

No. B-150645
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
VICEROY HOMES LTD.

NOTICE OF APPLICATION

Name of applicant: Viceroy Homes Ltd.

To: The Parties Listed on **Schedule "A"** attached hereto

TAKE NOTICE THAT A NOTICE OF APPLICATION will be made by Viceroy Homes Ltd. ("VHL") to the Honourable Mr. Justice Voith at the Courthouse at 800 Smith Street, Vancouver, BC V6Z 2E1, on July 30, 2015 at 9:30 am for the Orders set out in Part 1 below.

Part 1: ORDERS SOUGHT

1. An order abridging the time for service of this Notice of Application and the materials herein such that the application is properly returnable on July 30, 2015.
2. An order establishing a claim process for FTI Consulting Canada Inc. (the "**Proposal Trustee**") to call for and determine claims against the estate of Viceroy Homes Ltd. ("VHL") substantially in the form attached hereto as **Schedule "B"** (the "**Claims Process Order**").
3. An order for an Administrative Charge, substantially in the form attached hereto as **Schedule "C"** (the "**Administrative Charge Order**").
4. Such further and other relief as this Honourable Court deems just.

FACTUAL BASIS

Claims Process Order

1. At this time, the Proposal Trustee wishes to establish a claims process for the Proposal Trustee to determine claims against VHL.
2. The Claims Process Order is intended to create a process to fairly and efficiently identify, quantify and determine all claims against VHL.
3. The claims process set out in the proposed Claims Process Order follows the timelines in the *Bankruptcy and Insolvency Act* and is summarized below:
 - (a) on the date of the pronouncement of the Claims Process Order (the "Claims Package Transmittal Date"), the Proposal Trustee will send a Claims Package to all known creditors and post the claims package (the "Claims Package") on its website. The Proposal Trustee will also provide the Claims Package to any other person requesting same;
 - (b) any creditor who wishes to assert a claim must deliver a Proof of Claim to the Proposal Trustee within 30 days of the Claims Package Transmittal Date (the "Claims Bar Date");
 - (c) the Proposal Trustee will review each Proof of Claim and will accept or revise / disallow the claim therein, and in the latter case will send a Notice of Disallowance to the creditor within 14 days of the Claims Bar Date. With respect to the Proofs of Claim, the Proposal Trustee :
 - (i) will provide a copy of the Proofs of Claim to VHL, who shall be at liberty to provide the Proposal Trustee with information and documents concerning claims asserted in the Proofs of Claim; and
 - (ii) may request further information and documents in respect of a Proof of Claim from the creditor and VHL;
 - (d) a creditor who wishes to dispute a Notice of Disallowance must file a Notice of Application appealing the Notice of Disallowance, supported by affidavit materials,

within 30 days of receipt of same (the "Claims Disallowance Appeal Date"), returnable within two weeks of date of filing. The appeal of the Notice of Disallowance will be conducted as a hearing *de novo*.

4. The Claims Process Order requires the Proposal Trustee to place a notice in the Vancouver Sun, the Northumberland News, and the Globe and Mail, inviting Creditors whose claims are unknown by the Trustee to file a proof of claim with the Proposal Trustee by the day which is sixty (60) days from the day of publication in the newspaper.

5. The Claims Process Order also requires the Proposal Trustee to post materials related to the claims process on the Proposal Trustee's website.

6. A creditor who fails to deliver a Proof of Claim on or before the Claims Bar Date shall be barred from advancing any claims against VHL and shall not be entitled to participate in any proposed Proposal.

7. A creditor who fails to file and serve the Notice of Application and affidavit materials appealing a Notice of Disallowance by the Claims Disallowance Appeal Date shall be deemed to accept the amount of its claim as set forth in the Notice of Disallowance and such amounts set forth in the Notice of Disallowance shall constitute a proven claim.

8. In its original mailing to creditors, the Proposal Trustee included a blank form proof of claim and has to date received approximately 156 claims totaling \$4,613,395.

9. However there are still over 470 creditors based on VHL's books and records who have not filed a proof of claim with the Proposal Trustee.

