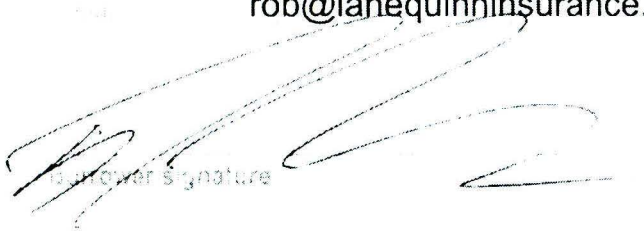
I/we hereby authorize the undersigned Broker to release the insurance information required by Barron's Financial Services Inc. and their insurance management consultant (BFC) to the Broker for this transaction.

Broker Name: Rob Klewchuk, Lane Quinn Insurance

Address: Suite 250, 1011 - 9th Avenue SE
Calgary, Alberta, T2G 0H7

Phone: (403) 585-2096 Fax:

Email: rob@lanequinninsurance.ca

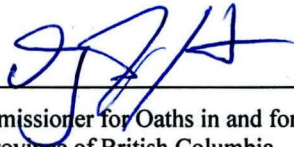

Broker Signature

Signature

APPROVED PRICE LIST FOR THE PROJECT

Unit	Size	Basement	Building	Beds	Value	\$ / SF
1	1,474	Yes	South	4	\$ 700,150	475
2	1,474	Yes	South	4	\$ 700,150	475
3	1,474	Yes	South	4	\$ 700,150	475
4	1,458	Yes	South	4	\$ 692,550	475
5	1,489	Yes	South	4	\$ 707,275	475
6	1,474	No	North	3	\$ 700,150	475
7	1,474	No	North	3	\$ 700,150	475
8	1,474	No	North	3	\$ 700,150	475
9	1,458	No	North	3	\$ 692,550	475
10	1,489	No	North	3	\$ 707,275	475
11	753	No	North	1	\$ 376,500	500
12	433	No	North	1	\$ 248,975	575
	15,924				\$ 7,626,025	\$ 479

This is Exhibit "F"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'JAH', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

COLLATERAL MORTGAGE

I/WE, **ALVARO DEVELOPERS INC.** (hereinafter referred to as the "Mortgagor") having an address at 223 Lakeside Greens Court, Chestermere, Alberta T1X 1C8, being registered owner of an estate in fee simple (subject to registered encumbrances, liens and interests, if any) in all those lands legally described in Schedule "A" attached hereto (hereinafter referred to as "the land"), IN CONSIDERATION OF the premises herein and other valuable consideration, the receipt and sufficiency of which is acknowledged, hereby covenant with **BANCORP FINANCIAL SERVICES INC., BANCORP BALANCED MORTGAGE FUND II LTD., BANCORP GROWTH MORTGAGE FUND II LTD.** each having the address at 1420 - 1090 West Georgia Street, Vancouver, BC V6E 3V7 (collectively, hereinafter referred to as the "Mortgagee") as follows:

- (1.) **Charging Clause:** The Mortgagor hereby encumbers, mortgages and charges the land and each and every building and improvement on the land (the "premises") which now or hereafter may be erected thereon (the land and the premises being hereinafter referred to as the "mortgaged property") with payment of:
- (a) the Liabilities (as hereinafter defined), excluding any portion thereof constituting interest or constituting Enforcement Obligations (as hereinafter defined), up to the amount of FIVE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$5,350,000.00);
 - (b) the Enforcement Obligations (as hereinafter defined); and
 - (c) interest payable on the Liabilities calculated at the rate and in the manner specified herein or in the instrument or other agreement creating or evidencing the obligation to pay such interest.

"Enforcement Obligations" means all amounts payable hereunder which are stated to constitute Enforcement Obligations.

"Liabilities" means all amounts owing to the Mortgagee from time to time in respect of the commitment letter dated September 23, 2019 issued by the Mortgagee to and accepted by, *inter alia*, the Mortgagor in connection with the Liabilities, and any other term sheet, commitment letter or loan agreement entered into at any time between the Mortgagor and the Mortgagee to evidence the terms of the Liabilities, and includes all amendments and modifications thereto and all restatements and replacements thereof from time to time (the "**Commitment Letter**") (which includes for greater certainty all Enforcement Obligations) whether present or future, direct or indirect, absolute or contingent, matured or not, and whether incurred or arising before, during or after the time that the Mortgagor is the owner of the mortgaged property, and whether arising within or outside Canada, and whether incurred by or arising from any agreement or dealing between the Mortgagee and the Mortgagor or by or from any agreement or dealing with any third party by which the Mortgagee may be or become in any manner whatsoever a creditor of the Mortgagor, or however otherwise incurred or arising, and

whether the Mortgagor be bound alone or with another or others, and whether as principal, guarantor or surety.

"Prime Rate" means the annual rate of interest established and announced from time to time by Canadian Imperial Bank of Commerce as being the reference rate then in effect for determining interest rates on Canadian dollar commercial loans made in Canada.

- (2.) **Liabilities:** These presents are given and taken as general and continuing collateral security to secure payment of the Liabilities and this mortgage shall obtain priority for all Liabilities notwithstanding that at any time or from time to time there may not be any Liabilities then outstanding. The Mortgagor agrees to pay to the Mortgagee each and every amount, indebtedness, liability and obligation forming part of the Liabilities in the manner agreed to in respect of such amount, indebtedness, liability or obligation. Any future or contingent Liability that does not constitute a debt or loan shall accrue and be payable upon the satisfaction of any applicable condition or contingency which is specified in the agreement or dealing creating such Liability or upon the satisfaction of any other condition or contingency which may be applicable to making a determination of whether such Liability is accrued and payable. The accounts and records of the Mortgagee shall, in the absence of manifest error, constitute *prima facie* evidence of the amount of Liabilities outstanding and owing from time to time by the Mortgagor to the Mortgagee. Unless otherwise specified herein, in the Commitment Letter or in an instrument or other agreement creating or evidencing an obligation to pay interest on the Liabilities, the Mortgagor shall pay to the Mortgagee interest on the amount of the Liabilities outstanding from time to time at the dates, times and in the manner set out in the Commitment Letter, such interest to be calculated at a rate equal to the Prime Rate plus **FIFTEEN** percent (**15.00%**) per annum, calculated and payable monthly not in advance, both before and after default and judgment, with interest on overdue interest at the rate aforesaid.
- (3.) **Enforcement Obligations:** All Enforcement Obligations shall be payable by the Mortgagor to the Mortgagee upon demand therefor by the Mortgagee to the Mortgagor together with interest thereon from the date such Enforcement Obligations become due and payable until paid, calculated at the same rates applicable to the Liabilities, calculated and payable in accordance with the terms of the Commitment Letter.
- (4.) **No Merger:** Neither the granting of this mortgage nor any proceeding taken hereunder or with respect hereto or under any securities or evidences of securities taken by the Mortgagee, nor any judgment obtained in such proceeding, shall operate as a merger of the Liabilities or of any simple contract debt or in any way suspend payment of, affect or prejudice the rights, remedies or powers, legal or equitable, which the Mortgagee may hold in connection with the Liabilities and any securities which may be taken by the Mortgagee in addition to, by way of renewal of, or in substitution for any present or future bill, promissory note, obligation or security evidencing the Liabilities or a part thereof, or be deemed a payment or satisfaction of the Liabilities or any part thereof or merger therein and any right reserved to the Mortgagee under any document may be exercised by the Mortgagee concurrently or consecutively with or to any other rights reserved to it.

(5.) **Further Covenants:** The Mortgagor further covenants with the Mortgagee that the Mortgagor:

- (a) has a good title to the land and premises;
- (b) has the right to mortgage the land and premises and that on default the Mortgagee shall have quiet possession of the land and premises free from all encumbrances;
- (c) will execute such further assurances of the land and premises as may be requisite; and
- (d) has done no act to encumber the land and premises.

(6.) **Covenants:** The Mortgagor further covenants with the Mortgagee that:

- (a) **Insurance:** The Mortgagor will forthwith insure and during the continuance of this mortgage keep insured in favour of the Mortgagee against loss or damage by the perils of fire and such other perils as the Mortgagee may require, the premises, both during erection and thereafter, for a total amount not less than the lesser of the replacement cost of the premises and the amount of the Mortgagee's interest therein, with an insurance company and under policies satisfactory to the Mortgagee; and each policy of insurance shall provide that every loss shall be payable to the Mortgagee as its interest may appear in accordance herewith, subject to a standard form of mortgage clause approved by the Mortgagee; and each policy of insurance shall provide that the Mortgagee shall receive at least thirty (30) days prior notice of any cancellation or material alteration thereof; and the Mortgagor will forthwith assign, transfer and deliver to the Mortgagee the policies of insurance and all renewal receipts pertaining thereto; and no insurance will be carried on the premises other than such as is made payable to the Mortgagee in accordance with the provisions of this paragraph; and the Mortgagor will not do or omit or cause anything to be done, omitted or caused whereby the policies of insurance may become void; and the Mortgagor will pay all premiums necessary for such purposes promptly as the same shall become due and will deliver evidence of renewal to the Mortgagee at least seven (7) days prior to the expiration of any policy of insurance; and, in the event of any breach of the foregoing covenants respecting insurance, the Mortgagee, without prejudice to its other rights hereunder, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Mortgagee, adequate to protect the Mortgagee's insurable interest and any amount paid therefor by the Mortgagee shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation; and forthwith on the happening of any loss or damage, the Mortgagor will furnish at its own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and the production of this mortgage shall be sufficient authority for the insurance company to pay every such loss to the Mortgagee, and the insurance company is hereby directed thereupon to pay the same to the Mortgagee; and any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding,

reinstating or repairing the premises or be paid to the Mortgagor or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part on the Liabilities or any part thereof whether due or not then due; and the Mortgagor hereby releases to the Mortgagee all its claims upon the mortgaged property subject to the said provisos;

- (b) **Taxes and Encumbrances:** The Mortgagor will pay when and as the same fall due all taxes, rates, levies, assessments, liens, charges, encumbrances or claims which are or may be or become charges or claims against the mortgaged property or on this mortgage or on the Mortgagee in respect of this mortgage; and in default of payment, the Mortgagee may pay the amount of such taxes, rates, levies, assessments, liens, charges, encumbrances and claims, and all monies so paid by the Mortgagee shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation;
- (c) **Assignment of Rents and Leases:** For the better securing to the Mortgagee the payment of the Liabilities, the Mortgagor hereby gives, grants, assigns, transfers and sets over unto the Mortgagee all leases, agreements, tenancies, quotas and licenses which affect the mortgaged property whether written, verbal or otherwise howsoever, including all renewals or extensions thereof, together with all rents and other monies payable thereunder and all rights, benefits and advantages to be derived therefrom; provided that nothing done in pursuance hereof shall have or be deemed to have the effect of making the Mortgagee responsible for the collection of rent, or of any part thereof, or any income or revenue whatsoever of and from the mortgaged property, or for the performance or observance of any provision of such leases and agreements;
- (d) **Fixtures:** Without restricting the generality of the term "fixtures", fences, plumbing, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, and all appliances and appurtenances relating thereto which now are or may hereafter be placed upon the mortgaged property by the Mortgagor or which now are or may hereafter be attached to the mortgaged property by the Mortgagor, and all farm machinery, improvements and irrigation systems, fixed or otherwise, and even though not attached to the land otherwise than by their own weight, shall be deemed to be fixtures and all fixtures shall form a part of the mortgaged property and are charged by and subject to this mortgage;
- (e) **Good Repair:** The Mortgagor will not remove any fixtures of any kind from the mortgaged property, and will keep the premises and all fixtures, gates, fences, drains and improvements for the time being subject to this mortgage in good and substantial repair, and will at all times make such repairs to, and if incomplete, will complete such buildings and improvements as may be required by the Mortgagee in writing; and will not without the consent in writing of the Mortgagee, commit or permit any kind of waste on the mortgaged property; and in default of any of the foregoing the Mortgagee may at its option enter upon the

mortgaged property from time to time in order to inspect, and may at its option complete, repair and keep in repair the said premises, fixtures, gates, fences, drains and improvements without thereby becoming liable as mortgagee in possession and the amount expended by the Mortgagee in doing all or any of the foregoing things shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation;

- (f) **Inspection:** The Mortgagee, its agents, employees, and independent contractors may at any time enter upon the mortgaged property to inspect the mortgaged property, and where deemed necessary and/or advisable by the Mortgagee, to conduct investigations thereon, including, without limiting the generality of the foregoing, intrusive testing and sampling on the mortgaged property for the purpose of determining the presence of or the potential for environmental pollution, and the reasonable cost of such inspection and investigations paid for by the Mortgagee including any intrusive testing and sampling shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation;
 - (g) **No Other Encumbrances:** The Mortgagor will not, without the consent of the Mortgagee in writing, grant, create, assume or suffer to exist any mortgage, charge, lien or other encumbrance against the mortgaged property, whether ranking in priority to or subsequent to this mortgage, and the Mortgagee may pay the amount of any mortgage, charge, lien or other encumbrance, now or hereafter existing upon the mortgaged property having or claiming priority over this mortgage. All monies so paid by the Mortgagee shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation; and
 - (h) **Compliance with Laws:** The Mortgagor covenants with the Mortgagee to at all times promptly observe, perform, execute and comply with all applicable laws, including without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, building construction, builders' liens, or public health and safety, and all private covenants and restrictions affecting the mortgaged property or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance and will at its own expense make any and all improvements thereon or alterations to the mortgaged property, structural or otherwise, and will take all such other action as may be required at any time by any such present or future law, and the Mortgagor will cause its tenants, agents and invitees to comply with all the foregoing at their own expense.
- (7.) **Environmental Provisions:** The Mortgagor represents and warrants to the Mortgagee that there is no product or substance on the mortgaged property or on any property adjacent thereto which contravenes any environmental law or which is not being dealt with according to best recognized environmental practices, and that the mortgaged property is being used in compliance with all environmental laws. The Mortgagor will

give the Mortgagee immediate notice of any material change in circumstances which would cause any of the foregoing representations and warranties to become untrue. The Mortgagor will indemnify the Mortgagee and each of its directors, officers, employees, agents and independent contractors, from all loss or expense (including, without limitation, legal fees on a solicitor and his own client basis) due to the Mortgagor's failure to comply with any environmental law or due to the presence of any product or substance referred to in this paragraph, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of this mortgage or the release from this mortgage of part or all of the mortgaged property. All amounts payable to the Mortgagee in respect of such indemnity shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation.

(8.) **Remedies for Breach of Covenants:** In the event of non-payment when due of the Liabilities or a part thereof, or upon breach of or default under any provision of any agreement evidencing or relating to the Liabilities or a part thereof, or upon breach of or default in any provision of this mortgage:

(a) **Liabilities Due:** The Liabilities shall immediately become due and payable at the option of the Mortgagee unless such non-payment, breach or default is waived or postponed by the Mortgagee;

(b) **May Enter on to Mortgaged Property to Lease or Sell:** The Mortgagee may on giving the minimum notice, if any, according to applicable law, enter on and lease or sell the mortgaged property; and the Mortgagee may collect the rents and profits and lease or sell as aforesaid without entering into possession of the mortgaged property; and the Mortgagee is hereby irrevocably appointed the attorney of the Mortgagor for the purpose of making such lease or sale, and for recovering all rents and sums of money that may become or are due or owing to the Mortgagor in respect of the mortgaged property, and for enforcing all agreements binding on any lessee or occupier of the mortgaged property or on any other person in respect of it, and for taking and maintaining possession of the mortgaged property, and for protecting it from waste, damage or trespass, and for making arrangements for completing the construction of, repairing or putting into order any buildings or other improvements on the mortgaged property, and for harvesting, threshing and marketing any crops on the land, keeping down and destroying any noxious weeds, summer fallowing, and working, breaking and otherwise farming any farm land, and for conducting remediation to bring the mortgaged property in compliance with recognized environmental standards, statutory or otherwise, and for executing all instruments, deeds and documents pertaining thereto, and for doing all acts, matters and things that may be necessary for carrying out the powers hereby given; and any such sale may be either for cash or on credit, or part cash and part credit, and by private sale or public auction, and at such sale the whole or any part of the mortgaged property may be sold; and the Mortgagee may vary or rescind any contract of sale made by virtue of these presents, and may buy in and resell the mortgaged property or any part thereof, without being responsible for any loss or deficiency on resale or expense occasioned thereby, and may sell on such terms as to credit or otherwise as to it

shall seem appropriate, and for such prices as can reasonably be obtained therefor, and may make any stipulation as to title or evidence or commencement of title or otherwise as to it may seem proper, and no purchaser or lessee under such power shall be bound to inquire into the legality or regularity of any sale or lease under the said power, or to see to the application of the proceeds thereof, nor shall any omission, irregularity or want of notice invalidate or in any way affect the legality of any such sale or lease; and out of the money arising from such sale or lease the Mortgagee shall be entitled to retain an amount equal to the Liabilities together with all expenses incurred in or about taking, recovering or keeping possession of the mortgaged property, selling or leasing the same or otherwise by reason of any default of the Mortgagor hereunder, including solicitor's fees and disbursements as between a solicitor and his own client, and any balance of monies remaining after the satisfaction of all claims of the Mortgagee, as hereinbefore provided, shall be paid to the Mortgagor but the Mortgagee shall in no event be liable to pay to the Mortgagor any monies except those actually received by the Mortgagee;

- (c) **Foreclosure:** The Mortgagee may take foreclosure or foreclosure and sale proceedings in respect of the mortgaged property in accordance with the provisions of the laws of the jurisdiction in which the mortgaged property is situate; and in the event of any deficiency on account of the Liabilities remaining due to the Mortgagee after realizing all the mortgaged property, then the Mortgagor will pay to the Mortgagee on demand the amount of such deficiency together with interest thereon until paid, calculated at a rate of twenty-five percent (25.00%) per annum, calculated and payable monthly not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the rate aforesaid. In the event foreclosure proceedings are commenced in respect of the mortgaged property, then from the time of the application for an order nisi in such proceedings, the rate of interest payable under this mortgage shall, at the option of the Mortgagee, be fixed at the rate applicable under this mortgage at that time and shall thereafter remain at such fixed rate unless and until such proceedings have been settled or discontinued;
- (d) **Distrain:** The Mortgagee may distrain for arrears of the Liabilities, and as part of the consideration for any advance or creation of the Liabilities, the Mortgagor agrees to waive, and hereby waives, on the exercise of any such right of distress all rights to exemptions from seizure and distress under any law applicable in the jurisdiction in which the mortgaged property is situate;
- (e) **Receivership:** The Mortgagee may appoint a receiver of the mortgaged property and of the income of the mortgaged property, or any part thereof, and every such receiver shall be the agent of the Mortgagor and the Mortgagor shall be solely responsible for the receiver's acts or defaults; and such receiver shall have power to demand, recover and receive all the income of the mortgaged property, by action, distress or otherwise, either in the name of the Mortgagor or of the Mortgagee, and to give effectual receipts for the same; and the receiver may lease the mortgaged property and execute contracts in the name of the Mortgagor; provided that such receiver may be removed and a new receiver appointed from

time to time by the Mortgagee, by writing under the hand of any authorized agent or solicitor; and it is further agreed that such receiver shall be entitled to retain out of the monies received by it a commission of five percent (5.00%) of the gross receipts, or such higher rate as any judge of any court having jurisdiction may allow upon application by it for that purpose, and also its disbursements in the collection of such income, and thereafter shall apply all monies received by it as such receiver as follows: namely, in discharge of all taxes, rates and accounts payable whatsoever affecting the mortgaged property and all liens, charges (including, without limitation, those imposed under environmental laws), annual sums or other payments and interest thereon, if any, having priority to this mortgage; in payment of the premiums on insurance payable under this mortgage; in payment of the cost of all necessary or proper repairs to the mortgaged property; and the balance, if any, thereafter upon the Liabilities; provided further that neither the existence of the foregoing relating to attornment, to distraint for arrears, to entry upon the mortgaged property, to foreclosure and to the said receivership, nor anything done by virtue thereof, shall render the Mortgagee a mortgagee in possession so as to be accountable for any monies except those actually received; and

- (f) **Performance of Obligations:** The Mortgagee, at its option, may by and on behalf of the Mortgagor and at the sole cost and expense of the Mortgagor, and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed, any provision with respect to which default has occurred hereunder or under any provision of any agreement or dealing evidencing the Liabilities and for such purpose make such payments as are contemplated herein, and all monies expended by the Mortgagee for any such purpose shall be payable by the Mortgagor to the Mortgagee upon demand and shall constitute an Enforcement Obligation; provided however that nothing herein contained shall be deemed to hold the Mortgagee responsible for and the Mortgagee shall not be responsible for any loss arising out of its or its agents' or employees observance or performance of any such provision. No remedy herein conferred is intended to be exclusive of any other remedy or remedies hereunder or under any security collateral hereto, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under any security collateral hereto or now or hereafter existing at law or in equity.
- (9.) **Bankruptcy:** If the Mortgagor shall commit an act of bankruptcy within the meaning of the Bankruptcy and Insolvency Act, become bankrupt or insolvent or shall be subject to the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors or go into liquidation either voluntarily or under an order of a court of competent jurisdiction or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, the same shall constitute a breach of covenant pursuant to this mortgage.
- (10.) **Costs to Protect Security:** All fees, charges, costs (including solicitor's fees and disbursements as between a solicitor and his own client) or expenses levied or charged by

any solicitors or inspectors retained by or on behalf of the Mortgagee for the preparation, taking, registration, maintenance, protection or enforcement of this mortgage and any other securities which may be taken by the Mortgagee in connection with the Liabilities or any part thereof, together with the costs of any sale or abortive sale and of taking, recovering and keeping possession of the mortgaged property, the costs of inspecting or managing the same and generally any costs in any other proceeding, matter or thing taken or done in connection with or for completing the construction of, repairing or putting in order any buildings or other improvements on the mortgaged property, or for remediation to bring the mortgaged property into compliance with recognized environmental standards, statutory or otherwise, or to protect or realize upon this mortgage or any other security taken in connection with the Liabilities, or to perfect the title of the mortgaged property, or relating to expropriation of part or all of the mortgaged property, shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation. If the Mortgagor shall default in payment of any Enforcement Obligation on demand, the Liabilities shall at the option of the Mortgagee forthwith become due and payable unless such default is waived or postponed by the Mortgagee.

- (11.) **Extension or Replacement of Covenants:** The Mortgagee may, in its discretion and with or without the consent of the Mortgagor or any guarantor or surety, in respect of the Liabilities or any part thereof give an extension of time, take the covenant of any purchaser of the equity of redemption of the mortgaged property or any part thereof, or any security whatsoever from them or from any other person, for the assumption and payment of the whole or any part of the Liabilities or for the due performance of any of the provisions hereof and any such action on the part of the Mortgagee shall not release the Mortgagor or any guarantor or surety from payment of the Liabilities or any part thereof or the performance of the said provisions or any of them; and the Mortgagee may also, in its discretion, compound with or release the Mortgagor or any one claiming under it, or any other person liable for payment of the Liabilities, or surrender, release or abandon or omit to perfect or enforce any securities, remedies or proceedings which the Mortgagee may now or hereafter hold, take or acquire, and may pay all monies received from the Mortgagor or others, or from securities upon such part of the Liabilities as the Mortgagee may think best without prejudice to or in any way limiting or lessening the liability of the mortgaged property or of any surety or obligor or any other person liable for payment of the Liabilities; and the Mortgagee shall incur no liability to any person by reason of anything aforesaid; any provision or liability aforesaid shall continue in full force as long as any of the Liabilities remain unpaid, but the Mortgagee shall not be bound to exhaust its recourse or remedies against the mortgaged property or the Mortgagor or other parties or the securities it may hold before being entitled to payment from any guarantor or surety of the Liabilities.
- (12.) **Release of Lands:** The Mortgagee may, in its discretion and with or without the consent of the Mortgagor or any guarantor or surety, release any part of the mortgaged property or any other security for the Liabilities either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by it and without thereby releasing any other part of the mortgaged property, or any provision hereof, including any covenants or agreements on the part of

any guarantor or surety for the payment of the Liabilities and the performance of the provisions hereof.

- (13.) **No Waiver:** The permitting of or the acquiescence in the non-performance or non-observance of or the extension of time for the performance of any of the provisions of this mortgage shall not be or constitute any waiver of or cure any continuing or subsequent default, and shall not justify any default or delay on any other occasion and no waiver shall be inferred from or implied by anything done or omitted by the Mortgagee, except by express agreement.
- (14.) **No Apportionment:** Every part, lot or unit into which the mortgaged property is or may hereafter be divided stands charged with the whole of the Liabilities and no person shall have any right to require the Liabilities to be apportioned on or in respect of any such part, lot or unit, or to require the charge of this mortgage to be released or discharged in respect of any such part, lot or unit, and the Mortgagor hereby waives any provision of any legislation which provides for such right.
- (15.) **All Taxes Paid:** The Mortgagor represents and warrants that it has paid all taxes, interest and penalties payable by it under the provisions of federal, provincial and municipal statutes or by-laws relating thereto, and which may create a charge or lien upon the mortgaged property.
- (16.) **Expropriation:** In the event that the whole or any material portion of the mortgaged property is expropriated by any entity empowered to do so, then at the option of the Mortgagee all Liabilities shall forthwith become due and payable. The Mortgagor hereby waives the provisions of any law applicable in the jurisdiction in which the mortgaged property is situate which would restrict recovery under this mortgage to recovering the market value of this mortgage at the date of any expropriation if the market value is then less than the amount of the Liabilities. In the event such market value is less than the amount of the Liabilities and the Mortgagee receives from the expropriating authority the market value of this mortgage, the Mortgagor shall, notwithstanding the provisions of any such law, forthwith upon demand pay to the Mortgagee the remaining portion as a separate debt together with interest thereon until paid at a rate equal to the Prime Rate plus TEN percent (10.00%), calculated and payable monthly not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the rate aforesaid. The proceeds from any expropriation affecting the whole or any part of the mortgaged property shall be paid to the Mortgagee in priority to the claims of any other person.
- (17.) **Discharge:** The Mortgagor shall not be entitled to a discharge of this mortgage unless and until the Liabilities have been paid in full or are no longer in existence, the Mortgagee has no further obligations to the Mortgagor in respect of any Liabilities and the Mortgagor has kept and performed all of the provisions hereunder and under any provision of any agreement evidencing the Liabilities; and the Mortgagee shall have a reasonable time after payment or termination of the Liabilities within which to prepare or have prepared an executed discharge of this mortgage, and interest shall continue to run and accrue until all Liabilities have been paid and actual payment in full has been

received by the Mortgagee and all legal and other expenses for the preparation and execution of such discharge and any administration fee of the mortgagee in connection therewith shall be borne by the Mortgagor.

(18.) **Condominium Units:** Notwithstanding anything to the contrary herein contained, in the event that the mortgaged property constitutes a condominium or a unit in a condominium:

- (a) The Mortgagor covenants with the Mortgagee that the Mortgagor will observe and perform each and every provision required to be observed and performed under or pursuant to the terms of this mortgage, each and every provision of any law applicable in the jurisdiction in which the mortgaged property is situate which affects such condominium or unit in a condominium and the by-laws and any amendments thereto of the condominium corporation of which the Mortgagor is a member by virtue of the Mortgagor's ownership of the condominium being charged by this mortgage (hereafter referred to as the "Condominium Corporation");
- (b) Without limiting the generality of the foregoing subparagraph, the Mortgagor covenants to pay promptly when due any and all unpaid assessments, instalments or payments due to the Condominium Corporation;
- (c) In addition to the Mortgagor's obligations hereunder to insure the mortgaged property, the Mortgagor covenants and agrees to provide the Mortgagee, from time to time upon the Mortgagee's request, with evidence satisfactory to the Mortgagee that the Condominium Corporation keeps the condominium insured in favour of the Mortgagee against all risks of direct physical loss or damage on a replacement cost basis for an amount equal to the full replacement value of the condominium; provided that, if the Condominium Corporation neglects to keep the condominium insured as aforesaid, the Mortgagee shall be entitled but shall not be obligated to insure the condominium to a value deemed, in the sole opinion of the Mortgagee, adequate to protect the Mortgagee's insurable interest and any amount paid therefor by the Mortgagee shall be payable on demand and shall constitute an Enforcement Obligation;
- (d) As a member of the Condominium Corporation, the Mortgagor covenants and agrees to seek the full compliance by the Condominium Corporation with the requirement that the Condominium Corporation insure the condominium; and the Mortgagor hereby releases to the Mortgagee all of the Mortgagor's claim upon the Condominium Corporation, subject to the terms of the said insurance policy;
- (e) The Mortgagee authorizes the Mortgagor to vote respecting all matters relating to the affairs of the Condominium Corporation, provided that the Mortgagee may at any time upon written notice to the Mortgagor and the Condominium Corporation, revoke this authorization, in which case all power to vote shall rest in the Mortgagee, although the Mortgagee shall be under no obligation to vote to protect the interests of the Mortgagor or to vote in any particular manner;

- (f) The Mortgagor further covenants that, where the Mortgagor defaults in the Mortgagor's obligations to pay any assessment, instalment or payment due to the Condominium Corporation, or upon breach of any provision contained in this paragraph, regardless of any other action or proceeding taken or to be taken by the Condominium Corporation, the Mortgagee, at its option and without notice to the Mortgagor, may deem such default to be default under the terms of this mortgage and proceed to exercise its rights herein;
 - (g) Upon default herein and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may distrain for arrears of any assessment, instalment or payment due to the Condominium Corporation or arising under this paragraph; and
 - (h) The Mortgagor covenants to request the Condominium Corporation to send to the Mortgagee copies of all notices sent to the Mortgagor, and the Mortgagor covenants to notify the Mortgagee of any breaches by the Condominium Corporation that come to the attention of the Mortgagor.
- (19.) **Farm Lands:** Notwithstanding anything to the contrary herein contained, in the event that the mortgaged property is or includes farm lands:
- (a) In addition to the Mortgagor's obligations herein to insure the mortgaged property, the Mortgagor covenants and agrees to forthwith insure and during the continuance of this mortgage keep insured in favour of the Mortgagee against loss or damage by hail and such other perils as the Mortgagee may require, all crops now or hereafter to be grown on the land;
 - (b) The Mortgagor will in each year during the currency of this mortgage either put into crop or summer fallow in good, proper and husbandlike manner every portion of the land which has been or may hereafter be brought under cultivation, and will keep the land clean and free from all noxious weeds and generally see that the mortgaged property does not depreciate in any way; and
 - (c) The Mortgagor will pay when and as the same fall due any charges for keeping down and destroying noxious weeds on the land and in default of payment the Mortgagee may pay the same, and all monies so paid by the Mortgagee shall be payable by the Mortgagor to the Mortgagee upon demand and shall constitute an Enforcement Obligation.
- (20.) **Due on Sale or on Change in Ownership:** In the event that the Mortgagor shall sell, convey, transfer or otherwise dispose of the mortgaged property, or enter into any agreement to sell, convey, transfer or otherwise dispose of or lose title thereto, the Liabilities shall forthwith become due and payable at the option of the Mortgagee. In the event that the Mortgagor is a corporation, and in the event that there is a sale or sales which result in a transfer of the legal or beneficial interest of a majority of the shares in the capital of the Mortgagor or there is a change in the effective control of a majority of

the voting shares in the capital of the Mortgagor, then the Liabilities shall forthwith become due and payable at the option of the Mortgagee.

