

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

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*
R.S.C. 1985, c. B-3, AS AMENDED

BETWEEN:

SERVUS CREDIT UNION LIMITED

Applicant

-AND-

4 TECH ELECTRIC (2001) LTD.

Respondent

SECOND REPORT OF THE RECEIVER
IN SUPPORT OF AN APPLICATION TO THE COURT
SEEKING AUTHORITY TO SELL REAL PROPERTY

Purpose of the Report

Meyers Norris Penny Limited (the "Receiver") is seeking the approval of the Court to sell the real property municipally located at 6230 – 50th Avenue Drayton Valley, Alberta and legally described as Lot 7 Block 1, Plan 9122189 (the "Property"), owned by 4 Tech Electric (2001) Ltd. ("4 Tech") pursuant to an Offer to Purchase submitted to the Receiver.

Background

1. As discussed in the Receiver's First Report to the Court (the "First Report") Meyers Norris Penny Limited was appointed Receiver of 4 Tech's property pursuant to a September 28, 2009 Court of Queen's Bench of Alberta Order (the "Receivership Order").
2. The Receiver took possession and control of 4 Tech's assets located in Drayton Valley, Alberta pursuant to the Receivership Order.

Sales Process

3. On November 9, 2009 the Receiver solicited invitations for proposals to list the Property for sale from four (4) established commercial real estate companies in the Drayton Valley, Alberta area.
4. The Receiver received proposals to list the Property for sale from two interested (2) parties. Century 21 Hi-Point Realty Ltd. ("Hi-Point") was selected based on a background of experience and expertise in marketing commercial real estate.
5. The Receiver retained Knight and Company Appraisals Ltd. ("Knight") to appraise the Property (the "Knight Appraisal"). The Knight Appraisal was completed on January 7th, 2010 and is attached as Appendix "A" to the Confidential Addendum to the Second Report (the "Confidential Addendum").
6. The Receiver entered into a listing agreement with Hi-Point and the Property was listed for sale for \$575,000 on January 20, 2010 for a period of four (4) months. A copy of the Hi-Point listing agreement is attached as Appendix "A".
7. To facilitate the sales process the Receiver also retained Sphere Environmental Ltd. to conduct both Phase I and Phase II Environmental Site Assessments of the Property.
8. The Receiver received two (2) offers to purchase (the "Offers") in response to the real estate listing.

Offer to Purchase

9. On March 17, 2010 the Receiver accepted an offer to purchase from D&A Properties Ltd. (the "D&A Agreement") for the sale of the Property. A copy of the D&A Agreement is attached as Appendix "B" to the Confidential Addendum. The Receiver respectfully requests that the Confidential Addendum including the D&A Agreement and the Knight Appraisal be sealed so as not to taint any future sales process in the event the sale contemplated by the D&A Agreement does not close.
10. The D&A Agreement is subject to Court approval, which the Receiver is now seeking, and also calls for the immediate vesting of the Property.
11. The D&A Agreement stipulates a Closing Date of on or before the fifth (5th) day following the issuance of Court approval and Vesting Order and is not subject to any adjustments, other than the normal adjustments for a real estate transaction.
12. D&A has provided a deposit in an amount equal to 10% of the purchase price to the Receiver.
13. The Receiver supports the D&A Agreement as the purchase price contemplated in the D&A Agreement is the highest of all offers submitted to the Receiver.

Court Order Being Sought

14. The Receiver is seeking the approval of the Court to sell the Property to D&A Properties Ltd. pursuant to the terms of the D&A Agreement attached to the Confidential Addendum.

All of which is respectively submitted this 30th day of March, 2010.