10. The Proposal Trustee supports VHL's application for a Claims Process Order for the following reasons:

- (a) The Proposal Trustee is aware of several security registrations that have been filed in both British Columbia and Ontario, but to the date of filing of this Notice of Application has received no communication from any of them; and

- (b) None of the former accounting or finance staff are currently employed or providing assistance to VHL. As a result, it has been difficult for the Proposal Trustee to obtain information or documents on a timely or efficient basis.

11. In order to be in a position to make a recommendation to creditors on any proposal that may eventually be filed by VHL, the Proposal Trustee requires the Claims Process in order to quantify the amount of claims and specifically the amount and validity of any secured claims that would be asserted against the proceeds from a proposed sale transaction.

12. Granting the Claims Process Order would assist the Proposal Trustee in the fair and orderly distribution of funds recovered on behalf of Creditors.

Administrative Charge Order

13. VHL is seeking an charge in the amount of \$100,000 in respect of the fees and expenses of the Proposal Trustee and its counsel, Fasken Martineau DuMoulin LLP, as well as VHL's legal counsel, Clark Wilson LLP, and any other professionals whose services may be retained by the Proposal Trustee in these proceedings (the "Administrative Charge").

14. The Administrative Charge will only be called upon if there are unpaid fees and costs owing to the professionals that have not been paid.

15. The Proposal Trustee has been provided with a copy of an appraisal for the land and buildings located in Port Hope, Ontario prepared in December 2014.

16. In addition, the Proposal Trustee has been provided with an appraisal of the equipment and inventory located at both the Richmond, British Columbia and Port Hope, Ontario locations. The appraisal was prepared in December 2014.

17. The Proposal Trustee notes that the purchase price offered in the Asset Purchase Agreement exceeds the sum of the appraised value of the Port Hope property and VHL's equipment and inventory by approximately \$1.6 million.

18. The Proposal Trustee has not included copies of the appraisals in its First Report, however the appraisals are available for review if necessary.

19. As a result of the potential upside associated with the sale to the Potential Buyer over a liquidation, the Proposal Trustee is of the view that the Administrative Charge is necessary in order to secure the continued participation of the professional advisors.

20. An Administrative Charge is common in restructuring proceedings and is, in the Proposal Trustee's view, appropriate given the lack of liquidity in VHL.

Part 2: LEGAL BASIS

1. The Court has the power to abridge the time for service pursuant to Rule 6(4).

Bankruptcy and Insolvency General Rules, CRC, c 368, r 6(4).

2. The Proposal Trustee relies on the inherent jurisdiction of this Court.

3. A superior court retains its inherent jurisdiction in the context of proceedings under the *Bankruptcy and Insolvency Act, RSC 1985, c B-3* (the "BIA").

Re Eagle River International Ltd, 2001 SCC 92 at para 20; and Re Residential Warranty Co of Canada Inc, 2006 ABCA 293 [Residential Warranty] at para 21.

4. In order for a Court to exercise its inherent jurisdiction in the context of proceedings under the BIA, two preconditions must be met:

(a) the BIA must be silent on a point or not have dealt with a matter exhaustively; and

(b) after balancing competing interests, the benefit of granting the relief must outweigh the relative prejudice to those affected by it.

Residential Warranty (ibid).

5. There is no specific provision within the BIA governing the establishment or conduct of a claims process or prohibiting the Court from exercising its authority to approve a claims process. Courts therefore rely on their broad authority under the BIA and their inherent jurisdiction when granting claims process orders.

6. The proposed Claims Process Order is just and convenient.

7. The proposed Claims Process Order is supported by the Proposal Trustee.
8. The Court can make an order declaring that all or part of the property of a person in respect of whom a notice of intention is filed is subject to a security or charge in respect of fees and expenses of the trustee, its legal counsel, or any other financial, legal or other experts engaged for the purpose of the proceedings.

Bankruptcy and Insolvency Act, R.S.C. 1985 c. B-3, as amended, s. 64.2.

Part 3: MATERIAL TO BE RELIED ON

1. The First Report of the Proposal Trustee, filed July 3, 2015; and
2. The Second Report of the Proposal Trustee, to be filed.

The applicant estimates that the application will take **15 minutes if unopposed**.

