

# Appendix J

**BY EMAIL**

July 24, 2015

Albert Gelman Inc.  
100 Simcoe Street  
Suite 125  
Toronto, Ontario  
M5H 1L2

**Attention: Joe Albert**

Dear Mr. Albert:

**Re: Albert Gelman Inc. in its capacity as Court Appointed Receiver (the "Receiver") of the property municipally known as 488 Mara Road, Beaverton and legally described at Schedule "C" to this Opinion (the "Real Property") and owned by Beaverton Lumber Inc. (the "Debtor")**

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In your capacity as the Receiver of the assets and undertakings of the Real Property, you have requested that we review certain real property security registered against the Real Property. Please be advised that our opinion is restricted to registered title for the Real Property only and we have not conducted any searches under the *Personal Property Security Act*, R.S.O. 1990, c. P.10, nor have we reviewed any documentation that may underlie the Loan and Security Documents as hereinafter defined.

**1. REVIEW OF SECURITY DOCUMENTS**

**A. Description of Documents Reviewed**

We were provided with, and have reviewed, the following documents (the "Loan and Security Documents"):

1. Charge/Mortgage on the Real Property granted by the Debtor in favour of The Toronto-Dominion Bank ("TD") registered as Instrument No. D457256 and registered on August 29, 1995 in the principal amount of \$618,000.00 (The "TD Charge");
2. A Notice registered against the Real Property granted by the Debtor in favour of TD registered as Instrument No. DR886850 and registered on March 31, 2010 increasing the principal amount of the TD Charge to \$750,000.00;

3. Charge/Mortgage on the Real Property granted by the Debtor in favour of Home Hardware Stores Limited ("Home Hardware") registered as Instrument No. DR890590 and registered on April 16, 2010 in the principal amount of \$750,000.00 (the "Home Hardware Charge"); and
4. Lien on the portion on the Real Property in favour of Her Majesty the Queen in Right of Canada as Represented by the Minister of National Revenue registered as Instrument No. DR1251765 and registered on March 19, 2014 in the principal amount of \$107,365.25 (the "CRA Lien").

We have not reviewed any other documentation that may have been executed in connection with the Loan and Security Documents that is not specified above.

We have neither received, nor reviewed, the originals of the Loan and Security Documents. We did not act for the Debtor or any of the creditors in connection with the negotiation, execution and delivery of the Loan and Security Documents.

#### **B. Assumptions and Qualifications**

In preparing this Letter, we have made certain assumptions and qualifications. The opinions and conclusions expressed in this Letter are based on, and subject to, the assumptions and qualifications set out throughout this Letter, and, specifically, in Schedule "A" to this Letter (collectively, the "Assumptions and Qualifications").

#### **C. Laws Addressed**

As more particularly set out in the Assumptions and Qualifications, this Letter is limited to matters of Ontario law and the federal laws of Canada applicable therein. We express no opinion with respect to the validity or perfection of the security to the extent that such validity or perfection is governed by the laws of any other jurisdiction.

#### **D. Loan and Security Documents.**

##### **1. TD Charge**

The TD Charge is recorded as being registered against title to the Real Property on August 29, 1995. The TD Charge incorporates by reference Standard Charge Terms 8520. It was authorized by William Westcott as President, George Tripp as Secretary-Treasurer, and Thomas Hawtin as Vice President, of the Debtor. No director's resolution has been provided to us authorizing the registration of the TD Charge against the Real Property of the Debtor.

The TD Charge, in paragraph 2 of the Standard Charge Terms thereto, provides that the Debtor, at the request of TD, agreed to give this charge as a continuing collateral security for payment to TD on demand of the Indebtedness. Indebtedness is defined as all monies and liabilities matured or not, whether present or future, direct or indirect, absolute or contingent, now or at any time hereafter owing or incurred, wheresoever or howsoever incurred from or by TD, as principal or surety, whether alone or jointly with any other person and in whatever name style or firm,

whether otherwise secured or not and whether arising from dealings between TD and the Debtor or from other dealings or proceedings by which TD may become a creditor of the Debtor including, without limitation, advances upon overdrawn accounts or upon bills of exchange, promissory notes or other obligations discounted for the Debtor or otherwise, all bills of exchange, promissory notes and other obligations negotiable or otherwise representing money and liabilities, or any portion thereof, now or hereafter owing or incurred from or by the Debtor and all interest, damages and costs, and all premiums of insurance upon the buildings, fixtures and improvements now or hereafter brought or erected upon the said property which may be paid by TD and any taxes.

The TD Charge was amended by a Notice registered against the Real Property registered as Instrument No. DR886850 and registered on March 31, 2010. The Notice increased the principal amount of the TD Charge to \$750,000.00. No director's resolution has been provided to us authorizing the registration of the Notice against the Real Property of the Debtor.

The TD Charge is a charge against the Real Property securing the original maximum principal amount of \$750,000.00, plus interest. Interest under the TD Charge is stated to be 15.25% per annum calculated and payable monthly.

Subject to the foregoing and the Assumptions and Qualifications, the TD Charge constitutes a valid charge on the Real Property, enforceable in accordance with its terms. Based on a review of the Parcel Registers of the Real Property only, and specifically based on time of registration, the TD Charge has priority over the Home Hardware Charge and the CRA Lien.

We have not verified with TD the principal amount that is outstanding under the TD Charge or the amount of interest, costs and other charges that may have accrued and may be payable.

## **2. The Home Hardware Charge**

The Home Hardware Charge is recorded as being registered against title to the Real Property on April 16, 2010 as Instrument No. DR890590. It was authorized by George Tripp as President, and Barbara Tripp, as Secretary, of the Debtor. No director's resolution has been provided to us authorizing the registration of the Home Hardware Charge against the Real Property.

The Home Hardware Charge, in Paragraph 1 of the Schedule thereto, provides that the charge secures the Indebtedness of the Debtor to Home Hardware. Indebtedness is defined as the aggregate of all present and future indebtedness and liabilities of the Debtor to Home Hardware (direct or indirect, absolute or contingent, matured or not, wheresoever and howsoever incurred, whether incurred as principal or surety, whether incurred alone or with another or others and whether arising from dealings between Home Hardware and the Debtor or from other dealings or proceedings by which Home Hardware may become a creditor of the Debtor.

The Home Hardware Charge is a charge against the Real Property securing the original maximum principal amount of \$750,000.00, plus interest. Interest under the Home Hardware Charge is stated to be 18%.