- (21.) **Cross Default:** In the event that the Mortgagor makes default under any mortgage, charge, lien or other encumbrance against the mortgaged property ranking or claiming priority over this mortgage, the same shall constitute default under this mortgage and the Liabilities shall at the option of the Mortgagee forthwith become due and payable, and the Mortgagee shall be at liberty to exercise its rights under this mortgage.
- (22.) **No Obligation to Advance:** Neither the execution nor registration of this mortgage nor the advancing or creation of any part of the Liabilities shall bind the Mortgagee to advance or create any further Liabilities; and notwithstanding anything herein contained, all payments to be made on or by virtue of this mortgage shall be made in lawful money of Canada to the Mortgagee at its Head Office or at such other place as the Mortgagee may, from time to time, in writing designate.
- (23.) **Lawful Interest Rate:** In the event interest chargeable or payable on principal or interest or on arrears of principal or interest as provided for in this mortgage is in excess of that permitted by the *Interest Act* (Canada) or any other applicable law, then in such event, interest payable and chargeable on such principal or interest or on arrears of principal or interest under this mortgage shall be chargeable and payable at the highest lawful rate permitted by the *Interest Act* (Canada) or such other applicable law and no other interest on principal or interest or on arrears of principal or interest shall be chargeable or payable hereunder.
- (24.) **Type of Land Ownership:**
 - (a) **Freehold:** If this mortgage is a mortgage of a fee simple interest, the Mortgagor represents and warrants to the Mortgagee that it has a fee simple interest in possession in the mortgaged property and that it has full power to mortgage the mortgaged property.
 - (b) **Leasehold:** If the interest of the Mortgagor in the mortgaged property derives from a lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or license of the mortgaged property (such lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or license including any renewal, extension, modification, replacement or assignment thereof is hereinafter collectively called the "Lease"), then the following additional provisions apply with respect to such interest:
 - (i) all references in this mortgage to "mortgaged property" shall include all right, title and interest of the Mortgagor from time to time in and to the Lease and the lands and premises demised under the Lease, including any greater right, title or interest therein or in any part thereof acquired after the date of this mortgage;

- (ii) the Mortgagor grants, mortgages, demises, sub-leases and charges to the Mortgagee all estate, term, right, title and interest of the Mortgagor in and to the Lease and the mortgaged property, together with any and all other, further or additional title, estate, interest or right therein or any part thereof which may at any time be acquired by the Mortgagor in or to the lands and premises demised by the Lease during the term of the mortgage, and all benefit and advantage therefrom for the Mortgagee including any right or option to purchase or to lease contained therein, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof, as security for the payment to the Mortgagee of the Liabilities, plus the interest on the Liabilities, Enforcement Obligations and all other amounts secured by this mortgage and for the performance of all liabilities and obligations secured by this mortgage upon the terms set out in this mortgage;

(25.) **Representations and Warranties regarding Leasehold Title:** If this mortgage is a mortgage of a leasehold title, the Mortgagor represents and warrants to the Mortgagee that:

- (a) the leasehold estate which is the subject of this mortgage arises under the Lease, which has not been further modified or amended;
- (b) the Lease is a valid, effective and subsisting lease which has not been surrendered or forfeited, and the Lease is not presently subject to any assignment, mortgage or other encumbrance;
- (c) the Mortgagor has taken possession of the mortgaged property and all sums due under the Lease have been paid in full to the date hereof;
- (d) the Mortgagor has full power to mortgage the Lease (subject to the consent, if necessary, of the lessor), and if the consent of the lessor is required, such consent has either been obtained or will be obtained prior to any advance of monies secured by this mortgage; and
- (e) "Lease" means the lease from _____ to _____ dated _____ commencing on _____ and _____ expiring on _____, subject only to the following amending agreements, if any:

(26.) **Covenants regarding Leasehold Title:** If this mortgage is a mortgage of a leasehold estate, the Mortgagor covenants with the Mortgagee that:

- (a) it will not modify or amend or consent to any modification or amendment to the Lease without the prior written consent of the Mortgagee;

- (b) it will not surrender or forfeit or consent to any surrender or forfeiture of the Lease, and it will not without the prior written consent of the Mortgagee further assign, mortgage or otherwise encumber the Lease;
- (c) it will not postpone or subordinate its interest in Lease to any other mortgage or encumbrance without the prior written consent of the Mortgagee;
- (d) it will faithfully comply with each provision of the Lease and will do all things necessary to preserve the Lease and the lessee's rights thereunder;
- (e) it will promptly notify the Mortgagee of any default under the Lease by the Mortgagor, or the giving or receipt of any notice of default in respect thereof, and it agrees to request that the lessor provide the Mortgagee with the opportunity (but not the obligation) to cure any default under the Lease and any amount which may be required to be paid by the Mortgagee to cure such default and the costs thereof (including any legal costs as between solicitor and client) shall constitute an Enforcement Obligation;
- (f) the Mortgagor will notify the Mortgagee of each and every notice of default, demand or claim forwarded to or served upon the Mortgagor by the lessor under the Lease;
- (g) it will notify the Mortgagee promptly in writing after learning of any condition that with or without the passage of time or the giving of any notice might result in a default under or the termination of the Lease;
- (h) if the Mortgagor becomes the owner of the freehold title to the mortgaged property, then if the mortgaged property is located in Alberta or Saskatchewan, it hereby mortgages to the Mortgagee all of its estate and interest in the mortgaged property, freehold and otherwise, such mortgage to take effect on the Mortgagor acquiring the freehold title thereof, and this mortgage will thereupon be deemed to be a mortgage of the freehold title as if the Mortgagor had been the owner in fee simple at the date of execution of this mortgage and the Mortgagor agrees, if so requested by the Mortgagee, to execute in favour of the Mortgagee a mortgage covering the freehold estate on the same terms and conditions as are contained in this mortgage; and

if the mortgaged property is located in the Northwest Territories or Nunavut Territory, it agrees to provide to the Mortgagee, on request, a mortgage of all of its estate and interest in the mortgaged property, freehold and otherwise;
- (i) it will indemnify the Mortgagee against any claims and demands in respect of the Lease, including any legal costs incurred by the Mortgagee in connection therewith, on a solicitor and client basis;
- (j) the Mortgagor will at all times promptly observe and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal,

provincial, municipal, or otherwise, and all private covenants and restrictions affecting the mortgaged property or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at its own expense make any and all improvements thereon or alterations to the mortgaged property structural or otherwise, and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation;

- (k) if this mortgage is outstanding at the end of the term of the Lease, it will at the appropriate time seek a renewal of the Lease or the issuance of a new lease in substitution and will promptly notify the Mortgagee if it becomes aware that such a renewed or substituted lease may not be forthcoming. The Mortgagor will provide a copy of any such renewed or substituted lease to the Mortgagee upon issuance and such a renewed or substituted lease will be included within the definition of the Lease hereunder and for greater certainty, will be subject to this mortgage;
 - (l) The Mortgagor agrees that it will from the date of execution of this mortgage stand possessed of the last day of the term of the Lease (whether it is the last date of the present term or of any extended term) and all rights, privileges and options of the Mortgagor under the Lease, in trust for the Mortgagee. The Mortgagor further agrees it will assign and dispose of said last day, consistent with the terms of the Lease, as the Mortgagee may direct, but subject to the Mortgagor's right of redemption. The Mortgagor irrevocably appoints the Mortgagee as its attorney for or on behalf of the Mortgagor and in its name or otherwise to assign the said last day and privileges as the Mortgagee shall at any time direct, consistent with the terms of the Lease. The Mortgagor further agrees that upon a sale or other disposition made by the Mortgagee, and if requested by the Mortgagee, to assign the last day and privileges and options relating thereto to the purchaser or assignee and to exercise any and all assignments and transfers for that purpose; and the Mortgagee may at any time, by deed or other instrument, remove the Mortgagor or any other person as trustee for the last day and appoint a new trustee or trustees in its place;
 - (m) **Information:** The Mortgagor authorizes the Mortgagee to contact the lessor from time to time to obtain information regarding the rent or other sums payable under the Lease, the status of payment thereof and any other information relating to the Lease or default thereunder;
 - (n) **Breach:** The Mortgagor agrees that it will be deemed to constitute a breach of the provisions of this mortgage if the leasehold estate which is the subject of this mortgage ceases to exist.
- (27.) **Severability:** If any provision of this mortgage or the application thereof to any person is to any extent held invalid or unenforceable, the remainder of this mortgage or the application of such provision to persons other than those with respect to which it is held

invalid or unenforceable shall not be affected thereby and shall continue to be enforceable to the fullest extent permitted by law.

- (28.) **Joint and Several:** In the event there is more than one Mortgagor hereunder, the terms, conditions and other obligations of each Mortgagor hereunder shall be joint and several.
- (29.) **Interpretation:** The words used herein which import the singular number and neuter shall be read and construed as plural and feminine or masculine, as the case may be, and the terms of this mortgage shall be binding upon and apply to the party's heirs, executors, administrators, successors or assigns, as applicable.
- (30.) **Commitment Letter:** This Mortgage is granted pursuant to the terms of the Commitment Letter. In the event of a conflict between the Commitment Letter and this Mortgage, the Commitment Letter shall govern. Without limiting the foregoing, the interest rates contained herein are intended to be nominal rates and the interest rates set out in the Commitment Letter for any such Liabilities and Enforcement Obligations shall prevail.
- (31.) **Statutory Mortgage Clause:** And for better securing to the Mortgagee the repayment in the manner aforesaid of the Liabilities, the Mortgagor hereby mortgages to the Mortgagee all of the Mortgagor's estate and interest in the mortgaged property.
- (32.) **Land Titles Act:** It is understood and intended that this mortgage is made with reference to and under the *Land Titles Act* (Alberta).

IN WITNESS WHEREOF THIS MORTGAGE IS SIGNED, SEALED AND DELIVERED
THIS ____ day of _____, 2019.

In the presence of:


ALVARO DEVELOPERS INC.

By: _____

Title: _____ c/s

(Witness)

By: _____

Title: _____

AFFIDAVIT OF EXECUTION

(To be completed where the mortgage is signed by an individual or by a corporation without seal)

I, _____ of
_____ in the Province of
_____.

MAKE OATH AND SAY:

- (1.) That I was personally present and did see _____ and _____ named in the within instrument who is (are) known to me to be the person(s) named therein, duly sign, seal and execute the same for the purposes named therein.
- (2.) That the same was executed at _____, in the Province of _____, and that I am the subscribing witness thereto.
- (3.) That I know the said person(s) named in paragraph 1 and he (she) (they) is (are) in my belief of the full age of eighteen years.

SWORN BEFORE ME at _____)
_____, in the Province of _____)
_____, this _____ day of _____)
_____, 2019. _____)
_____)
_____)
(A Commissioner for Oaths in and for the Province of _____))
My commission expires _____)
_____, _____)

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY
(To be completed where the mortgage is signed by a corporation without seal)

I, _____ of
_____, in the Province of _____

MAKE OATH AND SAY THAT:

- I. I am an officer or a director of **ALVARO DEVELOPERS INC.** named in the within instrument.
2. I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN BEFORE ME at _____)
_____, in the Province of _____)
_____, this ____ day of _____)
_____, 2019. _____)

(A Commissioner for Oaths in and for the Province of _____)
My commission expires _____)

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY
(To be completed where the mortgage is signed by a corporation without seal)

I, _____ of
_____, in the Province of _____

MAKE OATH AND SAY THAT:

- I. I am an officer or a director of **ALVARO DEVELOPERS INC.** named in the within instrument.
2. I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN BEFORE ME at _____)
_____, in the Province of _____)
_____, this ____ day of _____)
_____, 2019. _____)

(A Commissioner for Oaths in and for the Province of _____))

My commission expires

_____, _____.

SCHEDULE "A"

LANDS

PLAN 1332N

BLOCK 2

LOT 1

EXCEPTING THEREOUT THAT PORTION OF LOT 1

LYING EAST OF A LINE DRAWN 37.5 FEET

EAST FROM THE WEST BOUNDARY

AND ALL OF LOTS 2 TO 4 INCLUSIVE

EXCEPTING THEREOUT ALL MINES AND MINERALS FROM LOT 2 AND THE THAT

PORTION OF LOT 3 WHICH LIES TO THE EAST OF THE WESTERLY 7 FEET

THROUGHOUT OF THE SAID LOT 3

PLAN 1332N

BLOCK 2

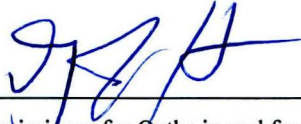
ALL THAT PORTION OF LOT 1 WHICH LIES TO THE EAST OF A

LINE DRAWN PARALLEL WITH AND 37.5 FEET

PERPENDICULARLY DISTANT EASTERLY FROM THE WEST BOUNDARY OF SAID

LOT

This is Exhibit "G"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'J. H.', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT is dated ^{November}~~October~~ 6, 2019 and made,

BETWEEN:

ALVARO DEVELOPERS INC., a company under the *Business Corporations Act* of Alberta (2021110388), having an office at 223 Lakeside Greens Court, Chestermere, Alberta T1X 1C8

and

ALVARO LIMITED PARTNERSHIP, a limited partnership under the *Partnership Act* of Alberta (LP0754329), by its General Partner, **ALVARO DEVELOPERS INC.**, a company under the *Business Corporations Act* of Alberta (2021110388), having an office at 223 Lakeside Greens Court, Chestermere, Alberta T1X 1C8

(collectively, the “Debtor”)

AND:

BANCORP FINANCIAL SERVICES INC., a corporation under the *Business Corporations Act* of British Columbia (BC0712503), having an office at c/o 1420 - 1090 West Georgia Street, Vancouver, BC V6E 3V7

and

BANCORP BALANCED MORTGAGE FUND II LTD., a corporation under the *Business Corporations Act* of British Columbia (BC0856913), having an office at c/o 1420 - 1090 West Georgia Street, Vancouver, BC V6E 3V7

and

BANCORP GROWTH MORTGAGE FUND II LTD., a corporation under the *Business Corporations Act* of British Columbia (BC0856914), having an office at c/o 1420 - 1090 West Georgia Street, Vancouver, BC V6E 3V7

(collectively, the “Secured Party”)

ARTICLE 1 DEFINITIONS

1.1 Definitions

In this Agreement the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s).

- (a) “Act” means the *Personal Property Security Act* of Alberta and the regulations thereunder, as amended, restated or replaced by successor legislation of comparable effect.

- (b) **"Agreement"** or **"this Agreement"** means this Agreement including all recitals and schedules hereto, as modified, amended, restated or replaced from time to time.
- (c) **"Collateral"** means all of the Debtor's present and after-acquired goods, securities, instruments, chattel paper, documents of title, money and intangibles, and other assets and undertaking of every nature and kind and interests therein relating to, used in, on or in connection with, or derived from the Lands or any part thereof, (including all present and after-acquired goods, securities, instruments, chattel paper, documents of title, money and intangibles, and other assets and undertaking of every nature and kind and interests therein now or hereafter held by the Debtor in trust for any Person(s) or by any Person(s) in trust for the Debtor) whether tangible or intangible, legal or equitable and wherever the same may be situate including without limiting the generality of the foregoing:
 - (i) all plant, machinery, apparatus, facilities, equipment, fixtures and other goods installed in or affixed or attached to the Lands or any part thereof including all accessions therein and thereto, all attachments, additions and accretions thereto, all accessories and special tools in respect thereof, all increases thereof, all renewals, replacements and substitutions thereof and therefor, and all rights and options to renew and rights and options of first refusal in respect thereof;
 - (ii) all deeds, documents, writings, papers, disks, books of account and other records in any form (electronic or otherwise) relating thereto; and
 - (iii) all proceeds from the Lands, or any part thereof, (including proceeds) derived therefrom that are present or after-acquired personal property or other assets or undertaking of any nature or kind, tangible or intangible, legal or equitable, wherever the same may be situate, (including proceeds derived directly or indirectly from any dealing with the Lands and/or the personal property charged hereby (including proceeds), all rights to insurance payments and other payments as indemnity or compensation for loss thereof or damage thereto, and all payments made in total or partial discharge or redemption of securities, instruments, chattel paper or intangibles (including accounts) comprised therein).
- (d) **"Debtor"** means the party so described above and its successors and assigns, whether immediate or derivative.
- (e) **"Encumbrances"** means all security interests, assignments, mortgages, hypothecs, pledges, liens, claims, charges, (whether fixed or floating), or encumbrances whatsoever.
- (f) **"Events of Default"** means the events of default described in Article 7 of this Agreement and **"Event of Default"** means any one of them.
- (g) **"Intellectual Property"** in respect of a Person means present and after acquired intellectual or industrial property of that Person, including, without limitation, all

patents, patent applications, inventions, copyright (whether registered or not), copyright applications, trademarks, (whether registered or not), trademark applications, trade names, moral and personality rights, industrial designs (whether registered or not), industrial design applications, trade secrets, know-how, confidential and other proprietary information, and contractual rights and any and all covenants not to compete in favour of that Person, and all income, royalties, damages, payments and claims now and hereafter due and or payable to that Person with respect thereto.

- (h) **"Obligants"** means the Debtor and all (other) Persons who are from time to time liable to the Secured Party for the payment, observance or performance of the whole or any portion of the Secured Obligations, whether directly or indirectly, absolutely or contingently, jointly, severally or jointly and severally and includes all Persons who from time to time otherwise become liable for, or who agree to indemnify the Secured Party for any loss, costs or damages as a result of the failure of any other Persons to pay, observe or perform any of the Secured Obligations and **"Obligant"** means any of them.
- (i) **"Other Document"** means any instrument or document other than this Agreement which evidences, secures or evidences or secures the payment, observance, observance and performance of the Secured Obligations in whole or in part.
- (j) **"Persons"** or **"Person"** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof).
- (k) **"Permitted Encumbrances"** means as of any particular time in respect of any particular Collateral, any of the following:
 - (i) liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested in good faith at the time by the Debtor and in respect of which the Debtor has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Secured Party is satisfied with the adequacy of such reserves;
 - (ii) the lien of any judgment rendered or claim filed against the Debtor which the Debtor is contesting in good faith at the time and in respect of which the Debtor has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Secured Party is satisfied with the adequacy of such reserves;
 - (iii) undetermined or inchoate liens and charges incidental to current construction or repairs or current operations which have not at the time been filed pursuant to law against the Debtor or which relate to obligations not due or delinquent;

- (iv) maritime, warehousemen's, woodsmen's, carriers' and other similar liens which relate to obligations not due or delinquent;
 - (v) the Encumbrance resulting from the deposit of cash or obligations as security when the Debtor has required to do so by governmental or other public authority or by normal business practice in connection with contracts, licences or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure Workers' Compensation, surety or appeal bonds or to secure costs of litigation when required by law;
 - (vi) public and statutory obligations which are not due or delinquent, and security given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operations of the Debtor;
 - (vii) easements, rights-of-way or similar rights in land granted to or reserved by other Persons which do not materially impair the business of the Debtor in respect of such land;
 - (viii) reservations, limitations, provisions and conditions expressed in original grant of land from the Crown;
 - (ix) any Encumbrance in favour of the Secured Party; and
 - (x) any Encumbrance described or referred to in Schedule "A" hereto.
- (l) **"Secured Obligations"** means the obligations of the Debtor to the Secured Party (including all future advances and re-advances) whether direct or indirect, absolute or contingent, joint, several or joint and several, matured or not, extended or renewed, wherever and however incurred, of whatever nature or kind and whether or not evidenced or secured by any Other Document, or provided for herein.
- (m) **"Secured Party"** means the parties so described above and their successors and assigns, whether immediate or derivative.

1.2 Applicability of Act

Words used in this Agreement that are defined in the Act will have the respective meanings ascribed to them in the Act, unless otherwise defined herein.

ARTICLE 2 SECURITY INTEREST

2.1 Creation of Security Interest

For valuable consideration and as continuing security for the payment, observance and performance of each and all of the Secured Obligations:

- (a) **Fixed Security Interest:** the Debtor:
 - (i) grants to the Secured Party (who takes from the Debtor) a continuing security interest in the Collateral;
 - (ii) grants, mortgages and charges the Collateral to the Secured Party by way of a fixed and specific charge; and
 - (iii) absolutely assigns the Collateral to the Secured Party.
- (b) **Floating Charge:** the Debtor grants to the Secured Party a floating charge over all of the Debtor's present and after-acquired right, title, interest and benefit in and to:
 - (i) all property, assets and undertaking of every nature and kind and wherever situate and not subject to the fixed security interest described in the immediately preceding subparagraph (a) (including all real, immovable and leasehold property and all buildings, structures, fixtures and improvements and easements, rights of way, privileges, benefits, licences, profits and other rights, whether connected with or appurtenant to such property or otherwise); and
 - (ii) all of its goodwill and uncalled capital.
- (c) **Intellectual Property:** without limiting the generality of the foregoing, the Debtor grants to the Secured Party, by way of a mortgage and charge, a security interest in all its Intellectual Property and all proceeds thereof and therefrom, renewals thereof, accessions thereto and substitutions therefor.

2.2 Exceptions

There shall be excepted out of or excluded from the assignment(s), charge(s) and or security interest(s) created by this Agreement:

- (a) **Last 10 Days of Lease:** the last 10 days of the term created by any lease or agreement therefor (but the Debtor shall stand possessed of the reversion thereby remaining upon trust to assign and dispose thereof to any third party as the Secured Party shall direct);
- (b) **Consumer Goods:** any consumer goods of the Debtor; and
- (c) **Agreements Requiring Consent:** with respect to each agreement or other asset that requires the consent or approval of another party thereto for the creation of a security interest or charge therein, the security interests or charges created hereby will not become effective therein until all such consents or approvals have been obtained, or until such other assurances as may be acceptable to the Secured Party have been received, but until then the Debtor shall stand possessed of such asset in trust to dispose of as the Secured Party may direct.

There shall be excepted out of or excluded from the assignment provided for in subparagraph 2.1(a)(iii), all Intellectual Property now or hereafter included in the Collateral.

2.3 Attachment

The Debtor acknowledges that value has been given, the security interests hereby created attach upon the execution of this Agreement (or in the case of any after acquired property, upon the date of acquisition thereof by or on behalf of the Debtor) and the Debtor has (or in the case of after acquired property will have) rights in the Collateral.

2.4 Purchase Money Security Interests

The Debtor acknowledges that the security interest created hereunder secures advances made and future advances to be made by the Secured Party to the Debtor for the purpose of enabling the Debtor to acquire rights in the Collateral.

2.5 Multiple Debtors

It is understood that if the Debtor is comprised of more than one Person, the charges created by the Debtor hereunder pursuant to Section 2.1 hereof shall be interpreted to be charges created by each such Person in respect of both its individually owned or acquired present and future property and the property now or hereafter held by it with one or more other such Persons as if that Person had granted such charges either alone or jointly with one or more other such Persons pursuant to Section 2.1 hereof.

ARTICLE 3 SECURED OBLIGATIONS

3.1 Secured Obligations

This Agreement, the Collateral and the security and other interests hereby created are in addition to and not in substitution for any other security interest now or hereafter held by the Secured Party from the Debtor or from any other Person whomsoever and will be general and continuing security for the payment, performance and observance of the Secured Obligations.

ARTICLE 4 DEBTOR'S REPRESENTATIONS AND WARRANTIES

4.1 General

The Debtor makes the representations and warranties set out in this paragraph 4.1 to and for the benefit of the Secured Party.

- (a) **Incorporation:** The Debtor, if a body corporate, is duly incorporated, properly organized and validly existing under the laws of the Province of Alberta.
- (b) **Partnership:** The Debtor, if a partnership, has been duly formed as and validly exists as a partnership under the laws of the Province of Alberta.
- (c) **Power and Authority:** The Debtor has full power and lawful authority:
 - (i) to own real and personal property; and

- (ii) to borrow and guarantee the repayment of money and grant security therefor (including this Agreement and the security interest hereby created).
- (d) **Proceedings and Enforceability:** The Debtor, if a body corporate or partnership, represents and warrants that this Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) or the partners, as the case may be, of the Debtor or the general partner of the Debtor as the case may be and all other matters and things have been done and performed so as to authorize and make the execution and delivery of this Agreement and the performance of the Secured Obligations hereunder, a valid and legally binding obligation of the Debtor enforceable in accordance with its terms, subject only to bankruptcy, insolvency or other statutes or judicial decisions affecting the enforcement of creditors' rights generally and to general principles of equity.
- (e) **No Actions or Material Adverse Changes:** There is no action or proceeding pending or, to the knowledge of the Debtor, threatened against the Debtor before any court, administrative agency, tribunal, arbitrator, government or governmental agency, and there is no fact known to the Debtor and not disclosed to the Secured Party which might involve any material adverse change in the properties, business, prospects or condition of the Debtor, or which question the validity of this Agreement or any other material agreement to which the Debtor is a party (or the Debtor's ability to perform its obligations under this Agreement) and there are no outstanding judgments, writs of execution, work orders, injunctions, directives against the Debtor or its properties;
- (f) **Non-Conflict:** Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Debtor nor is this Agreement in contravention of or in conflict with the articles, by-laws or resolutions of the directors (or shareholders) of the Debtor, or of the provisions of any agreement to which the Debtor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or of any judgment, decree, award, ruling or order to which the Debtor or any of its property may be subject.
- (g) **No Default:** The Debtor is not in breach or default under any agreement to which it is a party which if not cured would have a material adverse effect upon the Debtor or the Collateral.
- (h) **No Liens:** Except for Permitted Encumbrances, the Debtor has paid and discharged all claims and demands of all employees, contractors, subcontractors, material men, mechanics, carriers, warehousemen, landlords, and other like persons, and all governmental taxes, assessments, withholdings, remittances, charges, levies, and claims levied or imposed, which, if unpaid, become or might become an Encumbrance upon any or all of the properties, assets, earnings, or operations of the Debtor.
- (i) **Ownership and Collateral Free of Encumbrances:** The Debtor is the owner of or has rights in the Collateral free and clear of all Encumbrances whatsoever save

only Permitted Encumbrances. The Debtor has not, within the last 60 days, acquired rights in the Collateral from a vendor, lessor or other person where its chief executive office or principal residence is, or within the last 60 days has been, located outside of Alberta.

- (j) **No Other Corporate Names or Styles:** The Debtor does not now carry on business under or use any name or style other than the names specified in this Agreement.
- (k) **Chief Executive Office:** The Debtor has its chief executive office at the location described in Schedule "B".
- (l) **Location of Collateral:** The Collateral will be maintained (or in the case of mobile goods based) at the locations described in Schedule "B" or at any other location in Alberta or any other jurisdictions disclosed in Schedule "B".
- (m) **Insurance:** The Collateral is insured in accordance with the terms hereof.
- (n) **Serial Numbered Goods:** The type, make (or manufacturer), model and serial number of each motor vehicle, trailer, manufactured home, boat, outboard motor and aircraft included in the Collateral and which is not inventory is set out in Schedule "B".
- (o) **Legal and Trade Names:** Each name of the Debtor (including its name in any French or combined English-French form) is set out on the first page hereof, and the Debtor has not had, used, or carried on business under, and will not at any time have, use or carry on business under, any other name (including any French or combined English-French form) except as disclosed in Schedule "B" or upon giving 15 days' prior written notice to the Secured Party.
- (p) **Rights in Collateral:** No Person other than the Debtor has any rights in the Collateral except as noted in Schedule "B".
- (q) **Solvency:** the assets of the Debtor exceeds its liabilities and the Debtor is able to meet its obligations as the same become due.
- (r) **Intellectual Property:**
 - (i) Ownership: the Debtor is the owner of the Intellectual Property applications and registrations (if any) described in Schedule "B"; there are no outstanding claims of ownership by third parties in respect of such registrations and applications; and all are valid and in good standing.
 - (ii) Trade Marks: all trade-mark and industrial designs described in Schedule "B" have been in continuous use and that use has been proper in relation to the wares and/or services of Debtor; only the Debtor has used the trade-marks, or if there are any third party users of the Debtor's trade-marks, such third party users are properly licensed to use such trade-marks.

- (iii) Assignments: all assignments and Other Document affecting the Debtor's Intellectual Property rights have been disclosed and provided to the Secured Party.
- (iv) Claims: there are no outstanding or threatened claims or proceedings with respect to the Debtor's Intellectual Property.
- (v) Third Party Intellectual Property: all necessary assignments and license agreements have been properly executed by the Debtor for use of third party Intellectual Property.

ARTICLE 5 DEBTOR'S COVENANTS

5.1 General Covenants

The Debtor covenants and agrees with the Secured Party as set forth in this Section 5.1 unless compliance with any such covenants is waived by the Secured Party in writing, or unless non-compliance with any such covenants is otherwise consented to by the Secured Party by written agreement with the Debtor.

- (a) **Compliance with Secured Obligations**: The Debtor shall strictly comply with all of the Secured Obligations.
- (b) **Use of Advances**: All advances, including future advances, advanced or extended by the Secured Party to or for the benefit of the Debtor shall be used in the ordinary course of the Debtor's business for the purposes agreed to by the Secured Party and for no other purpose, and the Debtor shall supply the Secured Party with such evidence as it may reasonably request from time to time as to the application of such advances.
- (c) **Keep Collateral in Good Repair**: The Debtor shall keep the Collateral in good order, condition and repair.
- (d) **Conduct of Business**: The Debtor shall carry on and conduct its affairs in a proper and efficient manner so as to protect and preserve the Collateral and shall maintain places of business at the locations disclosed in Schedule "B".
- (e) **Payment of Other Sums Due**: The Debtor shall pay when due all amounts which are payable by it in connection with the Collateral, howsoever arising, including without limiting the generality of the foregoing, all rents, charges, taxes, rates, levies, assessments, fees and duties of every nature which may be levied, assessed or imposed against or in respect of the Collateral or the Debtor and shall provide the Secured Party with evidence of such payment upon request.
- (f) **Notice of Encumbrances and Proceedings**: The Debtor shall promptly notify the Secured Party of any Encumbrance made or asserted against any of the Collateral, and of any suit, action or proceeding affecting any of the Collateral or which could affect the Debtor. The Debtor shall, at its own expense, defend the

Collateral against any and all Encumbrances (other than any Permitted Encumbrances) and against any and all such suits, actions or proceedings.

- (g) **No Accessions or Fixtures:** The Debtor shall prevent the Collateral from becoming an accession to any property other than other items of the Collateral or from becoming a Fixture unless the security interests hereby created rank prior to the interests of all other persons in the applicable property.
- (h) **Marking the Collateral:** The Debtor shall, at the request of the Secured Party, mark, or otherwise take appropriate steps to identify, the Collateral to indicate clearly that it is subject to the security interests hereby created.
- (i) **Notice of Loss of Collateral:** The Debtor shall give immediate written notice to the Secured Party of all loss or damage to or loss or possession of the Collateral otherwise than by disposition in accordance with the terms hereof.
- (j) **Inspection of Records and Collateral:** The Debtor shall at all times:
 - (i) keep accurate and complete records of the Collateral as well as proper books of account for its business all in accordance with generally accepted accounting principles, consistently applied; and
 - (ii) permit the Secured Party or its authorized agents to have access to all premises occupied by the Debtor or any place where the Collateral may be found to inspect the Collateral and to examine the books of accounts, financial records and reports of the Debtor and to have temporary custody of, make copies of and take extracts from such books, records and reports.
- (k) **Access to Computer Information:** In the event that the use of a computer system is required to access any information and data which the Secured Party is entitled to access and examine hereunder, the Debtor shall allow the Secured Party the use of its computer system for such purpose and shall provide assistance in that regard. If for any reason such information and data cannot be accessed and retrieved at the Debtor premises, the Secured Party may remove the medium in which such information or data is stored from the Debtor's premises to any other place which has a computer system that will give the Secured Party the opportunity to retrieve, record or copy such information and data. The Secured Party is hereby authorized to reproduce and retain a copy of any such information and data in any format whatsoever.
- (l) **Delivery of Documents:** The Debtor shall promptly deliver to the Secured Party upon request:
 - (i) all policies and certificates of insurance relating to the Collateral.
 - (ii) any documents of title and instruments representing or relating to the Collateral.
 - (iii) a list of the Collateral, specifying make, model, name of manufacturer and serial number, where applicable, for each item of the Collateral; and

- (iv) such information concerning the Collateral, the Debtor and the Debtor's operations and affairs as the Secured Party may request.
- (m) **Risk and Insurance:** The Debtor shall bear the sole risk of any loss, damage, destruction or confiscation of or to the Collateral during the Debtor's possession hereunder or otherwise after default hereunder. The Debtor shall insure the Collateral with insurers acceptable to the Secured Party against loss or damage by fire, theft or other insurable perils customarily insured against by persons having an interest in such Collateral for the full insurable value thereof with the Secured Party as a named insured and with loss payable to the Secured Party as its interest may appear. All such policies of insurance will provide that the insurance coverage provided thereunder shall not be changed or cancelled except on 30 days' prior written notice to the Secured Party. If the Debtor fails to so insure, the Secured Party may, but shall not be required to, insure the Collateral and the premiums for such insurance will be added to the Secured Obligations and be secured hereby.
- (n) **Proceeds in Trust:** The Debtor shall hold all proceeds in trust, separate and apart from other money, instruments or property, for the benefit of the Secured Party until all amounts owing by the Debtor to the Secured Party have been paid in full.
- (o) **Reliance and Survival:** All representations and warranties of the Debtor made herein or in any certificate or other document delivered by or on behalf of the Debtor for the benefit of the Secured Party are material, will survive the execution and delivery of this Agreement and will continue in full force and effect without time limit. The Secured Party is deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.
- (p) **Compliance with Agreements and Laws:** The Debtor shall not use the Collateral in violation of this Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation, court order or ordinance.
- (q) **Disposition of Collateral:** Except as hereinafter provided, the Debtor shall not, without the prior written consent of the Secured Party:
 - (i) assign, sell, lease, exchange, or otherwise dispose of the Collateral or any interest therein; or
 - (ii) release, surrender or abandon possession of any of the Collateral; or
 - (iii) move or transfer the Collateral from its present location.

provided that so long as no Event of Default remains outstanding, the Debtor may sell or lease inventory in the ordinary course of business and for the purpose of carrying on the same, and subject to the provisions of Section 5.1(b) hereof use monies available to the Debtor.

For any item of the Collateral which has become worn out, damaged or otherwise unsuitable for its purpose, the Debtor may substitute for such item property of equal value free from all Encumbrances except Permitted Encumbrances. All substituted property shall become part of the Collateral as soon as the Debtor acquires any interest in it. The Debtor shall give immediate written notice to the Secured Party of the occurrence of any event referred to in this paragraph.

- (r) **Encumbrances:** The Debtor shall not create, assume or suffer to exist any Encumbrance in, of or on any of the Collateral except for Permitted Encumbrances.
- (s) **Change of Name:** The Debtor shall not change its name without giving to the Secured Party 20 days' prior written notice of the change.
- (t) **Serial Numbered Goods:** Upon the Debtor's acquisition of rights in additional serial numbered goods which are not inventory, or upon repossession by or return to the Debtor of any such goods, the Debtor shall immediately give the Secured Party written notice of full particulars thereof.
- (u) **Liability for Deficiency:** If the aggregate sum realized as a result of any realization pursuant hereto is not sufficient to pay the whole amount of the Secured Obligations, the Debtor shall forthwith pay to the Secured Party the full amount of the deficiency plus interest thereon at the rate or rates applicable to the Secured Obligations.
- (v) **Notification:** The Debtor shall notify the Secured Party promptly:
 - (i) Scheduled Information: any change in the information contained herein or in the Schedules hereto relating to the Debtor, the Debtor's name, the Debtor's business or the Collateral.
 - (ii) Acquisitions: the details of any significant acquisition of Collateral.
 - (iii) Litigation: the details of any claims or litigation affecting the Debtor or the Collateral.
 - (iv) Account Debtors: any default by any Account Debtor in payment or other performance of obligations of that Person comprised in the Collateral.
 - (v) Return of Collateral: the return to, or repossession by, the Debtor of Collateral.
- (w) **Payments:** The Debtor shall forthwith pay:
 - (i) Employee obligations: all obligations to its employees and all obligations to others which relate to its employees when due, including, without limitation, all taxes, duties, levies, government fees, claims and dues related to its employees.