- This matter is within the jurisdiction of a master.
- This matter is not within the jurisdiction of a master.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this Notice of Application, you must, within 5 business days after service of this Notice of Application or, if this application is brought under Rule 9-7, within 8 business days of service of this Notice of Application,

- (a) file an Application Response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed Application Response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: 24/July/2015



Signature of lawyer for filing party
Katie G. Mak

This NOTICE OF APPLICATION is prepared and filed by Katie G. Mak of the firm of **Clark Wilson LLP** whose place of business is 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1 (Direct #: 604-643-3105, Fax #: 604.687.6314, Email: KMak@cwilson.com) (File #: 41507-0002).

To be completed by the court only:	
Order made	
<input type="checkbox"/>	in the terms requested in paragraphs _____ of Part 1 of this Notice of Application
<input type="checkbox"/>	with the following variations and additional terms:

Date:	_____
Signature of <input type="checkbox"/> Judge <input type="checkbox"/> Master	

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- other matters concerning document discovery
- extend oral discovery
- other matter concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- expert

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
VICEROY HOMES LTD.

SERVICE LIST

Updated: July 24, 2015

Gehlen Dabbs
1201 – 1030 W. Georgia St.,
Vancouver, BC V6E 2Y3

Attention: Carol M. Cash

Tel: 604-642-0669
Fax: 604-642-6433
Email: cc@gdlaw.ca

Counsel for San Bao Investment Inc.

McMillan LLP
1055 W Georgia St.
Vancouver, BC BC V6E 3P3

Attention: Victor W. Tsao

Tel: 604-691-7419
Fax:
Email: victor.tsao@mcmillan.ca

Counsel for Wiston Building Materials Co.

Office of the Superintendent of Bankruptcy
300 Georgia Street W, Suite 2000
Vancouver, BC V6B 6E1

Email: amanda.lo@ic.gc.ca

Terry Walman, LLB
1240 Bay St., Suite 202
Toronto, ON M5R 2A7

Tel: 416-961-0001 ext 102
Fax: 416-961-5329
Email: terry@terrywalmancor.com

Counsel for Elle Mortgage Corporation

Fasken Martineau
2900 – 550 Burrard Street
Vancouver, BC V6C 0A3

Attention: Kibben Jackson

Tel: 604-631-4786
Fax: 604-632-4786
Email: kjackson@fasken.com

Counsel for the Proposal Trustee

Dejun Yao
5303 – 1128 West Georgia Street
Vancouver, BC V6E 0A8

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
VICEROY HOMES LTD.

CLAIMS PROCESS ORDER

BEFORE)
) THE HONOURABLE JUSTICE VOITH)
) THURSDAY, THE 30TH
) DAY OF JULY, 2015

ON THE APPLICATION of Viceroy Homes Ltd. ("VHL") coming on for hearing at Vancouver on July 30, 2015 and on hearing Katie Mak, counsel for VHL, Kibben Jackson, counsel for the Proposal Trustee and no one else appearing although duly served;

THIS COURT ORDERS that:

1. The time for service of the Notice of Application herein be and is hereby abridged and the Notice of Application is properly returnable today and service hereof upon any interested party other than those parties on the service list maintained by VHL in this matter is hereby dispensed with.
2. For purposes of this Order the following terms shall have the following meanings:
 - (a) "**BIA**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985,c. B-3, as amended.
 - (b) "**Business Day**" means a day, other than a Saturday or a Sunday.
 - (d) "**Claim**" means a claim provable in bankruptcy and includes any claim or liability provable in proceedings under the BIA by a Creditor and includes any right or claim of any Person against VHL, whether secured or not , in connection with any indebtedness, liability or obligation of any kind of VHL owed to such Person, and any interest accrued thereon or costs payable in respect thereof, including any indebtedness, liability or obligation owed to such Person existing prior to the Filing Date but does not include the Elle Mortgage claim.
 - (e) "**Claims Package**" means the document package which shall consist of a copy of this Order (excluding schedules), the Instruction Letter, the Notice to Creditors, a form of Proof of Claim, and such other materials as the Proposal Trustee considers necessary or appropriate.