Subject to the foregoing and the Assumptions and Qualifications, the Home Hardware Charge constitutes a valid charge on the Real Property, enforceable in accordance with its terms. Based

on a review of the Parcel Register of the Real Property only, and specifically based on time of registration, the Home Hardware Charge has priority over the CRA Lien, but is subordinate to the TD Charge.

We have not verified with Home Hardware the principal amount that is outstanding under the Home Hardware Charge or the amount of interest, costs and other charges that may have accrued and may be payable.

### 3. The CRA Lien

The CRA Lien is recorded as being registered against title to Real Property on March 19, 2014. It was authorized by a representative of the Crown.

The CRA Lien is a charge against the Real Property securing unpaid Goods and Service Tax (GST), and other amounts as set out in the Lien, together with penalty and interest at such rate or rates as determined from time to time by Section 280 of the *Excise Tax Act* ("ETA").

Subject to the foregoing and the Assumptions and Qualifications, the CRA Lien constitutes a valid charge on the Real Property, enforceable in accordance with its terms. Based on a review of the Parcel Register of the Real Property only, and specifically based on time of registration, the CRA Lien is subordinate to the TD Charge and the Home Hardware Charge.

We have not verified with the Canada Revenue Agency the amount that is outstanding under the CRA Lien or the amount of interest, costs and other charges that may have accrued and may be payable.

## II. SEARCHES

### 1. Real Property Searches

We have conducted real property parcel register subsearches (collectively, the "Real Property Subsearches") against the Real Property, copies of which are attached as Schedule "D" to this Letter.

We confirm your instructions that our review is to be based upon and rely solely upon the Real Property Subsearches. As instructed, full title searches have not been conducted and we have made no other searches, investigations or inquiries with respect to the opinions expressed herein, including, without limitation, any inquiries as to access, and inquiries of authorities regarding realty taxes, provincial land taxes, building and zoning compliance, utilities, unregistered easements, conservation or environmental matters.

We have not examined any surveys of the Real Property for the purposes of this opinion and have not reviewed any of the encumbrances outstanding against the Real Property other than the TD Charge, the Home Hardware Charge, and the CRA Lien. In particular, we have not made any searches of adjoining lands to the Real Property to confirm compliance with the *Planning Act* (Ontario).

### III. OPINION

Subject to the Assumptions and Qualifications specifically set out in the body of this Letter and at Schedule "A" to this Letter, there were no apparent defects in the manner of completion or execution of the Loan and Security Documents.

The TD Charge was properly registered against title to the Real Property and forms a valid and enforceable mortgage against the Real Property, subject to the Assumptions and Qualifications specifically set out in the body of this Letter and at Schedule "A" to this Letter. Based on a review of the Parcel Registers of the Real Property only, and specifically based on time of registration (having assumed that all advances were made at or around the time of registration or form part of an operating loan), the TD Charge has priority over the Home Hardware Charge and the TD Loan.

The Home Hardware Charge was properly registered against title to the Real Property and forms a valid and enforceable mortgage against the Real Property, subject to the Assumptions and Qualifications specifically set out in the body of this Letter and at Schedule "A" to this Letter. Based on a review of the Parcel Register of the Real Property only, and specifically based on time of registration, the Home Hardware Charge has priority over the CRA Lien, but is subordinate to the TD Charge.

The CRA Lien was properly registered against title to the Real Property and forms a valid and enforceable charge against the Real Property, subject to the Assumptions and Qualifications specifically set out in the body of this Letter and at Schedule "A" to this Letter. Based on a review of the Parcel Register of the Real Property only, the CRA Lien is subordinate to the TD Charge and the Home Hardware Charge.

Please note that Subsections 316(1) and (2) of the ETA provide that any amount payable by a tax debtor may be certified by the Minister of National Revenue (the "MNR") and registered in the Federal Court of Canada at which point the certificate is deemed to be a judgment against the tax debtor. Subsections 316(4) and (5) of the ETA provide that the judgment referred to in subsection 316(2) may be registered against title to any property owned by the tax debtor and upon registration creates a charge, lien or priority on the property.

Subsection 86(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "BIA") provides that all provable claims, including secured claims, of Her Majesty in right of Canada rank as unsecured claims, subject to exceptions set out in subsection 86(2) of the BIA. Subsection 86(2)(b) of the BIA provides that subsection 86(1) of the BIA does not apply to claims that are secured by a security referred to in subsection 87(1) of the BIA if the security is registered in accordance with that subsection.

Subsection 87(1) of the BIA provides that a security provided for in federal legislation for the sole or principal purpose of securing a claim of Her Majesty in right of Canada is valid in relation to a bankruptcy only if the security is registered under a prescribed system of registration before the date of the initial bankruptcy event. As set out in more detail above, the CRA Lien was registered in accordance with the prescribed system of registration in Ontario on March 19,

2014, prior to the bankruptcy. Further, the sole or primary purpose of the security created pursuant to subsections 316(4) and (5) is securing a claim of MNR.

Subsection 87(2) of the BIA provides that the security referred to in subsection 87(1) of the BIA is subordinate to securities in respect of which all steps necessary to make them effective against other creditors were taken before the registration of the security referred to in subsection 87(1). Therefore, as noted above, the CRA Lien is subordinate to the TD Charge and the Home Hardware Charge.

Without limiting the Assumptions and Qualifications, we confirm our advice that any real property tax arrears (including any additional monies that could be added to such real property taxes which are unpaid) would form a lien against the Real Property in priority to the Loan and Security Documents. We confirm your instructions not to obtain a real property tax certificate or otherwise to inquire into the status of any real property tax arrears.

As noted in the Assumptions and Qualifications, except as provided herein, we express no opinion regarding the priority of security interests in relation to claims by Her Majesty the Queen to a deemed trust and/or a statutory lien under the provisions of the *Income Tax Act (Canada)* for any amounts of employee source deductions not remitted by the Debtor, and similar federal or provincial deemed trusts and/or statutory liens including, without limitation, the ETA in regard of HST/GST remissions.

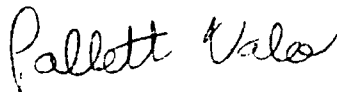
#### **IV. GENERAL**

The opinions expressed in this Letter may be relied upon only by Albert Gelman Inc. for the purposes of acting as the Receiver of the Real Property. These opinions may not be quoted from, or referred to, in any other document without our prior written consent and may not:

1. be relied upon for any purpose or in connection with any other transactions, except in connection with or during the course of the judicial proceedings in which the foregoing opinions may be relevant;
2. relied upon by any other person; or
3. disclosed or furnished (in whole or in part, in its original form or by copy) to any other person, except in connection with, or during the course of, the judicial proceedings in which the opinions contained herein may be relevant.