- (ii) Taxes: all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contests its obligations so to pay and furnishes such security as the Secured Party may require.
 - (iii) Prior Encumbrances: all Encumbrances which rank or could in any event rank in priority to or pari passu with the security constituted by this Agreement.
- (x) **Deliveries**: The Debtor shall deliver to the Secured Party from time to time promptly upon written request:
 - (i) Documents of Title, Instruments, Securities and Chattel Paper: any documents of title, instruments, securities and chattel paper comprised in or relating to the Collateral.
 - (ii) Books of Account and Records: all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same.
 - (iii) Financial Statements: all financial statements prepared by or for the Debtor regarding the Debtor's business.
 - (iv) Insurance Policies: all policies and certificates of insurance relating to the Collateral.
 - (v) Serial Number: a list of the Collateral, specifying make, model, name of manufacturer and serial number, where applicable, for each item of the Collateral.
 - (vi) Other Information: such information concerning the Collateral, the Debtor and Debtor's business and affairs as the Secured Party may reasonably require.
- (y) **Intellectual Property**: The Debtor shall:
 - (i) Registration of present Intellectual Property: where commercially reasonable, apply to file applications and complete registrations on any of its present Intellectual Property which is not currently protected by an application or registration, including any and all improvements to Intellectual Property and, where commercially reasonable, apply to file registrations on unregistered trade-marks in Canada and the United States.
 - (ii) Registration of after acquired Intellectual Property: apply to file applications and complete registrations of all Intellectual Property hereafter acquired by it in all jurisdictions where commercially reasonable.

- (iii) Maintain Records: keep up-to-date witnessed records regarding its Intellectual Property.
- (iv) Confidentiality Agreements: enter into confidentiality agreements with employees and other third parties who may invent, create, discover, author and/or reduce to practice Intellectual Property for the Debtor and who may have access to confidential information of the Debtor.
- (v) License/Assignment Agreements: ensure that all Intellectual Property hereafter acquired by it from third parties is properly acquired by way of a written license agreement or assignment.
- (vi) List of unregistered trade marks etc.: provide, upon written request by the Secured Party, a list of all of its registered and unregistered trade-marks, patent applications, issued patents, copyright, industrial designs and other Intellectual Property; and
- (vii) Mark Products: mark all of its products and advertising appropriately to maintain the validity of all of its Intellectual Property rights.

ARTICLE 6

PERFORMANCE OF OBLIGATIONS

6.1 Perform Obligations

If the Debtor fails to perform its obligations hereunder, the Secured Party may, but will not be obligated to, perform any or all of such obligations without prejudice to any other rights and remedies of the Secured Party hereunder, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred in connection therewith will be payable by the Debtor to the Secured Party forthwith with interest until paid at the highest rate borne by any of the Secured Obligations and such amounts will be a charge upon and security interest in the Collateral in favour of the Secured Party prior to all claims subsequent to this Agreement.

ARTICLE 7

DEFAULT

7.1 Default

Notwithstanding that any one or more of the Secured Obligations may be payable on demand and without prejudice thereto, the Debtor shall be in default under this Agreement upon the occurrence of any of the following events:

- (a) if there is a default or a breach by the Debtor (or by any other Person bound hereby) of any covenant, agreement, term, condition, stipulation or provision contained herein; or

- (b) if any representation or warranty contained herein or in any certificate, declaration, application or other instrument delivered pursuant hereto, is found at any time to be incorrect in any material respect; or
- (c) if at any time there is an event of default or a breach by any Obligant under any Other Document; or
- (d) if there is an event of default or breach by any Obligant under any other loan made by the Secured Party to or guaranteed by the Obligant or any Person comprising of the Obligant; or
- (e) if an Obligant becomes bankrupt or insolvent or makes or demonstrates an intention to make an assignment for the benefit of its creditors or makes a proposal or takes advantage of any provision of the *Bankruptcy and Insolvency Act* of Canada or any other legislation for the benefit of the insolvent debtors; or
- (f) if any proceedings with respect to an Obligant are commenced under the compromise or arrangement provisions of any applicable legislation, or an Obligant enters into an arrangement or compromise with any or all of its creditors pursuant to such provisions or otherwise; or
- (g) if a receiver or receiver-manager is appointed by a Court or any other Person in respect of an Obligant, or any part of the property, assets or undertakings charged by this agreement or any Other Document; or
- (h) if the Debtor or any other Person who becomes an owner of an interest in any of the Collateral while this Agreement is in effect, without the prior consent in writing of the Secured Party, grants or proposes to grant an Encumbrance upon or in respect of that Collateral other than pursuant to this Agreement or a Permitted Encumbrance; or
- (i) if any execution, sequestration, extent or any other process of any other kind is levied or enforced upon or against the Collateral or any part thereof by any Person other than the Secured Party and remains unsatisfied for a period of 10 days; or
- (j) if the holder (other than the Secured Party) of any Encumbrance against any of the Collateral does anything to enforce or realize on such Encumbrance; or
- (k) if in the opinion of the Secured Party a material portion of the Collateral is lost, damaged or destroyed; or
- (l) if an Obligant ceases, or threatens to cease, to carry on his, her or its business as the same is conducted by that Obligant from time to time; or
- (m) if any of the moneys secured under this Agreement as part of the Secured Obligations are used for any purpose other than as declared to and agreed upon by the Secured Party; or
- (n) if an Obligant is a corporation and:

- (i) it authorizes the purchase or charging of a majority of its shares without the prior written consent of the Secured Party; or
- (ii) one of its members commences an action against it which action relates to the Secured Obligations, or gives a notice of dissent in accordance with the provisions of the *Business Corporations Act* of Alberta, or amendments thereto or a similar notice by a shareholder under other applicable legislation; or
- (iii) it carries on any business that it is restricted from carrying on by its constating documents; or
- (iv) an order is made, a resolution is passed or a motion is filed for its liquidation, dissolution or winding-up; or
- (v) there is any change in its beneficial ownership of its shares from the ownership of same which exists as of the date of the execution of this Agreement by the Debtor; or
- (o) if an Obligor is a general partnership and:
 - (i) it carries on business that it is restricted from carrying on by its partnership agreement; or
 - (ii) there is any change in the Persons comprising the partnership; or
- (p) if an Obligor is a limited partnership and:
 - (i) it authorizes the purchase or redemption of its units without the Secured Party's prior written consent; or
 - (ii) it carries on any business it that it is restricted from carrying on by its limited partnership agreement; or
 - (iii) there is any change in the beneficial ownership of its units from the ownership of same that exists as of the date of the execution of this Agreement by the Debtor; or
- (q) if an Obligor who is an individual dies or is declared incompetent by a court of competent jurisdiction; or
- (r) if in the opinion of the Secured Party, any material portion of the Collateral becomes the subject of expropriation proceedings; or
- (s) if there is or has been a material adverse change in the financial condition of an Obligor or in the value of the any property charged in favour of the Secured Party pursuant to any one or more of the Other Documents; or
- (t) if the Secured Party in good faith believes and has commercially reasonable grounds to believe that:

- (i) the prospect for payment of any of the Secured Obligations or the observance and performance of all or any part of the Debtor's obligations in connection therewith is impaired; or
- (ii) any of the property charged in the Secured Party's favour pursuant to any one or more of the Other Documents is or is about to be placed in jeopardy.

ARTICLE 8 RIGHTS, REMEDIES AND POWERS

8.1 Before and After Default

At any time and from time to time without notice, whether before or after an Event of Default, the Secured Party will have the right and power (but will not be obligated):

- (a) **Inspection and Records:** to inspect the Collateral whenever the Secured Party considers it appropriate to do so, and to inspect, review, audit and copy any or all information relating thereto or to the Collateral or to any other transactions between the parties hereto wherever and however such information is stored, and for such purposes may at any time with or without notice enter into and upon any lands, buildings and premises where the Collateral or any such information is or may be;
- (b) **Set-Off:** to set off the Secured Obligations against any or all debts and liabilities, direct and indirect, absolute and contingent, in any currency, now existing or hereafter incurred by the Secured Party in any capacity in favour of the Debtor;
- (c) **Perfection of Charges:** to file such financing statements, financing change statements and Other Document and do such other acts, matters and things (including completing and adding schedules hereto identifying the Collateral or any permitted liens affecting the Collateral or identifying the locations at which the Debtor's business is carried on and where the Collateral and records relating thereto are situate) as the Secured Party may consider appropriate to perfect, preserve, continue and realize upon the security interest created hereby, all without the consent of or notice to the Debtor; and
- (d) **Extensions and Other Indulgences:** to grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of Encumbrances, and otherwise deal with the Debtor and other obligors of the Debtor, sureties and others and with the Collateral and Encumbrances as the Secured Party may consider appropriate, all without prejudice to the liability of the Debtor or the Secured Party's rights to hold and realize on the security interest created hereby.

8.2 After Default

Upon the occurrence of an Event of Default and at any time thereafter, the Secured Party may exercise any or all of the rights, remedies and powers of the Secured Party under the Act, or otherwise existing, whether under this Agreement or any other agreement or at law or in equity, all of which other rights, remedies and powers are hereby incorporated as if expressly set out herein. In addition to the foregoing, the Secured Party will have the right and power (but will not be obligated):

- (a) **Withhold Advances:** to withhold any or all advances, including future advances;
- (b) **Accelerate Secured Obligations:** to declare any or all of the Secured Obligations to be immediately due and payable;
- (c) **Enter and Take Possession:** to take possession of the Collateral and to collect and get in the same, and for such purposes may at any time, with or without notice or legal process and to the exclusion of all others including the Debtor and its servants, agents and employees, enter into and upon, use and occupy any lands, buildings and premises wheresoever and whatsoever, where the Collateral is or may be located and do any act and take any proceedings in the name of the Debtor or otherwise, as the Secured Party may consider appropriate, and the Debtor hereby waives and releases the Secured Party and any Receiver from any and all claims in connection therewith or arising therefrom;
- (d) **Receive Payments:** to receive income, rents, profits, increases, payments, damages and proceeds from and in respect of the Collateral and to demand, collect (by legal proceedings or otherwise), endorse, sue on, enforce, realize, recover, receive and get in the same, and for such purposes may give valid and binding receipts and discharges therefor and in respect thereof and may do any act and take any proceedings in the name of the Debtor or otherwise as the Secured Party may consider appropriate;
- (e) **Control of Proceeds:** to take control of any or all proceeds where the Collateral (including proceeds) is dealt with or otherwise gives rise to proceeds;
- (f) **Use and Protection of the Collateral:** to use, hold, insure, preserve, repair, process, maintain, protect and prepare the Collateral for disposition and to renew or replace such of the Collateral as may be worn out, lost or otherwise unserviceable, in the manner and to the extent that the Secured Party may consider appropriate;
- (g) **Disposition of the Collateral:** to sell, lease, rent or otherwise dispose of or concur in the sale, lease, rental or other disposition of the Collateral, whether in or out of the ordinary course of business, by private or public sale, lease or other disposition, with or without notice, advertising or any other formality, either for cash or in any manner involving deferred payment in whole or in part, at such time or times and upon such terms and conditions as the Secured Party may consider appropriate and for such prices or consideration as can reasonably be obtained at such time therefor, and to carry any such disposition into effect by

conveying title and executing agreements and assurances in the name of the Debtor or otherwise as the Secured Party may consider appropriate, and to make any stipulations as to title or conveyance or commencement of title or otherwise as the Secured Party may consider appropriate, and to buy in or rescind or vary any contract for the disposition of the Collateral and to re-dispose of the same without being answerable for any loss occasioned thereby:

- (h) **Exercise and Enforcement of Debtor's Rights:** to exercise as to the Collateral any or all of the rights, remedies and powers of the Debtor, and to enforce the observance and performance by others of all other obligations and liabilities under or in respect of the Collateral;
- (i) **Payment of Liabilities:** to pay any or all debts and liabilities in connection with the Collateral;
- (j) **Arrangements:** to enter into any compromise, extension, reorganization, deposit, merger or consolidation agreement or similar arrangement in any way relating to or affecting the Collateral, and in connection therewith may deposit, exchange or surrender control of the Collateral and accept other property upon such terms as the Secured Party may consider appropriate, and either with or without payment or exchange of Money for equality of exchange or otherwise;
- (k) **Institution and Defence of Actions:** to institute and prosecute all suits, proceedings and actions which the Secured Party may consider necessary or advisable for the proper protection or enforcement of the Collateral, and to defend all suits, proceedings and actions against the Debtor, and to appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted, and to appeal any suit, proceeding or action;
- (l) **Foreclosure:** to exercise its rights under the Act, as amended from time to time, to give notice of a proposal to take, and to subsequently take, the Collateral in satisfaction of the Secured Obligations;
- (m) **Real Property Realization:** to proceed as to the Collateral as if the Collateral were land;
- (n) **Other Means of Enforcement:** to otherwise enforce this Agreement and realize upon the security interest created hereby by any method permitted by law, including by bringing action to recover a judgment or by taking proceedings to obtain a certificate under the *Creditor Assistance Act* of Alberta against the Debtor, and to do all such other acts and things as it may consider incidental or conducive to any of its rights, remedies and powers; and
- (o) **Appointment of Receiver:** to appoint by instrument in writing with or without bond, or to take proceedings in any court of competent jurisdiction for the appointment of, a receiver or receiver manager of the Debtor or the Collateral, including all or any part or parts of the undertaking and business or businesses of the Debtor, and to remove any receiver or receiver manager appointed by the Secured Party and to appoint another in his stead, (and any person so appointed,

whether by the Secured Party or a court, will be referred to herein as the "Receiver").

8.3 Receiver

Any Receiver will be entitled to exercise any and all rights, remedies and powers of the Secured Party under the Act as amended from time to time or any other applicable legislation or otherwise existing, whether under this Agreement or any other agreement or at law or in equity, all of which other rights, remedies and powers are hereby incorporated as if expressly set out herein, and in addition will have the right and power (but will not be obligated):

- (a) **Carry on Business:** to carry on or concur in carrying on all or any part of the business or businesses of the Debtor;
- (b) **Employ Agents:** to employ and discharge such agents, managers, clerks, lawyers, accountants, servants, workmen and others upon such terms and with such salaries, wages or remuneration as the Receiver may consider appropriate;
- (c) **Raise Funds and Grant Security:** to borrow or otherwise raise on the security of the Collateral or otherwise any sum or sums of money required for the seizure, retaking, repossession, holding, insuring, repairing, processing, maintaining, protecting, preparing for disposition and disposing of the Collateral, or for the carrying on of all or any part of the business or businesses of the Debtor, or to complete any construction or repair of lands owned by the Debtor or any part thereof, or for any other enforcement of this Agreement, in such sum or sums as will in the opinion of the Receiver be sufficient for obtaining the amounts from time to time required, and in so doing may issue certificates which may be payable either to order or to bearer and may be payable at such time or times as the Receiver may consider appropriate and may bear interest as stated therein, and the amounts from time to time payable by virtue of such certificates will form an Encumbrance in and upon the Collateral in priority to the security interest created hereby; and
- (d) **Other Rights:** to exercise any or all rights, remedies and powers conferred or delegated by the Secured Party.

8.4 Rights of Transferees

No purchaser, lessee or other transferee pursuant to any disposition made or purporting to be made pursuant to this Agreement will be bound or concerned to see or enquire whether an Event of Default has occurred or continues, or whether any notice required hereunder has been given, or as to the necessity or expediency of the stipulations subject to which such disposition is to be made, or otherwise as to the propriety of such disposition or the regularity of its proceedings, or be affected by notice that no Event of Default has occurred or continues or that any required notice has not been given or that the disposition is otherwise unnecessary, improper or irregular, and, notwithstanding any impropriety or irregularity whatsoever or notice thereof, the disposition as regards such purchaser, lessee or other transferee will be deemed to be within the powers conferred by this Agreement and will be valid accordingly, and the remedy (if any) of the Debtor

in respect of any impropriety or irregularity whatsoever in any such disposition will be in damages only.

8.5 Limitations

The following will apply notwithstanding anything herein contained to the contrary.

- (a) **Failure to Exercise:** Neither the Secured Party nor any Receiver will be liable or accountable for any failure to exercise its rights, remedies or powers.
- (b) **Receiver is Debtor's Agent:** The Receiver will be deemed the agent of the Debtor and not the agent of the Secured Party, and the Debtor shall be solely responsible for the acts and defaults of the Receiver and for its remuneration, costs, charges and expenses, and the Secured Party will not in any way be responsible for any misconduct, negligence or nonfeasance on the part of the Receiver or its servants, agents or employees.
- (c) **Receiver's Liability:** The Receiver will not be liable for any loss unless it is caused by the Receiver's own negligence or wilful default.
- (d) **Accountability for Payments Received:** Each of the Secured Party and any Receiver will only be accountable for and charged with any monies they actually receive.
- (e) **Not Liable Under the Collateral:** This Agreement and the security interest created hereby will not impair or diminish any obligation or liability of the Debtor or any other party or parties under or in respect of the Collateral, and, except as may be provided in the Act, no obligation or liability under or in respect of the Collateral will be imposed upon or incurred by the Secured Party by virtue of this Agreement or the security interest created hereby.
- (f) **Not a Mortgagee in Possession:** None of the provisions of this Agreement nor anything done under or pursuant to the rights, remedies and powers conferred upon the Secured Party and the Receiver, whether hereunder or otherwise, will render the Secured Party a mortgagee in possession.
- (g) **No Duty to Take Steps:** Neither the Secured Party nor any Receiver will be bound to collect, dispose of, realize, enforce or sell any securities, instruments, chattel paper or intangibles (including any accounts) comprised in the Collateral or to allow any such Collateral to be sold or disposed of, nor will it be responsible for any loss occasioned by any such sale or other dealing or for any failure to sell or so act, nor will it be responsible for any failure to take necessary steps to preserve rights against others in respect of such Collateral nor bound to present, protest or give any notice in connection with any such Collateral nor to perform any act to prevent prescription thereof nor to protect any such Collateral from depreciating in value or becoming worthless, nor will it be responsible for any loss occasioned by the failure to exercise any rights in respect of such Collateral within the time limited for the exercise thereof.

- (h) **No Duty to Keep Property Separate:** Neither the Secured Party nor the Receiver will be obligated to keep the Collateral separate or identifiable.

8.6 Liability of Secured Party

- (a) **No Responsibility for Debt:** The Secured Party will not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Secured Party will manage the Collateral upon entry of the business of the Debtor, as herein provided, nor will the Secured Party be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss or realization or for any default or omission for which a mortgagee in possession may be liable.
- (b) **No Requirement to Perform:** The Secured Party will not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor will the Secured Party, in the case of securities, instruments or chattel paper, be obliged to reserve rights against other persons, nor will the Secured Party be obliged to keep any of the Collateral identifiable.
- (c) **Waiver:** The Debtor hereby waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party other than provided in this Agreement.

8.7 Application of Proceeds

Any proceeds of any disposition of the Collateral, any net profits of carrying on all or any part of the business or businesses of the Debtor, and any proceeds of any other realization will, at the option of the Secured Party, be held in whole or in part unappropriated in a separate account (as security for any or all of the Secured Obligations including such part or parts thereof as may be contingent or not yet due) or be applied in whole or in part (subject to applicable legislation and the claims of any creditors ranking in priority to the security interest created hereby):

- (a) **Receiver's Costs:** firstly, to the payment of all costs, charges and expenses of and incidental to the appointment of any Receiver and the exercise by the Receiver of any or all of its rights, remedies and powers with respect to the Debtor, the Collateral and this Agreement, including the remuneration of the Receiver and all amounts properly payable by the Receiver together with all legal costs in respect thereof on a solicitor and his own client basis;
- (b) **Costs of Repossession and Disposition:** secondly, to the payment of all costs, charges and expenses incurred or paid in connection with seizing, repossessing, collecting, holding, repairing, processing, preparing for disposition and disposing of the Collateral and any other expenses of enforcing this Agreement incurred by the Secured Party (including legal fees on a solicitor and his own client basis and all taxes, costs and charges in respect of the Collateral);
- (c) **Secured Obligations:** thirdly, to the payment of the Secured Obligations; and

- (d) **Surplus:** fourthly, any surplus will, subject to the rights of any other creditors of the Debtor, be paid to the Debtor.

8.8 Appointment of Attorney

To enable the Secured Party and any Receiver to exercise the rights, remedies and powers conferred upon them, whether by this Agreement or otherwise, upon the occurrence and during the continuance of an Event of Default the Debtor hereby appoints each of the Secured Party and the Receiver, whoever they may be to be the lawful attorney of the Debtor to do any act or thing and to execute any assurance or instrument (in the name of the Debtor or otherwise) in the exercise of the powers conferred upon them (including carrying out any disposition of the Collateral and for such purpose to affix the Debtor common seal to any deeds, transfers, conveyances, assignments, assurances and things which the Debtor ought to execute to complete any disposition of the Collateral or alternatively to execute the same under its own seal by conveying in the name of and on behalf of Debtor and under its own seal, and any deed or other thing executed by the Secured Party or the Receiver under its own seal pursuant hereto will have the same effect as if it were under the common seal of the Debtor) or which the Debtor ought to do or execute hereunder and to exercise any or all of the rights, remedies and powers of the Debtor in carrying out or attempting to carry out any or all of the rights, remedies and powers conferred upon them. This power of attorney will be irrevocable and coupled with an interest and will survive the death, disability, insolvency or other legal incapacity of the Debtor.

8.9 Rights Cumulative

All rights, remedies and powers of the Secured Party and any Receiver set out in this Agreement are cumulative. No right, remedy or power set out herein is intended to be exclusive but each will be in addition to every other right, remedy and power contained herein or in any other existing or future agreement or now or hereafter existing by statute, at law or in equity.

8.10 Order of Realization

The Secured Party may realize upon the security interest created hereby and any other Encumbrances it may now or hereafter have in such order as it may consider appropriate, and any such realization by any means upon any such Encumbrance will not bar realization upon any other Encumbrance(s).

8.11 Waiver

The Secured Party in its absolute discretion may at any time and from time to time by written notice waive any breach by the Debtor of any of its covenants or agreements herein. No course of dealing between the Debtor and the Secured Party will operate as a waiver of any of the Secured Party's rights, remedies or powers. No failure or delay on the part of the Secured Party to exercise any right, remedy or power given herein or by any other existing or future agreement or now or hereafter existing by statute, at law or in equity will operate as a waiver thereof, nor will any single or partial exercise of any such right, remedy or power preclude any other exercise thereof or the exercise of any other such right, remedy or power, nor will any waiver by the Secured Party be deemed to be a waiver of any subsequent, similar or other event.

ARTICLE 9 MISCELLANEOUS

9.1 Costs

The Debtor shall reimburse the Secured Party on demand for all interest, commissions, costs of realization and other costs and expenses (including the full amount of all legal fees and expenses paid by the Secured Party) incurred by the Secured Party or any Receiver in connection with:

- (a) inspecting the Collateral;
- (b) negotiating, preparing, perfecting and registering this Agreement or any renewal or modification hereof, including the renewal of registration of any financing statement registered or land title office notice filed in connection with the security interests hereby created;
- (c) the enforcement of and advice with respect to this Agreement;
- (d) the realization, disposition of, retention, protection, insuring or collection of any Collateral; and
- (e) the protection or enforcement of the rights, remedies and powers of the Secured Party or any Receiver.

All amounts for which the Debtor required hereunder to reimburse the Secured Party or any Receiver will, from the date of disbursement until the date the Secured Party or the Receiver receives reimbursement, be deemed advanced to the Debtor by the Secured Party, will be deemed to be Secured Obligations and will bear interest at the highest rate per annum charged by the Secured Party on any of the other Secured Obligations.

9.2 No Merger

This Agreement will not operate so as to create any merger or discharge of any of the Secured Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may hereafter be held by the Secured Party from the Debtor or from any other person whomsoever. The taking of a judgment with respect to any of the Secured Obligations will not operate as a merger of any of the covenants contained in this Agreement.

9.3 No Obligation to Make Advances

Nothing herein will obligate the Secured Party to make any advance or loan or further advance or extend credit to the Debtor.

9.4 Set-Off or Counterclaim

The obligation of the Debtor to make all payments comprising part of the Secured Obligations is absolute and unconditional and will not be affected by:

- (a) any circumstance, including any set-off, compensation, counterclaim, recoupment, defence or other right which the Debtor may now or hereafter have against the Secured Party or any one or more others for any reason whatsoever; or
- (b) any insolvency, bankruptcy, reorganization or similar proceedings by or against the Debtor.

9.5 Statutory Waiver

To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protection given by the provisions of any existing or future statute which imposes limitations upon the rights, remedies or powers of a Secured Party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

9.6 Assignment

The Secured Party may, without further notice to the Debtor, at any time assign, transfer or grant a security interest in this Agreement and the security interests granted hereby. The Debtor expressly agrees that the assignee, transferee or secured party, as the case may be, will have all of the Secured Party's rights and remedies under this Agreement and the Debtor shall not assert any defence, counterclaim, right of set-off or otherwise any claim which it now has or hereafter acquires against the Secured Party in any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the Secured Obligations to the assignee, transferee or secured party, as the case may be, as the Secured Obligations become due. The Debtor shall not assign this Agreement or any of its rights or benefits hereunder without the express written consent of the Secured Party first had and obtained.

9.7 Provisions Reasonable

The Debtor acknowledges that the provisions of this Agreement and, in particular, those respecting rights, remedies and powers of the Secured Party and any Receiver against the Debtor, its business and any Collateral upon an Event of Default, are commercially reasonable and not manifestly unreasonable.

9.8 Release by Debtor

The Debtor releases and discharges the Secured Party and the Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Debtor or any person claiming through or under the Debtor by reason or as a result of anything done by the Secured Party or any successor or assign claiming through or under the Secured Party or the Receiver under the provisions of this Agreement unless such claim be the result of dishonesty or gross neglect.

9.9 Indemnity

The Debtor shall indemnify and save the Secured Party from any and all costs, expenses, liabilities and damages which may be incurred by the Secured Party in connection with the Collateral and the enforcement of its rights hereunder, save only any costs, expenses, liabilities or damages resulting from any gross neglect or wilful misconduct by the Secured Party or its servants or agents.

9.10 Information to third parties

The Secured Party will not be obliged to inquire into the right of any Person purporting to be entitled under the Act to information and materials from the Secured Party by making a demand upon the Secured Party for such information and materials and the Secured Party will be entitled to comply with such demand and will not be liable for having complied with such demand notwithstanding that such Person may in fact not be entitled to make such demand.

9.11 Further Assurances

The Debtor shall at all times, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, assignments, security agreements and assurances as the Secured Party may reasonably require in order to give effect to the provisions hereof and for the better granting, transferring, assigning, charging, setting over, assuring, confirming or perfecting the security interests hereby created and the priority accorded to them by law or under this Agreement.

9.12 Notices

Any notice, demand or other document to be given, or any delivery to be made hereunder shall be effective if in writing and delivered in person and left with, or if faxed and confirmed by prepaid registered letter addressed to the attention of:

- (a) in the case of the Secured Party, addressed as follows:

BANCORP FINANCIAL SERVICES INC.
BANCORP BALANCED MORTGAGE FUND II LTD.
BANCORP GROWTH MORTGAGE FUND II LTD.
1420 - 1090 West Georgia Street
Vancouver, BC V6E 3V7

Attention: Mike Saba, Vice President

Fax Number: N/A

with a copy to:

FASKEN MARTINEAU DUMOULIN LLP
Barristers & Solicitors
Bentall 5, Suite 2900 – 550 Burrard Street
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Fax No: 604.631.3232

- (b) in the case of the Debtor, addressed as follows:

ALVARO DEVELOPERS INC.
ALVARO LIMITED PARTNERSHIP
223 Lakeside Greens Court
Chestermere, Alberta T1Z 1C8

Attention: Daniel Astete-Cruz

Fax Number: N/A

with a copy to:

MASUCH LAW LLP

Barristers and Solicitors

125 - 8838 Blackfoot Trail SE

Calgary, Alberta T2J 3J1

Attention: Lev Kramar

Fax No: (403) 543.1111

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in person or on the business day next following the date of faxing of the same. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

9.13 Discharge

Any partial payment or satisfaction of the Secured Obligations will be deemed not to be a redemption or discharge of this Agreement. The Debtor shall be entitled to a release and discharge of this Agreement upon full payment and satisfaction of all Secured Obligations and upon written request by the Debtor and payment to the Secured Party of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Secured Party in connection with the Secured Obligations and such release and discharge.

9.14 Delivery of Copy/Waiver

The Debtor acknowledges receiving a copy of this Agreement. The Debtor waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement filed at any time in respect of this Agreement.

ARTICLE 10 INTERPRETATION

10.1 Amendment

Any amendment of this Agreement shall not be binding unless in writing and signed by the Secured Party and the Debtor.

10.2 Headings

All headings and titles in this Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

10.3 Hereof, Etc.

All references in this Agreement to the words “**hereof**”, “**herein**” or “**hereunder**” will be construed to mean and refer to this Agreement as a whole and will not be construed to refer only to a specific Article, Section, paragraph or clause of this Agreement unless the context clearly requires such construction.

10.4 Joint and Several Liability

If any party hereto is comprised of more than one Person the assignments, security interests and other charges constituted hereby and the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

10.5 Severability

If any of the terms of this Agreement are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Agreement.

10.6 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Alberta, and each party hereby submits to the jurisdiction of the courts of the Province of Alberta provided that the foregoing will in no way limit the right of the Secured Party to commence suits, actions or proceedings based on this Agreement in any other jurisdiction.

10.7 Interpretation

Wherever the singular or masculine gender is used throughout this Agreement the same will be construed as meaning the plural or the feminine or the body corporate or politic where the context or the parties hereto so require.

10.8 Capacity

If the Collateral or any portion thereof or any interest therein is held by the Debtor as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise:

- (a) each and every warranty, representation, covenant, agreement, term, condition, provision and stipulation; and
- (b) each and every Security Interest and other charge created hereby,

made by or imposed upon the Debtor hereunder will be and be deemed to be jointly and severally made by or imposed upon the Debtor and the partnership, the beneficiary or beneficiaries of the trust, the principal(s) of the agent, or other entity or entities, as the case may be, and each Security Interest and other charge contained in this Agreement will be deemed to create a Security Interest in (and if applicable, floating charge over) the estate, right, title and interest of the partnership, the beneficiary or beneficiaries, the principal(s), or such entity or entities, as the case may be, in and to the Collateral (or in the case of a floating charge, real property or interests therein) as well as being a Security Interest in (or a floating charge over) the estate, interest and title of the Debtor in and to the

Collateral (or in the case of a floating charge, its real property or interests therein), it being the intention of the parties hereto that this Agreement will create a Security Interest in (or a floating charge over) both the legal and beneficial title to the Collateral (or the applicable real property or interests therein).

10.9 Secured Party as Agent

If this Agreement is granted to the Secured Party in its capacity as agent for one or more other Persons, the Debtor agrees that all:

- (a) grants, mortgages, assignments, charges and security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Debtor in favour of the Secured Party are also created, made, assumed or incurred hereunder by the Debtor in favour of those Persons.

10.10 Binding Effect

This Agreement shall be binding on the Debtor and its heirs, executors, personal representatives, successors and permitted assigns and shall enure to the benefit of the Secured Party and its successors and assigns.

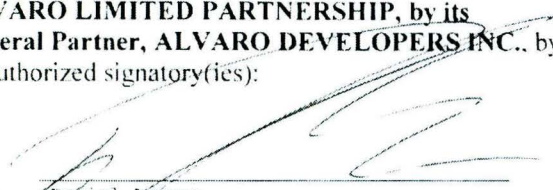
10.11 Entire Agreement

The Secured Party has made no representations, warranties, covenants or acknowledgements affecting any Collateral, other than as expressly set out herein in writing and in Other Document executed by the Secured Party.

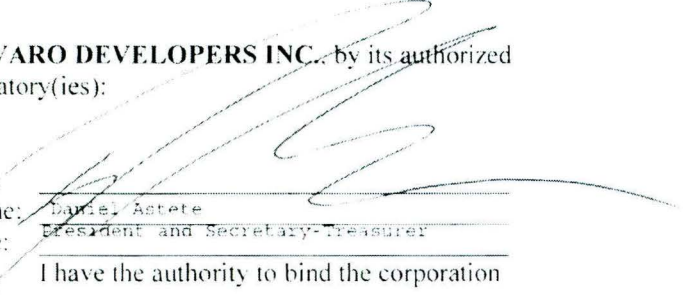
***[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE(S) TO FOLLOW]***

EXECUTED at Calgary, Alberta on the 6 day of ~~October~~^{November}, 2019.