- (f) "**Claims Process**" means the procedures outlined in this Order in connection with the assertion of Claims against VHL.
- (g) "**Court**" means the Supreme Court of British Columbia sitting in bankruptcy.
- (h) "**Creditor**" means any Person asserting a Claim against VHL.
- (i) "**Elle Mortgage Claim**" means the secured claim by Elle Mortgage Corporation against VHL which is not subject to this Claim Process Order.
- (j) "**Filing Date**" means the date of filing of the Notice of Intention to Make a Proposal at the Office of the Superintendent of Bankruptcy Canada being June 9, 2015.
- (k) "**Instruction Letter**" means the letter to Creditors, which letter shall be substantially in the form attached hereto as Schedule "A".
- (l) "**Known Creditors**" includes all Creditors shown on the books and records of VHL as having a Claim against VHL.
- (m) "**Notice to Creditors**" means the notice substantially in the form attached hereto as Schedule "B", which is to be published in the business section page in local and national editions of daily newspapers.
- (n) "**Notice of Disallowance**" means the notice substantially in the form attached hereto as Schedule "D".
- (o) "**Person**" has the meaning as defined in the BIA.
- (p) "**Proof of Claim**" means the form completed and filed by a Creditor setting forth its Claim (if necessary) with supporting documentation, which proof of claim shall be substantially in the form attached hereto as Schedule "C".
- (q) "**Proposal**" means a plan or proposal presented or to be presented by VHL to the Creditors for approval and approved by the Court in accordance with the BIA.
- (r) "**Proposal Trustee**" means FTI Consulting Canada Inc., the trustee under the Notice of Intention to file a Proposal under the BIA.
- (s) "**Proven Claim**" means a Claim that has been allowed by the Proposal Trustee pursuant to the terms of this Order.

3. For purposes of this Order the following terms are defined to refer to the following dates, subject to agreement of all affected parties or further Order of this Court:

- (a) "**Claims Bar Date**" means the day which is thirty (30) days from the Claims Package Transmittal Date.
- (b) "**Claims Disallowance Date**" means the day which is fourteen (14) days from the Claims Bar Date.

- (c) "**Claims Disallowance Appeal Date**" means the day which is thirty (30) days from the date the Proposal Trustee delivers a Notice of Disallowance.
- (d) "**Claims Disallowance Hearing Date**" means the day which is fourteen (14) days from the date a Creditor files and serves the Notice of Application and supporting affidavit materials pursuant to paragraph 13 of this Order.
- (e) "**Claims Package Transmittal Date**" means August 6, 2015.

APPROVAL OF CLAIMS PROCESS

4. The Claims Process set out herein is hereby approved.

NOTICE OF CLAIMS PACKAGE

5. On the Claims Package Transmittal Date, the Proposal Trustee, shall:

- (a) cause a Claims Package to be sent to all Known Creditors of VHL, by ordinary mail, facsimile transmission, email message, or personal delivery, with such mode of delivery being in the Proposal Trustee's discretion based upon a reasonable belief that delivery in such mode will come to the notice of the recipient;
- (b) cause the Notice to Creditors to be published for one (1) Business Day in the Vancouver Sun, the Northumberland News and the Globe and Mail; and
- (c) cause the Notice to Creditors, the Claims Package and a list of creditors to be posted on the Proposal Trustee's website, and such posting shall remain in effect until the Claims Bar Date.

6. The Proposal Trustee shall cause a copy of the Claims Package to be sent to any Person requesting such material as soon as practicable.

7. If the Proposal Trustee becomes aware of further Claims of Persons not included in the initial mailing to Known Creditors after the date of initial distribution, the Proposal Trustee shall forthwith distribute copies of the Claims Package to such Persons, but the entitlement of each Person to receive notice is abridged to the date the Claims Package is distributed to each such Person, subject to further Order of this Court.

8. The delivery of the Claims Package and publication of the Notice to Creditors in accordance with this Order shall constitute good and sufficient service of such materials to any Person and no further notice or service need be given or made and no other document or material need be served.

