

SEAL

29-Nov-11

Vancouver
REGISTRY



NO. H110471
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

BANCORP BALANCED MORTGAGE FUND LTD.
BANCORP FINANCIAL SERVICES INC.

PETITIONERS

AND:

618061 B.C. LTD.
VICTORIA SAWYER
TEODARUS J. KLUMPER also known as GEORG KLUMPER
KIWEOL KIM
0855573 B.C. LTD.
THE CROWN IN RIGHT OF BRITISH COLUMBIA

RESPONDENTS

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE) THURSDAY, THE 24TH
) DAY OF NOVEMBER, 2011
MADAM JUSTICE FISHER)

THE APPLICATION of the Petitioners coming on for hearing this day at Vancouver, B.C.; AND UPON HEARING William L. Roberts, Counsel for the Petitioners, and no-one else appearing on behalf of the Respondents, although given due notice of this application in accordance with the Supreme Court Civil Rules

THIS COURT ORDERS that:

1. The Order pronounced May 18, 2011 appointing Boale, Wood & Company Ltd. as Receiver (the "**Appointment Order**") is amended and expanded on the terms contained within this Order, such terms being in addition to the terms contained in the Appointment Order and not in substitution thereof.

2. The Receiver's powers as contained in paragraph 2 of the Appointment Order are expanded to include the following powers, but with the provision that the Receiver shall have discretion to commence, continue or discontinue the development process for subdivision of Phase 2 of the real property described in the Appointment Order, at any time it deems appropriate:
- (a) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - (b) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
 - (c) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
 - (d) to settle, extend or compromise any indebtedness owing to the Debtor;
 - (e) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
 - (f) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
 - (g) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (h) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtor;
- (i) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (j) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (k) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

3. The following Borrower Powers of the Receiver are hereby added:

FUNDING OF THE RECEIVERSHIP

- (a) The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$150,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver’s Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver’s Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
- (b) Neither the Receiver’s Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced

without leave of this Court.

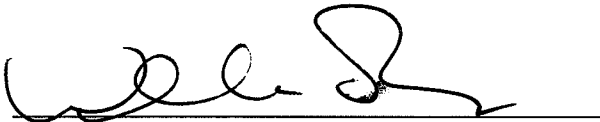
- (c) The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
- (d) The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

- (e) That any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

4. The Petitioners are entitled to its costs of this application at Scale A.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



William L. Roberts
COUNSEL FOR THE PETITIONERS

BY THE COURT

REGISTRAR

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

THIS IS TO CERTIFY that ♦, the Receiver Manager (the "Receiver") of all of the assets, undertakings and properties of ♦ acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "Court") dated the ♦ day of ♦, 2011 (the "Order") made in SCBC Action No. ♦ and/or SCBC Action No. ♦ Estate No. ♦, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ ♦, being part of the total principal sum of \$ ♦ which the Receiver is authorized to borrow under and pursuant to the Order.

1. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded ♦ not in advance on the ♦ day of each month after the date hereof at a notional rate per annum equal to the rate of ♦ per cent above the prime commercial lending rate of Bank ♦ from time to time.
2. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
3. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at ♦, British Columbia.
4. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the

Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

5. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
6. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the ◆ day of ◆, 2011.

[RECEIVER'S NAME], solely in its capacity as Receiver of the Property, and not in its personal capacity

Per:
Name:
Title:

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**618061 B.C. LTD.
and others**

RESPONDENTS

ORDER



Barristers & Solicitors
1600 Cathedral Place
925 West Georgia Street
Vancouver, British Columbia
V6C 3L2

Phone: (604) 685-3456
Attention: William L. Roberts

WLR/kap