**ALVARO LIMITED PARTNERSHIP, by its
General Partner, ALVARO DEVELOPERS INC., by
its authorized signatory(ies):**

Per: 
Name: Daniel Astete
Title: President and Secretary-Treasurer
I have the authority to bind the corporation

**ALVARO DEVELOPERS INC., by its authorized
signatory(ies):**

Per: 
Name: Daniel Astete
Title: President and Secretary-Treasurer
I have the authority to bind the corporation

This is page 30 of an agreement entitled "GENERAL SECURITY AGREEMENT" and made by
ALVARO DEVELOPERS INC. and ALVARO LIMITED PARTNERSHIP in favour of BANCORP
FINANCIAL SERVICES INC., BANCORP BALANCED MORTGAGE FUND II LTD. and
BANCORP GROWTH MORTGAGE FUND II LTD. in connection with loan(s) of ~~\$5,150,000.00~~ to
ALVARO LIMITED PARTNERSHIP ~~\$5,150,000.00~~^{\$5,350,000.00}

SCHEDULE "A"
PERMITTED ENCUMBRANCES

Nil

SCHEDULE "B"

SERIAL NUMBERED GOODS

TYPE	SERIAL NUMBER	MODEL NUMBER	YEAR

LOCATIONS IN BC WHERE COLLATERAL MAINTAINED

223 Lakeside Greens Court Chestermere, Alberta T1Z 1C8

JURISDICTIONS (OTHER THAN B.C.) AND LOCATION OF COLLATERAL

JURISDICTIONS:	LOCATIONS:

CHIEF EXECUTIVE OFFICE

223 Lakeside Greens Court Chestermere, Alberta T1Z 1C8
223 Lakeside Greens Court Chestermere, Alberta T1X 1C8

OTHER NAMES

Nil

OTHER PERSONS WITH RIGHTS IN COLLATERAL

Nil

**INTELLECTUAL PROPERTY APPLICATIONS
AND REGISTRATIONS / TRADE MARK AND INDUSTRIAL DESIGNS**

Nil

BETWEEN:

**ALVARO LIMITED PARTNERSHIP and
ALVARO DEVELOPERS INC.**

AND:

**BANCORP FINANCIAL SERVICES INC.,
BANCORP BALANCED MORTGAGE FUND II
LTD. and BANCORP GROWTH MORTGAGE
FUND II LTD.**

GENERAL SECURITY AGREEMENT

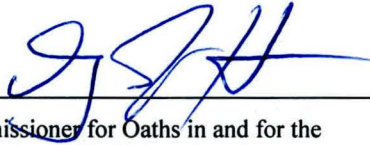
**FASKEN MARTINEAU DUMOULIN LLP
Barristers & Solicitors**

**Bentall 5, Suite 2900 – 550 Burrard Street
Vancouver, BC, Canada V6C 0A3
Telephone: 604.631.3131**

Counsel: Brent C. Clark

File No: 315128.00002

This is Exhibit "H"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'JSH', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

GUARANTEE AND POSTPONEMENT OF CLAIMS

THIS GUARANTEE AND POSTPONEMENT OF CLAIMS is dated ^{November}~~October~~ 6, 2019 and made

BETWEEN:

CRUZ CUSTOM HOMES LTD., a company under the *Business Corporations Act* of Alberta (2014943092), having an office at 223 Lakeside Greens Court, Chestermere, Alberta T1X 1C8

and

1770374 ALBERTA INC., a company under the *Business Corporations Act* of Alberta (2017703741), having an office at 2124 32 Avenue SW, Calgary, Alberta T2T 1W8

and

SUNSET HOMES LTD., a company under the *Business Corporations Act* of Alberta (2014873752), having an office at 2124 32 Avenue SW, Calgary, Alberta T2T 1W8

and

DANIEL RODOLFO ASTETE-CRUZ, businessperson having an address at 223 Lakeside Greens Court, Chestermere, Alberta T1X 1C8

and

PEDRO ARNOLDO OCANA MULLER, businessperson having an address at 2124 32 Avenue SW, Calgary, Alberta T2T 1W8

(collectively, the "**Guarantor**".)

AND:

BANCORP FINANCIAL SERVICES INC., a corporation under the *Business Corporations Act* of British Columbia (BC0712503), having an office at c/o 1420 - 1090 West Georgia Street, Vancouver, BC V6E 3V7

and

BANCORP BALANCED MORTGAGE FUND II LTD., a corporation under the *Business Corporations Act* of British Columbia (BC0856913), having an office at c/o 1420 - 1090 West Georgia Street, Vancouver, BC V6E 3V7

and

BANCORP GROWTH MORTGAGE FUND II LTD., a corporation under the *Business Corporations Act* of British Columbia (BC0856914), having an office at c/o 1420 - 1090 West Georgia Street, Vancouver, BC V6E 3V7

(collectively, the "**Lender**".)

- A. The Borrower has agreed to borrow the moneys representing the Loan from the Lender who has agreed to make the Loan to the Borrower.
- B. It is a condition of the Loan that the Guarantor execute and deliver this Guarantee to the Lender.
- C. The Guarantor has agreed to unconditionally guarantee in the manner hereinafter set forth the payment, observance and performance of the Borrower's Obligations and Liabilities whether now or hereafter existing.
- D. The Guarantor has also agreed to assign and postpone to the Lender all debts and liabilities (as defined in Article 3 hereof) owed to it by the Borrower in the manner hereinafter provided.

In consideration of the sum of \$1.00 and other good and valuable consideration now paid by the Lender to the Guarantor (the receipt and sufficiency of which is hereby acknowledged by the Guarantor) the Guarantor represents to and agrees with the Lender as set forth herein.

ARTICLE 1 - DEFINITIONS

1.1 Definitions

In this Guarantee the following words and phrases will have the meaning given to them below.

- (a) **"Borrower"** means Alvaro Limited Partnership and Alvaro Developers Inc. and their respective successors and assigns, as the case may be, whether immediate or derivative.
- (b) **"Borrower's Obligations and Liabilities"** means the Obligations and Liabilities from time to time of the Borrower to the Lender arising out of or in any way relating to the Loan or the Loan Documents.
- (c) **"Commitment Letter"** means the letter dated September 23, 2019, issued by the Lender to and accepted by the Borrower in connection with the Loan, as amended, restated or replaced from time to time.
- (d) **"Guarantee"** or **"this Guarantee"** means this Guarantee and Postponement of Claims including all recitals and schedules hereto, as amended, modified, restated or replaced from time to time.
- (e) **"Guarantor"** means the Persons so described above and their respective heirs, executors, administrators, personal representatives, successors and assigns, as the case may be, whether immediate or derivative.
- (f) **"Lender"** means the Persons so described above and their respective heirs, executors, administrators, personal representatives, successors and assigns, as the case may be, whether immediate or derivative.
- (g) **"Loan"** means loans aggregating up to \$5,350,000.00 made or to be made by the Lender to the Borrower.
- (h) **"Loan Documents"** means the agreements, instruments, securities and other documents heretofore, now or hereafter created, issued or granted and made by or on behalf of the Borrower in favour of or with the Lender in connection with the Loan as they or each may from time to time be supplemented, amended, restated or replaced and in effect, including but not limited to the security documents entered into pursuant thereto.

- (i) **"Obligations and Liabilities"** whenever used herein in respect of the obligations and liabilities of one Person to another Person, are used in their most comprehensive sense and include all obligations and liabilities of that Person to the other Person heretofore, now or hereafter assumed, made, incurred or created, whether for or on account of any indebtedness of that Person to that other Person (and whether by way of any fee, charge, cost, damage, expense, interest, legal cost, advance or re-advance of principal, debt or otherwise), whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, direct or indirect, express or implied, and whether that Person may be liable individually or jointly with others and whether recovery upon any such obligations and liabilities may be or hereafter becomes in any way unenforceable or irrecoverable and irrespective of the genuineness, validity or regularity thereof, of any security therefor or of the existence or extent of such security.
- (j) **"Persons"** or **"Person"** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body, or department thereof).

ARTICLE 2 - GUARANTEE

2.1 Guarantee

Subject to the provisions of Article 5, hereof, the Guarantor absolutely and unconditionally guarantees the due payment, observance and performance of all of the Borrower's Obligations and Liabilities (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) including, without limitation, the Borrower's covenant to pay the Loan and interest and other sums at the times and places and in the manner set forth in the Loan Documents, without setoff, counterclaim, recoupment or deduction of any amounts owing or alleged to be owing by the Lender to the Borrower. Upon the Borrower's failure to do so, the Guarantor promises, on demand, to pay, observe and perform such of the Borrower's Obligations and Liabilities as it may be required to do by virtue of such demand and to pay interest on any moneys to be paid by the Guarantor to the Lender from the date of such demand at the rate or rates then applicable to such sums pursuant to the Loan Documents. Without limiting the foregoing, the Guarantor specifically guarantees payment of any judgment entered against the Borrower and any damages that may be awarded in any action brought against the Borrower by the Lender.

2.2 Terms of Payment, Observance and Performance

In order to implement the foregoing:

- (a) **Borrower's Obligations and Liabilities:** the Guarantor guarantees that the Borrower's Obligations and Liabilities shall be paid, observed and performed strictly in accordance with the terms and provisions of any agreement, express or implied, which has been made or may hereafter be made or entered into between the Lender and the Borrower relating thereto, and regardless of any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of any such agreement or the rights or remedies of the Lender as against the Borrower or any other Person with respect to any of the Borrower's Obligations and Liabilities, or cause or permit to be invoked, any alteration in the time, amount or manner of payment or performance of any of the Borrower's Obligations and Liabilities by the Borrower or any other Person;

- (b) **Payment on Demand:** in each instance when the Borrower has agreed, relative to any of the Borrower's Obligations and Liabilities to pay or provide the Lender with any amount of money, if such amount is not actually paid or provided as and when agreed, the Guarantor shall, forthwith upon demand made by the Lender, and as the Lender may elect, pay or provide the amount in the exact currency and place as agreed by the Borrower; and
- (c) **Taxes:** the Guarantor agrees that all such payments contemplated hereby shall be made without set-off or counterclaim and free and clear of and without deduction for or on account of any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings or restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, calculated, withheld or assessed by any country or any political subdivision or taxing authority thereof (all of the foregoing being referred to in this subsection as "Taxes"). If any Taxes are required to be withheld for any amounts payable to the Lender, the amounts so payable to the Lender will be increased to the extent necessary to yield to the Lender (after payment of all Taxes) interest or such other amounts payable hereunder at the rate(s) or in the amount(s) herein specified.

2.3 Nature of Guarantee

The Guarantor covenants and agrees with the Lender that:

- (a) **No Prejudice:** the Obligations and Liabilities of the Guarantor hereunder are irrevocable and absolute and, as long as any of the Borrower's Obligations and Liabilities remain outstanding, they will continue and be in full force and effect and will not be determined or in any manner affected and no right of the Lender hereunder will, in any manner, be prejudiced or impaired by any circumstance whatsoever, including by:
 - (i) **Dissolution and Winding-Up:** the dissolution, winding-up or other cessation of existence of any Person (including the Borrower, the Guarantor or any other guarantor or surety) liable for the payment, observance and performance of the Borrower's Obligations and Liabilities or any part thereof, or the institution of any proceeding relating thereto; the death or loss or diminution of capacity of any such Person, if a natural Person; any continuance or reorganization or any change in the business, capital structure, directorate, management, members, name, objects, organization, partners, powers or shareholders of any such Person; the amalgamation or merger of any such Person with a corporation; the sale or disposal of or appointment of a custodian, liquidator, receiver or trustee in respect of the assets or undertaking, in whole or in part, of any such Person; any distribution of the assets, in whole or in part, of any such Person upon any arrangement, bankruptcy, composition, insolvency, liquidation, readjustment, receivership, reorganization or other similar proceeding or occurrence relating to any such Person; any assignment by any such Person for the benefit of creditors; any other marshalling of any of the assets of any such Person; or any other act or event which would constitute a novation of any obligation or liability of the Borrower in respect of any of the Borrower's Obligations and Liabilities, whether by substitution of the Obligations and Liabilities of any other Person in place of those of the Borrower or otherwise;
 - (ii) **Any other Person:** any Obligations and Liabilities of the Borrower, whether in respect of any of the Borrower's Obligations and Liabilities or otherwise, the Guarantor (whether under this Guarantee or otherwise), any other Person who is

or may become liable in respect of any of the Borrower's Obligations and Liabilities; or any agreement or instrument evidencing any such obligation or liability, heretofore, now or hereafter being invalid, illegal or unenforceable including, without limitation, any failure by the Borrower or any guarantor or surety to pay, perform or comply with the Borrower's Obligations and Liabilities or the terms of any documents, instruments or agreements evidencing, securing or documenting the same;

- (iii) **Defect:** any defect in, omission from, failure to file or register, or defective filing or registration of any instrument under which the Lender has taken or has had created and issued or granted in its favour any security for payment, observance and performance of any of the Borrower's Obligations and Liabilities, or for payment, observance or performance of any Obligations and Liabilities of the Borrower, the Guarantor, whether under this Guarantee or otherwise, or of any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities; any failure or loss of or in respect of any such security received or held or intended to have been received or held by the Lender, whether arising out of or in connection with the fault of the Lender or otherwise; or any irregularity, defect or unauthorized action by the Lender, the Borrower, the Guarantor or other guarantor or surety or any of their respective officers, directors, members, managers or other agents in executing and delivering any documents, instruments or agreements evidencing, securing or documenting the Borrower's Obligations and Liabilities or in carrying out or attempting to carry out the terms of any such documents, instruments or agreements;
- (iv) **Issue or Levy of Award, Etc.:** any issue or levy by any administrative, governmental, judicial or other authority or arbitrator of any award, execution, injunction, judgment, order, warrant of attachment, writ of similar process against the Borrower (whether in respect of any of the Borrower's Obligations and Liabilities or otherwise), the Guarantor (whether in respect of any of its Obligations and Liabilities under this Guarantee or otherwise), or against any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities;
- (v) **Setoffs and Counterclaims; Defences:** any setoff, counterclaim, recoupment, deduction, any defence or other right which the Guarantor may have against the Lender, the Borrower, any other guarantor, surety or any other Person for any reason whatsoever whether related to the Borrower's Obligations and Liabilities or otherwise; or any other circumstance which might constitute a legal or equitable discharge or defence, in whole or in part, of a surety or guarantor;
- (vi) **Consents and Waivers:** any act or omission of the Lender consented to in this Guarantee including, without limitation, pursuant to Section (e) hereof; or the failure to receive any notice, demand, presentment or protest waived in this Guarantee including, without limitation, pursuant to Sections 2.5 and 6.5 hereof;
- (vii) **Organizational Changes:** any change in the name, state of organization, entity type or structure, capital stock or other ownership interests or constitution of the Borrower or any guarantor or surety; or
- (viii) **Any Other Act or Event:** any occurrence or non-occurrence of any other act or event which, by operation of law or equity or otherwise, would directly or indirectly now or hereafter result in the determination, discharge, extinction,

limitation, merger, novation, reduction or release, pro tanto or otherwise of the Guarantor or of any of its Obligations and Liabilities hereunder, or which would otherwise prejudice or impair any right of the Lender hereunder;

and by signing this Guarantee, the Guarantor hereby waives all defences of a surety to which it may be entitled by statute or otherwise;

- (b) **Continuing Guarantee:** this Guarantee is a continuing guarantee and will be binding upon the Guarantor regardless of how long before or after the date hereof any of the Borrower's Obligations and Liabilities were or are incurred. Credit may be granted or continued from time to time by the Lender to the Borrower without notice to or authorization from the Guarantor regardless of the Borrower's then-existing financial or other condition. The Guarantor agrees that this Guarantee will continue to be effective or will be reinstated as the case may be if at any time any payment to the Lender of any of the Borrower's Obligations and Liabilities is rescinded or must be restored or returned by the Lender upon all insolvency, bankruptcy or reorganization of the Borrower, all as though such payment had not been made. In the event this Guarantee is preceded or followed by any other agreement of suretyship or guarantee by the Guarantor or others, all will be deemed to be cumulative, and the obligations of the Guarantor hereunder will be in addition to those stated in any suretyship or guaranty agreement;
- (c) **Pay Moneys:** the Obligations and Liabilities of the Guarantor hereunder to pay moneys will constitute Obligations and Liabilities of payment and not of collectability and will be absolute and independent of and not in consideration of or conditional or contingent upon any other Obligations and Liabilities of the Guarantor, any Obligations and Liabilities of the Borrower (whether in respect of any of the Borrower's Obligations and Liabilities or otherwise), or any Obligations and Liabilities of any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities; or any prior notice or protest to, demand upon or action, suit or other proceeding against the Borrower, or any such other Person and the Lender may bring or prosecute a separate action, suit or other proceeding against the Guarantor whether such action, suit or other proceeding is brought or prosecuted against the Borrower or any such other Person or whether the Borrower or any such other Person is joined in such action, suit or other proceeding;
- (d) **Part Payment:** any part payment, observance or performance by the Borrower of any of the Borrower's Obligations and Liabilities or other circumstance which operates to toll any statute of limitations or law of prescription as to the Borrower will operate to toll such statute of limitations or law of prescription as to the Guarantor; and
- (e) **Waiver of Immunities:** to the extent that the Guarantor has or may hereafter acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution, or otherwise) under the laws of any jurisdiction, the Guarantor hereby irrevocably waives such immunity in respect of its Obligations and Liabilities under this Guarantee and agrees that it will be subject to the laws governing this Guarantee with respect thereto.

2.4 Authorization

The Guarantor authorizes the Lender, at the sole and absolute discretion of the Lender, without notice or demand and without in any manner affecting the liability of the Guarantor hereunder or under any security now or hereafter furnished to the Lender by the Guarantor in connection herewith, and without prejudicing or impairing any right of the Lender hereunder, from time to time to:

- (a) **Renew, Modify Etc.:** renew, compromise, extend, accelerate, waive or otherwise modify the terms of any Loan Document or any other document, instrument or agreement, whether now or hereafter existing, evidencing, documenting, securing or otherwise relating to the Borrower's Obligations and Liabilities, including the time, form or manner for payment, observance or performance of, or any term in respect of, the Borrower's Obligations and Liabilities, or any part thereof, including increasing or decreasing the amount of the Loan and any rate of interest payable in connection therewith or changing the method of calculation thereof, or the obligations of any surety or guarantor, or any instrument or agreement evidencing the same;
- (b) **Security:** take and hold any collateral or security for the payment, observance and performance of this Guarantee or the Borrower's Obligations and Liabilities, or any part thereof, or for the payment, observance or performance of any Obligations and Liabilities in any way relating to or arising out of the Borrower's Obligations and Liabilities or any collateral or security now or hereafter held therefor from the Borrower, the Guarantor, whether under this Guarantee or otherwise, or from any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, and assign, sell, exchange, enforce, waive, perfect, release, subordinate, subrogate, substitute, surrender or take advantage of or defer, or waive taking, perfecting, enforcing or otherwise taking advantage of any such collateral or security (including any rights or remedies of the Lender in respect of any collateral or security now or hereafter held) and apply any such security and direct the order or manner of sale thereof as the Lender in its discretion may determine;
- (c) **Realize:** realize on any security interest or lien, judicially or nonjudicially, with or without preservation of a deficiency judgment;
- (d) **Exercise:** compromise, release or settle with or substitute or delay or waive the exercise of any one or more right or remedy against the Borrower, the Guarantor or any other Person (including any guarantor or surety) who is or may become liable in respect of any of the Borrower's Obligations and Liabilities;
- (e) **Grant Indulgence:** release any guarantor or surety, or grant any other indulgence to the Borrower, the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, or any part thereof, and compound with all or any of such Persons as the Lender shall see fit;
- (f) **Acceptance:** accept any of the Borrower's Obligations and Liabilities incurred after the date hereof;
- (g) **Recovery:** apply any payment by, recovery from or credit, deposit or offset due to, or any funds realized from or payable on account of any security heretofore, now or hereafter furnished to the Lender by the Borrower, the Guarantor or any other Person (including any other guarantor or surety) who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, to the Borrower's Obligations and Liabilities or any part or parts thereof now or hereafter existing, whether in respect of any of the Borrower's Obligations and Liabilities or otherwise of the Borrower, the Guarantor or any such other Person to the Lender, as the case may be, in such order, priority and manner and at such times as the Lender in its sole and absolute discretion may determine;
- (h) **Lien or Set Off:** impose a lien upon or set off any money, security or other property of the Guarantor now or hereafter in the possession of or on deposit with the Lender,

whether held in a general or special account or on deposit or for safekeeping or otherwise, against any payment due from the Guarantor to the Lender hereunder; and

- (i) **Any Other Person:** otherwise deal with the Borrower, the Guarantor, any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, or any security heretofore, now or hereafter furnished to the Lender by the Borrower, the Guarantor or any such other Person, as the Lender may deem appropriate or desirable.

2.5 Waivers

The Guarantor unconditionally waives:

- (a) **Right to Receive:** any right to receive from the Lender any communication whatsoever with respect to any of the Borrower's Obligations and Liabilities or any Obligations and Liabilities of the Guarantor, whether under this Guarantee or otherwise, or of any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, including, without limitation:
 - (i) Notice of Creation: any notice of the creation, existence or incurring, now or hereafter, of any Borrower's Obligations and Liabilities or any change therein, the acceptance by the Lender of, or the intention of the Lender to act on or in reliance on, any Obligation or Liability of the Guarantor, whether under this Guarantee or otherwise, or of any other Person (including any guarantor or surety) who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, or any default by or non-payment, non-observance or non-performance of any obligation of the Borrower, the Guarantor or any such other Person;
 - (ii) Renewal and Modification: any renewal, extension or modification of the terms of any of Borrower's Obligations and Liabilities of any surety or guarantor or any documents, instruments or agreements evidencing, securing or documenting the same;
 - (iii) Additional Guaranty and Security: the obtaining of any guaranty or surety agreement (in addition to this Guarantee), the obtaining of any collateral or security for the payment and performance of any of the Borrower's Obligations and Liabilities, the release of any surety or guarantor, or the release of any collateral or security;
 - (iv) Communication: any communication of any information known by the Lender relating to the financial condition of the Borrower or to any other circumstance bearing upon the risk of non-payment of any of the Borrower's Obligations and Liabilities; or
 - (v) Demand for Performance: any demand for performance, notice of dishonour, notice of protest, presentment, protest or acceptance relating to any of the Borrower's Obligations and Liabilities or the Obligations and Liabilities of the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities;
- (b) **Right to Require:** any right to require the Lender to:

- (i) Proceed Against Borrower, Guarantor, Etc.: proceed against the Borrower, the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, including, without limitation, any right or benefit of discussion or division;
 - (ii) Proceed Against Security: proceed against or exhaust any security heretofore, now or hereafter furnished to the Lender by the Borrower, the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities;
 - (iii) Application: first apply any property or assets of the Borrower or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities to the discharge of the Borrower's Obligations and Liabilities or marshal in favour of the Guarantor; or
 - (iv) Pursue: pursue or exercise any other right or remedy of the Lender whatsoever;
- (c) **Borrower's Outstanding Obligations and Liabilities:** so long as any of the Borrower's Obligations and Liabilities remain outstanding (including such part thereof, if any, that exceeds the liability of the Guarantor hereunder, if the liability of the Guarantor is expressly limited hereunder), any right of subrogation to, or any right to enforce, any right or remedy which the Lender now has or may hereafter have against or in respect of the Borrower, any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities or any security heretofore, now or hereafter furnished to the Lender by the Borrower or any such other Person or any benefit of or right to participate in any such security;
- (d) **Defence:** any defence arising out of or in connection with:
- (i) Absence: any absence, impairment or loss of any right of contribution, reimbursement or subrogation or any other right or remedy of the Guarantor against or in respect of the Borrower, any other Person who is (including any other guarantor or surety) or may become liable in respect of any of the Borrower's Obligations and Liabilities or any security heretofore, now or hereafter furnished to the Lender by the Borrower or any such other Person;
 - (ii) Disability: any disability, incapacity or other defence available to the Borrower or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities or any cessation from any cause whatsoever of any of the Borrower's Obligations and Liabilities or the Obligations and Liabilities of any such other Person in respect of any of the Borrower's Obligations and Liabilities;
 - (iii) Other Circumstances: any other circumstance which might otherwise constitute a defence to any action, suit or other proceeding against the Guarantor, whether on this Guarantee or otherwise;
 - (iv) Statute of Limitations: any benefit of any statute of limitations or law of prescription affecting any obligation or liability of the Guarantor, whether under this Guarantee or otherwise, or the enforcement thereof, to the fullest extent permitted by law; or

- (v) Immunities: any immunity at any time acquired from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution, or otherwise) under the laws of any jurisdiction that may apply in respect of any of its Obligations and Liabilities under this Guarantee.

2.6 Bankruptcy, Etc.

In the event of any distribution of the assets, in whole or in part, of the Borrower, or the Guarantor or any other Person who is or may become liable in respect of any of the Borrower's Obligations and Liabilities, or upon any arrangement, bankruptcy, composition, execution sale, insolvency, liquidation, readjustment, receivership, reorganization or other similar proceeding or occurrence relating to any such Person, or any proceeding for the dissolution, liquidation, winding-up or other cessation of existence of any such Person, voluntary or involuntary, whether or not involving bankruptcy or insolvency proceedings, or any assignment by any such Person for the benefit of creditors or any other marshalling of any of the assets of any such Person:

- (a) **Omission**: none of the Obligations and Liabilities of the Guarantor hereunder will be determined or in any manner affected and no right of the Lender hereunder will in any manner be prejudiced or impaired by any omission by the Lender to prove its claim or to prove its full claim and the Lender may prove such claim as it sees fit and may refrain from proving any claim and may value as it sees fit or refrain from valuing any security held by the Lender; and
- (b) **Right to Include**: so long as any of the Borrower's Obligations and Liabilities remain outstanding (including such part thereof, if any, that exceeds the liability of the Guarantor hereunder, if the liability of the Guarantor is expressly limited hereunder), the Lender will have the right to include, in any claim made by it, the amount of all sums paid by the Guarantor, whether under this Guarantee or otherwise, and to prove and rank for and receive dividends in respect to such claim; any and all right to prove and rank for such sums paid by the Guarantor and to receive the full amount of all dividends in respect thereof is hereby assigned and transferred by the Guarantor to the Lender.

ARTICLE 3 - POSTPONEMENT OF CLAIMS

3.1 Assignment

To secure the payment, observance and performance of its Obligations and Liabilities to the Lender hereunder, the Guarantor:

- (a) assigns and grants a security interest in all present and future debts, obligations and liabilities owed to it by the Borrower, together with all interest therein and fees and other charges payable to it in connection therewith and all liens, security interests, charges and other security therefor (collectively the "**debts and liabilities**"); and
- (b) postpones the payment, observance and performance of the debts and liabilities to the prior payment, observance and performance of the Borrower's Obligations and Liabilities, to the Lender in full, in cash.

The Guarantor agrees that the debts and liabilities shall not be paid or performed in whole or in part, and the Guarantor shall not cause or permit any Person other than the Lender to accept any payment or performance of or on account of the debts and liabilities while this Guarantee is in effect. The Guarantor further agrees that if and whenever it receives any moneys representing the debts and liabilities it shall

receive and hold such moneys in trust for and shall immediately pay the same to the Lender in addition to and without otherwise limiting its obligations to pay, observe or perform the Borrower's Obligations and Liabilities.

3.2 Severability

The provisions of this Article 3 are independent and severable from the guarantee of the Borrower's Obligations and Liabilities provided herein regardless of whether the Guarantor is obligated under such guarantee.

3.3 If More than One Guarantor

In the event that the Guarantor is comprised of more than one Person, the provisions of this Article 3 will apply to the debts and liabilities owed by the Borrower to any one or more of those Persons.

ARTICLE 4 - REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties

The Guarantor makes the following representations and warranties to the Lender as continuing representations and warranties so long as any of the Borrower's Obligations and Liabilities remain outstanding:

- (a) **Authorization, Execution, Delivery and Performance:** the execution, delivery and performance of this Guarantee:
 - (i) if the Guarantor is a corporation, have been duly authorized by all required corporate action;
 - (ii) if the Guarantor is a partnership, have been duly authorized by all required partnership action;
 - (iii) do not require the consent or approval of any shareholder, partner, trustee, holder of any Obligations and Liabilities of the Guarantor, or any governmental body or other regulatory authority;
 - (iv) are not and will not be in contravention of, or in conflict with, any law or regulation by which the Guarantor is bound;
 - (v) if the Guarantor is a corporation, any term or provision of the certificate or articles of incorporation, bylaws, or constating documents of the Guarantor;
 - (vi) if the Guarantor is a partnership, any term or provision of the Guarantor's partnership agreement; and
 - (vii) are not and will not be, in contravention of, or in conflict with, any agreement, indenture, mortgage, other instrument, or undertaking to which the Guarantor is a party or by which it or any of its properties is or may be bound or affected and do not, and will not, save as herein provided, cause any security interest, lien or other encumbrance to be created or imposed upon any such properties;
- (b) **Execution:** the Guarantor is executing and delivering this Guarantee at the sole and exclusive request of the Borrower;

- (c) **No Representations by Lender:** the Guarantor has in no way whatsoever, directly or indirectly, sought, received or relied upon any representation or statement from or any agreement or undertaking with the Lender or any officer, employee or agent the Lender with respect to any matter relating to this Guarantee, the Loan, the Borrower's Obligations and Liabilities, the Loan Documents, the Borrower or any other Person liable or proposed to be liable for the Borrower's Obligations and Liabilities or any part thereof or any security now held or proposed to be held therefor from any Person whomsoever;
- (d) **Litigation:** there is no litigation or other proceeding pending or, to the knowledge of the Guarantor, threatened against, or affecting, the Guarantor or its properties which, if determined adversely to the Guarantor, would have a materially adverse effect on the financial condition, properties or operations of the Guarantor and the Guarantor is not in default with respect to any order, writ, injunction, decree or demand of any court or other governmental or regulatory authority;
- (e) **Financial Condition of Guarantor:** any financial information which has heretofore been submitted in writing by the Guarantor to the Lender in connection herewith is true and correct, truly presents the financial condition of the Guarantor as at the date thereof and the results of the operations of the Guarantor for the period covered thereby and has been prepared in accordance with sound accounting principles on a basis consistently maintained. The Guarantor has no knowledge of any liabilities, contingent or otherwise, at the date of said financial information which are not reflected in said financial information and the Guarantor has not entered into any commitments or contracts which are not reflected in the financial information which may have a materially adverse effect upon its financial condition, operations or business as now conducted;
- (f) **Financial Condition of Borrower:** the Borrower has furnished the Guarantor with all financial and other information and copies of all agreements, instruments and other writings which the Guarantor has requested concerning the Borrower, the Loan, the Borrower's Obligations and Liabilities, the Loan Documents, the Borrower's relationship with the Lender and the nature, scope and extent of the risk which the Guarantor assumes and incurs under this Guarantee;
- (g) **Future Financial Information:** the Guarantor has established means satisfactory to it of obtaining from the Borrower, independently of the Lender, on a continuing basis such additional or future financial and other information and copies of all agreements, instruments and other writings as it may deem appropriate or desirable concerning the Loan, the Borrower, the Borrower's Obligations and Liabilities, the Loan Documents, the Borrower's relationship with the Lender and the nature, scope and extent of the risk which the Guarantor assumes and incurs under this Guarantee; and the Guarantor has reviewed such documents and other information as it has deemed appropriate in order to permit it to be fully apprised of the operations, business, properties or financial condition of the Borrower and has, in entering into this Guarantee made its own credit analysis independent and without reliance upon any information communicated to it by the Lender;
- (h) **Financial Benefit:** the Guarantor has derived or expects to derive a financial advantage from each and every loan or other extension of credit and from each and every renewal, extension, release of collateral or other relinquishment of legal rights made or granted or to be made or granted by the Lender to the Borrower or any other Person in connection with any of the Borrower's Obligations and Liabilities; and

- (i) **Binding Obligations, Etc.** this Guarantee has been duly executed and delivered by the Guarantor to the Lender without condition and constitutes a legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, similar laws affecting creditors' rights generally or general principles of equity.

ARTICLE 5- MISCELLANEOUS

5.1 Entire Guarantee

Upon the execution and delivery by the Guarantor to the Lender of this Guarantee, this Guarantee will be deemed to be finally executed and delivered by the Guarantor as of the date hereof and will not be subject to or affected by any promise or condition affecting or limiting the liability of the Guarantor except as set forth herein and no statement, representation, agreement or promise on the part of the Lender or any officer, employee or agent thereof unless contained herein forms any part of this Guarantee or has induced the making hereof or will be deemed to affect the Guarantor's liability hereunder. This Guarantee comprises the complete, final and integrated agreement of the parties hereto on the subject matter hereof and supersedes all prior agreements, written or oral, on such subject matter. This Guarantee will be operative and binding upon every signatory hereto notwithstanding the non-execution hereof by any other proposed signatory hereto.

5.2 Lender's Records Conclusive

The statement in writing of an officer of the Lender of the amount of or existence of any of the Borrower's Obligations and Liabilities or as to the occurrence of any failure by the Borrower to fully and punctually pay, observe or perform any of the Borrower's Obligations and Liabilities when due or required, as the case may be, will be binding on and conclusive against the Guarantor, and all right to question in any way the Lender's present or future method of dealing with the Borrower or any Person or Persons now or hereafter liable to the Lender for the Borrower's Obligations and Liabilities, or any part thereof, or with any security now or hereafter held by the Lender therefor or with any property covered by such security is hereby waived.

5.3 Guarantor Principal Debtor

For the purpose of greater clarity it is hereby declared to be the intention of the parties that this Guarantee will be construed so as to impose the like obligation upon the Guarantor as if the Guarantor had covenanted as a principal jointly and severally with the Borrower with respect to the Borrower's Obligations and Liabilities and not as a surety.

5.4 Corporate Borrower

It is not necessary for the Lender to inquire into the powers of the Borrower, if a corporation partnership or a trust, or the officers, directors, partners, trustees or agents acting or purporting to act on its behalf, and any of the Borrower's Obligations and Liabilities made, created, incurred or assumed in reliance upon the professed exercise of such powers will form part of the Borrower's Obligations and Liabilities even though those Borrower's Obligations and Liabilities are or were irregularly, fraudulently, defectively or informally made, created, incurred or assumed by or in excess of the powers of the Borrower or of its officers, directors, partners, trustees or agents and notwithstanding that the Lender has specific notice of the powers of the Borrower or its officers, directors, partners, trustees or agents.

5.5 Guarantor to Keep Informed

The Guarantor agrees with the Lender that so long as any of the Borrower's Obligations and Liabilities remain outstanding it shall assume all responsibility for being and keeping itself informed of the financial condition of the Borrower and of all other circumstances bearing upon the nature, scope and extent of the risk which it assumes and incurs under this Guarantee. Without limiting the foregoing, the Guarantor shall enter into such agreements and arrangements with the Borrower as may be necessary to ensure its receipt of notice of such material changes and of periodic financial statements. The Guarantor expressly waives any requirement that the Lender advise, disclose, discuss or deliver notice to the Guarantor regarding the operations, business, properties or financial condition of the Borrower or with respect to any default by the Borrower in its payment or performance of the Borrower's Obligations and Liabilities whether or not knowledge of such condition, operations or default is or reasonably could be in the possession of the Guarantor and whether or not such knowledge is in the possession of the Lender before or after the extension of any credit giving rise to Obligations and Liabilities by the Borrower.

5.6 Effect

The provisions of this Guarantee are in addition to and not in substitution for the provisions of any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability held by the Lender, all of which will be construed as complementary to each other. Nothing contained herein will prevent the Lender from enforcing any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability in accordance with its terms.

5.7 Relationship of the Parties

Any sum falling within the terms of this Guarantee which may not be recoverable from the Guarantor on the footing of a guarantee, whether by reason of any legal or equitable limitation, disability, incapacity, or any other fact or circumstance, and whether known to the Lender or not, will nevertheless be recoverable from the Guarantor as an indemnifier of the Lender.