CLAIMS BAR DATE AND CLAIM DISPUTES

9. A Creditor who wishes to assert a Claim must file a Proof of Claim, with supporting documentation, with the Proposal Trustee, by delivering the Proof of Claim, with supporting documentation, by ordinary mail, registered mail, courier, facsimile, e-mail message or personal delivery to the Proposal Trustee by the Claims Bar Date at:

FTI Consulting Canada Inc.
Pacific Centre, Suite 1502
701 West Georgia Street
Vancouver, BC V7Y 1C6

Attention: Scott Gallon
Fax No.: (604) 601-5691
Email: scott.gallon@fticonsulting.com

10. A Creditor who does not file a Proof of Claim on or before the Claims Bar Date shall be forever barred from advancing any Claim against VHL and shall not be entitled to vote at any meeting of the creditors or be entitled to any distribution under any proposal filed.
11. The Proposal Trustee shall review each Proof of Claim received by the Claims Bar Date and, thereafter, the Proposal Trustee may dispute a Claim in whole or in part by sending the Creditor a Notice of Disallowance by the Claims Disallowance Date by delivering the Notice of Disallowance to the address noted in the subject Proof of Claim, and where an e-mail or facsimile address is provided in the Proof of Claim, delivery in that mode shall be sufficient.
12. The Proposal Trustee:
 - (a) shall, upon receipt of a Proof of Claim, provide a copy of the Proof of Claim to VHL, and VHL shall be at liberty to provide the Proposal Trustee with information and documents concerning a Claim asserted in the Proof of Claim; and
 - (b) may request further information and documents in respect of a Proof of Claim from the Creditor and VHL as reasonably necessary to review the Proof of Claim.
13. Any Creditor who disputes a Notice of Disallowance may appeal the decision of the Proposal Trustee communicated therein and seek a determination by the Court of the validity and value of and particulars of its Claim by filing at the Courthouse on 800 Smith Street, Vancouver, B.C. and serving upon (i) counsel for VHL and (ii) counsel for the Proposal Trustee, by the Claims Disallowance Appeal Date, a Notice of Application supported by Affidavit materials, returnable by no later than the Claims Disallowance Hearing Date.
14. A hearing to determine an appeal of a Notice of Disallowance shall be conducted as a hearing *de novo*.
15. Any Creditor who fails to file and serve the Notice of Application and Affidavit material by the deadline set forth in paragraph 13 of this Order shall be deemed to accept the amount of its Claim as set forth in the Notice of Disallowance and such amounts set forth in the Notice of Disallowance shall constitute a Proven Claim.

GENERAL PROVISIONS

16. In the event that the day on which any notice or communication required to be delivered pursuant to this Claims Process is not a Business Day, then such notice or communication shall be required to be delivered on the next Business Day.

17. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be delivered by personal delivery, courier, electronic mail or such other method which the Court on application may specify, and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been delivered. All such notices and communications shall be deemed to have been received, in the case of notice by personal delivery, courier or electronic mail prior to 5:00 p.m. (local time) on a Business Day, when received, if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day, and in the case of a notice mailed as aforesaid, on the fourth Business Day following the date on which such notice or other communication is mailed.

18. References in this Order to the singular shall include the plural, references to the plural shall include the singular and to any gender shall include the other gender.

19. Approval as to the form of the Order herein by counsel appearing, other than counsel for VHL, be and is hereby dispensed with.

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:

Signature of Lawyer for Viceroy Homes Ltd.
Lawyer: Katie G. Mak

BY THE COURT

Registrar

SCHEDULE "A"

INSTRUCTION LETTER

**REGARDING CLAIMS AGAINST
VICEROY HOMES LTD. ("VHL") AND VICEROY BUILDING SOLUTIONS LTD. ("VBS")
IN THE BANKRUPTCY PROPOSAL PROCEEDINGS**

Dear Creditor:

PLEASE REVIEW THE FOLLOWING CAREFULLY AS YOUR LEGAL RIGHTS AND CLAIMS AGAINST VHL AND VBS MAY BE IMPACTED.

By Orders of the British Columbia Supreme Court pronounced July 30, 2015 (the "**Claims Process Orders**") under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), FTI Consulting Canada Inc. as the Proposal Trustee has been authorized to conduct a claims process for the determination of any and all claims ("**Claims**") against VHL and VBS (the "**Claims Process**").