MEYERS NORRIS PENNY LIMITED

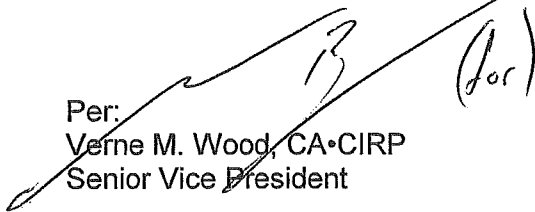
In its capacity as Receiver of

4 Tech Electric (2001) Ltd.

And not in its personal or corporate capacity

Per:

Verne M. Wood, CA•CIRP
Senior Vice President



Action No. 0903-15023

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

BETWEEN:

SERVUS CREDIT UNION LIMITED

Applicant

- and -

4 TECH ELECTRIC (2001) LTD.

Respondent

**SECOND REPORT TO THE COURT
of Meyers Norris Penny Limited
in its capacity as the Court-appointed
Receiver of
4 Tech Electric (2001) Ltd.**

MEYERS NORRIS PENNY LIMITED
Suite 300, 10104 – 103 Ave
Edmonton AB T5J 0H8

Telephone: (780) 455-1155
Facsimile: (780) 409-5415

APPENDIX "A"

HDM Working Copy



COMMERCIAL REAL ESTATE LISTING CONTRACT



24009
Listing Contract #

This Contract is between

THE SELLER ("You")

and

THE SELLER'S BROKERAGE (the "Brokerage")

Name W. W. WEARS NORTH PENNY LIMITED
Name in receipt as Receiver for
Address 4 Tech Electric (2001) Ltd.

Brokerage Name Century 21 Hi-Point Realty Ltd
Address Box 6084, Drayton Valley, AB.
T7A 1R6
(Postal Code)

Phone 780-455-1155 Fax 780-409-5415
780-969-1400 (Kanan)
Suite 300, 10124-103 Avenue, Edmonton, AB T5J 0H6
(Postal Code) Phone 780-542-5223 Fax 780-542-7727

Phone 780-455-1155 Fax 780-409-5415
780-969-1400 (Kanan)
GST # _____
Member of the Edmonton Real Estate Board (the "Board")

A. THE PROPERTY

1.1 The Property is the Land, Buildings, Attached Goods (unless excluded) and Included Unattached Goods located at (municipal street address):
6230-50 Avenue, Drayton Valley, AB. (postal code)

1.2 The legal description of the Property is:

Plan	Block	Lot	Acres		
<u>712 2189</u>	<u>1</u>	<u>7</u>			
Plan	Block	Lot	Acres		
W. of (Meridian)	Range	Township	Section	Part	Acres

1.3 The Property Included:
(a) All goods affixed to the Land and Buildings ("Attached Goods"), except those goods listed here or in the Appendix attached to this Contract:

(b) Goods not attached to the Land and Buildings ("Unattached Goods") as listed here or in the Appendix attached to this Contract:

2. OTHER LISTING CONTRACTS

2.1 Have you entered into any other listing contract for the Property during the last twelve months? Yes No
2.2 Is the Property currently listed for sale with another real estate brokerage? Yes No

3. TERM OF CONTRACT

3.1 You list the Property for sale with only the Brokerage (a) effective today until 11:59 p.m. on June 20, 2010 (the Expiry Date) 7th term

4. ASKING PRICE

4.1 The asking price for the Property, not including GST, is: \$575,000.00
4.2 Where applicable, GST shall be the responsibility of the buyer.

5. POSSESSION DATE

5.1 The proposed Possession Date is: 120 days

6. REAL ESTATE COMMISSION

6.1 The Real Estate Commission (the "Commission") is: 7% of the net \$190,000 and 3% of the balance of the selling price plus GST.
6.2 The Brokerage will offer 3.5/100 as compensation to other brokerages for finding a buyer.
6.3 No commission is payable on the GST portion of the purchase price.

7. DEPOSITS

7.1 All Deposits will be held in accordance with the terms of the signed Purchase Contract. The Deposits must be held in trust according to the Real Estate Act (Alberta).
7.2 You direct the Brokerage, the buyer's brokerage or the lawyer who holds the Deposits to use the Deposits to pay any money owed under this Contract. Any Commission or Alternate Compensation plus GST that has been earned by another brokerage and is no longer required to be held in trust shall be paid directly out of a trust account by the party holding the Deposits.
7.3 You assign to the Brokerage, through the purchase money or forfeited Deposits to pay all money owed under this Contract. You agree not to revoke this assignment.
7.4 You direct your lawyer to pay all money owed under this Contract from the purchase money or the forfeited Deposits held by your lawyer.