5.8 Survival of Warranties

All covenants, agreements, representations and warranties made herein will survive the execution and delivery of this Guarantee.

5.9 Failure or Indulgence Not Waiver

No failure or delay on the part of this Lender in the exercise of any power, right of privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise or any such power, right of privilege preclude any other or further exercise of any such power, right or privilege. All powers, rights and privileges hereunder are cumulative to, and not exclusive of, any powers, rights or privileges otherwise available.

5.10 Notices

Any notice, demand or other document to be given, or any delivery to be made hereunder will be effective if in writing and delivered in Person and left with, or if faxed and confirmed by prepaid registered letter addressed to the attention of:

- (a) in the case of the Lender, addressed as follows:

**BANCORP FINANCIAL SERVICES INC.
BANCORP BALANCED MORTGAGE FUND II LTD.
BANCORP GROWTH MORTGAGE FUND II LTD.**

c/o 1420 - 1090 West Georgia Street
Vancouver, BC V6E 3V7

Attention: Mike Saba, Vice President

Fax No: _____

with a copy to:

FASKEN MARTINEAU DUMOULIN LLP
Barristers & Solicitors
Bentall 5, Suite 2900 - 550 Burrard Street
Vancouver, BC V6C 0A3

Attention: Brent C. Clark

Fax No: 604.631.3232

- (b) in the case of the Guarantor, addressed as follows:

CRUZ CUSTOM HOMES LTD.
DANIEL RODOLFO ASTETE-CRUZ
223 Lakeside Greens Court
Chestermere, Alberta T1X 1C8
1770374 ALBERTA INC.
SUNSET HOMES LTD.
PEDRO ARNOLDO OCANA MULLER
2124 32 Avenue SW
Calgary, Alberta T2T 1W8

Attention: Daniel Astete and Pedro Ocana

Fax: N/A

with a copy to:

MASUCH LAW LLP
Barristers and Solicitors
125 - 8838 Blackfoot Trail SE
Calgary, Alberta T2J 3J1

Attention: Lev Kramar

Fax No: (403) 543.1111

Any notice, demand or other document or delivery so given or made will be deemed to have been given or made and received at the time of delivery in Person or on the business day next following the date of the faxing of the same. Any party hereto may from time to time by notice in writing change his or its address (or in the case of a corporate party, the designated recipient) for the purposes of this Section.

5.11 Expenses and Fees

The Guarantor shall pay all costs and expenses, including, without limitation, lawyer's fees (on a solicitor and his own client basis) and accountants fees, incurred by the Lender in connection with the payment.

observance and performance of the Borrower's Obligations and Liabilities or any part thereof, whether such payment, observance or performance be made by the Borrower, the Guarantor or any other Person now or hereafter liable therefor in whole or in part. The Guarantor shall indemnify and save harmless the Lender from any claim, loss or damage whatsoever arising out of or in connection with the Guarantee.

5.12 Time of the Essence

Time is of the essence of this Guarantee.

5.13 Modification of Guarantee

No alteration, modification or waiver of this Guarantee or any of its terms, provisions or conditions will be binding on the Lender unless made in writing over the signature of an authorized officer of the Lender.

5.14 Judgment Currency

If for the purpose of obtaining judgment in any court or calculating the liability of Guarantor hereunder it is necessary to convert a sum due hereunder into Canadian dollars, the rate of exchange used will be that at which in accordance with normal banking procedures the Lender could purchase Canadian dollars with the other applicable currency on the business day preceding that on which final judgment is given, or in the case of the exercise of nonjudicial remedies, the business day preceding the day final calculation of liability hereunder is to be made. The obligation of Guarantor in respect of any such sum due from it will, notwithstanding any judgment in Canadian dollars, be discharged only to the extent that, on the business day following receipt by the Lender of the sum adjudged so due in Canadian dollars, whether by realization on a judgment, nonjudicial foreclosure or other means of collection, the Lender may in accordance with normal banking procedures purchase the Other Currency with the Canadian dollars. If the Other Currency so purchased is less than the sum originally due to the Lender in the Other Currency, the Guarantor agrees as a separate obligation and notwithstanding any such judgment to indemnify the Lender against such loss.

ARTICLE 6 - INTERPRETATION

6.1 Headings

All headings and titles in this Guarantee are for reference only and are not to be used in the interpretation of the terms hereof.

6.2 Interpretation

Wherever the singular or masculine or neuter is used herein the same shall be construed as meaning the plural or the feminine or body corporate or vice-versa where the context or the parties hereto so require.

6.3 Severability

If any provision of this Guarantee or any part thereof is be found or determined to be invalid, illegal or unenforceable, that provision or such part thereof will be severable from this Guarantee and the remainder of this Guarantee will be construed as if such invalid, illegal or unenforceable provision or part had been deleted herefrom.

6.4 Applicable Law

This Guarantee and the rights and obligations of the Guarantor and the Lender hereunder will be governed and be construed according to the laws of the Province of Alberta.

6.5 Jurisdiction

The Guarantor irrevocably agrees that any legal action or proceeding against it with respect to this Guarantee may be brought in the courts of the Province of Alberta, or in such other court as the Lender may elect and, by execution and delivery of this Guarantee, the Guarantor irrevocably submits to each such jurisdiction. The Guarantor irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to the Guarantor by registered or certified mail at the address set forth in Section 5.10 hereto. In addition, Guarantor irrevocably waives to the fullest extent permitted by law any objection which it may now or hereafter have to the laying of venue in any such action or proceeding in either: (a) any court sitting in the Province of Alberta; or (b) any other court as the Lender may elect; and hereby further irrevocably waives any claim that any such forum is an inconvenient forum. The Guarantor further agrees that a final judgment in any such action or proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

6.6 Multiple Guarantors and Lenders

If more than one Person executes this instrument as Guarantor the provisions hereof will be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor will include each and every one of them severally and all representations, warranties covenants and agreements herein contained will be deemed to be the joint and several representations, warranties, covenants and agreements of each such Person.

If this instrument is given to or is in favour of more than one Lender the provisions hereof will be read with all grammatical changes thereby rendered necessary and each Lender or any one or more of them will be entitled to enforce all of the rights and remedies of the Lender hereunder against the Guarantor or each Person comprising the Guarantor.

6.7 Successors and Assigns

This Guarantee will be binding upon the Guarantor and its heirs, executors, administrators, personal representatives, successors and permitted assigns, as the case may be, and will enure to the benefit of the Lender and its successors and assigns. The Lender may assign or otherwise transfer this Guarantee or any of its rights and powers hereunder in whole or in part without notice, with all or any of the Borrower's Obligations and Liabilities hereby guaranteed, and in such event the assignee will have the same rights and remedies as if originally named herein in place of the Lender to the extent as the same are assigned. The Guarantor may not assign or otherwise transfer all or any part of its rights or obligations hereunder without the prior written consent of the Lender and any such assignment or transfer purported to be made without such consent shall be ineffective.

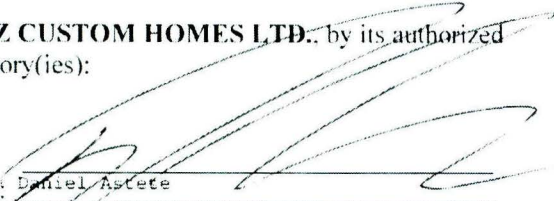
6.8 Counterparts

This Agreement may be executed in counterparts and an executed copy of this Agreement may be delivered by electronic facsimile transmission or other means of electronic communication capable of producing a signed printed copy of this Agreement. **Any such execution and delivery will be deemed to have occurred as of the date set forth above by the party so delivering such copy.**


*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK,
SIGNATURE PAGE(S) TO FOLLOW]*

November
EXECUTED this 6 day of ~~October~~, 2019.


CRUZ CUSTOM HOMES LTD., by its authorized
signatory(ies):

Per: 
Name: Daniel Astete
Title: President and Secretary-Treasurer
I have the authority to bind the corporation


1770374 ALBERTA INC., by its authorized
signatory(ies):

Per: 
Name: Pedro Ocana
Title: President and Secretary-Treasurer
I have the authority to bind the corporation

SUNSET HOMES LTD., by its authorized
signatory(ies):

Per: 
Name: Pedro Ocana
Title: President and Secretary-Treasurer
I have the authority to bind the corporation

SIGNED, SEALED and DELIVERED
by **DANIEL RODOLFO ASTETE-**
CRUZ in the
presence of:


Signature

Lev Kramar

Print Name

125, 5388 Blackfoot Trail Se, Calgary AB T2J 3J1

Address

Lawyer

Occupation


DANIEL RODOLFO ASTETE-CRUZ 

SIGNED, SEALED and DELIVERED
by PEDRO ARNOLDO OCANA
MULLER in the
presence of:

Signature

Lev Kramar

Print Name

125, Blackfoot Trail SE, Calgary AB T2J 3J1

Address

Lawyer

Occupation

PEDRO ARNOLDO OCANA
MULLER



This is page 19 of an agreement entitled "GUARANTEE AND POSTPONEMENT OF CLAIMS" and made by CRUZ CUSTOM HOMES LTD., 1770374 ALBERTA INC., SUNSET HOMES LTD., DANIEL RODOLFO ASTETE-CRUZ and PEDOR ARNOLDO OCANA MULLER in favour of BANCORP FINANCIAL SERVICES INC., BANCORP BALANCED MORTGAGE FUND II LTD. and BANCORP GROWTH MORTGAGE FUND II LTD. in connection with loan(s) of ~~\$5,150,000.00~~ to ALVARO LIMITED PARTNERSHIP ~~\$5,350,000.00~~

THE GUARANTEES ACKNOWLEDGEMENT ACT
(Section 3)

CERTIFICATE OF NOTARY PUBLIC

I HEREBY CERTIFY THAT:

1. Daniel Rodolfo Astete-Cruz of Calgary, Alberta, the Guarantor named in the Guarantee and Postponement of Claims dated the 6th day of November 2019, made between

Cruz Custom Homes Ltd, 1770374 Alberta Inc., Sunset Homes Ltd, Daniel Rodolfo Astete-Cruz and Pedro Arnoldo Ocana Muller


and

Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd., and Bancorp Growth Mortgage Fund II Ltd.

which this Certificate is attached to or noted upon, appeared in person before me and acknowledged that he had executed Guarantee and Postponement of Claims.

2. I satisfied myself by examination of him that he is aware of the contents of the Guarantee and Postponement of Claims and understands it.

Certificate by Lev Kramar, Barrister and Solicitor at of the City of Calgary, in the Province of Alberta this 6 day of November, 2019.


Signature of Lev Kramar

I declare that I am a lawyer entitled to practice law in the jurisdiction in which this Certificate has been executed.

STATEMENT OF GUARANTOR

I am the person named in this Certificate.


Daniel Rodolfo Astete-Cruz

THE GUARANTEES ACKNOWLEDGEMENT ACT
(Section 3)

CERTIFICATE OF NOTARY PUBLIC

I HEREBY CERTIFY THAT:

1. ^{Arnoldo Muller} Pedro Ocana of Calgary, Alberta, the Guarantor named in the Guarantee and Postponement of Claims dated the 6th day of November 2019, made between

Cruz Custom Homes Ltd, 1770374 Alberta Inc., Sunset Homes Ltd, Daniel Rodolfo Astete-Crus and Pedro Arnoldo Ocana Muller


and

Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd., and Bancorp Growth Mortgage Fund II Ltd.

which this Certificate is attached to or noted upon, appeared in person before me and acknowledged that he had executed the Guarantee and Postponement of Claims.

2. I satisfied myself by examination of him that he is aware of the contents of the Guarantee and Postponement of Claims and understands it.


Certificate by Lev Kramar, Barrister and Solicitor at of the City of Calgary, in the Province of Alberta this 6 day of November, 2019.


Signature of Lev Kramar

I declare that I am a lawyer entitled to practice law in the jurisdiction in which this Certificate has been executed.

STATEMENT OF GUARANTOR

I am the person named in this Certificate.


Pedro Arnoldo Ocana Muller

BETWEEN:

**CRUZ CUSTOM HOMES LTD., YYC FRAMING
LTD., SUNSET HOMES LTD., DANIEL RODOLFO
ASTETE-CRUZ and PEDRO ARNOLDO OCANA
MULLER**

AND:

**BANCORP FINANCIAL SERVICES INC.,
BANCORP BALANCED MORTGAGE FUND II
LTD. and BANCORP GROWTH MORTGAGE
FUND II LTD.**

**GUARANTEE AND POSTPONEMENT OF
CLAIMS**

**FASKEN MARTINEAU DUMOULIN LLP
Barristers & Solicitors**

**Bentall 5, Suite 2900 - 550 Burrard Street
Vancouver, BC, Canada V6C 0A3
Telephone: 604.631.3131**

Counsel: Brent C. Clark

File No: 315128.00002

This is Exhibit "T"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'J. H.', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

SUBORDINATION AND STANDSTILL AGREEMENT

THIS AGREEMENT (this "**Agreement**") made as _____, 2019 between 1788459 Alberta Ltd. (the "**Vendor**"), Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd. (collectively, the "**Lender**"), Alvaro Developers Inc. (the "**Registered Owner**"), and Alvaro Limited Partnership (the "**Beneficial Owner**" and, together with the Registered Owner, the "**Borrower**").

WHEREAS the Borrower incurred indebtedness in the principal amount of \$1,140,000 from the Vendor (the "**Subordinate Indebtedness**") as evidenced by a promissory note dated November 25, 2019 (the "**Subordinate Indebtedness Note**") and such Subordinate Indebtedness is secured by a \$1,140,000 vendor take-back mortgage (the "**Subordinate Mortgage**") and together with any other agreements or documents granting security over the Borrower's assets to secure the Subordinate Indebtedness, collectively, the "**Subordinate Security**" and the Subordinate Security together with the Subordinate Indebtedness Note, collectively, the "**Subordinate Documents**") against certain lands legally owned or to be legally owned by the Registered Owner and legally described as (i) Plan 1332N; Block 2; portions of Lot 1 and Lots 2-4, inclusive, and (ii) Plan 1332N; Block 2; portions of Lot 1 (collectively, the "**Lands**").

AND WHEREAS the Vendor paid the Ness Excavating c/o 733 – 209 AB Inc. invoice in the amount of \$29,354.31, for costs relating to the development of the Lands (the "**Ness Payment**") at the request of the Borrower, with the understanding such Ness Payment would be repaid by the Borrower.

AND WHEREAS the Borrower has or will incur indebtedness from the Lender on and pursuant to the terms of a commitment letter dated September 23, 2019 (as amended, restated or replaced from time to time, the "**Commitment Letter**"). The indebtedness pursuant to the Commitment Letter relating to the construction and development of the Lands (including all increases thereto from time to time and any advances and readvances thereof from time to time, collectively, the "**Senior Indebtedness**") is to be secured by, *inter alia*, (i) a \$5,350,000 collateral mortgage (as amended, restated or replaced from time to time, the "**Senior Mortgage**") against the Lands and the other lands and property described therein as being charged thereby (such other lands and property together with any and all property charged by the other Senior Security (as hereinafter defined), collectively, the "**Property**"), (ii) an assignment of rents and leases against the Property (the "**Assignment**") and (iii) a general security agreement (the "**GSA**", and together with the Senior Mortgage, the Assignment and each other document entered into from time to time by the Borrower in favour of the Lender for the purpose of securing the Senior Indebtedness, collectively, the "**Senior Security**" and the Senior Security together with the Commitment Letter, collective, the "**Senior Documents**").

AND WHEREAS it is a condition of the Lender making any advance to the Borrower that the Vendor and Borrower execute and deliver this Subordination and Standstill Agreement pursuant to which, *inter alia*, the Subordinate Security will at all times be postponed and subordinate to the Senior Security;

AND WHEREAS the Vendor has agreed to subordinate and postpone the Subordinate Indebtedness, the Subordinate Security and the other Subordinate Documents to and in favour of the Senior Indebtedness, the Senior Security and the other Senior Documents. Reference herein to the Subordinate Indebtedness, Subordinate Documents, Senior Indebtedness and Senior Documents includes all renewals, extensions, amendments, modifications, and restatements thereof or thereto from time to time.

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties agree as follows:

1. **Covenants, Representations and Warranties of the Vendor.** The Vendor consents to the Senior Indebtedness and the Senior Documents and covenants, represents and warrants to the Lender that (i) the Subordinate Indebtedness and the Subordinate Documents are in good standing and the Borrower is not in default thereunder, (ii) it holds no security of any kind against the Property other than the Subordinate Security, (iii) it is the registered holder of the Subordinate Indebtedness and the Subordinate Documents and has full power, authority and legal right to enter into this Agreement, (iv) other than the Ness Payment the total principal amount owing to the Vendor by the Borrower is no more than \$1,140,000 as of December __, 2019, and (v) the Subordinate Indebtedness shall not be repayable until the Lender confirms in writing to the Vendor that the Senior Indebtedness has been repaid in full and the Borrower no longer has any indebtedness owing to the Lender, and (vi) it will not allow the principal amount of the Subordinate Indebtedness to exceed \$1,140,000 without the Lender's prior written consent. Upon request by the Lender from time to time, the Vendor shall provide to the Lender copies of the Subordinate Documents or a statement of the Subordinate Indebtedness then outstanding.
2. **Subordination and Postponement.** Except with respect to the Ness Payment, the Vendor hereby subordinates and postpones the Subordinate Security, the other Subordinate Documents and the Subordinate Indebtedness, which shall be a second priority lien and charge against the Property, to the Senior Security, the other Senior Documents and the Senior Indebtedness and agrees with the Lender that the Senior Security shall be a first priority lien and charge against the Property for the full amount of the Senior Indebtedness plus interest and costs. No discharge, release or waiver by the Lender of any of the Senior Security against or in respect of the Property or any person or any amendment, renewal, extension, replacement, modification, supplement or restatement of any Senior Indebtedness and/or the Senior Documents shall require notice to or the consent of the Vendor or otherwise affect the subordination and postponement of the Subordinate Security, the other Subordinate Documents and the Subordinate Indebtedness hereby granted by the Vendor. The Vendor agrees to execute and deliver, upon request by the Lender, such further instruments and agreements as may be reasonably required by the Lender to confirm and give effect to the provisions of this Agreement and to register and record or file notice of this Agreement and/or this subordination and postponement of the Subordinate Security and the other Subordinate Documents in any office of public record as the Lender may consider necessary or desirable from time to time.
3. **Amendment.** Nothing in this Agreement nor in the Subordinate Security or in any other arrangements or agreements between the Borrower, the Vendor or any other person shall restrict, limit or otherwise prevent the Lender from taking any such action or making any other amendment, renewal, extension, replacement, modification, supplement or restatement of the Senior Indebtedness or the Senior Documents without the consent of the Vendor and without otherwise affecting the subordination and postponement of the Subordinate Documents and Subordinate Indebtedness hereby granted. The Vendor shall not amend, extend, renew, modify, replace, supplement or restate the Subordinate Indebtedness or the Subordinate Security without the prior written consent of the Lender, which consent shall not be unreasonably withheld, conditioned or delayed.
4. **Notices from the Vendor.** The Vendor shall give to the Lender, contemporaneously with the giving thereof to the Borrower, copies of any notices given by it to the Borrower under the Subordinate Documents, including without limitation any notices of defaults, breaches or events of default or of events that with the giving of notice or the passage of time and failure to cure, would result in a default, breach or event of default under the Subordinate Documents.

5. **Payments.** The Vendor agrees that, other than the repayment of the Ness Payment until the Senior Indebtedness is paid in full or except as may be consented to in writing by the Lender in its sole discretion, (i) all rents, revenue, income, cash flow and other proceeds arising from or relating to the Property shall not be applied to any payment on account of the Subordinate Indebtedness and (ii) it shall not accept any payment from the Borrower on account of the Subordinate Indebtedness whether of principal, interest, fees, costs, expenses or any other amounts, and if any such payments are received, such monies shall be received and held by the Vendor in trust for the Lender and the Vendor shall immediately pay all such monies to the Lender. The Lender and the Vendor shall provide reasonable cooperation to each other to ensure the provisions of this section are complied with. The Lender agrees that all funds received as proceeds from the sale of the Lands shall be applied to the repayment of the Senior Indebtedness.

6. **Free Partial Discharges and Postponements.** The Vendor covenants and agrees that it will, at no expense to the Lender and regardless of default under or maturity of the Subordinate Security:

- (a) execute such postponements and partial discharges of the Subordinate Security as may be required to convey any part of the Property to *bona fide* purchasers of lots/units comprising the Property or to convey and/or grant easements over the project to any relevant governmental authority for walkways, utilities or for any other purposes as such governmental authorities may require, as part of the development process heretofore disclosed to the Vendor in respect of the project as well as for any easements or rights-of-way in favour of abutting lands to provide access, egress and/or services to said abutting lands, provided however, that any monies received by the Borrower from such purchasers or governmental authorities in connection therewith shall be remitted to the Lender until the Senior Indebtedness is discharged; and
- (b) execute any and all plans and documents required to facilitate development of the project and to re-zone the project, if necessary, and to co-operate in all respects (but without requirement to expend funds) to facilitate such registration and re-zoning including, without limitation, the execution of agreements with any relevant governmental authorities or utilities which may be required for such registration or rezoning.

In the event for any reason the Vendor does not complete and register, without payment of principal, interest or any other amounts, a partial discharge of the Subordinate Security upon completion of a sale of a lot/unit on the Property, then the Lender shall be entitled to and the Vendor hereby irrevocably authorizes and directs the Lender and its counsel to execute and register from time to time partial discharges of the Subordinate Security for each lot/unit of the Property upon completion of a sale of a lot/unit in order to validly and fully discharge any such lot/unit from the Subordinate Security without payment of any principal, interest or any other amounts to the Vendor, provided that all net proceeds from each sale are paid to the Lender to reduce the Senior Indebtedness. Upon the Senior Indebtedness being fully satisfied, this direction and authorization shall be of no further force and effect.

7. **Insurance Proceeds.** Until such time as the Senior Indebtedness has been repaid in full, all insurance and expropriation proceeds received by the Vendor with respect to the Property shall be received and held by the Vendor in trust for the Lender and forthwith paid and delivered by the Vendor to the Lender, notwithstanding any provision to the contrary in the Subordinate Documents or under applicable laws. All rights and entitlement of the Vendor to such proceeds are hereby postponed and subordinated to the rights of the Lender.

8. **Standstill.** The Vendor shall not take any Enforcement Action (as defined below) under or in respect of the Subordinate Documents or the Subordinate Indebtedness with respect to all or any part of the Property or against the Borrower without reasonable prior notice to and the written consent of the Lender, which consent shall not be unreasonably withheld, conditioned or delayed. The Vendor shall not challenge, contest or bring into question the validity, priority or perfection of the Senior Documents or any Enforcement Action taken by the Vendor under or in respect of the Senior Documents or Senior Indebtedness against the Borrower or against all or any part of the Property. In this Section, "**Enforcement Action**" means the commencement of power of sale, foreclosure or other judicial or private sale proceedings, appointing or obtaining the appointment of a receiver, a manager or a receiver and manager or other person having similar powers in respect of any person or property, attornment of rents, taking possession or control of any property or undertaking, commencing, giving or making any demand for payment, any notice of intention to enforce security or any action or proceeding seeking payment or recovery of all or any part of any indebtedness or damages in lieu thereof, accelerating the principal payable under the Subordinate Documents, or accepting a transfer of any property in lieu of foreclosure, or the exercise of any other rights or remedies available to a creditor under its security or otherwise at law or in equity, including without limitation, any bankruptcy proceedings.

9. **Assignment by the Vendor.** The Vendor agrees that it shall not sell, transfer, assign or otherwise dispose of any interest in the Subordinate Indebtedness or the Subordinate Documents to any person or persons (the "**Assignee**") except with the prior written consent of the Lender, which consent shall not be unreasonably withheld, conditioned or delayed. If the Lender consents to any such sale, transfer, assignment or other disposition, such consent shall be conditional upon, the Vendor causing each Assignee to enter into, concurrently with any such sale, transfer, assignment or other disposition, a subordination and standstill agreement with the Lender on the same terms and conditions as this Agreement. The Lender may transfer or assign its interest in the Senior Indebtedness, the Senior Documents and this Agreement without restriction and without prior notice to or the consent of the Vendor.

10. **Subordination Effective notwithstanding Registration Dates, etc.** The Senior Documents shall have and be entitled to priority over the Subordinate Documents in all respects and any mortgage, pledge, charge, assignment and any other security interest created by or pursuant to or granted for the Senior Indebtedness to the full extent of the Senior Indebtedness from time to time, and the Subordinate Security shall in all respects rank subordinate and junior to the Senior Security. This priority shall be effective in all events and in all circumstances. Without limiting the generality of the foregoing, this priority shall be effective notwithstanding:

- (a) the respective dates of execution, delivery, attachment, registration, filing, perfection or enforcement, as applicable, of the Senior Documents and the Subordinate Documents;
- (b) the respective dates of any advances secured by the Senior Security or the Subordinate Security;
- (c) the respective dates of default under the Senior Security or the Subordinate Security;
- (d) any priority to which the Subordinate Security may otherwise be entitled by reason of the giving or failure to give any notice of the acquisition of any charge, lien or security interest, by reason of the failure to register or to register any renewal or by reason of any defect in any item constituting the Senior Documents;
- (e) the provisions of the instruments creating the Senior Documents and the Subordinate Documents; and

- (f) any modification, extension, renewal, replacement, supplement or restatement of the Senior Documents or the Senior Indebtedness.
11. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
12. **Successors.** The acknowledgements and agreements contained in this Agreement shall extend to, be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.
13. **Counterpart.** This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and which counterparts together shall constitute one and the same instrument.
14. **Further Assurances by the Borrower.** The Borrower hereby acknowledges this Agreement and the subordination of the priority of the Subordinate Documents to the Senior Documents to the same effect as if all monies secured or intended to be secured by the Senior Security were events prior to the creation and registration of the Subordinate Security and the advance of any monies secured by the Subordinate Security as have been or will be advanced, and the Borrower expressly agrees to perform its obligations to the Lender and the Vendor and hold and deal with the Property in accordance with the priorities set out in this Agreement and to execute any instruments giving effect to such subordination and postponement as may be required by the Lender from time to time for such purpose.
15. **No Rights Conferred on Borrower.** Nothing in this Agreement will be construed as conferring any rights upon the Borrower or any other third party. The terms and conditions hereof are and will be for the sole and exclusive benefit of the Lender and the Vendor.
16. **Amendment of Agreement.** No supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the Lender and the Vendor. The parties agree that the consent of the Borrower shall not be required for any such supplement, modification, waiver or termination.

[Signatures appear on following page]

IN WITNESS WHEREOF each of the parties have duly executed this agreement under seal.

THE VENDOR:

1788459 ALBERTA LTD.,

Per: 
Name: MEL SVENDSEN
Title: PRESIDENT

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation

THE LENDER:

BANCORP FINANCIAL SERVICES INC.

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation

**BANCORP BALANCED MORTGAGE
FUND II LTD.**

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation

**BANCORP GROWTH MORTGAGE FUND
II LTD.**

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation

IN WITNESS WHEREOF each of the parties have duly executed this agreement under seal.

THE VENDOR:

1788459 ALBERTA LTD..



Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation


THE LENDER:

BANCORP FINANCIAL SERVICES INC.

Per:  Michael Saba
Name: _____
Title: _____
Per:  Mark D. Silverwood
Name: _____
Title: _____



I/We have authority to bind the Corporation

**BANCORP BALANCED MORTGAGE
FUND II LTD.**

Per:  Michael Saba
Name: _____
Title: _____
Per:  Mark D. Silverwood
Name: _____
Title: _____

I/We have authority to bind the Corporation

**BANCORP GROWTH MORTGAGE FUND
II LTD.**

Per:  Michael Saba
Name: _____
Title: _____
Per:  Mark D. Silverwood
Name: _____
Title: _____

I/We have authority to bind the Corporation

THE BORROWER:**ALVARO DEVELOPERS INC.**

Per: _____

Name: Daniel Astete
Title: President and Secretary-Treasurer

Per: _____

Name: _____
Title: _____

I/We have authority to bind the Corporation

ALVARO LIMITED PARTNERSHIP, by its
general partner Alvaro Developers Inc.

Per: _____

Name: Daniel Astete
Title: President and Secretary-Treasurer

Per: _____

Name: _____
Title: _____

I/We have authority to bind the Corporation

This is Exhibit "J"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A Commissioner for Oaths in and for the
Province of British Columbia

Search ID #: Z15553677

Transmitting Party

FASKEN MARTINEAU DUMOULIN LLP

3400, 350 7 Avenue SW
Calgary, AB T2P 3N9

Party Code: 60008049
Phone #: 403 261 5359
Reference #: 315128.00002

Search ID #: Z15553677

Date of Search: 2022-Oct-31

Time of Search: 09:11:23

Business Debtor Search For:

ALVARO DEVELOPERS INC.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z15553677

Business Debtor Search For:

ALVARO DEVELOPERS INC.

Search ID #: Z15553677

Date of Search: 2022-Oct-31

Time of Search: 09:11:23

Registration Number: 19112716597

Registration Date: 2019-Nov-27

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status
Current

1 ALVARO DEVELOPERS INC.
223 LAKESIDE GREENS COURT
CHESTERMERE, AB T1Z 1C8

Block

Status
Current

2 ALVARO LIMITED PARTNERSHIP
223 LAKESIDE GREENS COURT
CHESTERMERE, AB T1Z 1C8

Secured Party / Parties

Block

Status
Current

1 BANCORP FINANCIAL SERVICES INC.
1420 - 1090 WEST GEORGIA STREET
VANCOUVER, BC V6E 3V7
Email: kelly@bancorpfincial.com

Block

Status
Current

2 BANCORP BALANCED MORTGAGE FUND II LTD.
1420 - 1090 WEST GEORGIA STREET
VANCOUVER, BC V6E 3V7
Email: kelly@bancorpfincial.com

Block

Status
Current

3 BANCORP GROWTH MORTGAGE FUND II LTD.
1420 - 1090 WEST GEORGIA STREET
VANCOUVER, BC V6E 3V7
Email: kelly@bancorpfincial.com

Search ID #: Z15553677

Business Debtor Search For:

ALVARO DEVELOPERS INC.

Search ID #: Z15553677

Date of Search: 2022-Oct-31

Time of Search: 09:11:23

Registration Number: 19112716715

Registration Date: 2019-Nov-27

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2024-Nov-27 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block

Status
Current

1 ALVARO DEVELOPERS INC.
223 LAKESIDE GREENS COURT
CHESTERMERE, AB T1Z 1C8

Block

Status
Current

2 ALVARO LIMITED PARTNERSHIP
223 LAKESIDE GREENS COURT
ALBERTA, AB T1Z 1C8

Secured Party / Parties

Block

Status
Current

1 BANCORP FINANCIAL SERVICES INC.
1420 - 1090 WEST GEORGIA STREET
VANCOUVER, BC V6E 3V7
Email: kelly@bancorpfinancial.com

Block

Status
Current

2 BANCORP BALANCED MORTGAGE FUND II LTD.
1420 - 1090 WEST GEORGIA STREET
VANCOUVER, BC V6E 3V7
Email: kelly@bancorpfinancial.com

Block

Status
Current

3 BANCORP GROWTH MORTGAGE FUND II LTD.
1420 - 1090 WEST GEORGIA STREET
VANCOUVER, BC V6E 3V7
Email: kelly@bancorpfinancial.com

Search ID #: Z15553677

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	All present and after-acquired personal property of the debtors.	Current

Search ID #: Z15553677

Business Debtor Search For:

ALVARO DEVELOPERS INC.

Search ID #: Z15553677

Date of Search: 2022-Oct-31

Time of Search: 09:11:23

Registration Number: 20111730153

Registration Date: 2020-Nov-17

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2025-Nov-17 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

Current

1 ALVARO DEVELOPERS INC.
223 LAKESIDE GREEN CRT
CHESTERMERE, AB T1Z 1C8

Block

Status

Current

2 ASTETE, DANIEL
223 LAKESIDE GREEN CRT
CHESTERMERE, AB T1Z 1C8

Secured Party / Parties

Block

Status

Current

1 CAPEX CONSULTING AND PROMO GROUP LTD.
477, 1811 - 4 STREET S.W.
CALGARY, AB T2S 1W2
Email: general@agahilaw.com

Collateral: General

Block

Description

Status

1 ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY. Current

Search ID #: Z15553677

Business Debtor Search For:

ALVARO DEVELOPERS INC.

Search ID #: Z15553677

Date of Search: 2022-Oct-31

Time of Search: 09:11:23

Registration Number: 21072211925

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2021-Jul-22

Registration Status: Current

Expiry Date: 2023-Jul-22 23:59:59

Issued in Calgary Judicial Centre

Court File Number is 2101 08456

Judgment Date is 2021-Jul-05

This Writ was issued on 2021-Jul-09

Type of Judgment is Other

Original Judgment Amount: \$155,461.28

Costs Are: \$0.00

Post Judgment Interest: \$0.00

Current Amount Owing: \$155,461.28

Exact Match on:

Debtor

No: 1

Solicitor / Agent

WALSH LLP

2800 801 6 AVE SW

CALGARY, AB T2P4A3

Phone #: 403 267 8424

Fax #: 403 264 9400

Email: ppnotices@walshlaw.ca

Debtor(s)

Block

Status

1 ALVARO DEVELOPERS INC.
C/O 125, 8838 BLACKFOOT TR SE
CALGARY, AB T2J 3J1

Current

Block

Status

2 ASTETE, DANIEL
223 LAKESIDE GREENS COURT
CHESTERMERE, AB T1X 1C8

Current

Search ID #: Z15553677

Gender:
Male

Creditor(s)

Block

Status

Current

1 LARFARGE CANADA INC.
C/O 2800, 801 - 6TH AVENUE SW
CALGARY, AB T2P 4A3
Email: pp notices@walshlaw.ca

Search ID #: Z15553677

Business Debtor Search For:

ALVARO DEVELOPERS INC.