Under the Claims Process Order, all Known Creditors are to receive the attached materials (the "**Claims Package**"), consisting of:

- 1) a copy of the Claims Process Orders (without Schedules);
- 2) this Instruction Letter;
- 3) a copy of the Notice to Creditors;
- 4) a form of Proof of Claim; and
- 5) such other material as the Proposal Trustee considers necessary or appropriate.

A copy of the Claims Package can also be obtained from the website of the Proposal Trustee at <http://cfcanada.fticonsulting.com/viceroy/>.

In addition, the Proposal Trustee is required to publish a Notice to Creditors in the Vancouver Sun, the Northumberland News and the Globe and Mail. Subsequently, any other creditors who request a Claims Package will receive one as soon as practicable.

Under the terms of the Claims Process Order, you must file a Proof of Claim, with supporting documentation, in the form attached, with the Proposal Trustee, by delivering the Proof of Claim with supporting documentation by ordinary mail, registered mail, courier, facsimile, e-mail message or personal delivery and be received by the Proposal Trustee, on or before the claims bar date of 4:00 p.m. (Vancouver time) on ● (the "**Claims Bar Date**"), to the Proposal Trustee at:

FTI Consulting Canada Inc.
Pacific Centre, Suite 1502
701 West Georgia Street
Vancouver, BC V7Y 1C6

Attention: Scott Gallon

Fax No.: (604) 601-5691
Email: scott.gallon@fticonsulting.com

If you do NOT file a Proof of Claim on or before the Claims Bar Date, your rights and recoveries against VHL and/or VBS will be extinguished and you will be barred from making any claim against VHL and/or VBS, without any further notice.

In particular, a person who does not file a Proof of Claim with supporting documentation on or before the Claims Bar Date shall be forever barred from voting on and receiving any distribution under the proposals of VHL and VBS under the BIA, and the claim may not be enforced against VHL and/or VBS unless otherwise ordered by the Court.

All enquiries and notices to VHL or VBS with respect to the Claims Process should be addressed to:

Clark Wilson LLP
900-885 West Georgia Street
Vancouver, BC V6C 3H1

Attention: Christopher J. Ramsay
Telephone: (604) 643-3176
Email: CRamsay@cwilson.com

Correspondence to the Proposal Trustee should be addressed to:

FTI Consulting Canada Inc.
Pacific Centre, Suite 1502
701 West Georgia Street
Vancouver, BC V7Y 1C6

Attention: Craig Munro
Fax No.: (604) 601-5699
Email: craig.munro@fticonsulting.com

SCHEDULE "B"

NOTICE TO CREDITORS

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF VICEROY HOMES LTD. ("VHL")**

AND

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF VICEROY BUILDING SOLUTIONS LTD. ("VBS")**

TAKE NOTICE that by Orders of the Supreme Court of British Columbia pronounced on July 30, 2015, the Proposal Trustee has been authorized to conduct a claims process for the determination of any and all claims against VHL and VBS.

In order to participate in any voting or distribution associated with VHL and VBS' proceedings under the *Bankruptcy and Insolvency Act* and any proposal thereunder (the "Proposal"), any creditor having a claim against VHL and/or VBS must file a Proof of Claim before the Claims Bar Date in accordance with the Claims Process Order.

If a creditor does not file a Proof of Claim by the Claims Bar Date, its claim will be forever barred and it will not be entitled to participate in any way in the Proposal.

Copies of the Proof of Claim form and instructions as to how to make a claim may be obtained from the Proposal Trustee's website at <http://cfcanda.fticonsulting.com/viceroy/> or by sending a written request to the Proposal Trustee at:

FTI Consulting Canada Inc.
Pacific Centre, Suite 1502
701 West Georgia Street
Vancouver, BC V7Y 1C6

Attention: Scott Gallon
Fax No.: (604) 601-5691
Email: craig.munro@fticonsulting.com

SCHEDULE "C"

PROOF OF CLAIM

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF VICEROY HOMES LTD. ("VHL")**

AND

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF VICEROY BUILDING SOLUTIONS LTD. ("VBS")**

Please read the Instruction Letter carefully prior to completing this Proof of Claim. Please print legibly.