B. THE BROKERAGE'S AUTHORITY

8.1 You authorize the Brokerage to obtain the following information:
• current property tax summary and related information
• search of title
• if the Property is encumbered by a mortgage or agreement for sale that is assumable, copies of the documents and a Mortgage Verification Statement.
8.2 Do you authorize the Brokerage to install and use a key box? Yes No
8.3 Do you authorize the Brokerage to install "FOR SALE" and "SOLD" signs? Yes No
8.4 Unless otherwise agreed in writing, only the Brokerage may advertise the Property for sale.

9. IMPORTANT INFORMATION

9.1 You will provide the following important information to the Brokerage promptly and at your expense:
(a) a real property report, if applicable, reflecting the current state of Improvements on the Property, according to the Alberta Land Surveyor's Manual of Standard Practices, with evidence of municipal compliance or non-conformance
(b) all other applicable property information that is reasonably required to develop particulars of sale, including but not limited to, financial information such as annual property operating data (AFOD), tenant schedules and leases, service and supply contracts, engineering reports, environmental assessment reports, building plans and specifications.
9.2 You hereby authorize the Brokerage to obtain the real property report as required by 9.1(a) on your behalf and at your expense. Yes No
Seller's initials [Signature]

10. DUTIES OF THE SELLER

10.1 You will pay the Commission to the Brokerage if, during the Term of this Contract:
(a) the Property is sold, exchanged or disposed of by you or anyone else;
(b) a person contacts you directly or through a brokerage or inspects the Property and the Property is then sold, exchanged or disposed of by you or anyone else to that person within six (6) months after the Expiry Date. This clause will not apply where you have signed another listing contract after the Expiry Date and a real estate commission is payable to another brokerage according to the terms of that other listing contract as a result of the sale or disposition;
(c) you have signed a Purchase Contract with a buyer who is willing and able to complete the sale but you refuse to complete the sale; or
(d) a buyer is found who is willing and able to complete the sale upon the conditions outlined in this Contract but you refuse to sign the Purchase Contract.
10.2 You will pay the Commission to the Brokerage no later than the second business day after the sale is completed, unless you and the Brokerage otherwise agree in writing. A sale is completed when the change in ownership is registered at the Land Titles Office and the buyer pays the purchase money to you or your lawyer. Any holdbacks or conditions accepted by you or your lawyer will not delay payment to the Brokerage.

AGENT COPY

[Signature] SELLER'S INITIALS

[Signature] BROKERAGE REPRESENTATIVE'S INITIALS

COMMERCIAL REAL ESTATE LISTING CONTRACT

Listing Contract #

24009

- 10.3 You will pay Alternate Compensation to the Brokerage if the Purchase Contract is signed but the Buyer defaults and the Deposits are forfeited. The Alternate Compensation will be the lesser of the Commission that would have been payable had the sale been completed or 5% of the forfeited Deposits. Alternate Compensation shall be payable upon the forfeiture of the Deposits.
- 10.4 If the Brokerage pays for the Real Property report, you will repay the Brokerage promptly upon demand.
- 10.5 In addition, you will pay GST, where applicable, to the Brokerage on the Commission or on any Alternate Compensation due under this Contract.
- 10.6 You will make your best efforts to insure the Property and its contents against loss or damage due to perils that are normally insured against for similar properties. This insurance will be effective even when the Property is vacant.
- 10.7 You will make reasonable efforts to cooperate with the Brokerage and any other brokerages.
- 10.8 You will immediately inform the Brokerage of any relevant changes respecting the Property or its ownership that may occur after this Contract is signed.