Search ID #: Z15553677

Date of Search: 2022-Oct-31

Time of Search: 09:11:23

Registration Number: 21092728352

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2021-Sep-27

Registration Status: Current

Expiry Date: 2023-Sep-27 23:59:59

Issued in Calgary Judicial Centre

Court File Number is 2101-01295

Judgment Date is 2021-Aug-03

This Writ was issued on 2021-Aug-23

Type of Judgment is Other

Original Judgment Amount: \$23,859.81

Costs Are: \$400.00

Post Judgment Interest: \$23.14

Current Amount Owing: \$22,285.56

Exact Match on:

Debtor

No: 1

Amendments to Registration

22032508301

Amendment

2022-Mar-25

Solicitor / Agent

MASUCH LAW LLP
#125, 8838 BLACKFOOT TRAIL SE
CALGARY, AB T2J 3J1

Phone #: 403 543 1100

Fax #: 403 543 1111

Reference #: 10-75627

Email: LEV@MASUCHLAW.COM

Debtor(s)

Block

Status

1 ALVARO DEVELOPERS INC.
520, 999 - 8 STREET SW
CALGARY, AB T2R 1J5

Current

Search ID #: Z15553677

Creditor(s)

Block

Status

1	MASUCH LAW LLP #125, 8838 BLACKFOOT TRAIL SE CALAGRY, AB T2J 3J1 Email: LEV@MASUCHLAW.COM	Current
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Search ID #: Z15553677

Business Debtor Search For:

ALVARO DEVELOPERS INC.

Search ID #: Z15553677

Date of Search: 2022-Oct-31

Time of Search: 09:11:23

Registration Number: 22070731447

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2022-Jul-07

Registration Status: Current

Expiry Date: 2024-Jul-07 23:59:59

Issued in Calgary Judicial Centre

Court File Number is 2101-11280

Judgment Date is 2022-Jun-13

This Writ was issued on 2022-Jul-06

Type of Judgment is Other

Original Judgment Amount: \$235,208.82

Costs Are: \$4,062.66

Post Judgment Interest: \$0.00

Current Amount Owing: \$239,271.48

Exact Match on:

Debtor

No: 1

Solicitor / Agent

ADRIANNA WORMAN
SUITE 200, 602 - 11TH AVE SW
CALGARY, AB T2R 1J8

Phone #: 403 668 9195

Fax #: 403 705 1265

Reference #: 08903-001

Email: aworman@gfslaw.ca

Debtor(s)

Block

Status

1 ALVARO DEVELOPERS INC.
520 - 999 8 ST SW
CALGARY, AB T2R 0J5

Current

Creditor(s)

Block

Status

1 Q CONSTRUCTION MANAGEMENT LTD.
125 88838 BLACKFOOT TRAIL SE
CALGARY, AB T2J 3J1

Current

Search ID #: Z15553677

Email: greg@qconstruction.ca

Result Complete

Search ID #: Z15553680

Transmitting Party

FASKEN MARTINEAU DUMOULIN LLP

3400, 350 7 Avenue SW
Calgary, AB T2P 3N9

Party Code: 60008049

Phone #: 403 261 5359

Reference #: 315128.00002

Search ID #: Z15553680

Date of Search: 2022-Oct-31

Time of Search: 09:11:52

Business Debtor Search For:

ALVARO LIMITED PARTNERSHIP

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z15553680

Business Debtor Search For:

ALVARO LIMITED PARTNERSHIP

Search ID #: Z15553680

Date of Search: 2022-Oct-31

Time of Search: 09:11:52

Registration Number: 19112716597

Registration Date: 2019-Nov-27

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor No: 2

Debtor(s)

Block

Status
Current

1 ALVARO DEVELOPERS INC.
223 LAKESIDE GREENS COURT
CHESTERMERE, AB T1Z 1C8

Block

Status
Current

2 ALVARO LIMITED PARTNERSHIP
223 LAKESIDE GREENS COURT
CHESTERMERE, AB T1Z 1C8

Secured Party / Parties

Block

Status
Current

1 BANCORP FINANCIAL SERVICES INC.
1420 - 1090 WEST GEORGIA STREET
VANCOUVER, BC V6E 3V7
Email: kelly@bancorpfincial.com

Block

Status
Current

2 BANCORP BALANCED MORTGAGE FUND II LTD.
1420 - 1090 WEST GEORGIA STREET
VANCOUVER, BC V6E 3V7
Email: kelly@bancorpfincial.com

Block

Status
Current

3 BANCORP GROWTH MORTGAGE FUND II LTD.
1420 - 1090 WEST GEORGIA STREET
VANCOUVER, BC V6E 3V7
Email: kelly@bancorpfincial.com

Search ID #: Z15553680

Business Debtor Search For:

ALVARO LIMITED PARTNERSHIP

Search ID #: Z15553680

Date of Search: 2022-Oct-31

Time of Search: 09:11:52

Registration Number: 19112716715

Registration Date: 2019-Nov-27

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2024-Nov-27 23:59:59

Exact Match on: Debtor No: 2

Debtor(s)

Block

Status
Current

1 ALVARO DEVELOPERS INC.
223 LAKESIDE GREENS COURT
CHESTERMERE, AB T1Z 1C8

Block

Status
Current

2 ALVARO LIMITED PARTNERSHIP
223 LAKESIDE GREENS COURT
ALBERTA, AB T1Z 1C8

Secured Party / Parties

Block

Status
Current

1 BANCORP FINANCIAL SERVICES INC.
1420 - 1090 WEST GEORGIA STREET
VANCOUVER, BC V6E 3V7
Email: kelly@bancorpfincial.com

Block

Status
Current

2 BANCORP BALANCED MORTGAGE FUND II LTD.
1420 - 1090 WEST GEORGIA STREET
VANCOUVER, BC V6E 3V7
Email: kelly@bancorpfincial.com

Block

Status
Current

3 BANCORP GROWTH MORTGAGE FUND II LTD.
1420 - 1090 WEST GEORGIA STREET
VANCOUVER, BC V6E 3V7
Email: kelly@bancorpfincial.com

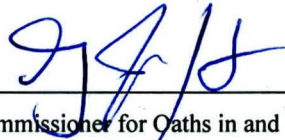
Search ID #: Z15553680

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	All present and after-acquired personal property of the debtors.	Current

Result Complete

This is Exhibit "K"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'JF/H', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

CONFIRMATION OF INSURANCE

This is to confirm to:

Bancorp Financial Services Inc.
 1420-1090 West Georgia Street, Vancouver, BC V6E 3V7

That policies of insurance as herein described have been issued to the Insured named below and are in force at this date.

Name and address of Insured: CRUZ CUSTOM HOMES LTD & ALVARO DEVELOPER INC.

223 LAKESIDE GREENS CRT
 CHESTERMERE, AB, T1X 1C8

Location to which this confirmation applies:

223 LAKESIDE GREENS Court
 CHESTERMERE, AB, T1X 1C8

Operations to which this confirmation applies: Building construction - residential NOC - including renovation/repairs

Type of Policy	Policy Number	Expiry Date DD/MM/YYYY	Amount of Insurance
Commercial General Liability Products and/or Completed Operations Incl. <input checked="" type="checkbox"/> Excl. <input type="checkbox"/> Non-Owned Automobile Incl. <input checked="" type="checkbox"/> Excl. <input type="checkbox"/> Other:	4001539130	02/12/2022	Each occurrence limit: \$5,000,000 Aggregate limit: \$5,000,000 Tenant's Legal Liability: \$2,000,000 Non-Owned Automobile - limit: \$2,000,000 The limits shown may have been reduced by paid claims. Other:
Directors' and Officers'	n/a	n/a	Limit: n/a Deductible: n/a The limits shown may have been reduced by paid claims.
Errors and Omissions	n/a	n/a	Limit: n/a Deductible: n/a The limits shown may have been reduced by paid claims.

NOTE: Additional Insured: Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd., Bancorp Growth Mortgage Fund II Ltd. 1420-1090 West Georgia Street Vancouver, BC V6E 3V7

The insurance afforded is subject to the terms, conditions and exclusion of the applicable policy. This confirmation is issued as a matter of information only and confers no rights on the holder and imposes no liability on the Insurer. The Insurer will endeavour to mail to the holder of this Confirmation _____ 30 days' written notice of any material change in or cancellation of these policies, but assumes no responsibility for failure to do so.

Date: 07/12/2021

Authorized Representative of the Insurer: COUNTRY HILLS INSURANCE & FINANCIAL SERVICES INC AO13191

CERTIFICATE OF INSURANCE

This is to certify to: Bancorp Financial Services Inc.
1420-1090 West Georgia St.
Vancouver BC V6E 3V7

That a policy of insurance as herein described has been issued to the Insure named below and is in full force:

Insured: Alvaro Developer Inc..

Location: 428 - 3 Avenue NE Calgary, AB T2E 0H6

Loss Payee: Bancorp Balanced Mortgage Fund II Ltd.
Bancorp Growth Mortgage Fund II Ltd.
Bancorp Financial Services Inc.
1420-1090 West Georgia St. Vancouver BC V6E 3V7

Term: October 1, 2022 to December 1, 2022

Policy No.: DB13169

Limits: Building (Hard Cost): \$3,500,000
Building (Soft Cost): \$500,000
Delayed Opening: \$360,000
(Insured by Premier Canada Assurance Managers Ltd.)

The insurance afforded is subject to the terms, conditions and exclusions of the applicable policy. This Certificate is issued as a matter of information only and confers no rights on the holder and imposes no liability on the Insurer.

The insurer will endeavor to provide the holder of this Certificate 30 day's written notice of any material change in or cancellation of this policy but assumes no responsibility for failure to do so.

CO-OPERATORS GENERAL INSURANCE COMPANY

Mark Felzmann, Insurance Advisor
Country Hills Insurance & Financial Services Inc.
6202, 333 96 Avenue NE, Calgary, AB, T3K 0S3

October 14, 2022

This is Exhibit "L"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'JAH', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia



Property Tax Statement of Account

Query Information

Request Number: 3L4YCUWYHVBA	Charged: Yes	Response Date: 2022-11-07
User Email: mail@eldorwal.com	Folio #: 315128.00002	Search Key: 181195112

Title Information

Parcel Address: 426 3 AV NE	
Title #: 181195112	LINC #: 0036689842
Description: 1332N;2;1-4	

Assessment and Property Tax Information for 202149811

Roll #: 202149811	Supplementary Months: 0
2022 Assessment Value: 2,290,000	Supplementary Assessment: 0
Account Balance Owing: 31,075.06	
Current Tax: 16,373.04	Current Penalty: 2,292.22
Arrears: 11,490.52	Arrears Penalty: 919.28

Property Tax Statement of Account as of 2022/11/07

For inquiries, call 311 or (403) 268-2489 if outside the local Calgary calling area.

<u>Date</u>	<u>Transaction</u>		<u>Debits</u>	<u>Credits</u>
2020/12/31	OPENING ACCOUNT BALANCE	0.00		
2021/05/03	Property Tax Levy		11,110.20	
2021/05/03	Council Approved Rebate			8.25
2021/07/01	Penalty on This Years Taxes		388.57	
2022/04/01	Penalty on Past Years Taxes		114.91	
2022/05/01	Penalty on Past Years Taxes		114.91	
2022/05/02	Property Tax Levy		16,373.04	
2022/06/01	Penalty on Past Years Taxes		114.91	
2022/07/01	Penalty on Past Years Taxes		114.91	
2022/07/01	Penalty on This Years Taxes		1,146.11	
2022/08/01	Penalty on Past Years Taxes		114.91	
2022/09/01	Penalty on Past Years Taxes		114.91	
2022/10/01	Penalty on Past Years Taxes		114.91	
2022/10/01	Penalty on This Years Taxes		1,146.11	
2022/11/01	Penalty on Past Years Taxes		114.91	

2022/11/07

CLOSING ACCOUNT BALANCE

31,075.06



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Property Tax Statement of Account

Query Information

Request Number: 3L4YCUWYHVBA	Charged: Yes	Response Date: 2022-11-07
User Email: mail@eldorwal.com	Folio #: 315128.00002	Search Key: 430 3 AV NE

Title Information

Parcel Address: 430 3 AV NE	
Title #: 201009726	LINC #: 0020451761
Description: 1332N;2;1	

Assessment and Property Tax Information for 202164646

Roll #: 202164646	Supplementary Months: 0
2022 Assessment Value: 435,500	Supplementary Assessment: 0
Account Balance Owing: 6,858.92	
Current Tax: 3,113.74	Current Penalty: 435.92
Arrears: 3,064.14	Arrears Penalty: 245.12

Property Tax Statement of Account as of 2022/11/07

For inquiries, call 311 or (403) 268-2489 if outside the local Calgary calling area.

<u>Date</u>	<u>Transaction</u>		<u>Debits</u>	<u>Credits</u>
2020/12/31	OPENING ACCOUNT BALANCE	0.00		
2021/05/03	Property Tax Levy		2,962.72	
2021/05/03	Council Approved Rebate			2.20
2021/07/01	Penalty on This Years Taxes		103.62	
2022/04/01	Penalty on Past Years Taxes		30.64	
2022/05/01	Penalty on Past Years Taxes		30.64	
2022/05/02	Property Tax Levy		3,113.74	
2022/06/01	Penalty on Past Years Taxes		30.64	
2022/07/01	Penalty on Past Years Taxes		30.64	
2022/07/01	Penalty on This Years Taxes		217.96	
2022/08/01	Penalty on Past Years Taxes		30.64	
2022/09/01	Penalty on Past Years Taxes		30.64	
2022/10/01	Penalty on Past Years Taxes		30.64	
2022/10/01	Penalty on This Years Taxes		217.96	
2022/11/01	Penalty on Past Years Taxes		30.64	

2022/11/07

CLOSING ACCOUNT BALANCE

6,858.92



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Property Tax Statement of Account

Query Information

Request Number: DCXU5S5BHEYU	Charged: Yes	Response Date: 2022-11-09
User Email: mail@eldorwal.com	Folio #: 315128.00002	Search Key: 426 3 AV NE

Title Information

Parcel Address: 426 3 AV NE	
Title #: 181195112	LINC #: 0036689842
Description: 1332N;2;1-4	

Assessment and Property Tax Information for 202149811

Roll #: 202149811	Supplementary Months: 0
2022 Assessment Value: 2,290,000	Supplementary Assessment: 0
Account Balance Owing: 31,075.06	
Current Tax: 16,373.04	Current Penalty: 2,292.22
Arrears: 11,490.52	Arrears Penalty: 919.28

Property Tax Statement of Account as of 2022/11/09

For inquiries, call 311 or (403) 268-2489 if outside the local Calgary calling area.

Date	Transaction		Debits	Credits
2020/12/31	OPENING ACCOUNT BALANCE	0.00		
2021/05/03	Property Tax Levy		11,110.20	
2021/05/03	Council Approved Rebate			8.25
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2022/04/01	Penalty on Past Years Taxes		114.91	
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2022/05/02	Property Tax Levy		16,373.04	
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2022/07/01	Penalty on Past Years Taxes		114.91	
2022/07/01	Penalty on This Years Taxes		1,146.11	
2022/08/01	Penalty on Past Years Taxes		114.91	
2022/09/01	Penalty on Past Years Taxes		114.91	
2022/10/01	Penalty on Past Years Taxes		114.91	
2022/10/01	Penalty on This Years Taxes		1,146.11	
2022/11/01	Penalty on Past Years Taxes		114.91	

2022/11/09

CLOSING ACCOUNT BALANCE

31,075.06



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This is Exhibit "M"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'JFH', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia



2408822

Contract Number

COMMERCIAL PURCHASE CONTRACT

THE SELLER

Between
and

THE BUYER

Name _____ Alvaro Developers _____

Name _____ 1188716 BC LTD. or assignee _____

Name _____

Name _____

1. THE PROPERTY

1.1 The Property is:

(a) the land located

at: Municipal Address: _____ Both 430 and 426 3 ave NE Calgary AB _____

Legal description: Plan _____ 1332N _____ Block/Unit _____ 2 _____ Lot _____ 1-4 _____

Excepting thereout all mines and minerals unless otherwise stated _____

(the "Lands")

(b) all buildings and other improvements on the Lands (the "Buildings");

(c) these unattached goods:

(d) the attached goods except for:

(e) the following tenancies where the seller is the landlord and the buyer is assuming these leases ("Accepted Tenancies"), or as described in the schedules selected as attached in clause 9.1

If the Property is a condominium, the legal description and details are as described in the Commercial Condominium Property Schedule, selected as attached in clause 9.1 below.

2. PURCHASE PRICE AND COMPLETION DAY

2.1 The purchase price is: \$ _____ plus GST (the "Purchase Price").

2.2 With respect to GST payable if the buyer is:

- (a) not a GST registrant under the *Excise Tax Act* (Canada), then the buyer shall remit the applicable GST to the seller's lawyer on or before the Completion Day. The seller shall remit the GST to the Receiver General as required by law, and will indemnify and save the buyer harmless from and against all costs and expenses (including legal fees on a solicitor/client full indemnity basis) that the buyer may incur or become subject to as a result of the seller's failure to remit GST pursuant to this clause; or

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Do not sign this document do so at their own risk.

Seller's initials
Buyer's initials



- (b) a GST registrant under the *Excise Tax Act* (Canada), then the buyer will provide the seller with proof and details of the buyer's GST registration before the Completion Day. The buyer will assume the liability for all GST payable pursuant to the *Excise Tax Act* (Canada) accruing in respect of this transaction and will indemnify and save the seller harmless from and against all costs and expenses (including legal fees on a solicitor/client full indemnity basis) that the seller may incur or become subject to as a result of the buyer failing to comply with its obligations pursuant to this clause.
- 2.3 This contract will be completed, the Purchase Price fully paid, and vacant possession given to the buyer at 12 noon on 30 November, 2022 (the "Completion Day"), subject to the rights of the tenants in the Accepted Tenancies, if any.
- 2.4 After the date that acceptance of this contract is communicated, the seller shall not make any changes to any of the leases pertaining to the Accepted Tenancies without the buyer's consent in writing.
- 2.5 The seller represents and warrants that on the Completion Day, the Property will be in substantially the same condition as when this contract was accepted, and the attached and unattached goods will be in normal working order.

3. GENERAL TERMS

- 3.1 In fulfilling this contract, the seller and buyer agree to act reasonably and in good faith and agree that:
- (a) unless the seller, buyer or both have agreed to alternate representation, the seller and buyer are each represented by their own sole agent and those agents have no agency responsibility to the other party;
 - (b) the laws of Alberta apply to this contract;
 - (c) Alberta time applies to this contract. Time is of the essence, which means times and dates will be strictly followed and enforced;
 - (d) Business Day means every day but Saturday, Sunday and statutory holidays and includes all the hours of the day;
 - (e) a reference to the seller or buyer includes singular, plural, masculine, feminine or an entity like a corporation;
 - (f) the seller will disclose known Material Latent Defects. Material Latent Defects means a defect in the Property that is not discoverable through a reasonable inspection and that will affect the use or value of the Property;
 - (g) the seller and buyer are each responsible for completing their own due diligence and will assume all risks if they do not;
 - (h) the seller will ensure the seller's representations and warranties are true by:
 - (i) reviewing documents such as a Real Property Report (RPR), land title, registrations on title, leases and contracts;
 - (ii) determining non-resident status for income tax purposes;
 - (iii) conducting due diligence searches, such as litigation and personal property security registry searches; and
 - (iv) doing other needed research;
 - (i) the buyer may get independent inspections or advice on items such as condominium documents, land title, registrations on title, RPR, current and future use, building and mechanical systems, property insurance, title insurance, size of the Lands and Buildings, interior and exterior measurements, leases, estoppel certificates pertaining to Accepted Tenancies, registrations affecting the unattached goods and attached goods, and other items important to the buyer;
 - (j) sections 12 and 13 of the *Condominium Property Act* (Alberta) relating to sale of units by developers and rescission of purchase agreements do not apply;
 - (k) contract changes that are agreed to in writing will supersede the pre-printed clauses;
 - (l) the seller and buyer will read this contract and seek relevant advice before signing it;



- (m) the brokerages, real estate board and listing services may keep and disclose relevant information about this transaction for reporting, statistical, property evaluation and closing purposes; and
- (n) the _____ sellers _____ (seller's or buyer's) brokerage will provide this contract and related documents to the appointed lawyers for the purpose of closing this contract.

4. DEPOSITS

- 4.1 The seller and buyer agree that clauses 4.2 through 4.9 are the terms of trust for the Deposits. "Deposits" means the amounts payable under clauses 4.3 and 4.4, and "Deposit" means either of them.
- 4.2 The seller and buyer appoint _____ Tink _____ as trustee (the "Trustee") for the Deposits
- 4.3 The buyer will pay a deposit of \$ _____, which will form part of the Purchase Price, to the Trustee by _____ Bank draft or EFT _____ (method of payment) on or before _____ 72 hours of acceptance _____.
- 4.4 The buyer will pay an additional deposit of \$ _____, which will form part of the Purchase Price, to the Trustee by _____ Bank Draft or EFT _____ (method of payment), on or before _____ in 72 hours of all conditions remo- _____.
- 4.5 If the buyer fails to pay a Deposit as required by this contract, the seller may void this contract at the seller's option by giving the buyer written notice. The seller's option expires whenever the seller accepts a deposit, even if late.
- 4.6 The Trustee will deposit the Deposits into a trust account within three Business Days of receipt.
- 4.7 Interest on the Deposits will not be paid to the seller or buyer.
- 4.8 The Deposits will be held in trust for both the seller and buyer. Provided funds are confirmed, the Deposits will be disbursed, without prior notice, as follows:
- (a) to the buyer, if after this contract is accepted.
 - (i) a condition is not satisfied or waived in accordance with clause 8.4;
 - (ii) the seller voids this contract for the buyer's failure to pay an additional deposit in the case where an initial deposit has been paid by the buyer; or
 - (iii) the seller fails to perform this contract.
 - (b) to the seller, if this contract is accepted and all conditions are satisfied or waived, and the buyer fails to perform this contract; or
 - (c) applied against the Fee owed by the seller by payment directly out of trust to the brokerage(s), with any excess amount paid in trust to the seller's lawyer no later than three Business Days prior to the Completion Day. "Fee" means the amount, plus GST, owed to a real estate brokerage under a written service agreement.
 - (d) If the seller or buyer fails or refuses to complete this contract, the other party may seek all remedies, such as claims for deposits and damages, and reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.

- 4.9 The disbursement of Deposits, as agreed to in this clause, will not prevent the seller or buyer from pursuing remedies in clause 12.

5. LAND TITLE

- 5.1 Title to the Property will be free of all encumbrances, liens and interests except for:
- (a) those implied by law;
 - (b) non-financial obligations now on title, such as easements, utility rights-of-way, covenants and conditions that are normally found registered against property of this nature; and
 - (c) the following encumbrances that the buyer agrees to accept _____

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_____ use this document do so at their own risk

_____ Seller's initials _____ Buyer's initials



6. REPRESENTATIONS AND WARRANTIES

6.1 The seller represents and warrants to the buyer that:

- (a) the seller has the legal right to sell the Property;
- (b) the seller is not now nor, will it be on the Completion Day a non-resident for the purposes of the *Income Tax Act* (Canada), nor an agent or a trustee for any person with an interest in the Property who is a non-resident of Canada;
- (c) no one else has a legal right to the included attached and unattached goods.
- (d) the current use of the Lands and Buildings complies with the existing municipal land use bylaw and any restrictive covenant on title;
- (e) the location of the Buildings and land improvements:
 - (i) are on the Lands and not on any easement, right-of-way or neighbouring lands unless there is a registered agreement on title or, in the case of an encroachment into municipal lands or a municipal easement or right-of-way, the municipality has approved the encroachment in writing.
 - (ii) complies with any restrictive covenant on title and municipal bylaws, regulations and relaxations, or the Buildings and improvements are "non-conforming buildings" as defined in the *Municipal Government Act* (Alberta);
- (f) known Material Latent Defects, if any, have been disclosed in writing in this contract;
- (g) any government and local authority notices regarding the Property lack of permits for any development on the Property, or notices regarding any environmental conditions or problems known to the seller have been disclosed in writing in this contract;
- (h) there is no legal action outstanding with respect to the Property;
- (i) the Property is in compliance with all applicable environmental laws;
- (j) the seller is not in breach of any contract with respect to the Property which gives rise to an interest in land, including but not limited to, any leases related to Accepted Tenancies
- (k) any leases pertaining to the Accepted Tenancies are valid and in good standing; and
- (l) the seller is not in breach of any obligation to any third party with respect to the Property which gives rise to an interest in land.

6.2 The representations and warranties in this contract including any attached Schedules:

- (a) are made as of, and will be true at, the Completion Day; and
- (b) will survive completion and may be enforced after the Completion Day as long as any legal action is commenced within the time limits set by the *Limitations Act* (Alberta).

7. DISCLOSURE

7.1 Within 3 Business Days after the date that acceptance of this contract is communicated, the seller will provide to the buyer true copies of all agreements, documents, reports and other materials respecting the Property that are in the possession or control of the seller (the "Disclosure Documents"), including but not limited to: copies of Permitted Encumbrances; copies of leases with respect to Accepted Tenancies; financial records and statements respecting the Property; any operating agreements that the buyer is to assume; all engineering, mechanical, electrical, plumbing, roof, heating, ventilation, construction or similar reports, assessments, plans, drawing, specifications, relevant correspondence or work orders; environmental reports; and: _____ . If the Property is a condominium, the Disclosure Documents shall include condominium documents as detailed in the Condominium Documents Schedule, selected as attached in clause 9.1.

7.2 The buyer will keep all information obtained from the seller in strict confidence and will only make such information available to those of buyer's employees, agents and professional advisors on a need to know basis. Should this transaction not be completed, the buyer will return the Disclosure Documents including all copies to the seller immediately.

Use this document do so at their own risk.

DA Seller's Initials WJG Buyer's Initials



- 7.3 The buyer may enter upon the Property for the purpose of conducting its investigations about the state of the Property, subject to the following:
- (a) the rights of any tenants;
 - (b) the buyer shall not carry out any destructive or physically invasive testing, except with the prior written consent of the seller and shall repair all damage resulting from its investigations;
 - (c) the buyer shall obtain the seller's prior consent as to the timing and length of any inspections;
 - (d) in conducting its investigations, the buyer shall use commercially reasonable efforts to minimize disruption of the current use of the Property; and
 - (e) the buyer shall indemnify and save the seller harmless from all claims, damages, losses or liabilities of any kind (including legal fees on a solicitor/client full indemnity basis) resulting from the buyer's investigations upon the Property.
- 7.4 The seller will provide the buyer with such written authorizations and other assistance when reasonably required by the buyer to facilitate the buyer's inspections, reviews and tests, to satisfy its conditions.

8. CONDITIONS

8.1 The seller and buyer will:

- (a) act reasonably and in good faith in trying to satisfy their own conditions, including making reasonable efforts to fulfill them.
- (b) pay for any costs related to their own conditions, except for the providing of documents in the Condominium Documents Condition (if applicable); and
- (c) will obtain professional advice with respect to GST applicable to the transaction.

8.2 Buyer's Conditions

The buyer's conditions are for the benefit of the buyer and are:

(a) Financing

This contract is subject to the buyer securing new financing from a lender of the buyer's choice and with terms satisfactory to the buyer, before 11 : 59 p.m. on October 8, 2022. The seller will cooperate by providing access to the Property on reasonable terms.

(b) Due Diligence

This contract is subject to the buyer's satisfaction with the results of its review of the Disclosure Documents and its inspections of the Property, before 11 : 59 P.m. on october 8, 2022. The seller will cooperate by providing access to the Property on reasonable terms.

(c) Additional Buyer's Conditions:

Subject to Feasibility study to buyers satisfaction

Subject to viewing the quantity survey report and the quantity surveyor(S) contact information

Subject to viewing all blueprints, building permits, legal documents, current inspections and certifications

before 11 : 59 P.m. on October 8, 2022

8.3 Seller's Conditions

The seller's conditions are for the benefit of the seller and are:

Seller will provide letter(s) proving that all liens on title will be paid in full upon closing

before 11 : 59 P.m. on September 19, 2022



8.4 Each party will give the other written notice that:

- (a) a condition is unilaterally waived or satisfied on or before the date upon which it expires. If not, this contract will end after the time indicated for that condition; or
- (b) a condition will not be waived or satisfied prior to the date upon which it expires. This contract will end upon that notice being given.

9. ATTACHMENTS AND ADDITIONAL TERMS

9.1 The selected documents are attached to and form part of this contract:

- ☐ Certificate of Title for the Lands;
- ☐ Commercial Condominium Property Schedule
- ☐ Condominium Documents Schedule
- ☐ Financing Schedule (Seller Financing, Mortgage Assumption, Other Value);
- ☐ Addendum;
- ☐ Accepted Tenancies
- ☐ Other _____

9.2 If the Property is a condominium, to the best of the seller's knowledge and to be verified by the buyer, the total current monthly condominium contribution for the Property is \$ _____.

9.3 The parties agree that the following additional terms shall form a binding part of this contract:

Offer is for both properties Linc# 0036 689 842 and 0020 451 761

Seller will provide DP, BP, and upon offer going forward seller warranties to the buyer that all debts will be paid in full upon closing

Buyer cannot disclose his interest to purchase the properties to the various trades persons and

10. CLOSING PROCESS

Closing Documents

10.1 As applicable, the closing documents will be:

- (a) transfer of land (the "Transfer") in registerable form;
- (b) statement of adjustments;
- (c) bill of sale for any unattached goods;
- (d) estoppel certificates for each of the Accepted Tenancies along with assignment of leases;
- (e) GST indemnity certificate;
- (f) RPR (if not yet provided); and
- (g) such other closing documents reasonably requested by the seller's lawyer or the buyer's lawyer

(the "Closing Documents"). The Closing Documents will include an RPR(s) showing the current improvements on the Property according to the Alberta Land Surveyors' Association Manual of Standard Practice, with evidence of municipal compliance or non-conformance and confirming the sellers' warranties about the Lands and Buildings. This obligation will not apply if there are no structures on the Lands. The buyer or buyer's lawyer must have a reasonable amount of time to review the RPR(s) prior to submitting the transfer documents to the Land Titles Office.

Closing Procedure

10.2 The seller or the seller's lawyer will deliver the Closing Documents to the buyer or buyer's lawyer upon reasonable trust conditions for a commercial property transaction, including delivery within a reasonable time before the Completion Day to allow for confirmation of registration of documents at the Land Titles Office, obtain the advance of mortgage proceeds, and verify of the transfer of other value items.

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- 10.3 If a new mortgage is a condition of this contract, the seller agrees to trust conditions that allow the buyer's lawyer to register the Transfer so as to obtain the advance of mortgage funds on the new mortgage, provided however that the buyer's lawyer undertakes, accepts, and complies with reasonable trust conditions imposed by the seller's lawyer until the seller has been paid the total Purchase Price.

Payments and Costs

- 10.4 The Purchase Price (other than Deposits) shall be paid by certified cheque, bank draft or solicitor's trust cheque.
- 10.5 All normal adjustments for the Property including but not limited to taxes, local improvement levies and assessments, municipal charges, rents, utilities, monthly condominium contributions, tenant deposits including interest, prepaid rent, and mortgage principal and interest that are applicable with respect to the Property will be the seller's responsibility for the entire Completion Day and thereafter assumed by the buyer.
- 10.6 The seller's lawyer may use the Purchase Price to pay and discharge all of the seller's financial obligations related to the Property. The seller's lawyer will provide the buyer's lawyer with evidence of all discharges including, where required, a certified copy of the certificate of title and, if the Property is a condominium, an estoppel certificate evidencing the payment of all condominium contributions that are the seller's obligation to pay, within a reasonable time after the Completion Day.
- 10.7 If the seller has entered into a written service agreement with a real estate brokerage, the seller instructs the seller's lawyer to honour the terms of that agreement, including the Fee and other costs payable to the seller's brokerage.
- 10.8 The seller will have the right to register a seller's caveat against the title to the Property and the buyer shall have the right to register a buyer's caveat against the title to the Property, upon the date that acceptance of this contract is communicated.
- 10.9 The seller will pay the costs to prepare the Closing Documents, costs to end any existing tenancies that are not Accepted Tenancies and provide vacant possession to the buyer and costs to prepare, register and discharge any seller's caveat based on this contract.
- 10.10 The buyer will pay the costs to prepare, register and discharge any buyer's caveat based on this contract and to register the Transfer and mortgage, if applicable.

Completion Day Delays

- 10.11 If the seller fails to deliver the Closing Documents in accordance with clause 10.2, then:
- (a) the buyer's payment of the Purchase Price and late interest will be delayed until the buyer or buyer's lawyer has received the Closing Documents and has a reasonable time to review and register them, obtain the advance of mortgage financing, and verify the transfer of other value items, as applicable; and
 - (b) if the buyer is willing and able to close in accordance with this contract and wants to take possession of the Property, then the seller will give the buyer possession upon reasonable terms which will include the payment of late interest only on the amount of mortgage being obtained by the buyer at the interest rate of that mortgage.
- 10.12 If the seller has complied with clauses 10.1 and 10.2, but the buyer is not able to close in accordance with this contract, then:
- (a) the seller may, but is not obligated to, accept late payment of the Purchase Price and give the buyer possession upon reasonable terms; and
 - (b) if the seller agrees to accept late payment of the Purchase Price and, whether or not possession is granted, the buyer will pay late interest at the prime lending rate of the ATB Financial at the Completion Day plus 3% calculated daily from and including the Completion Day to (but excluding) the day the seller is paid in full. Payment received after 12 noon on any day will be payment as of the next Business Day

11. INSURANCE

- 11.1 The seller bears the risk of loss or damage to the Property until the Purchase Price is paid. If such loss or damage occurs before the Purchase Price is paid, any insurance proceeds will be held in trust for the seller and buyer based on their interests.