Yours very truly,

**PALLETT VALO LLP**



## **SCHEDULE "A" – ASSUMPTIONS AND QUALIFICATIONS**

### **ASSUMPTIONS**

We have assumed:

1. the genuineness of all signatures, the identity and the necessary legal capacity at all times of all individuals, the authenticity of all documents and instruments submitted to us as originals, the conformity to originals and completeness of all documents and instruments submitted to us as photocopies thereof to the originals, the authenticity of the originals of such photocopies, that each of the Loan and Security Documents, including any dated "as of" a particular date; were executed on the date appearing on each such document and that none of such documents have been amended, restated or supplemented and that all relevant individuals had full legal capacity at all relevant times.
2. Subject to the review of documents we have received as described in this Letter, the Debtor was duly incorporated and was validly subsisting at the time the Loan and Security Documents were executed by it and that the Debtor continues to be validly subsisting as of the date of this opinion.
3. that the Corporate Profile Reports of the Debtor dated April 20, 2015, received from the Ministry is conclusive evidence that the Debtor was incorporated under the OBCA at all material times and has not been dissolved under the OBCA.
4. that, at the time of the execution of the Loan and Security Documents, the Debtor had the requisite power, capacity and authority to enter into, execute, deliver and perform each of their rights and obligations under each of the Loan and Security Documents and that each of the Loan and Security Documents was duly authorized, executed and delivered by the Debtor and that no provision of the articles of incorporation, charter documents or other documents by which the Debtor was incorporated or continued or any by-laws or any unanimous shareholders agreement was violated by the execution, delivery or performance of any of the Loan and Security Documents by the Debtor.
5. that the Loan and Security Documents are governed by the laws of the Province of Ontario and that where the choice of law of a Loan and Security Document is the Province of Ontario, it will be given effect to in any legal proceeding, and that the principal place of business for the Debtors was, at all material times, Ontario.
6. that the validity and enforceability of the obligations purporting to be secured by each of the Loan and Security Documents, that valid consideration has been given by the secured parties to the Debtor in respect of which the security was granted, that the obligations secured have not been repaid, or complied with, and remain outstanding, and that all conditions precedent contained in each of the Loan and Security Documents, including conditions precedent to enforcement, if any, were satisfied or waived.
7. that, except as specifically set out in this Letter, there are no agreements, facts or understandings, written or oral, (such as duress, mistake of fact, undue influence,

unconscionability, oppressive conduct, misrepresentations or bad faith) or usage of trade or course of prior dealings between the parties affecting or concerning any of the Loan and Security Documents or the various principal obligations in respect of which the Loan and Security Documents were granted that were not apparent from our review of the Loan and Security Documents and that would or might affect the execution and delivery, validity, legality, binding effect or enforceability of any of the Loan and Security Documents, at law or in equity, or that would or might discharge, release, subordinate, surrender or assign any security interest granted to the secured parties or have provisions that are inconsistent with the provisions of the Loan and Security Documents.

8. that the identity and capacity of all individuals acting or purporting to act as public officials, the accuracy and completeness of the records maintained by offices of public record and of all representations, statements and other matters of fact set out or referred to in such searches and documents, the reliability of all search results obtained by electronic transmission, the accuracy of the results of any printed or computer search of offices of public record and that the applicable filings, registrations or recordings referred to in the searches conducted relate to the Loan and Security Documents and continue to be effective and unchanged as of the date of this Letter.
9. that the conduct of the parties to the Loan and Security Documents has complied with any requirement of good faith, fair dealing and conscionability, and that the secured parties, and any agent acting for the secured parties, in connection with the Loan and Security Documents, have acted in good faith and without notice of any defence against the enforcement of any rights created by, or adverse claim to, any property or security interest transferred, or created, as part of, the Loan and Security Documents.
10. that the Debtor was not insolvent, unable to pay their debts in full or on the eve of insolvency at the time the security interests were granted pursuant to the Loan and Security Documents and the Debtor was not rendered insolvent by the grant of such security interests.
11. that the Debtor has no legal defence against any applicable creditor(s), for, without limitation, absence of legal capacity, fraud, misrepresentation, undue influence or duress.
12. that any documents referred to in the Loan and Security Documents are valid and enforceable.
13. Except as specifically set out in this Letter, we have not undertaken any independent investigation to verify the correctness of any of the foregoing assumptions.

#### **QUALIFICATIONS**

1. The enforceability of the Loan and Security Documents and the rights and remedies set out therein or any judgment arising out of or in connection therewith may be limited by any applicable bankruptcy, insolvency, winding-up, reorganization, arrangement, moratorium, fraudulent preference, fraudulent conveyance, oppression or other laws affecting creditors' rights generally. We express no opinion as to whether the Loan and

Security Documents could be attacked under any such legislation or in any manner, including:

- a) the costs of and incidental to a proceeding to enforce a Loan and Security Document are in the discretion of a court of competent jurisdiction, and such court may determine by whom and to what extent the costs shall be paid;
  - b) section 347 of the *Criminal Code* (Canada) prohibits the payment of "interest" at a "criminal rate" (as such terms are defined therein);
  - c) any action on any Loan and Security Document may be barred by the *Limitations Act* (Ontario) after the applicable limitation period has expired; and
  - d) a judgment by the Court for the payment of an amount of money may only be awarded in Canadian currency and may be based on a rate of exchange in existence on a date other than the date of payment.
2. We express no opinion regarding the enforceability of any provision of the Loan and Security Documents which purports to provide that any portion thereof which is unenforceable may be severed without affecting the enforceability of the remaining provisions.
  3. We express no opinion as to the legal or beneficial right, title or interest of the Debtor or any other person to any of the Real Property and such title has been assumed to the full extent necessary to express the opinions herein contained.
  4. We express no opinion regarding the creation, validity, enforceability or perfection of any security interest, lien, hypothec or other interest in, or the enforceability of, the Loan and Security Documents insofar as it relates to any:
    - a) real property (other than expressly referenced in this Letter and only to that extent), fixtures, claims or rights, or a lease of real property, or any interest in real property or right to payment that arises in connection with an interest in land;
    - b) policy of insurance or contract of annuity;
    - c) trade-mark, copyright, industrial design, patent, patent application, licence, approval, privilege, quota, franchise, permit or any other intellectual property, regulatory authorizations or other similar property which is not personal or movable property;
    - d) consumer goods (as such item is defined in the PPSA);
    - e) interest in a right to damages in tort or at law;
    - f) debt owing to the Debtor by the Crown or any agent thereof; and