11. DUTIES OF THE BROKERAGE

- 11.1 The Brokerage:
 - will make reasonable efforts to find a buyer for the Property.
 - will market the Property through the listing service operated by the Board.
 - will not discourage any person who is an industry member as defined in the Real Estate Act (Alberta) and who is not a member of the Board from attempting to sell the Property, unless you otherwise instruct the Brokerage in writing.
 - will pay any Commission, Alternate Compensation and GST that are payable to another brokerage.

12. SECURITY FOR THE BROKERAGE'S FEES

- 12.1 You now encumber all of your interest in the Land, Buildings and Attached Goods for the benefit of the Brokerage to secure payment of all money which may be owed by you to the Brokerage under this Contract. The parties agree that the Brokerage is entitled to encumber the Land in accordance with the Land Titles Act (Alberta). You now authorize the Brokerage to file and maintain a caveat to give notice of this encumbrance.
- 12.2 If the Brokerage successfully enforces any of its rights or remedies under this section, you will pay reasonable lawyer and client legal fees and costs incurred by the Brokerage.
- 12.3 If you owe money under this Contract and the Brokerage does not wish to enforce this Contract against you, then upon mutual agreement between the Brokerage and the buyer's brokerage, the Brokerage may assign this Contract to the buyer's brokerage. The buyer's brokerage may then enforce this Contract against you to collect the portion of the Commission or Alternate Compensation, plus GST, to which the buyer's brokerage is entitled. The buyer's brokerage will have the same rights and security given to the Brokerage according to Section 12 of this Contract.

13. SELLER'S WARRANTIES

- 13.1 You warrant the following:
 - You have the legal authority to sell the Property.
 - The Attached Goods and Included Unattached Goods are free and clear of any financial encumbrances except as follows:

REFER TO ASSET PURCHASE AGREEMENT

- 13.2 You warrant that, to the best of your knowledge, the following is truthful and accurate:
 - You have disclosed all information necessary to truthfully and accurately market the Property, including any environmental problems.
 - The current use of the Land complies with the existing municipal land use bylaws.
 - The Buildings and other improvements on the Land are not placed partly or wholly on any easement or utility right-of-way and are entirely on the Land and do not encroach upon neighbouring lands, except where an encroachment agreement is in place.
 - The location of Buildings and other improvements on the Land complies with all relevant municipal bylaws, regulations or restrictions granted by the appropriate municipality prior to Completion Day, or the Buildings and other improvements on the Land are "non-conforming buildings" as that term is defined in the Municipal Government Act (Alberta).
 - If the Property includes a condominium unit, then the warranties extend to and include the common property.

14. ENDING THE CONTRACT

- 14.1 This Contract will automatically end if the Brokerage:
 - has had its license to trade in real estate suspended or cancelled under the Real Estate Act (Alberta)
 - ceases to be a member in good standing of a real estate board.
 - is bankrupt, insolvent, or in receivership.
- 14.2 Where a party to this Contract has breached a part of this Contract, the other party may end this Contract by notice in writing to the party in breach.
- 14.3 You and the Brokerage may enforce parts of this Contract even if this Contract has ended or expired.

15. ADDITIONAL TERMS

- 15.1 This Contract is for the benefit of and will be binding upon the heirs, administrators, executors, successors and assigns of the parties.
- 15.2 All changes of number and gender will be made where required.
- 15.3 This Contract is a Seller's Brokerage Agreement for the purposes of the Real Estate Act (Alberta).
- 15.4 This Contract will be governed by the laws of the Province of Alberta. The parties submit to the jurisdiction of the Courts in the Province of Alberta in any dispute that may arise out of this transaction.