**12. REMEDIES**

- 12.1** If the seller or buyer fails or refuses to complete this contract, the other party may seek all remedies, such as claims for Deposits and damages, and reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.
- 12.2** On buyer default, if the seller must restore the Property title, enforce a lien against the Property or regain possession of the Property, the seller may seek all remedies, such as claims for damages, and all reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.
- 12.3** The seller and the buyer agree that the Property is unique. On seller default, the buyer may make a claim for specific performance and other remedies.

13. NOTICE AND DOCUMENTS

- 13.1** A notice under this contract means a written document, including notices required by this contract, and this contract when accepted.
- 13.2** A notice is effective at the time the document is delivered in person or sent by fax or email.
- 13.3** Giving notice means the document is transmitted by one of these methods, and regardless of the method, the notice document is recognized as an original document.
- 13.4** For documents that require a signature, an electronic signature, as defined in the *Electronic Transactions Act* (Alberta), or a digitized signature will have the same function as an ink signature.

14. AUTHORIZATION

- 14.1** The seller and buyer may each authorize a representative to send and receive notices as described above. Once authorized, notices will be effective upon being delivered in person or sent by fax or email to the authorized representative.

The seller authorizes: Thomas KeeperThe buyer authorizes: Thomas Keeper

Seller's Brokerage:

Buyer's Brokerage:

Name: TinkName: TinkAddress: 709 Edmonton Trail Ne Calgary AbAddress: 709 Edmonton Trail Ne Calgary Ab

Brokerage Representative:

Brokerage Representative:

Name: Thomas KeeperName: Thomas KeeperPhone: 403-542-8084 Fax: _____Phone: 403-542-8084 Fax: _____Email: thomas@tinkinternational.comEmail: thomas@tinkinternational.com

- 14.2** If the seller or the buyer does not authorize a brokerage, then:

The seller authorizes:

The buyer authorizes:

Name: _____

Name: _____

Phone: _____ Fax: _____

Phone: _____ Fax: _____

Address: _____

Address: _____

Email: _____

Email: _____

- 14.3** If the authorization information changes, the seller and buyer agree to give written notice to the other party as soon as the change is known so that future notices may be sent to the proper person and place.

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

DA Seller's Initials WJ Buyer's Initials



CONVEYANCING INFORMATION

Seller's Information:

Address: _____

Phone: _____ Fax: _____

Lawyer's Name _____

Firm: _____

Address: _____

Phone: _____ Fax: _____

Email: _____

Buyer's Information:

Address: _____

Phone: _____ Fax: _____

Lawyer's Name _____

Firm: _____

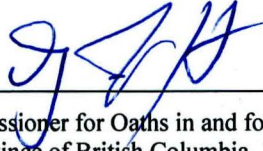
Address: _____

Phone: _____ Fax: _____

Email: _____

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

This is Exhibit "N"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'J. S. H.', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

CONFIDENTIAL EXHIBIT 1

This is Exhibit "O"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'J. H.', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

FASKEN

Fasken Martineau DuMoulin LLP
Barristers and Solicitors
Patent and Trade-mark Agents

550 Burrard Street, Suite 2900
Vancouver, British Columbia V6C 0A3
Canada

T +1 604 631 3131
+1 866 635 3131
F +1 604 631 3232
fasken.com

August 11, 2021
File No.: 315128.00002/21106

Brent Clark
Direct +1 604 631 4852
bcclark@fasken.com

By Email: danny@cruzcustomhomes.com

Alvaro Developers Inc.
Alvaro Limited Partnership
223 Lakeside Greens Court
Chestermere, AB T1X 1C8

Attention: Daniel Rodolfo Astete-Cruz

By Email: rrobertson@robertsonllp.ca

Alvaro Developers Inc.
Alvaro Limited Partnership
c/o Robertson LLP
Barristers & Solicitors
520 – 999 8th Street SW
Calgary, AB T2R 1J5

Attention: Ryan Robertson

Dear Sirs/Mesdames:

Re: Loan of \$5,350,000.00 (the “Loan”) made or to be made by Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd. (collectively, the “Lender”) to Alvaro Developers Inc. and Alvaro Limited Partnership (collectively, the “Borrower”)

We are the solicitors for the Lender.

We are instructed by the Lender that, pursuant to a commitment letter dated September 23, 2019 (the “**Commitment Letter**”), you are indebted to the Lender as at August 10, 2021 in the amount of \$4,263,416.98 (the “**Loan Indebtedness**”) on account of the Loan. The breakdown of the Loan Indebtedness is as follows:

Outstanding principal balance as at August 9, 2021	\$4,094,272.00
Outstanding interest balance as at August 9, 2021	\$148,836.22
Deferred Commitment Fee	\$250.00
Monthly Renewal Fee (April – June 2021)	\$20,059.50
Less Funds Held in Trust Account	(\$0.74)
Total	\$4,263,416.98

Interest continues to accrue on the Loan Indebtedness at the rate of \$1,075.31 per day, subject to fluctuations in Canadian Western Bank's prime rate of interest and the interest compounding

FASKEN

provisions of the Commitment Letter. In addition, the Lender has incurred, and will continue to incur, legal costs in relation to this matter, and the Lender reserves the right to claim those against you.

On the instructions of the Lender, we hereby make formal demand for payment of the Loan Indebtedness, being the sum of \$4,263,416.98, plus interest thereon from and including August 10, 2021 to and including the date payment is received in our offices and legal costs, by certified cheque or bank draft. Unless the Loan Indebtedness is received in our offices on or before the close of business on August 23, 2021, we are instructed to commence legal proceedings against you to enforce recovery of the amounts outstanding without further notice to you.

The above balances are based on the records available to the Lender at this date. If the true balances are different from the amounts demanded, the Lender reserves all rights to any additional monies which you may owe to the Lender.

We also enclose with this letter a Form 86 Notice of Intention to Enforce Security pursuant to the provisions of Section 244(1) of the *Bankruptcy and Insolvency Act* confirming the Lender's intention to enforce its security on the expiration of ten days following the date of this letter unless you consent to an earlier enforcement. If you wish to provide such consent, please endorse the enclosed Form 86 and return a copy of same to the writer.

The Lender specifically reserves its right to make application to the court to appoint an interim receiver under the *Bankruptcy and Insolvency Act* to protect its security during the demand period.

We trust you will give this matter your immediate attention. We look forward to timely receipt of payment in full of the Indebtedness.

Sincerely,

FASKEN MARTINEAU DuMOULIN LLP

Graham - For:

Brent Clark
Personal Law Corporation

BRC/gks
Enclosure

cc Robertson LLP
Bancorp Financial Services Inc.

Attention: Ryan Robertson (via email)
Attention: Mike Saba (via email)

FASKEN

Fasken Martineau DuMoulin LLP
Barristers and Solicitors
Patent and Trade-mark Agents

550 Burrard Street, Suite 2900
Vancouver, British Columbia V6C 0A3
Canada

T +1 604 631 3131
+1 866 635 3131
F +1 604 631 3232
fasken.com

August 11, 2021
File No.: 315128.00002/21106

Brent Clark
Direct +1 604 631 4852
bcclark@fasken.com

By Email: danny@cruzcustomhomes.com

Cruz Custom Homes Ltd.
223 Lakeside Greens Court
Chestermere, AB T1X 1C8

Attention: Daniel Rodolfo Astete-Cruz

By Email: rrobertson@robertsonllp.ca

Cruz Custom Homes Ltd.
1770374 Alberta Inc.
Sunset Homes Ltd.
Daniel Rodolfo Astete-Cruz
Pedro Arnoldo Ocana Muller
c/o Robertson LLP
Barristers & Solicitors
520 – 999 8th Street SW
Calgary, AB T2R 1J5

Attention: Ryan Robertson

By Email: danny@cruzcustomhomes.com

Daniel Rodolfo Astete-Cruz
223 Lakeside Greens Court
Chestermere, AB T1X 1C8

By Email: pedro@sunsethomes.ca

1770374 Alberta Inc.
2124 32 Avenue SW
Calgary, AB T2T 1W8

Attention: Pedro Arnoldo Ocana Muller

By Email: pedro@sunsethomes.ca

Sunset Homes Ltd.
2124 32 Avenue SW
Calgary, AB T2T 1W8

By Email: pedro@sunsethomes.ca

Pedro Arnoldo Ocana Muller
2124 32 Avenue SW
Calgary, AB T2T 1W8

Attention: Pedro Arnoldo Ocana Muller

Dear Sirs/Mesdames:

**Re: Indebtedness of Alvaro Developers Inc. and Alvaro Limited Partnership
(collectively, the “Borrower”) to Bancorp Financial Services Inc., Bancorp Balanced
Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd. (collectively,
the “Lender”) pursuant to loan of \$5,350,000.00**

We are the solicitors for the Lender.

FASKEN

We are instructed that, pursuant to your guarantee dated November 6, 2019 (the "**Guarantee**"), you have jointly and severally guaranteed all obligations of the Borrower to the Lender.

By letter dated August 11, 2021, a copy of which is enclosed herewith, we made demand on the Borrower for payment of its indebtedness to the Lender.

On behalf of the Lender, we hereby make formal demand on you for payment of the amount outstanding under the Guarantee, which, as at August 10, 2021, amounts to the sum of \$4,263,416.98 plus legal costs. Interest continues to accrue on the amount demanded at the per diem rate of \$1,075.31 subject to fluctuations in Canadian Western Bank's prime rate of interest and the interest compounding provisions of the agreements between the Borrower and the Lender.

Unless the amount demanded is received in our offices on or before the close of business on August 23, 2021, we are instructed to commence legal proceedings against you to enforce recovery of the amounts outstanding without further notice to you.

We also enclose with this letter a Form 86 Notice of Intention to Enforce Security pursuant to the provisions of Section 244(1) of the Bankruptcy and Insolvency Act confirming the Lender's intention to enforce its security on the expiration of ten days following the date of this letter unless you consent to an earlier enforcement. If you wish to provide such a consent, please advise us immediately.

Notwithstanding the foregoing, we also confirm that the Lender specifically reserves its right to make application to the Court to appoint an interim receiver under the Bankruptcy and Insolvency Act to protect its security during the demand period.

We trust you will give this matter your immediate attention. We look forward to timely receipt of payment in full of the Indebtedness.

Sincerely,

FASKEN MARTINEAU DuMOULIN LLP

Graham - For:

Brent Clark
Personal Law Corporation

BRC/gks
Encl.

cc Robertson LLP
Bancorp Financial Services Inc.

Attention: Ryan Robertson (via email)
Attention: Mike Saba (via email)

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86
(Rule 124)

TO: **Alvaro Developers Inc.**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and
- (b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

- (a) General Security Agreement dated November 6, 2019;
- (b) Collateral Mortgage registered on January 16, 2020 under registration number 201 011 929;
- (c) Caveat regarding Assignment of Rents and Leases registered on January 16, 2020 under registration number 201 011 930;
- (d) Beneficial Mortgage and Direction to Charge dated November 6, 2019; and
- (e) Deposit Agreement (Re: Debt Servicing) dated November 6, 2019.

3. The total amount of indebtedness secured by the security as at August 10, 2021 is the sum of \$4,263,416.98, with interest accruing thereafter at the per diem rate of \$1,075.31. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 11th day of August, 2021.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel

Per:

Grae - For:

Brent Clark
Solicitor and agent of the Secured Creditor

Alvaro Developers Inc. hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Authorized Signatory

SCHEDULE "A"

428 3rd Avenue NE, Calgary, AB

Title Number

181 195 112

Legal Description

PLAN 1332N

BLOCK 2

LOT 1

EXCEPTING THEREOUT THAT PORTION OF LOT 1
LYING EAST OF A LINE DRAWN 37.5 FEET
EAST FROM THE WEST BOUNDARY
AND ALL OF LOTS 2 TO 4 INCLUSIVE

EXCEPTING THEREOUT ALL MINES AND MINERALS
FROM LOT 2
AND THE THAT PORTION OF LOT 3 WHICH LIES TO
THE EAST
OF THE WESTERLY 7 FEET THROUGHOUT OF THE
SAID LOT 3

Title Number

201 009 726

Legal Description

PLAN 1332N

BLOCK 2

ALL THAT PORTION OF LOT 1 WHICH LIES TO THE
EAST OF A
LINE DRAWN PARALLEL WITH AND 37.5 FEET
PERPENDICULARLY DISTANT EASTERLY FROM THE
WEST BOUNDARY OF SAID LOT

(collectively, the "**Lands**")

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86
(Rule 124)

TO: **Alvaro Limited Partnership**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

(a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and

(b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

(a) General Security Agreement dated November 6, 2019;

(b) Beneficial Mortgage and Direction to Charge dated November 6, 2019; and

(c) Deposit Agreement (Re: Debt Servicing) dated November 6, 2019.

3. The total amount of indebtedness secured by the security as at August 10, 2021 is the sum of \$4,263,416.98, with interest accruing thereafter at the per diem rate of \$1,075.31. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 11th day of August, 2021.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel

Per:

grac - For:

Brent Clark

Solicitor and agent of the Secured Creditor

Alvaro Limited Partnership hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Authorized Signatory

SCHEDULE "A"

428 3rd Avenue NE, Calgary, AB

Title Number

181 195 112

Legal Description

PLAN 1332N

BLOCK 2

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(collectively, the "**Lands**")

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86
(Rule 124)

TO: **Cruz Custom Homes Ltd.**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and
- (b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

- (a) Guarantee and Postponement of Claims dated November 6, 2019; and
- (b) Assignment and Postponement of Claims dated November 6, 2019.

3. The total amount of indebtedness secured by the security as at August 10, 2021 is the sum of \$4,263,416.98, with interest accruing thereafter at the per diem rate of \$1,075.31. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 11th day of August, 2021.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel
Per:

 For:

Brent Clark
Solicitor and agent of the Secured Creditor

Cruz Custom Homes Ltd. hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Authorized Signatory

SCHEDULE "A"

428 3rd Avenue NE, Calgary, AB

Title Number

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Legal Description

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(collectively, the "**Lands**")

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86
(Rule 124)

TO: **1770374 Alberta Inc.**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and
- (b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

- (a) Guarantee and Postponement of Claims dated November 6, 2019; and
- (b) Assignment and Postponement of Claims dated November 6, 2019.

3. The total amount of indebtedness secured by the security as at August 10, 2021 is the sum of \$4,263,416.98, with interest accruing thereafter at the per diem rate of \$1,075.31. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 11th day of August, 2021.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel

Per:

Grace - For:

Brent Clark
Solicitor and agent of the Secured Creditor

1770374 Alberta Inc. hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Authorized Signatory

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(collectively, the "**Lands**")

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86
(Rule 124)

TO: **Sunset Homes Ltd.**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and
- (b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

- (a) Guarantee and Postponement of Claims dated November 6, 2019; and
- (b) Assignment and Postponement of Claims dated November 6, 2019.

3. The total amount of indebtedness secured by the security as at August 10, 2021 is the sum of \$4,263,416.98, with interest accruing thereafter at the per diem rate of \$1,075.31. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 11th day of August, 2021.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel
Per:

Graa - For:

Brent Clark
Solicitor and agent of the Secured Creditor

Sunset Homes Ltd. hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Authorized Signatory

SCHEDULE "A"

428 3rd Avenue NE, Calgary, AB

Title Number

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Legal Description

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(collectively, the "**Lands**")

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86

(Rule 124)

TO: **Daniel Rodolfo Astete-Cruz**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

(a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and

(b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

(a) Guarantee and Postponement of Claims dated November 6, 2019; and

(b) Assignment and Postponement of Claims dated November 6, 2019.

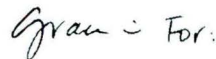
3. The total amount of indebtedness secured by the security as at August 10, 2021 is the sum of \$4,263,416.98, with interest accruing thereafter at the per diem rate of \$1,075.31. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 11th day of August, 2021.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel

Per:



Brent Clark
Solicitor and agent of the Secured Creditor

Daniel Rodolfo Astete-Cruz hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Daniel Rodolfo Astete-Cruz

SCHEDULE "A"

428 3rd Avenue NE, Calgary, AB

<u>Title Number</u>	<u>Legal Description</u>
181 195 112	PLAN 1332N BLOCK 2 LOT 1 EXCEPTING THEREOUT THAT PORTION OF LOT 1 LYING EAST OF A LINE DRAWN 37.5 FEET EAST FROM THE WEST BOUNDARY AND ALL OF LOTS 2 TO 4 INCLUSIVE EXCEPTING THEREOUT ALL MINES AND MINERALS FROM LOT 2 AND THE THAT PORTION OF LOT 3 WHICH LIES TO THE EAST OF THE WESTERLY 7 FEET THROUGHOUT OF THE SAID LOT 3
201 009 726	PLAN 1332N BLOCK 2 ALL THAT PORTION OF LOT 1 WHICH LIES TO THE EAST OF A LINE DRAWN PARALLEL WITH AND 37.5 FEET PERPENDICULARLY DISTANT EASTERLY FROM THE WEST BOUNDARY OF SAID LOT

(collectively, the "**Lands**")

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86
(Rule 124)

TO: **Pedro Arnoldo Ocana Muller**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and
- (b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

- (a) Guarantee and Postponement of Claims dated November 6, 2019; and
- (b) Assignment and Postponement of Claims dated November 6, 2019.

3. The total amount of indebtedness secured by the security as at August 10, 2021 is the sum of \$4,263,416.98, with interest accruing thereafter at the per diem rate of \$1,075.31. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 11th day of August, 2021.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel

Per:

Gran - For:

Brent Clark
Solicitor and agent of the Secured Creditor

Pedro Arnoldo Ocana Muller hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Pedro Arnoldo Ocana Muller

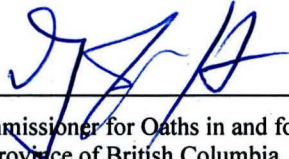
SCHEDULE "A"

428 3rd Avenue NE, Calgary, AB

<u>Title Number</u>	<u>Legal Description</u>
181 195 112	PLAN 1332N BLOCK 2 LOT 1 EXCEPTING THEREOUT THAT PORTION OF LOT 1 LYING EAST OF A LINE DRAWN 37.5 FEET EAST FROM THE WEST BOUNDARY AND ALL OF LOTS 2 TO 4 INCLUSIVE EXCEPTING THEREOUT ALL MINES AND MINERALS FROM LOT 2 AND THE THAT PORTION OF LOT 3 WHICH LIES TO THE EAST OF THE WESTERLY 7 FEET THROUGHOUT OF THE SAID LOT 3
201 009 726	PLAN 1332N BLOCK 2 ALL THAT PORTION OF LOT 1 WHICH LIES TO THE EAST OF A LINE DRAWN PARALLEL WITH AND 37.5 FEET PERPENDICULARLY DISTANT EASTERLY FROM THE WEST BOUNDARY OF SAID LOT

(collectively, the "**Lands**")

This is Exhibit "P"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'J. A. H.', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

FASKEN

Fasken Martineau DuMoulin LLP
Barristers and Solicitors
Patent and Trade-mark Agents

550 Burrard Street, Suite 2900
Vancouver, British Columbia V6C 0A3
Canada

T +1 604 631 3131
+1 866 635 3131
F +1 604 631 3232

fasken.com

August 19, 2022
File No.: 315128.00002/21106

Brent Clark
Direct +1 604 631 4852
bcclark@fasken.com

By Email: danny@cruzcustomhomes.com
Alvaro Developers Inc.
Alvaro Limited Partnership
223 Lakeside Greens Court
Chestermere, AB T1X 1C8

Attention: Daniel Rodolfo Astete-Cruz

By Email: Ltruong@robertsonllp.ca
Alvaro Developers Inc.
Alvaro Limited Partnership
c/o Robertson LLP
Barristers & Solicitors
520 – 999 8th Street SW
Calgary, AB T2R 1J5

Attention: Lina Truong

Dear Sirs/Mesdames:

Re: Loan of \$5,350,000.00 (the “Loan”) made or to be made by Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd. (collectively, the “Lender”) to Alvaro Developers Inc. and Alvaro Limited Partnership (collectively, the “Borrower”)

We are the solicitors for the Lender.

Further to our demand letter dated August 11, 2021, we are instructed by the Lender that, pursuant to a commitment letter dated September 23, 2019 (the “**Commitment Letter**”), you are indebted to the Lender as at August 18, 2022 in the amount of \$4,717,516.00 (the “**Loan Indebtedness**”) on account of the Loan. The breakdown of the Loan Indebtedness is as follows:

Outstanding principal balance as at August 17, 2022	\$4,472,971.30
Outstanding interest balance (Step up rate from July 1, 2021 to August 17, 2022)	\$195,918.90
Deferred Commitment Fee	\$250.00
Monthly Renewal Fee (April – June 2021)	\$20,059.50
Legal costs per Fasken Invoice No. 1727225	\$28,317.04
Less Funds Held in Trust Account	(\$0.74)
Total	\$4,717,516.00



FASKEN

Interest continues to accrue on the Loan Indebtedness at the rate of \$1,225.47 per day, subject to fluctuations in Canadian Western Bank's prime rate of interest and the interest compounding provisions of the Commitment Letter. In addition, the Lender has incurred, and will continue to incur, legal costs in relation to this matter, and the Lender reserves the right to claim those against you.

On the instructions of the Lender, we hereby make formal demand for payment of the Loan Indebtedness, being the sum of \$4,717,516.00, plus interest thereon from and including August 18, 2022 to and including the date payment is received in our offices and legal costs, by certified cheque or bank draft. Unless the Loan Indebtedness is received in our offices on or before the close of business on August 29, 2022, we are instructed to commence legal proceedings against you to enforce recovery of the amounts outstanding without further notice to you.

The above balances are based on the records available to the Lender at this date. If the true balances are different from the amounts demanded, the Lender reserves all rights to any additional monies which you may owe to the Lender.

We also enclose with this letter a Form 86 Notice of Intention to Enforce Security pursuant to the provisions of Section 244(1) of the *Bankruptcy and Insolvency Act* confirming the Lender's intention to enforce its security on the expiration of ten days following the date of this letter unless you consent to an earlier enforcement. If you wish to provide such consent, please endorse the enclosed Form 86 and return a copy of same to the writer.

The Lender specifically reserves its right to make application to the court to appoint an interim receiver under the *Bankruptcy and Insolvency Act* to protect its security during the demand period.

We trust you will give this matter your immediate attention. We look forward to timely receipt of payment in full of the Indebtedness.

Sincerely,


FASKEN MARTINEAU DuMOULIN LLP

Brent Clark
Personal Law Corporation

BRC/gks
Enclosure

cc Robertson LLP
Bancorp Financial Services Inc.

Attention: Lina Truong (via email)
Attention: Mike Saba (via email)

FASKEN

Fasken Martineau DuMoulin LLP
Barristers and Solicitors
Patent and Trade-mark Agents

550 Burrard Street, Suite 2900
Vancouver, British Columbia V6C 0A3
Canada

T +1 604 631 3131
+1 866 635 3131
F +1 604 631 3232

fasken.com

August 19, 2022
File No.: 315128.00002/21106

Brent Clark
Direct +1 604 631 4852
bcclark@fasken.com

By Email: danny@cruzcustomhomes.com

Cruz Custom Homes Ltd.
223 Lakeside Greens Court
Chestermere, AB T1X 1C8

Attention: Daniel Rodolfo Astete-Cruz

By Email: Ltruong@robertsonllp.ca

Cruz Custom Homes Ltd.
1770374 Alberta Inc.
Sunset Homes Ltd.
Daniel Rodolfo Astete-Cruz
Pedro Arnoldo Ocana Muller
c/o Robertson LLP
Barristers & Solicitors
520 – 999 8th Street SW
Calgary, AB T2R 1J5

Attention: Lina Truong

By Email: danny@cruzcustomhomes.com

Daniel Rodolfo Astete-Cruz
223 Lakeside Greens Court
Chestermere, AB T1X 1C8

By Email: pedro@sunsethomes.ca

1770374 Alberta Inc.
2124 32 Avenue SW
Calgary, AB T2T 1W8

Attention: Pedro Arnoldo Ocana Muller

By Email: pedro@sunsethomes.ca

Sunset Homes Ltd.
2124 32 Avenue SW
Calgary, AB T2T 1W8

By Email: pedro@sunsethomes.ca

Pedro Arnoldo Ocana Muller
2124 32 Avenue SW
Calgary, AB T2T 1W8

Attention: Pedro Arnoldo Ocana Muller

Dear Sirs/Mesdames:

Re: Indebtedness of Alvaro Developers Inc. and Alvaro Limited Partnership
(collectively, the “Borrower”) to Bancorp Financial Services Inc., Bancorp Balanced
Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd. (collectively,
the “Lender”) pursuant to loan of \$5,350,000.00

We are the solicitors for the Lender.



FASKEN

We are instructed that, pursuant to your guarantee dated November 6, 2019 (the "**Guarantee**"), you have jointly and severally guaranteed all obligations of the Borrower to the Lender.

By letter dated August 19, 2022, a copy of which is enclosed herewith, we made demand on the Borrower for payment of its indebtedness to the Lender.

On behalf of the Lender, we hereby make formal demand on you for payment of the amount outstanding under the Guarantee, which, as at August 18, 2022, amounts to the sum of \$4,717,516.00 plus legal costs. Interest continues to accrue on the amount demanded at the per diem rate of \$1,225.47 subject to fluctuations in Canadian Western Bank's prime rate of interest and the interest compounding provisions of the agreements between the Borrower and the Lender.

Unless the amount demanded is received in our offices on or before the close of business on August 29, 2022, we are instructed to commence legal proceedings against you to enforce recovery of the amounts outstanding without further notice to you.

We also enclose with this letter a Form 86 Notice of Intention to Enforce Security pursuant to the provisions of Section 244(1) of the Bankruptcy and Insolvency Act confirming the Lender's intention to enforce its security on the expiration of ten days following the date of this letter unless you consent to an earlier enforcement. If you wish to provide such a consent, please advise us immediately.

Notwithstanding the foregoing, we also confirm that the Lender specifically reserves its right to make application to the Court to appoint an interim receiver under the Bankruptcy and Insolvency Act to protect its security during the demand period.

We trust you will give this matter your immediate attention. We look forward to timely receipt of payment in full of the Indebtedness.

Sincerely,

FASKEN MARTINEAU DuMOULIN LLP

Brent Clark
Personal Law Corporation

BRC/gks
Encl.

cc Robertson LLP
Bancorp Financial Services Inc.

Attention: Lina Truong (via email)
Attention: Mike Saba (via email)

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86
(Rule 124)

TO: **Alvaro Developers Inc.**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and
- (b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

- (a) General Security Agreement dated November 6, 2019;
- (b) Collateral Mortgage registered on January 16, 2020 under registration number 201 011 929;
- (c) Caveat regarding Assignment of Rents and Leases registered on January 16, 2020 under registration number 201 011 930;
- (d) Beneficial Mortgage and Direction to Charge dated November 6, 2019; and
- (e) Deposit Agreement (Re: Debt Servicing) dated November 6, 2019.

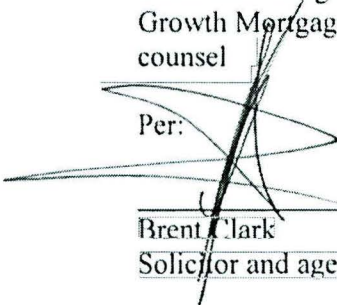
3. The total amount of indebtedness secured by the security as at August 18, 2022 is the sum of \$4,717,516.00, with interest accruing thereafter at the per diem rate of \$1,225.47. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 19th day of August, 2022.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel

Per:


Brent Clark
Solicitor and agent of the Secured Creditor

Alvaro Developers Inc. hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Authorized Signatory

SCHEDULE "A"

428 3rd Avenue NE, Calgary, AB

Title Number

181 195 112

Legal Description

PLAN 1332N

BLOCK 2

LOT 1

EXCEPTING THEREOUT THAT PORTION OF LOT 1
LYING EAST OF A LINE DRAWN 37.5 FEET
EAST FROM THE WEST BOUNDARY
AND ALL OF LOTS 2 TO 4 INCLUSIVE

EXCEPTING THEREOUT ALL MINES AND MINERALS
FROM LOT 2
AND THE THAT PORTION OF LOT 3 WHICH LIES TO
THE EAST
OF THE WESTERLY 7 FEET THROUGHOUT OF THE
SAID LOT 3

Title Number

201 009 726

Legal Description

PLAN 1332N

BLOCK 2

ALL THAT PORTION OF LOT 1 WHICH LIES TO THE
EAST OF A

LINE DRAWN PARALLEL WITH AND 37.5 FEET
PERPENDICULARLY DISTANT EASTERLY FROM THE
WEST BOUNDARY OF SAID LOT

(collectively, the "**Lands**")

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86
(Rule 124)

TO: **Alvaro Limited Partnership**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and
- (b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

- (a) General Security Agreement dated November 6, 2019;
- (b) Beneficial Mortgage and Direction to Charge dated November 6, 2019; and
- (c) Deposit Agreement (Re: Debt Servicing) dated November 6, 2019.

3. The total amount of indebtedness secured by the security as at August 18, 2022 is the sum of \$4,717,516.00, with interest accruing thereafter at the per diem rate of \$1,225.47. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 19th day of August, 2022.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel

Per: 

Brent Clark
Solicitor and agent of the Secured Creditor

Alvaro Limited Partnership hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Authorized Signatory

SCHEDULE "A"

428 3rd Avenue NE, Calgary, AB

Title Number

181 195 112

Legal Description

PLAN 1332N

BLOCK 2

LOT 1

EXCEPTING THEREOUT THAT PORTION OF LOT 1

LYING EAST OF A LINE DRAWN 37.5 FEET

EAST FROM THE WEST BOUNDARY

AND ALL OF LOTS 2 TO 4 INCLUSIVE

EXCEPTING THEREOUT ALL MINES AND MINERALS
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AND THE THAT PORTION OF LOT 3 WHICH LIES TO
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OF THE WESTERLY 7 FEET THROUGHOUT OF THE
SAID LOT 3

Title Number

201 009 726

Legal Description

PLAN 1332N

BLOCK 2

ALL THAT PORTION OF LOT 1 WHICH LIES TO THE
EAST OF A

LINE DRAWN PARALLEL WITH AND 37.5 FEET

PERPENDICULARLY DISTANT EASTERLY FROM THE

WEST BOUNDARY OF SAID LOT

(collectively, the "**Lands**")

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86
(Rule 124)

TO: **Cruz Custom Homes Ltd.**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and
- (b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

- (a) Guarantee and Postponement of Claims dated November 6, 2019; and
- (b) Assignment and Postponement of Claims dated November 6, 2019.

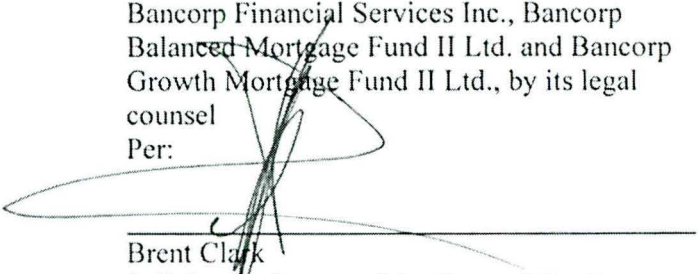
3. The total amount of indebtedness secured by the security as at August 18, 2022 is the sum of \$4,717,516.00, with interest accruing thereafter at the per diem rate of \$1,225.47. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 19th day of August, 2022.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel

Per:


Brent Clark
Solicitor and agent of the Secured Creditor

Cruz Custom Homes Ltd. hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Authorized Signatory

SCHEDULE "A"

428 3rd Avenue NE, Calgary, AB

Title Number

181 195 112

Legal Description

PLAN 1332N

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201 009 726

Legal Description

PLAN 1332N

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WEST BOUNDARY OF SAID LOT

(collectively, the "**Lands**")

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86
(Rule 124)

TO: **1770374 Alberta Inc.**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and
- (b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

- (a) Guarantee and Postponement of Claims dated November 6, 2019; and
- (b) Assignment and Postponement of Claims dated November 6, 2019.

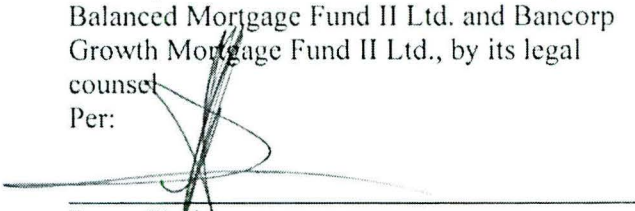
3. The total amount of indebtedness secured by the security as at August 18, 2022 is the sum of \$4,717,516.00, with interest accruing thereafter at the per diem rate of \$1,225.47. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 19th day of August, 2022.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel

Per:


Brent Clark
Solicitor and agent of the Secured Creditor

1770374 Alberta Inc. hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Authorized Signatory

SCHEDULE "A"

428 3rd Avenue NE, Calgary, AB

Title Number

181 195 112

Legal Description

PLAN 1332N

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201 009 726

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PLAN 1332N

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(collectively, the "**Lands**")

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86
(Rule 124)

TO: **Sunset Homes Ltd.**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and
- (b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

- (a) Guarantee and Postponement of Claims dated November 6, 2019; and
- (b) Assignment and Postponement of Claims dated November 6, 2019.