8. No opinion is expressed concerning the applicability of any equitable remedy, nor concerning equitable limitations on, and defences against, the availability of remedies and equitable principles of application to proceedings at law or in equity.
9. No opinion is expressed as to the maintenance of the perfection of any security interest created by any of the Loan and Security Documents.
10. We express no opinion with respect to provisions in any Loan and Security Document to the effect that the secured party is not responsible to the Debtors for its own misconduct or negligence, or the misconduct or negligence of any agent, receiver or receiver and manager appointed by the secured party, including any provisions that purport to waive compliance by the secured party with limitation periods imposed by any statute, or generally at law.
11. The effectiveness of provisions of any Loan and Security Document which purports to relieve a person from a liability or duty otherwise owed may be limited by law, and provisions requiring indemnification or reimbursement may not be enforced by the Court to the extent they relate to the failure of such person to have performed such duty or liability.
12. No opinion is expressed in this opinion letter as to whether it may be necessary in connection with the enforcement of any Loan and Security Document for the secured party or any other persons proposing to acquire, own or operate all or any part of the property secured thereunder, to give any notice or obtain or effect any licence, franchise, permit, consent, approval, registration or other authorization or exemption in connection therewith.
13. We express no opinion on the priority or ranking of any real property charges vis-a vis, *inter alia*, any liens under the *Construction Lien Act* (Ontario) (the "CLA") to the extent of deficiency in the holdbacks required to be made under the CLA, or to the extent provided by section 78(3) of the CLA, any liens for taxes, rates, assessments, or governmental or public utility charges or levies not yet due and payable, and any unregistered lease, interest, claim or encumbrance of which the addressee of this Letter has actual notice. We express no opinion as to whether the TD Charge or the Home Hardware Charge constitutes a "Building Mortgage" as defined in the CLA.
14. With respect to the charges created under the TD Charge, the Home Hardware Charge, and the CRA Lien against any of the Real Property:
  - a) realization under the TD Charge, the Home Hardware Charge, or the CRA Lien may be limited or conditioned by statutory conditions contained in the *Mortgages Act* (Ontario) or the *Planning Act* (Ontario);
  - b) any interest in the Real Property registered before the TD Charge, the Home Hardware Charge, or the CRA Lien may rank in priority to the TD Charge, the Home Hardware Charge, or the CRA Lien respectively;

- c) other interests in the Real Property registered subsequent to the TD Charge, the Home Hardware Charge, or the CRA Lien may rank in priority to the TD Charge, the Home Hardware Charge, or the CRA Lien; and
  - d) enforcement and realization of the TD Charge, the Home Hardware Charge, or the CRA Lien may also be limited or conditioned by any:
    - i) reservations in the original Crown grant;
    - ii) unregistered liens, charges, adverse claims, security interests or other encumbrances of any nature claimed or held by Her Majesty the Queen in Right of Canada or Ontario, or by any governmental ministry, department, agency, municipality or authority under or pursuant to any applicable legislation, statute, or regulation;
    - iii) mechanics, construction, laborers, vendors, materials, or other similar liens arising in the ordinary course of business and out of the construction or improvement of real property or out of the furnishing of materials or supplies therefor, a claim for which shall not have been registered against such property or which notice in writing shall not at the time have been given;
    - iv) undetermined or inchoate liens arising or potentially arising under statutory provisions which have not at the time been filed and of which written notice has not been served pursuant to law or which related to obligations not due or delinquent;
    - v) any exceptions, limitations and qualifications contained in the *Land Titles Act*; and
    - vi) any outstanding public utility charges or liens affecting the property which may form a lien on the property in the same manner as unpaid property taxes.
15. Pursuant to the *Interest Act* (Canada) no fine, penalty or rate of interest may be stipulated for, taken, reserved or exacted on any arrears of principal or interest secured by any mortgage or charge that has the effect of increasing the charge on any such arrears beyond the rate of interest payable on principal money not in arrears; accordingly, no opinion is expressed on any provision of any of the Loan and Security Documents that has such effect.
16. No opinion is expressed in this Letter as to any of those matters which we have assumed for the purposes of rendering the opinions expressed above.
17. Enforcement by any secured party under the Loan and Security Documents is limited to the actual amount of the indebtedness of the Debtors to the secured party under the Loan and Security Documents notwithstanding that the aggregate principal amount secured by the Loan and Security Documents may exceed such indebtedness.

18. We express no opinion with respect to the effect of any appeal of any Order made by the court in the Proceedings on the validity or enforceability of the Loan and Security Documents.
19. All opinions which expressly, or by necessity, relate to the validity and enforceability of each of the Loan and Security Documents may be subject to any of the foregoing matters and limitations.



Request ID: 017541328  
 Transaction ID: 57366432  
 Category ID: UNE

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2015/04/20  
 Time Report Produced: 16:08:47  
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## CORPORATION PROFILE REPORT

<b>Ontario Corp Number</b>	<b>Corporation Name</b>	<b>Incorporation Date</b>
1133184	BEAVERTON LUMBER INC.	1995/08/02
		<b>Jurisdiction</b>
		ONTARIO
<b>Corporation Type</b>	<b>Corporation Status</b>	<b>Former Jurisdiction</b>
ONTARIO BUSINESS CORP.	AMALGAMATED	NOT AVAILABLE
<b>Registered Office Address</b>		<b>Date Amalgamated</b>
488 MARA ROAD		2010/04/01
		<b>Amalgamation Ind.</b>
		NOT APPLICABLE
		<b>New Amal. Number</b>
		001812629
		<b>Notice Date</b>
		NOT APPLICABLE
		<b>Letter Date</b>
		NOT APPLICABLE
<b>Mailing Address</b>		<b>Revival Date</b>
488 MARA ROAD		NOT APPLICABLE
		<b>Continuation Date</b>
		NOT AVAILABLE
		<b>Transferred Out Date</b>
		NOT APPLICABLE
		<b>Cancel/Inactive Date</b>
		NOT APPLICABLE
		<b>EP Licence Eff.Date</b>
		NOT APPLICABLE
		<b>EP Licence Term.Date</b>
		NOT APPLICABLE
	<b>Number of Directors</b>	<b>Date Commenced</b>
	<b>Minimum Maximum</b>	<b>In Ontario</b>
	0001 0010	NOT APPLICABLE
<b>Activity Classification</b>		<b>Date Ceased</b>
NOT AVAILABLE		<b>In Ontario</b>
		NOT APPLICABLE

Request ID: 017541328  
Transaction ID: 57366432  
Category ID: UNE

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2015/04/20  
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## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1133184

BEAVERTON LUMBER INC.