This Listing Contract is subject to the terms and conditions of the Addendum attached hereto and forming part hereof

16. ADVISE

- 16.1 This Contract creates binding legal obligations. You are encouraged to obtain legal advice before signing.
- 16.2 The amount of the Commission and Alternate Compensation are not fixed by law.
- 16.3 The Seller acknowledges that the Brokerage is being retained as a real estate broker, not as a lawyer, tax advisor, lender, appraiser, surveyor, structural engineer, property inspector, or other professional service provider.
- 16.4 The Seller authorizes the Brokerage to use, disclose and retain all personal information provided for all purposes relating to the listing and marketing of the Property including:
 - advertising the Property in any medium including electronic media;
 - disclosing Property information to prospective buyers and other agents;
 - such other use of the Seller's personal information as is consistent with listing and marketing of the Property.
- 16.5 The Seller authorizes the Brokerage to place the listing information and any sale information into the database(s) of the appropriate MLS®/CLIS™ system(s) and acknowledges that the MLS®/CLIS™ database is the property of the Board(s) and can be licensed, resold or otherwise dealt with by the Board(s). The Seller further acknowledges that the Board(s) may:
 - distribute the information to any persons authorized to use such services which may include other brokers, government departments, appraisers, municipal organizations and others;
 - market the Property, at its option, in any medium, including electronic media;
 - compile, retain and publish any statistics including historical MLS®/CLIS™ data;
 - make such other use of the information as the Board deems appropriate.

17. AGENCY DISCLOSURE/ACKNOWLEDGEMENT

- 17.1 You, the Seller, have entered into an agency relationship under common law with the Brokerage, including its broker, all its associate brokers and agents (collectively referred to as the Seller's Agent). A brokerage, its broker, associate brokers and agents representing a buyer are referred to as the Buyer's Agent.
- 17.2 The Seller's Agent is obligated to protect and promote your interests. Specifically, the Seller's Agent owes you the fiduciary duties of loyalty, obedience, confidentiality, reasonable care and skill, full disclosure, and full accounting.
- 17.3 You, as the Seller and potential buyers may be represented by different brokerages (the Seller's Agent and the Buyer's Agent). Each of these Agents owes its client the full fiduciary duties listed above. Other brokerages representing buyers will not have a fiduciary relationship with you.
- 17.4 Dual Agency occurs when one brokerage (the Dual Agent), trading in real estate from one or more locations, represents both you and one or more buyers with respect to the potential purchase of the Property. In such circumstances, the described fiduciary duties are limited as follows:
 - The Dual Agent:
 - will not, without prior written authority, disclose:
 - to a buyer that you will accept a price less than the asking price (or a countered selling price).
 - to you that a buyer will pay a price higher than the price offered,
 - to a buyer the reason that you are selling,
 - to you the reason that a buyer is buying, and
 - to a buyer the terms and conditions of competing offers;
 - except as set out in (a), will owe no duty of confidentiality and will disclose to you and a buyer all facts known that materially affect or may materially affect the marketability or value of the Property.
- 17.5 The Seller authorizes the Seller's Agent to act as a Dual Agent according to the terms of this section.

18. SIGNATURES

18.1 This Contract may be signed by the parties and transmitted by fax. This procedure will be as effective as if the parties had signed and delivered an original copy.

This Contract is made effective January 21, 2010
 by Meyers Morris Penny Limited in its capacity as a licensee of 4 Tech Electrical Ltd & not in its personal or corporate capacity.
 Name of Owner Registered on Title
 Authorized Signing Officer(s) Senior Vice President Meyers Morris Penny Limited
 Witness A. S. J. J.

Authorized Signing Officer(s)

 Witness

 Signature of Broker, associate broker, or agent authorized to sign on behalf of the Brokerage

Seller: Initial here to show you have received a copy of this Contract

AGENT COPY

**ADDENDUM
TO
COMMERCIAL REAL ESTATE LISTING CONTRACT MADE
BETWEEN MEYERS NORRIS PENNY LIMITED, IN ITS CAPACITY AS
RECEIVER FOR 4 TECH ELECTRIC (2001) LTD. (THE "SELLER")
AND CENTURY 21 HI-POINT REALTY LTD. (THE "BROKERAGE")
DATED THE 21 DAY OF January, 2010 (THE "LISTING
CONTRACT") MADE IN RESPECT OF PLAN 912 2189, BLOCK 1, LOT 7
(THE "LANDS")**

The provisions, terms and conditions set out in this Addendum are incorporated into the Listing Contract by reference and shall apply thereto and form a part thereof.