- 1) Full Legal Name of Creditor _____ (the "Creditor").
- 2) Full Mailing Address of the Creditor *(All notices and correspondence regarding your Claim will be forwarded to this address or to the e-mail address or facsimile address below if appropriate and applicable):*

- 3) Telephone Number: _____
- 4) E-mail: _____
- 5) Facsimile Number: _____
- 6) Attention: _____

CLAIM DETAILS

Amount of Claim (Canadian Dollars): _____

unsecured

secured

THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:

- 1) I am a Creditor of: Viceroy Homes Ltd.
 Viceroy Building Solutions Ltd.
- 2) I have knowledge of all the circumstances concerning the Claim hereafter referred to.
- 3) Attached as Schedules to this Proof of Claim are:

- (a) documents which establish the validity, amount and particulars of the Claim in Canadian Dollars;
- (b) a description of the transaction or agreement giving rise or relating to the Claim; and
- (c) copies of any documents evidencing security held for the Claim.

DATED at _____ this _____ day of _____, 2015.

Per: _____

 [Name of Creditor- please print]

Signature of Creditor

Note: All relevant documentation on which you rely in making your claim must be attached to this Proof of Claim, as the validity of your claim will be determined solely on this Proof of Claim and attachments thereto.

Schedules:
(to be attached to Proof of Claim)

Schedule "A"

A description of the basis on which the Claim arose is as follows (attach separate sheet if necessary):

Schedule "B"

The following documents are attached and support the basis for the Claim as described above, including any claim for interest or other charges:

- (i)
- (ii)
- (iii)
- (iv)
- (v)
- (vi)
- (vii)

Schedule "C"

The following documents are attached and support the basis for my claim that I hold security in respect of this Claim:

(i)

(ii)

(iii)

(iv)

(v)

(vi)

(vii)

INSTRUCTIONS FOR COMPLETION OF PROOF OF CLAIM


- **Address:** Please ensure that you complete the full name and delivery address, including fax number and email address of the creditor making the claim, as all future notices and correspondence regarding your Claim will be forwarded to this address, or to the e-mail address or facsimile address below if appropriate.
- **Amount of the Claim:** The amount of the Claim must be calculated as of June 9, 2015 and cannot include any charges or interest incurred thereafter. If your claim is in currency other than Canadian Dollars, you must convert to Canadian Dollars using the conversion rate in effect on June 9, 2015.
- **Proper Completion:** The Proof of Claim is incomplete and may not be accepted unless you have:
 - (a) Completed your full name and delivery address, and if available, fax number and email address;
 - (b) Included the amount of the claim and checked the box to signify whether the claim is secured or unsecured;
 - (c) Checked the box to signify whether it is a claim against VHL or VBS;
 - (d) Included a statement and description of the Claim as required in the Schedules;
 - (e) Attached all supporting documents including statements of accounts and/or invoices in support, showing the dates and values of the claim, in conformance with the amount of the Claim, and all relevant security as required in the Schedules; and
 - (f) Signed and dated the Proof of Claim.

Failure to properly complete or return your Proof of Claim by the Claims Bar Date set out in the Instruction Letter and the Proof of Claim will result in your Claim being barred and extinguished, without any further entitlement to recover on your Claim from VHL and/or VBS.

- **Delivery:** The duly completed Proof of Claim, together with all schedules and accompanying documents, must be delivered to the Proposal Trustee by ordinary mail, registered mail, courier, facsimile, e-mail message or personal delivery and be received by the Proposal Trustee, on or before the Claims Bar Date at:

FTI Consulting Canada Inc.
Pacific Centre, Suite 1502
701 West Georgia Street
Vancouver, BC V7Y 1C6

Attention: Scott Gallon
Fax No.: (604) 601-5691
Email: scott.gallon@fticonsulting.com

- **Disallowance:** The Proposal Trustee is entitled to disallow your Proof of Claim in whole or in part. If your Claim is disputed in whole or in part, by , the Proposal Trustee will send you a Notice of Disallowance along with particulars as to how you may dispute the Notice of Disallowance. If you do not receive a Notice of Disallowance by that deadline, the Proposal Trustee has accepted your Claim for the purpose of voting on and receiving any distribution under proposals of VHL and VBS under the BIA.