Corporate Name History

Effective Date

BEAVERTON LUMBER INC.

1995/06/02

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:  
Name (Individual / Corporation)

Address

GEORGE  
H.  
TRIPP

544 HIGHLAND CRESCENT

BEAVERTON  
ONTARIO  
CANADA L0K 1A0

Date Began

First Director

1995/06/02

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 017541326  
Transaction ID: 57388432  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2015/04/20  
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## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1133184

BEAVERTON LUMBER INC.

Administrator:  
Name (Individual / Corporation)

Address

GEORGE  
H.  
TRIPP

544 HIGHLAND CRESCENT

BEAVERTON  
ONTARIO  
CANADA L0K 1A0

Date Began

First Director

2010/03/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

PRESIDENT

Administrator:  
Name (Individual / Corporation)

Address

BARBARA  
TRIPP

544 HIGHLAND CRESCENT

BEAVERTON  
ONTARIO  
CANADA L0K 1A0

Date Began

First Director

2010/03/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 017541326  
Transaction ID: 57366432  
Category ID: UNE

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2015/04/20  
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## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1133184

BEAVERTON LUMBER INC.

Administrator:  
Name (Individual / Corporation)

Address

BARBARA  
TRIPP

544 HIGHLAND CRESCENT  
  
BEAVERTON  
ONTARIO  
CANADA L0K 1A0

Date Began

First Director

2010/03/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Administrator:  
Name (Individual / Corporation)

Address

BARBARA  
TRIPP

544 HIGHLAND CRESCENT  
  
BEAVERTON  
ONTARIO  
CANADA L0K 1A0

Date Began

First Director

2010/03/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

TREASURER

Request ID: 017541326  
Transaction ID: 57366432  
Category ID: UNE

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2015/04/20  
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## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1133184

BEAVERTON LUMBER INC.

### Last Document Recorded

Act/Code	Description	Form	Date
BCA	AMALGAMATION MEMO TO FILE	4	2010/04/01

**THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.  
ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.**

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

Request ID: 017541327  
Transaction ID: 57386434  
Category ID: UNE

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2015/04/20  
Time Report Produced: 16:06:47  
Page: 1

## CORPORATION DOCUMENT LIST

Ontario Corporation Number  
1133184

Corporation Name  
BEAVERTON LUMBER INC.

ACT/CODE	DESCRIPTION	FORM	DATE (YY/MM/DD)
BCA	AMALGAMATION MEMO TO FILE	4	2010/04/01
CIA	CHANGE NOTICE	1	2010/03/31 (ELECTRONIC FILING)
CIA	PAF: TRIPP, GEORGE H. ANNUAL RETURN 2009	1C	2009/08/01
CIA	PAF: TRIPP, GEORGE ANNUAL RETURN 2007	1C	2007/10/24
CIA	PAF: TRIPP, GEORGE ANNUAL RETURN 2006	1C	2006/08/29
CIA	PAF: TRIPP, GEORGE ANNUAL RETURN 2005	1C	2005/09/29
CIA	PAF: TRIPP, GEORGE ANNUAL RETURN	1C	2004/10/06
CIA	PAF: TRIPP, GEORGE ANNUAL RETURN	1C	2003/08/27
CIA	PAF: TRIPP, GEORGE ANNUAL RETURN	1C	2002/10/22
CIA	PAF: TRIPP, GEORGE ANNUAL RETURN	1C	2002/01/13
CIA	CHANGE NOTICE	1	2001/12/03
CIA	PAF: MCGRATH, FREDERICK W. ANNUAL RETURN	1C	2001/08/02
CIA	PAF: TRIPP, GEORGE ARTICLES OF AMENDMENT	3	2001/05/11
CIA	CHANGE NOTICE	1	1995/09/11
CIA	PAF: TRIPP, GEORGE INITIAL NOTICE	1	1995/06/29
BCA	PAF: TRIPP, GEORGE ARTICLES OF INCORPORATION	1	1995/06/02

Request ID: 017541327  
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Province of Ontario  
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Date Report Produced: 2015/04/20  
Time Report Produced: 16:06:47  
Page: 2

## CORPORATION DOCUMENT LIST

Ontario Corporation Number  
1133184

Corporation Name  
BEAVERTON LUMBER INC.

ACT/CODE	DESCRIPTION	FORM	DATE (YY/MM/DD)
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THIS REPORT SETS OUT ALL DOCUMENTS FOR THE ABOVE CORPORATION WHICH HAVE BEEN FILED ON OR AFTER JUNE 27, 1999, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFILM.

ALL "PAF" (PERSON AUTHORIZING FILING) INFORMATION IS DISPLAYED EXACTLY AS RECORDED IN ONBIS. WHERE PAF IS NOT SHOWN AGAINST A DOCUMENT, THE INFORMATION HAS NOT BEEN RECORDED IN THE ONBIS DATABASE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

**SCHEDULE "C" - DESCRIPTION OF REAL PROPERTY**

**PIN 72044-0008 (LT)**

**PT LT 13 CON 6 THORAH, PT 1, S0R16362; BROCK**

**SCHEDULE "D" - REAL PROPERTY SUBSEARCH**



Ontario ServiceOntario

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND

REGISTRY OFFICE #40

\* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT \* SUBJECT TO RESERVATIONS IN CROWN GRANT \*

72044-0008 (L7)

PAGE 1 OF 2  
PREPARED FOR THORNTON  
ON 2015/07/16 AT 10:32:45

PROPERTY DESCRIPTION: PT LT 13 CON 6 THORNTON, PT 1, 40R16362 ; BLOCK

PROPERTY REMARKS:  
ESTATE/QUALIFIER:  
FEE SIMPLE  
LT CONVERSION QUALIFIED  
OWNERS' NAMES  
BEAVERTON LUMBER INC.