1. **Defined Terms** - Words and phrases used herein shall have the meanings ascribed to them in the Listing Contract unless otherwise provided herein or the context otherwise requires.
2. **Commission on GST** - The Brokerage agrees that no commission is payable on the GST portion of the selling price of the Lands.
3. **Reasonable Commercial Efforts** - Wherever the terms "best efforts" or "reasonable efforts" are used they are deemed to mean "reasonable commercial efforts".
4. **Commission on Default** - In the event of a default by a purchaser and forfeiture of deposits, the Seller is not obliged to pay any commission.
5. **Form of Purchase Contract** - The Brokerage shall use the form of "Offer to Purchase" provided to the Brokerage by the Seller.
6. **Duties of the Brokerage** - The Brokerage shall use reasonable commercial efforts to do the following:
 - (a) to develop a marketing plan and strategy designed to sell the Lands;
 - (b) to use reasonable commercial efforts to sell the Lands upon terms and conditions consistent with terms and conditions of the marketing plan;
 - (c) to develop all advertising materials brochures and strategies and to arrange for the distribution of such materials;
 - (d) to provide the Seller with monthly reports and status updates on all marketing efforts and to report all offers to purchase received or serious expressions of interest;
 - (e) to advise of any changes or anticipated changes in the marketing program which could materially affect the sale of the Lands;



AMENDMENT DATED AS AT FEBRUARY 23, 2010
TO

COMMERCIAL REAL ESTATE LISTING CONTRACT MADE BETWEEN MEYERS NORRIS PENNY LIMITED, IN ITS CAPACITY AS RECEIVER FOR 4 TECH ELECTRIC (2001) LTD. (THE "SELLER") AND CENTURY 21 HI-POINT REALTY LTD. (THE "BROKERAGE") DATED THE 21ST DAY OF JANUARY, 2010 (WHICH INCLUDING ALL SCHEDULES, ADDENDUMS OR AMENDMENTS IS HEREIN CALLED THE "LISTING CONTRACT") MADE IN RESPECT OF PLAN 912 2189, BLOCK 1, LOT 7 (THE "LANDS" OR "PROPERTY")

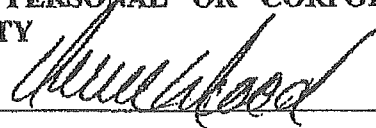
The provisions, terms and conditions set out in this Amendment are incorporated into the Listing Contract by reference and shall apply thereto and form a part thereof.

1. **Defined Terms** – Words and phrases used herein shall have the meanings ascribed to them in the Listing Contract unless otherwise provided herein or the context otherwise requires.
2. **Direct Dealing** – Notwithstanding anything else expressed or implied in the Listing Contract, the Brokerage acknowledges and agrees that the Seller may deal directly, without consulting or advising the Brokerage, with prospective purchasers or other realtors, brokerages or agents with respect to the purchase and sale of the Lands. The Seller is under no obligation to advise the Brokerage about any direct contact between the Seller and any prospective purchaser, or any realtor, brokerage, agent or representative or to provide the name of such prospective purchaser or the selling price or other terms being discussed, proposed or offered.
3. **Commission Clarification** – If, during the currency of the Listing Contract, the Lands are sold to a buyer introduced or represented by another realtor, brokerage or agent or to a buyer dealing directly with the Seller, the Brokerage is only entitled to one-half of the Commission.
4. **Conflicts** – If there are any conflicts or inconsistencies between the provisions of the Listing Contract and this Amendment, the provisions of this Amendment shall govern.

SIGNED this 24th day of February, 2010.


MEYERS NORRIS PENNY LIMITED, IN ITS CAPACITY AS THE RECEIVER OF 4 TECH ELECTRIC (2001) LTD., AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY

Per



CENTURY 21 HI-POINT REALTY LTD.

Per



Signature of Broker, Associate Broker, or Agent authorized to sign on behalf of the Brokerage

Print Name: Wayne MacKinnon

Print Title: Realtor