SCHEDULE "D"
NOTICE OF DISALLOWANCE
IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF VICEROY HOMES LTD. ("VHL")
AND
IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF VICEROY BUILDING SOLUTIONS LTD. ("VBS")

To: Name of Creditor: _____

Pursuant to the Claims Process Order, FTI Consulting Canada Inc., the Proposal Trustee for VHL and for VBS (the "Proposal Trustee") gives you notice that your Proof of Claim dated _____, 2015 has been reviewed and the Proposal Trustee has rejected/disallowed, either partially or in full, your Claim for the following reasons:

Subject only to an appeal of this disallowance being successfully brought by you in full compliance with the provisions of the Claims Process Order, including the prescribed time for any appeal to be filed, your claim will be allowed as follows:

Amount Claimed	Amount Allowed

DATED at _____, British Columbia, this ____ day of _____, 2015.

Per: _____
Authorized Signatory

If you wish to appeal this Notice of Disallowance you must file a Notice of Application and supporting Affidavit by ♦ in accordance with the terms of the Claims Process Order, a copy of which is available on the Proposal Trustee's website at <http://cfcanada.fticonsulting.com/viceroy/>.

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
VICEROY HOMES LTD.

ADMINISTRATIVE CHARGE ORDER

BEFORE)) THURSDAY, THE 30TH
) THE HONOURABLE JUSTICE VOITH)
) DAY OF JULY, 2015

ON THE APPLICATION of Viceroy Homes Ltd. ("VHL") coming on for hearing at Vancouver, British Columbia on July 30, 2015 and on hearing Katie Mak, counsel for VHL, Kibben Jackson, counsel for the Proposal Trustee and no one else appearing although duly served;

THIS COURT ORDERS that:

1. The time for service of the Notice of Application herein be and is hereby abridged and the Notice of Application is properly returnable today and service hereof upon any interested party other than those parties on the service list maintained by VHL in this matter is hereby dispensed with.
2. The Proposal Trustee, counsel to the Proposal Trustee, and counsel to VHL shall be entitled to the benefits of, and are hereby granted, a charge (the "Administrative Charge") on VHL's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"), which charge shall not exceed an aggregate amount of \$100,000, as security for payment of their respective fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings.
3. The Administrative Charge shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Administrative Charge shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of

secured creditors, statutory or otherwise (collectively, the "Encumbrances"), in favour of any person, with the exception of an Encumbrance in favour of Elle Mortgage Corporation, which shall rank in priority to the Administrative Charge.

4. The filing, recording, registration or perfection of the Administrative Charge shall not be required, and the Administrative Charge shall, notwithstanding any lack of filing, recording, registering or perfection, be valid and enforceable for all purposes, including as against any right, title or interest filed, recorded, registered or perfected before or after the Administrative Charge come into existence,
5. Except as otherwise expressly provided herein, or as may be approved by this Court, VHL shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with the Administrative Charge, unless VHL obtains the prior written consent of the Proposal Trustee, counsel to the Proposal Trustee and counsel to VHL (collectively, the "Chargees").
6. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any petition for a receiver order filed pursuant to the *Bankruptcy and Insolvency Act* ("BIA") in respect of VHL and any receiving order granting such petition or any assignment in bankruptcy made or deemed to be made in respect of VHL and (c) the provisions of any federal or provincial statute, the payments or disposition of Property made by VHL pursuant to the Order and the granting of the Administrative Charge do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transaction or conduct meriting a recourse for abuse under any applicable law, and shall be valid and enforceable as against any person, including any trustee in bankruptcy, and any receiver to the Property of VHL.
7. Approval as to the form of the Order herein by counsel appearing, other than counsel for VHL, be and is hereby dispensed with.

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:

Signature of Lawyer for Viceroy Homes Ltd.
Lawyer: Katie G. Mak

BY THE COURT

Registrar