RECENTLY:  
FIRST CONVERSION FROM BOOK  
CAPACITY SHARE  
BENO

PIN CREATION DATE:  
1999/06/21

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CRD
**EFFECTIVE 2000/07/29 THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1999/06/21 ON THIS PIN**						
**WAS REPLACED WITH THE "PIN CREATION DATE" OF 1999/06/21**						
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 1999/06/18 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES						
AND ESCHEATS OR FORFEITURE TO THE CROWN.						
THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
CONVENTION.						
ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 1999/06/21**						
40R16362	1995/07/14	PLAN REFERENCE				C
D457255	1995/08/29	TRANSFER	\$618,000	BEAVERTON LUMBER INC.		C
D457256	1995/08/29	CHANGE	\$618,000	THE TORONTO-DOMINION BANK		C
D886830	2010/03/31	NOTICE		BEAVERTON LUMBER INC.		C
REMARKS: DR457256						
D8890590	2010/04/16	CHANGE	\$750,000	BEAVERTON LUMBER INC.		C
D81251765	2014/03/19	LITEN	\$107,365	HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE		C
REMARKS: TAX LIEN						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES. IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.  
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



Ontario

ServiceOntario

LAND  
REGISTER  
OFFICE #40

72044-0008 (LT)

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 2  
PREPARED FOR THARGOCK  
ON 2015/07/16 AT 10:32:45

\* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT \* SUBJECT TO RESERVATIONS IN CROWN GRANT \*

REQ. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CBRD
DRL376530	2015/06/30	APL COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE	ALBERT GELMAN INC.	

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES. IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.  
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

# Appendix K

Wojtek Jaskiewicz  
E-mail: [wjaskiewicz@pallettvalo.com](mailto:wjaskiewicz@pallettvalo.com)  
Direct Line: (905) 273-3022 x. 285

**SENT BY EMAIL - JALBERT@ALBERTGELMAN.COM**

July 24, 2015

Albert Gelman Inc.  
100 Simcoe Street  
Suite 125  
Toronto, Ontario  
M5H 1L2

**Attention: Joe Albert**

**Re: Albert Gelman Inc. in its capacity as Court Appointed Receiver (the "Receiver")  
and Trustee in Bankruptcy (the "Trustee") of Beaverton Lumber Inc. (the  
"Debtor")  
Our File No. 74096**

---

You have requested that we review certain security interests granted by the Debtor in favour of The Toronto-Dominion Bank ("TD") and provide our opinion as to the priority of such security interests.

## **I. REVIEW OF SECURITY**

### **A. Description of Documents Reviewed**

We were provided with and reviewed photocopies of a general security agreement executed on August 25, 1995 between the Debtor and TD (the "TD GSA") and a commitment letter dated January 11, 2010 (the "TD Commitment Letter"). We also reviewed a photocopy of a tax lien (the "CRA Lien") registered by the Canada Revenue Agency ("CRA") against title to the real property owned by the Debtor.

### **B. Assumptions and Qualifications**

In preparing this opinion, we have made certain assumptions and qualifications. The opinions and conclusions expressed in this opinion are based on, and specifically subject to, the assumptions and the qualifications set out throughout the text of this opinion and in **Schedule "A"** to this opinion (collectively, the "Assumptions and Qualifications").

### C. Laws Addressed

As more particularly set out in the Assumptions and Qualifications, this opinion is limited to matters of Ontario law and the federal laws of Canada applicable therein. We express no opinion with respect to validity or perfection of any security interest held by TD to the extent that such validity or perfection is governed by the laws of any other jurisdiction.

### D. Opinion

On February 20, 2015, we provided you with our opinion that the TD GSA is valid, binding and enforceable in accordance with its terms and together with the TD Registration (as defined below) grants a validly perfected security interest in favour of TD over the collateral referenced in the TD GSA (the “Collateral”).

TD registered its interest under the TD GSA in the Collateral (the “TD Registration”) pursuant to the PPSA on August 29, 1995, as registration number 19950829 1141 0046 3147 in File Number 053499258 for a period of five years against the collateral classification of “Inventory”, “Equipment”, “Accounts”, “Other” and “Motor Vehicle”. The general collateral description contained in the TD Registration is “General Security Agreement” which appears to be a reference back to the TD GSA.

The TD Registration was renewed as follows:

1. on July 21, 2000, as registration number 20000721 1438 1530 5939 for a period of five years;
2. on June 27, 2005, as registration number 20050627 1949 1531 0790 for a period of five years; and
3. on June 17, 2010, as registration number 20100617 1451 1530 0404 for a period of five years.

In addition to the TD Registration, there are four registrations pursuant to the PPSA against the Debtor:

1. On October 5, 2001 TD registered a security interest as registration number 20011005 in File Number 876865257 for a period of five years against the collateral classification of “Accounts” and “Other” (the “Second TD Registration”). The Second TD Registration contains no general collateral description. The Second TD Registration was renewed as follows:
  - a. on September 19, 2006, as registration number 20060919 1452 1530 2546 for a period of five years; and
  - b. on August 10, 2011, as registration number 20110810 1451 1530 5413 for a period of five years;
2. On March 30, 2009, National Leasing Group Inc. (“National Lease”) registered a security interest as registration number 20090330 1433 6005 2332 in File Number 652379895 for a period of six years against the collateral classifications of “Equipment” (the “National Lease Registration”). The general collateral description contained in the National Lease Registration is “All telephone systems of every nature or kind described in Lease Number 2546178 between Equilease Corp, as original lessor and the Debtor, as

lessee, which lease was assigned by the original lessor to the secured party, as amended from time to time, together with all attachments, accessories and substitutions”.

3. On March 31, 2010, TD registered a security interest as registration number 20100331 1547 1200 1398 in File Number 660029562 for a period of ten years against the collateral classification of “Inventory”, “Equipment”, “Accounts”, “Other” and “Motor Vehicle” (the “**Third TD Registration**”). The Third TD Registration contains no general collateral description.
4. On April 13, 2010, Home Hardware Stores Limited (“**Home Hardware**”) registered a security interest as registration number 20100413 1119 2704 0384 in File Number 660509982 for a period of ten years against the collateral classifications of “Inventory”, “Equipment”, “Accounts”, “Other” and “Motor Vehicle” (the “**Home Hardware Registration**”). The Home Hardware Registration contains no general collateral description.

We understand that National Lease has confirmed that it has been paid in full. As such we will not opine on the priority of any security interest which National Lease may have had.

We have not been provided with any security documents for Home Hardware and provide no opinion on the enforceability of any security interest held by Home Hardware or the validity of the Home Hardware Registration.

The Second TD Registration and the Third TD Registration provide TD with no rights in addition to the TD Registration and as such we provide no opinion with respect to these registrations.