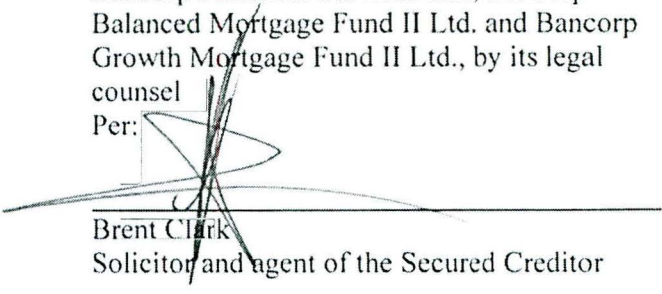
3. The total amount of indebtedness secured by the security as at August 18, 2022 is the sum of \$4,717,516.00, with interest accruing thereafter at the per diem rate of \$1,225.47. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 19th day of August, 2022.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel

Per:


Brent Clark
Solicitor and agent of the Secured Creditor

Sunset Homes Ltd. hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Authorized Signatory

SCHEDULE "A"

428 3rd Avenue NE, Calgary, AB

<u>Title Number</u>	<u>Legal Description</u>
181 195 112	PLAN 1332N BLOCK 2 LOT 1 EXCEPTING THEREOUT THAT PORTION OF LOT 1 LYING EAST OF A LINE DRAWN 37.5 FEET EAST FROM THE WEST BOUNDARY AND ALL OF LOTS 2 TO 4 INCLUSIVE EXCEPTING THEREOUT ALL MINES AND MINERALS FROM LOT 2 AND THE THAT PORTION OF LOT 3 WHICH LIES TO THE EAST OF THE WESTERLY 7 FEET THROUGHOUT OF THE SAID LOT 3

<u>Title Number</u>	<u>Legal Description</u>
201 009 726	PLAN 1332N BLOCK 2 ALL THAT PORTION OF LOT 1 WHICH LIES TO THE EAST OF A LINE DRAWN PARALLEL WITH AND 37.5 FEET PERPENDICULARLY DISTANT EASTERLY FROM THE WEST BOUNDARY OF SAID LOT

(collectively, the "Lands")

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86

(Rule 124)

TO: **Daniel Rodolfo Astete-Cruz**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and
- (b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

- (a) Guarantee and Postponement of Claims dated November 6, 2019; and
- (b) Assignment and Postponement of Claims dated November 6, 2019.

3. The total amount of indebtedness secured by the security as at August 18, 2022 is the sum of \$4,717,516.00, with interest accruing thereafter at the per diem rate of \$1,225.47. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 19th day of August, 2022.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel

Per:


Brent Clark
Solicitor and agent of the Secured Creditor

Daniel Rodolfo Astete-Cruz hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Daniel Rodolfo Astete-Cruz

SCHEDULE "A"

428 3rd Avenue NE, Calgary, AB

Title Number

181 195 112

Legal Description

PLAN 1332N

BLOCK 2

LOT 1

EXCEPTING THEREOUT THAT PORTION OF LOT 1
LYING EAST OF A LINE DRAWN 37.5 FEET
EAST FROM THE WEST BOUNDARY
AND ALL OF LOTS 2 TO 4 INCLUSIVE

EXCEPTING THEREOUT ALL MINES AND MINERALS
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AND THE THAT PORTION OF LOT 3 WHICH LIES TO
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Title Number

201 009 726

Legal Description

PLAN 1332N

BLOCK 2

ALL THAT PORTION OF LOT 1 WHICH LIES TO THE
EAST OF A

LINE DRAWN PARALLEL WITH AND 37.5 FEET
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WEST BOUNDARY OF SAID LOT

(collectively, the "Lands")

NOTICE OF INTENTION TO ENFORCE A SECURITY

FORM 86
(Rule 124)

TO: **Pedro Arnoldo Ocana Muller**, an insolvent person

TAKE NOTICE THAT:

1. Bancorp Financial Services Inc., Bancorp Balanced Mortgage Fund II Ltd. and Bancorp Growth Mortgage Fund II Ltd., collectively, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) those lands described in the attached Schedule "A" (collectively, the "**Lands**"); and
- (b) all present and after acquired personal property of the insolvent person.

2. The security that is to be enforced is the following:

- (a) Guarantee and Postponement of Claims dated November 6, 2019; and
- (b) Assignment and Postponement of Claims dated November 6, 2019.


3. The total amount of indebtedness secured by the security as at August 18, 2022 is the sum of \$4,717,516.00, with interest accruing thereafter at the per diem rate of \$1,225.47. Legal costs are also accruing in relation to the indebtedness.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Vancouver, British Columbia, this 19th day of August, 2022.

Bancorp Financial Services Inc., Bancorp
Balanced Mortgage Fund II Ltd. and Bancorp
Growth Mortgage Fund II Ltd., by its legal
counsel

Per: 


Brent Clark
Solicitor and agent of the Secured Creditor

Pedro Arnoldo Ocana Muller hereby waives the 10-day notice period provided for in this Notice of Intention to Enforce Security and consents to the immediate enforcement by the Lender of all security above-noted.

Pedro Arnoldo Ocana Muller

SCHEDULE "A"

428 3rd Avenue NE, Calgary, AB

Title Number

181 195 112

Legal Description

PLAN 1332N

BLOCK 2

LOT 1

EXCEPTING THEREOUT THAT PORTION OF LOT 1
LYING EAST OF A LINE DRAWN 37.5 FEET
EAST FROM THE WEST BOUNDARY
AND ALL OF LOTS 2 TO 4 INCLUSIVE

EXCEPTING THEREOUT ALL MINES AND MINERALS
FROM LOT 2

AND THE THAT PORTION OF LOT 3 WHICH LIES TO
THE EAST
OF THE WESTERLY 7 FEET THROUGHOUT OF THE
SAID LOT 3

Title Number

201 009 726

Legal Description

PLAN 1332N

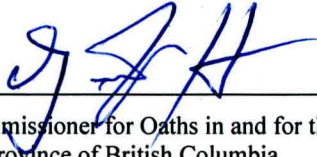
BLOCK 2

ALL THAT PORTION OF LOT 1 WHICH LIES TO THE
EAST OF A

LINE DRAWN PARALLEL WITH AND 37.5 FEET
PERPENDICULARLY DISTANT EASTERLY FROM THE
WEST BOUNDARY OF SAID LOT

(collectively, the "**Lands**")

This is Exhibit "Q"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'J. J. H.', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT is dated September 26, 2022

BETWEEN:

BANCORP FINANCIAL SERVICES INC., a company under the *Business Corporations Act* of British Columbia (BC0712503), having an office at Suite 1420, 1090 West Georgia Street, Vancouver, BC V6E 3V7;

and

BANCORP BALANCED MORTGAGE FUND II LTD., a company under the *Business Corporations Act* of British Columbia (BC0856913), having an office at Suite 1420, 1090 West Georgia Street, Vancouver, BC V6E 3V7;

and

BANCORP GROWTH MORTGAGE FUND II LTD., a company under the *Business Corporations Act* of British Columbia (BC0856914), having an office at Suite 1420, 1090 West Georgia Street, Vancouver, BC V6E 3V7;

(collectively, the “**Lender**”)

AND:

ALVARO DEVELOPERS INC., a Borrower under the *Business Corporations Act* of Alberta (2021110388), having an office at 223 Lakeside Greens Court, Chestermere, AB T1X 1C8;

(the “**Trustee**”)

and

ALVARO LIMITED PARTNERSHIP, a limited partnership under the *Partnership Act* of Alberta (LP0754329), by its General Partner, **ALVARO DEVELOPERS INC.**, a Borrower under the *Business Corporations Act* of Alberta (2021110388), having an office at 223 Lakeside Greens Court, Chestermere, AB T1X 1C8;

(the “**Beneficial Owner**” together with the Trustee, the “**Borrower**”)

AND:

CRUZ CUSTOM HOMES LTD., a company under the *Business Corporations Act* of Alberta (2014943092), having an office at 223 Lakeside Greens Court, Chestermere, AB T1X 1C8;

and

1770374 ALBERTA INC., a company under the *Business Corporations Act* of Alberta (2017703741), having an office at 2124 32 Avenue SW, Calgary, AB T2T 1W8;

and

SUNSET HOMES LTD., a company under the *Business Corporations Act* of Alberta (2014873752), having an office at 2124 32 Avenue SW, Calgary, AB T2T 1W8;

and

DANIEL RODOLFO ASTETE-CRUZ, Businessperson, having an address at 223 Lakeside Greens Court, Chestermere, AB T1X 1C8;

and

PEDRO ARNOLDO OCANA MULLER, Businessperson, having an address at 2124 32 Avenue SW, Calgary, AB T2T 1W8;

(collectively, the “**Guarantors**”)

WHEREAS:

A. Pursuant to the terms of a commitment letter dated September 23, 2019 (the “**Commitment Letter**”) the Lender made available a loan (the “**Loan**”) to the Borrower, on the terms and conditions set out therein.

B. As security for the obligations of the Borrower to the Lender pursuant to the Commitment Letter the Borrower and the Guarantors provided various covenants and security to the Lender, including without limitation the following:

- (a) a General Security Agreement dated November 6, 2019, for which a financing statement was registered in the Personal Property Registry under Registration No. 19112716715 on November 27, 2019;
- (b) a Guarantee and Postponement of Claims dated November 6, 2019 (the “**Guarantee**”), granted by each of the Guarantors in favour of the Lender;
- (c) a Collateral Mortgage, granted by the Trustee, and registered on November 26, 2019 under Registration Number 191 241 210 against title

to certain real property described in Schedule "A" hereto (the "**Lands**");
and

- (d) an Assignment of Leases and Rents, granted by the Trustee, and registered on November 26, 2019 under Registration Number 191 241 211 against the Lands;

(collectively, the "**Security**").

C. The Guarantors have guaranteed the obligations of the Borrower to the Lender pursuant to the Guarantee.

D. The Borrower has defaulted under the terms of the Commitment Letter and the Security.

E. The Borrower and the Guarantors have requested that the Lender forbear from taking any steps beyond issuing formal demand for repayment of the Loan.

F. The Borrower and the Guarantors have also requested that the Lender forbear for a period of time from realizing on the Security and the Guarantee which it holds for the Loan.

G. The Lender has agreed to forbear from realizing upon the Security and the Guarantee and to allow the Loan to remain outstanding as set out herein solely on the basis that the Borrower and the Guarantors strictly comply with the terms of this Forbearance Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the provisions, covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

1. **Acknowledgement of Indebtedness and Security**

1.1 The Borrower acknowledges and agrees that it is liable to the Lender, as at August 19, 2022, for the following amounts, plus interest which continues to accrue at the rates as set out in the demand letter of August 19, 2022:

Outstanding principal balance as at August 17, 2022	\$4,472,971.30
Outstanding interest balance (Step up rate from July 1, 2021 to August 17, 2022)	\$195,918.90
Deferred Commitment Fee	\$250.00
Monthly Renewal Fee (April – June 2021)	\$20,059.50
Legal costs per Fasken Invoice No. 1727225 to work completed to _____, 2022	\$28,317.04
Less Funds Held in Trust Account	(\$0.74)
Total	\$4,717,516.00

(the “**Indebtedness**”).

1.2 The Guarantors acknowledge and agree that they are liable to the Lender for the Indebtedness plus interest and costs related thereto, pursuant to the Guarantee.

1.3 The Borrower confirms that the Security is valid and enforceable and constitutes security for the Indebtedness and that the Security shall remain in full force and effect for the benefit of the Lender following the execution of this Forbearance Agreement.

2. **Covenants**

2.1 The Borrower covenants and agrees as follows:

- (a) that all of the recitals to this Forbearance Agreement as true;
- (b) to comply with all of the terms of this Forbearance Agreement;
- (c) in respect of the Lands, the Borrower will complete the sale of the Lands on or before November 30, 2022 pursuant to the purchase and sale agreement dated August 24, 2022 (the “**PSA**”);
- (d) to pay the following amounts on the Loan on or before the dates hereinafter set out:

<u>Date</u>	<u>Amount</u>
September 30, 2022	\$50,000 interest payment from refinancing collateral property
October 1, 2022	\$10,000 interest payment
October 8, 2022 ¹	██████ deposit from PSA
October 15, 2022	\$10,000 interest payment
November 1, 2022	\$10,000 interest payment
November 15, 2022	\$10,000 interest payment
November 30, 2022	Payment of all of the Borrower’s obligations to the Lender in full

(the “**Payment Obligations**”);

- (e) to take all steps as may be required to complete the PSA;

¹ The parties agree that the deposit shall be provided on the earliest date available pursuant to the PSA.

- (f) to carry on business in the normal course and in compliance with all applicable laws;
- (g) to take all steps reasonable, without causing a default under this Forbearance Agreement, to prevent any creditor of the Borrower from obtaining a Judgment or from commencing any execution proceedings against the Borrower or its real and personal property;
- (h) to pay a forbearance fee of \$20,000 to the Lender (the “**Forbearance Fee**”). The Forbearance Fee is due September 26, 2022 and shall be paid on November 30, 2022;
- (i) to reimburse the Lender for all professional fees and expenses incurred by the Lender to date and to pay all additional professional fees and expenses incurred by the Lender for legal or other professional services, including payment of the fees which the Lender incurs as a result of the preparation or implementation of this Forbearance Agreement or the realization upon all or part of the Security and/or Guarantees; and
- (j) the Borrower will report on a monthly basis with respect to its financial affairs.

2.2 The Borrower covenants and agrees that it will not, without the prior written consent of the Lender, which consent will not be unreasonably withheld:

- (a) pay any dividend or make any other distribution to shareholders;
- (b) repay shareholder’s or other non-arms length Loan;
- (c) issue any unissued shares in its capital or grant any option or right to acquire unissued shares;
- (d) make any amendment to the PSA;
- (e) approve any transfer of its shares;
- (f) pay any director’s fees;
- (g) commence any litigation, other than for the purpose of collecting debts to it or compromise any existing or threatened litigation; and
- (h) transfer, assign, convey, mortgage, charge or otherwise dispose of any real property or interest in real or personal property other than in the ordinary course of business.

2.3 In further consideration of the Lender’s forbearance, the Borrower and the Guarantors covenant and agree that, should they be in default under the terms of this Forbearance

Agreement, they will not oppose but will consent to the Lender commencing realization proceeding under the terms of the Security and, without limiting the generality of the foregoing:

- (a) will consent to an Order Nisi in favour of the Lender with a one month redemption period, immediate conduct of sale thereafter in favour of the Lender, and Judgment for the amount the due and owing to the Lender under the terms of the Loan.

3. **The Guarantors' Covenants**

3.1 The Guarantors acknowledge and agree that the Guarantee is valid and enforceable in accordance with its terms.

3.2 The Guarantors acknowledge their Indebtedness to the Lender, as at August 19, 2022, for the sum of \$4,717,516.00, plus interest hereon pursuant to the Guarantee.

3.3 Each of the Guarantors covenant and agree that until the Indebtedness is repaid in full, it shall not, without the prior consent of the Lender:

- (a) receive any dividend or other distribution from the Borrower;
- (b) receive any payments on account of Loan to or investments in the Borrower;
- (c) transfer or redeem any of its shares or units in the capital of the Borrower; or
- (d) transfer, assign, convey, mortgage, charge or otherwise dispose of any of its real or personal property or interest therein other than to a Person or Persons with whom it is dealing at arms length in the ordinary course of business and for the purpose of carrying on the same.

4. **Acknowledgements and Releases**

4.1 The Borrower and the Guarantors acknowledge and agree that:

- (e) absent the terms of this Forbearance Agreement, the Lender is entitled to collect immediately the Indebtedness and to enforce the Security and the Guarantee;
- (f) the Lender has entered into this Forbearance Agreement at the request of the Borrower and the Guarantors;
- (g) the Borrower and the Guarantors and each of them have no claims or causes of action against the Lender or any kind and, if any claims or causes of action exist or arise, the Borrower and the Guarantors and each of them hereby release the Lender from any and all claims or causes of action; and

- (h) the Borrower and the Guarantors and each of them acknowledge that the Lender has entered into this Forbearance Agreement based upon the release of the Lender and the representations made herein that the Borrower and the Guarantors and each of them have no claims or causes of action against the Lender and no defences to the right of the Lender to enforce the Security in accordance with the laws of Alberta.

5. **The Lender's Covenants**

5.1 Until November 30, 2022, and provided the Borrower is not in default hereunder, the Lender will:

- (a) continue to provide the Loan to the Borrower; and
- (b) forbear from realizing on the Security except as provided for herein.

6. **Events of Default and Termination**

6.1 It shall be an event of default (an “**Event of Default**”) under this Forbearance Agreement if, at any time after its execution:

- (a) the Borrower or the Guarantors fail to duly perform or observe any term, covenant or obligation contained in the Security, the Guarantee, or this Forbearance Agreement;
- (b) without limiting the generality of the foregoing, the Borrower fails to meet the Payment Obligations set out in this Forbearance Agreement;
- (c) any encumbrancer or creditor of the Borrower takes possession of, or takes steps to realize upon, any property or asset of the Borrower, including a distress, execution, forfeiture or any similar process levied or enforced there against and if such proceeding or step remains unsatisfied for the shorter of a period of seven (7) days or such period as would permit such property or part thereof be sold or forfeited thereunder unless such a proceeding or step is removed, dismissed, stayed or withdrawn within such period or such a proceedings is in good faith disputed by the Borrower and while such proceeding is disputed by the Borrower any such proceeding or step is stayed or otherwise held in abeyance; and
- (d) the Borrower, without the prior written consent of the Lender:
 - (i) passes a resolution or institutes proceedings for its bankruptcy, winding-up, liquidation or dissolution or consent to the institution or filing of any petition or proceeding with respect thereto;
 - (ii) files a petition or commences a proceeding or action seeking reorganization, re-adjustment, rearrangement, restructuring, composition or similar relief under any Canadian or other applicable

law or consent to the filing of any such petition or to the appointment of a Receiver, Receiver-manager, liquidator, trustee or similar officer of themselves or of any of their property;

- (iii) makes an assignment or files a proposal for the benefit of its creditors; or
- (iv) takes any action in furtherance of any of the aforesaid purposes.

6.2 Upon the occurrence of an Event of Default, the Lender may at its option:

- (a) immediately commence foreclosure proceedings with respect to the Security;
- (b) without further notice to the Borrower or the Guarantors, appoint a Receiver or Receiver-Manager of the Borrower; and/or
- (c) pursue such other remedies as it deems appropriate.

6.3 Notwithstanding paragraph 6.2 above, the Borrower and the Guarantors hereby covenant and agree that the Lender may, if in its sole discretion it determines that there has been a material adverse change in the affairs of the Borrower or in its security position, immediately declare this Forbearance Agreement to be of no further force and effect and may, without further notice to the Borrower, immediately take such steps as it deems necessary or advisable to realize on the Security and the Guarantee, including commencing foreclosure proceedings or appointing a Receiver, Receiver-Manager, trustee in bankruptcy, or liquidator of the Borrower.

7. **Notices**

7.1 Any notices required under this Forbearance Agreement shall be given in the manner provided in the Commitment Letter.

8. **General Provisions**

8.1 Time Shall be of the essence of this Forbearance Agreement.

8.2 This Forbearance Agreement is binding upon and will enure to the benefit of the Lender, the Borrower, and the Guarantors, their successors and assigns.

8.3 Each of the Borrower and the Guarantors acknowledges that they have received independent legal advice with respect to the execution of this Forbearance Agreement and all related documentation and confirm that they enter into this Forbearance Agreement of their own free will without any coercion or duress having been imposed upon them by the Lender or any other party.

8.4 The Borrower and its Guarantors will execute such further documents and assurances as may be necessary or will do such other acts and things as may be required in order to carry out the transactions contemplated by this Forbearance Agreement.

8.5 In this Forbearance Agreement words importing a gender will include either gender and words importing the singular will include the plural and *vice versa* and words importing the persons, firms or corporations.

8.6 This Forbearance Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta.

8.7 This Forbearance Agreement may be signed by the parties hereto in as many counterparts as may be necessary, each of which is so signed will be deemed to be an original and such counterparts together will constitute one and the same instrument and the date of execution will be deemed to be dated as of the date and year first above written.

*[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE(S) TO FOLLOW]*

IN WITNESS WHEREOF the parties have executed this Forbearance Agreement as of the date first above written.

ALVARO DEVELOPERS INC., by its authorized signatory(ies):

Per: 

Name: Daniel Rodolfo Astete-Cruz
Title: Director

Per: _____

Name:
Title:

I/We have the authority to bind the corporation.

ALVARO LIMITED PARTNERSHIP, by its General Partner, **ALVARO DEVELOPERS INC.**, by its authorized signatory(ies):

Per: 

Name: Daniel Rodolfo Astete-Cruz
Title: Director

Per: _____

Name:
Title:

I/We have the authority to bind the partnership.

CRUZ CUSTOM HOMES LTD., by its authorized signatory(ies):

Per: 

Name: Daniel Rodolfo Astete-Cruz
Title: Director

Per: _____

Name:
Title:

I/We have the authority to bind the corporation.

1770374 ALBERTA INC., by its authorized signatory(ies):

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____
I/We have the authority to bind the corporation.

SUNSET HOMES LTD., by its authorized signatory(ies):

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____
I/We have the authority to bind the corporation.

SIGNED, SEALED and DELIVERED
by **DANIEL RODOLFO ASTETE-**
CRUZ in the presence of:

Signature

Print Name **Lina Truong**
Barrister and Solicitor

Address **Robertson LLP**
Suite 520, 999 8th St SW
Calgary, AB T2R 1J5

Occupation

DANIEL RODOLFO ASTETE-
CRUZ 

1770374 ALBERTA INC., by its authorized
signatory(ies):

Per: P. Ocana
Name: P. Ocana
Title: Pedro Ocana, Director
Sep 29 2022

Per: _____
Name: _____
Title: _____
I/We have the authority to bind the corporation.

SUNSET HOMES LTD., by its authorized
signatory(ies):

Per: P. Ocana
Name: P. Ocana
Title: Pedro Ocana, Director
Sep 29 2022

Per: _____
Name: _____
Title: _____
I/We have the authority to bind the corporation.

SIGNED, SEALED and DELIVERED
by **DANIEL RODOLFO ASTETE-**
CRUZ in the presence of:

Signature)

Print Name)

Address)

Occupation)

DANIEL RODOLFO ASTETE-
CRUZ



SIGNED, SEALED and DELIVERED
by **PEDRO ARNOLDO OCANA**
MULLER in the presence of:

Signature

Print Name

Address

Occupation

PEDRO ARNOLDO OCANA
MULLER



SCHEDULE "A"

LANDS

428 3rd Avenue, NE, Calgary, Alberta

<u>TITLE NUMBER</u>	<u>LEGAL DESCRIPTION</u>
181 195 112	PLAN 1332N, BLOCK 2, LOT 1, EXCEPTING THEREOUT THAT PORTION OF LOT 1 LYING EAST OF A LINE DRAWN 37.5 FEET EAST FROM THE WEST BOUNDARY AND ALL OF LOTS 2 TO 4 INCLUSIVE, EXCEPTING THEREOUT ALL MINES AND MINERALS FROM LOT 2 AND THE THAT PORTION OF LOT 3 WHICH LIES TO THE EAST OF THE WESTERLY 7 FEET THROUGHOUT OF THE SAID LOT 3

430 3rd Avenue, NE, Calgary, Alberta

<u>TITLE NUMBER</u>	<u>LEGAL DESCRIPTION</u>
201 009 726	PLAN 1332N, BLOCK 2, ALL THAT PORTION OF LOT 1 WHICH LIES TO THE EAST OF A LINE DRAWN PARALLEL WITH AND 37.5 FEET PERPENDICULARLY DISTANT EASTERLY FROM THE WEST BOUNDARY OF SAID LOT

This is Exhibit "R"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'JAH', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

CONFIDENTIAL EXHIBIT 2

This is Exhibit "S"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'J. Saba', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

**Bancorp Financial Services Inc. - Mortgage Payout Statement****INFORMATION ONLY**

Page 1 of 2

To:

Alvaro Developers Inc. and Alvaro Limited
Partnership
223 Lakeside Green Crt.
Chestermere, AB
T1X 1C8

Contact	Phone No/ Email	Type
Accounting	accounting@cruzcustomhomes.com	
Danny Astete	(403)681-1402 danny@cruzcustomhomes.com	Tel

Statement of Account from November 01, 2022 to November 07, 2022**Printed : November 07, 2022**

Mortgage Number: **4814**
 Project Description: **First mortgage construction financing for a development with 10 townhouse and 2 condo units**
 Civic Address: 428 & 430 3rd Ave. NE, Calgary, AB
 Interest Rate: CW Bank prime (5.95%) plus 5.30% per annum
 Minimum Rate: 9.25% per annum
 Maturity Date: September 30, 2021

Transactions in Period

Transaction Date	Description	Amount Charged	Payments Received	Interest To Date Charge	Fee & Exp Balance	Interest Balance	Principal Balance	Total Balance
01-Nov-2022	Opening Balance	0.00	0.00	0.00	0.00	448,269.40	4,102,178.00	4,550,447.40
06-Nov-2022	Closing Balance	0.00	0.00	8,383.72	0.00	456,653.12	4,102,178.00	4,558,831.12

Balance Outstanding:	\$4,558,831.12
Total Trust Account	-0.74
Other fees/charges:	
* <input type="checkbox"/> Monthly Renewal Fee (April - June 2021)	20,059.50
* <input type="checkbox"/> Insurance Premium	6,018.00
* <input type="checkbox"/> Deferred Commitment Fee	250.00
* <input type="checkbox"/> Legal Fee (TBA)	0.00
Payout as at 07 Nov 2022	\$4,585,157.88
Per Diem thereafter:	\$1,405.12
Valid For 7 days From Payout Date	E&OE

Note: Acceptable forms of payout funds are by a **bank draft or certified cheque** payable to BANCORP FINANCIAL SERVICES INC. IN TRUST. ("Bancorp") (**Lawyer's trust cheques must be certified**). Payment must be direct deposited into Bancorp's trust account at:

Canadian Western Bank
1070 West Georgia Street
Vancouver BC V6E 2Y2
Transit: #350
Account # 101002966396

A copy of the bank draft/certified funds and confirmation of direct deposit must be emailed to accounting@bancorpfinancial.com. All Funds must be received and acknowledged by Bancorp's accounting department prior to 1:00 PM on the day of payout. Payments or confirmation of direct deposit received after 1:00 PM will be effective the following business day and additional interest at the per diem rate will be charged.

*Please note: Bancorp is not accepting payments delivered to the office.



Bancorp Financial Services Inc. - Mortgage Payout Statement

Mortgage Loan 4814 continued ...

Page 2 of 2

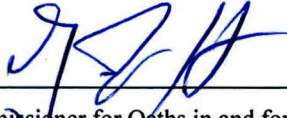
Transactions in Period ... continued

Transaction Date	Description	Amount Charged	Payments Received	Interest To Date Charge	Fee & Exp Balance	Interest Balance	Principal Balance	Total Balance
-----------------------------	--------------------	---------------------------	------------------------------	------------------------------------	----------------------------------	-----------------------------	------------------------------	--------------------------

Bancorp Financial Services Inc.

Authorized Signature

This is Exhibit "T"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'J. D. H.', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

COURT FILE NUMBER

Clerk's Stamp

COURT

Court of King's Bench of Alberta

JUDICIAL CENTRE

Calgary

PLAINTIFF
(APPLICANTS)

**BANCORP FINANCIAL SERVICES INC.,
BANCORP BALANCED MORTGAGE
FUND II LTD., and BANCORP GROWTH
MORTGAGE FUND II LTD.**

DEFENDANT
(RESPONDENT)

**ALVARO DEVELOPERS INC., ALVARO
LIMITED PARTNERSHIP, CRUZ
CUSTOM HOMES LTD., 1170374
ALBERTA INC., SUNSET HOMES LTD.,
DANIEL RODOLFO ASTETE-CRUZ, and
PEDRO ARNOLDO OCANA MULLER**

DOCUMENT

**CONSENT OF ALVAREZ & MARSAL
CANADA INC. TO ACT AS RECEIVER**

PARTY FILING THIS
DOCUMENT

**BANCORP FINANCIAL SERVICES INC.,
BANCORP BALANCED MORTGAGE
FUND II LTD., and BANCORP GROWTH
MORTGAGE FUND II LTD.**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Fasken Martineau DuMoulin LLP
Barristers & Solicitors
3400 First Canadian Centre
350 – 7th Avenue S.W.
Calgary, AB T2P 3N9

Jessica Cameron
jcameron@fasken.com
Tel: 403.261.9468
Fax: 403.261.5351

Desmond Mitic
dmitic@fasken.com
Tel: 587.233.4122
Fax: 403.261.5351

File No.: 315128.00002

CONSENT TO ACT AS RECEIVER

ALVAREZ & MARSAL CANADA INC., does hereby consent to act as Receiver of Alvaro Developers Inc. and Alvaro Limited Partnership.

A facsimile or other electronic copy of this consent shall be as effective as an original.

DATED this 14th day of November, 2022.

ALVAREZ & MARSAL CANADA INC.



Per: _____

Orest Konowalchuk, LIT
Senior Vice President

This is Exhibit "U"
Referred to in the Affidavit of
Michael Saba
Sworn before me this 16th day of
November, 2022.

A handwritten signature in blue ink, appearing to be 'J. H.', is written over a horizontal line.

A Commissioner for Oaths in and for the
Province of British Columbia

Jeline Watson

From: Lina Truong <Ltruong@robertsonllp.ca>
Sent: November-08-22 3:11 PM
To: Brent Clark
Cc: Jessica Cameron; Grace Siu
Subject: RE: [EXT] RE: Bancorp/Alvaro - Underlying documents in respect of financial charges [IWOV-CANADA_WEST.FID6330066]

Hi again Brent,

I now have instruction. I confirm that our clients Daniel Astete-Cruz, Alvaro Developers Inc., and Cruz Custom Homes Ltd. support the application for receivership for the purposes of selling the subject property.

Please let me know if you would like a separate email or any further details added.

Thanks,

Lina Truong
Barrister & Solicitor



Phone: (403) 407-2609
Fax: (403) 407-2606 | Web: www.robertsonllp.ca
Address: #520 - 999 8th Street SW Calgary, AB T2R 1J5

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From: Lina Truong <Ltruong@robertsonllp.ca>
Sent: November 8, 2022 11:48 AM
To: Brent Clark <bcclark@fasken.com>
Cc: Jessica Cameron <jcameron@fasken.com>; Grace Siu <gsiu@fasken.com>
Subject: RE: [EXT] RE: Bancorp/Alvaro - Underlying documents in respect of financial charges [IWOV-CANADA_WEST.FID6330066]

Hi Brent,

Our client has stopped responding to my calls and emails, so I have not been able to get instruction for the consent.

Lina Truong
Barrister & Solicitor



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From: Brent Clark <bcclark@fasken.com>

Sent: November 8, 2022 10:58 AM

To: Lina Truong <Ltruong@robertsonllp.ca>

Cc: Jessica Cameron <jcameron@fasken.com>; Grace Siu <gsiu@fasken.com>

Subject: RE: [EXT] RE: Bancorp/Alvaro - Underlying documents in respect of financial charges [IWOV-CANADA_WEST.FID6330066]

Lina,

Did you get instructions from your client with respect to their consent to Bancorp's application to appoint a receiver to sell the project lands? We would like to include that consent in our client's application. Jessica Cameron in our Calgary office will be coordinating the application in Alberta.

Regards,

Brent

From: Lina Truong <Ltruong@robertsonllp.ca>

Sent: November-04-22 9:52 AM

To: Grace Siu <gsiu@fasken.com>; Mikaela Campbell-Cassidy <MCassidy@robertsonllp.ca>

Cc: Brent Clark <bcclark@fasken.com>; Jessica Cameron <jcameron@fasken.com>; Robyn Gurofsky <rgurofsky@fasken.com>

Subject: [EXT] RE: Bancorp/Alvaro - Underlying documents in respect of financial charges [IWOV-CANADA_WEST.FID6330066]

Hi Brent,

Thanks for your voicemail yesterday. I just need to get confirmation from our client and will send a separate email in support.

Lina Truong
Barrister & Solicitor



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Fax: (403) 407-2606 | Web: www.robertsonllp.ca
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From: Lina Truong <Ltruong@robertsonllp.ca>
Sent: November 2, 2022 2:32 PM
To: Grace Siu <gsiu@fasken.com>; Mikaela Campbell-Cassidy <MCassidy@robertsonllp.ca>
Cc: Brent Clark <bcclark@fasken.com>; Jessica Cameron <jcameron@fasken.com>; Robyn Gurofsky <rgurofsky@fasken.com>
Subject: RE: Bancorp/Alvaro - Underlying documents in respect of financial charges [IWOV-CANADA_WEST.FID6330066]

Hi all,

Mikaela – please pull the encumbrances on the attached titles and send to Grace.

Thanks,

Lina Truong
Barrister & Solicitor



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Fax: (403) 407-2606 | Web: www.robertsonllp.ca
Address: #520 - 999 8th Street SW Calgary, AB T2R 1J5

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From: Grace Siu <gsiu@fasken.com>
Sent: November 2, 2022 11:59 AM
To: Lina Truong <Ltruong@robertsonllp.ca>
Cc: Brent Clark <bcclark@fasken.com>; Jessica Cameron <jcameron@fasken.com>; Robyn Gurofsky <rgurofsky@fasken.com>; Bancorp Financial Services Inc __ Loan to Alvaro Developers Inc_ and Alvaro Limited __ 315128_00002 03 _ Email _ Courriels <[F6330066].CANADA WEST@FMDDMS6.ad.fasken.fmd>
Subject: Bancorp/Alvaro - Underlying documents in respect of financial charges [IWOV-CANADA_WEST.FID6330066]

Hi Lina,

We recently obtained updated title searches and will need copies of all of the underlying documents in respect of the financial charges (other than Bancorp). Could you kindly gather and arrange for these to be sent to us?

Also, there are some pending registrations against both titles – if you could also provide us with any information/underlying documents for those charges that would be greatly appreciated.

Lastly, we have copied Jessica and Robyn, colleagues from our Calgary office that will be assisting Brent with this matter going forward.

Thank you,
Grace



FASKEN

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Please do not visit our offices without an appointment in advance; and please excuse us if we do not shake your hand. In the event the risk of COVID-19 increases and affects our ability to provide legal services or representation, we will make the best arrangements within our power to obtain time extensions and/or adjournments. We appreciate your understanding.

> [COVID-19 Resource Centre for Businesses](#)

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Nous vous prions de ne pas vous présenter au bureau sans rendez-vous et veuillez nous excuser d'avance si nous ne vous serrons pas la main. Si le risque de propagation du virus COVID-19 augmente et atteint notre capacité à fournir des services juridiques ou de représenter nos clients, nous ferons tout en notre pouvoir pour prendre les meilleures dispositions afin d'obtenir des reports et/ou des ajournements. Nous vous remercions pour votre compréhension.

> [Centre de ressources sur la COVID-19 pour les entreprises](#)