As set out above, we reviewed the CRA Lien. The CRA Lien appears to relate to Goods and Services Tax (“**GST**”) which the Debtor collected but failed to remit. Pursuant to section 222 (1) of the Excise Tax Act (the “**ETA**”) any amounts collected by the Debtor are deemed to be held in trust for Her Majesty in right of Canada. Section 222(1.1) of the ETA provides that section 222(1) does not apply at or after the time that the Debtor becomes a bankrupt. In light of the fact that the Debtor is a bankrupt, the deemed trust pursuant to section 222(1) of the ETA no longer applies.

Section 316 of the ETA provides a mechanism whereby CRA can become a secured creditor of the Debtor if, among other steps, it registers its interest pursuant to the PPSA. CRA has not registered any interest it may have pursuant to the PPSA and as such it does not have a security interest in the Debtor’s personal property.

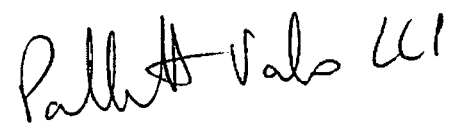
Section 30(1) 1. of the PPSA provides that “[w]here priority is to be determined between security interests perfected by registration, priority shall be determined by the order of registration regardless of the order of perfection”. The Home Hardware Registration was registered after the TD Registration. In accordance with section 30(1) 1. of the PPSA the security interest granted to TD pursuant to the TD GSA is in priority to any security interests relating to the Home Hardware Registration.

**E. Conclusion**

Subject to the Assumptions and Qualifications and the issues raised in the text of this opinion and the opinion dated February 20, 2015, the security interest granted pursuant to the TD GSA appears to be valid, binding and enforceable in accordance with its terms and together with the TD Registration grants a validly perfected security interest in favour of TD over the Collateral ranking in priority to all other security interests granted by the Debtor.

Yours very truly,

**PALLET VALO LLP**

A handwritten signature in black ink that reads "Pallett Valo LLP". The signature is written in a cursive, flowing style.

## SCHEDULE "A" – ASSUMPTIONS AND QUALIFICATIONS

### ASSUMPTIONS

We have assumed:

1. the genuineness of all signatures, the identity and the necessary legal capacity at all times of all individuals, the authenticity of all documents and instruments submitted to us as originals, the conformity to originals and completeness of all documents and instruments submitted to us as photocopies thereof to the originals, the authenticity of the originals of such photocopies, that the Lease, including if dated "as of" a particular date, was executed on the date appearing on each such document and that none of such documents have been amended, restated or supplemented, except as explicitly set out above, and that all relevant individuals had full legal capacity at all relevant times;
2. that, except as specifically described in this opinion, Debtor was duly incorporated and validly subsisting at the time the Lease was executed by it and that Debtor continues to be validly subsisting as of the date of this opinion;
3. that, at the time of the execution of the Lease, the Debtor had the requisite power, capacity and authority to enter into, execute, deliver and perform its rights and obligations under the Lease and that the Lease was duly authorized, executed and delivered by Debtor and that no provision of the articles of incorporation, charter documents or other documents by which Debtor was incorporated or continued or any by-laws or any unanimous shareholders agreement was violated by the execution, delivery or performance of the Lease;
4. that the Lease is governed by the laws of the Province of Ontario and that where the choice of law is the Province of Ontario, it will be given effect to in any legal proceeding, and that the principal place of business for Debtor was, at all material times, Ontario;
5. that the obligations purporting to be secured by the Lease is valid and enforceable, that valid consideration has been given by TD to Debtor in respect of which the security was granted, that the obligations secured have not been repaid, or complied with, and remain outstanding, and that all conditions precedent contained in the Lease, if any, were satisfied or waived;
6. that there are no agreements, facts or understandings, written or oral, (such as duress, mistake of fact, undue influence, unconscionability, oppressive conduct, misrepresentations or bad faith) or usage of trade or course of prior dealings between the parties affecting or concerning the Lease or the various principal obligations in respect of which the Lease were granted that were not apparent from our review of the Lease and that would or might affect the execution and delivery, validity, legality, binding effect or enforceability of the Lease, at law or in equity, or that would or might discharge, release, subordinate, surrender or assign any security interest granted to TD or have provisions that are inconsistent with the provisions of the Lease;
7. that the identity and capacity of all individuals acting or purporting to act as public officials, the accuracy and completeness of the records maintained by offices of public

record and of all representations, statements and other matters of fact set out or referred to in such searches and documents, the reliability of all search results obtained by electronic transmission, the accuracy of the results of any printed or computer search of offices of public record and that the applicable filings, registrations or recordings referred to in the searches conducted relate to the Lease and continue to be effective and unchanged as of the date of this opinion;

8. that the conduct of the parties to the Lease has complied with any requirement of good faith, fair dealing and conscionability, and that TD, and any agent acting for TD, in connection with the Lease, have acted in good faith and without notice of any defence against the enforcement of any rights created by, or adverse claim to, any property or security interest transferred, or created, as part of, the Lease;
9. that Debtor was not insolvent, unable to pay its debts in full or on the eve of insolvency at the time the security interests were granted pursuant to the Lease and Debtor was not rendered insolvent by the grant of such security interest;
10. that Debtor has no legal defence against any applicable creditor(s), for, without limitation, absence of legal capacity, fraud, misrepresentation, undue influence or duress;
11. that any documents referred to in the Lease are valid and enforceable;
12. that since the date of our searches, none of the financing statements registered on behalf of TD pursuant to the PPSA have been discharged and no event or circumstance has occurred which would require action to be taken in order to maintain the perfection of the security interest granted to TD by Debtor pursuant to the PPSA;
13. that, to the extent that this opinion references or quotes from any other document and uses square parenthesis to replace pronouns used within the quoted document, the party identified in square parenthesis within a quotation accurately describes the party intended by such quoted document;
14. for the purposes of any opinion relating to the validity, perfection or effect of perfection or non-perfection of any security interest in any personal property, that:
  - a) the PPSA applies to such personal property and security interest;
  - b) value has been given (within the meaning of Section 11(2) of the PPSA) by TD;
  - c) TD has not agreed to postpone the time for attachment of any of the security interests created by the Lease and that attachment, within the meaning of the PPSA, of the security interests constituted by the Lease, has occurred;
  - d) such personal property does not constitute "consumer goods" as defined in the PPSA;
  - e) all personal property collateral, except such collateral as is described and dealt with in the body of this opinion, comprises tangible personal property situated in the Province of Ontario both at the time the security interests created by the Lease attached, and at the date of this opinion; and

- f) Debtor has rights in such personal property.
15. Except as specifically set out in this opinion, we have not undertaken any independent investigation to verify the correctness of any of the foregoing assumptions.

### **QUALIFICATIONS**

16. The enforceability of the Lease and the rights and remedies set out therein or any judgment arising out of or in connection therewith may be limited by any applicable bankruptcy, insolvency, winding-up, reorganization, arrangement, moratorium, fraudulent preference, fraudulent conveyance, oppression or other laws affecting creditors' rights generally. We express no opinion as to whether the Lease could be attacked under any such legislation or in any manner, including:
- a) the costs of and incidental to a proceeding to enforce the Lease are in the discretion of a court of competent jurisdiction, and such court may determine by whom and to what extent the costs shall be paid;
  - b) section 347 of the *Criminal Code* (Canada) prohibits the payment of "interest" at a "criminal rate" (as such terms are defined therein);
  - c) any action on the Lease may be barred by the *Limitations Act, 2002* (Ontario) after the applicable limitation period has expired; and
  - d) a judgment by a court for the payment of an amount of money may only be awarded in Canadian currency and may be based on a rate of exchange in existence on a date other than the date of payment.
17. We express no opinion regarding the enforceability of any provision of the Lease which purports to provide that any portion thereof which is unenforceable may be severed without affecting the enforceability of the remaining provisions.
18. We express no opinion as to the legal or beneficial right, title or interest of Debtor or any other person to any of the personal property, lease of personal property or any of the collateral subject to the Lease and such title has been assumed to the full extent necessary to express the opinions herein contained.
19. We express no opinion as to the ranking or priority of any security interest, lien, hypothec or security interest expressed to be created by or under the Lease, except as set out explicitly in this opinion and only to the extent that any such security interest has been registered under the PPSA. We note that the order or registration of a security interest under the PPSA is not absolutely indicative of priority by registration, including, but not limited to, the cases of investment property, purchase money security interests, interests not governed by or subject to the PPSA and unregistered government claims.
20. We express no opinion regarding the creation, validity, enforceability or perfection of any security interest, lien, hypothec or other interest in, or the enforceability of, the Lease insofar as it relates to any:

- a) real property, fixtures, claims or rights, or a lease of real property, or any interest in real property or right to payment that arises in connection with an interest in land;
- b) policy of insurance or contract of annuity;
- c) trade-mark, copyright, industrial design, patent, patent application, licence, approval, privilege, quota, franchise, permit or any other intellectual property, regulatory authorizations or other similar property which is not personal or movable property;
- d) consumer goods (as such item is defined in the PPSA);
- e) interest in a right to damages in tort or at law;
- f) debt owing to Debtor by the Crown or any agent thereof; and
- g) any property that is an interest in an unearned right to payment under a contract to a transferee who is to perform the transferor's obligations under the contract.

21. We express no opinion as to the enforceability of any provisions of the Lease, which:

- a) purport to directly or indirectly exclude unwritten variations, waivers or consents of, to or under the Lease or restrict their effect;
- b) provide for agreement at a later date;
- c) purport to restrict the access to, waive or purport to waive the benefit or protection of any legal or equitable rights, remedies or defences, or principles of statutory protection based on public policy, including any rights to notices, including notices of enforcement;
- d) provide for obligations, rights or remedies which are inconsistent with any other provisions of the Lease or subject or subordinate to, or overridden by, other provisions in the Lease;
- e) provide for evidentiary standards as being conclusive and binding;
- f) purport to bind or affect, or confer a benefit upon, persons who are not parties to the Lease;
- g) provide for or purport to establish evidentiary standards, such as provisions stating that certain determinations, calculations, requests or certificates will be conclusive or binding; or
- h) appoint or constitute any person as attorney for Debtor to execute any document or do any other act on behalf of Debtor.

22. The Lease may be subject to:

- a) the Court's powers to stay proceedings and execution of judgments;

- b) applicable laws regarding limitation of actions;
  - c) the Court's discretion to decline to hear any action or give effect to any obligation if to do so would be contrary to public policy; and
  - d) implied obligations of good faith, fair dealing and reasonableness in the performance of a contract.
23. Provisions providing for the recovery of fees and expenses may be restricted by a Court to a reasonable amount and counsel fees may be subject to taxation.
24. No opinion is expressed concerning the applicability of any equitable remedy, nor concerning equitable limitations on, and defences against, the availability of remedies and equitable principles of application to proceedings at law or in equity.
25. No opinion is expressed as to the creation, validity, enforceability, attachment or perfection of any mortgage, charge, hypothec, security interest or other interests expressed to be created by or under the Lease with respect to any property of the Debtor or any proceeds of such property that are not identifiable or traceable.
26. No opinion is expressed as to the maintenance of the perfection of any security interest created by the Lease.
27. Notwithstanding that, subject to attachment, registration under the PPSA will perfect a secured party's security interest in all forms of personal property to the extent that such statute applies to such personal property, only perfection by either:
- a) possession by or on behalf of the secured party of chattel paper and instruments (including certain types of letters of credit and advances of credit and negotiable documents of title), and
  - b) control by or on behalf of the secured party of Investment Property (within the meaning of the PPSA),

is sufficient to defeat the interests of certain specified parties as provided for under the PPSA.

28. No opinion is expressed in this opinion as to whether TD obtained "control", as defined in s.1(2) of the PPSA, over any form of collateral over which the provisions of the Ontario *Securities Transfer Act, 2006* ("STA") apply, or whether security interests in any personal property collateral have been perfected by TD or any other person other than by registration in accordance with the provisions of the PPSA.
29. A security interest perfected by registration of a financing statement under the PPSA will only remain perfected by such registration until the expiry date shown in respect of that registration, unless renewed before that date by the filing of a financing change statement or Form 3C properly completed in the manner prescribed under the PPSA. Any change in corporate name of, or the adoption or change of a French form of the name of, or a transfer to any third party of any of its property subject to the security interests created in favour of the holder of the Lease would require timely registration of a financing change

statement properly completed in the manner prescribed under the PPSA to preserve the priority and perfection of the security interests therein.

30. No opinion is expressed as to whether any registrations made under the PPSA are effective to perfect a security interest in collateral in respect of which the federal laws of Canada require that notices, filings or registrations be made, that other steps or actions be taken in order to perfect a security interest in such collateral, or whether such federal laws otherwise prohibit or prevent the granting of any such security interest.
31. Any security interest expressed to be created under the Lease in any collateral acquired by Debtor after the execution and delivery of the Lease will not attach to such collateral (and will not be enforceable against third parties or perfected) until Debtor acquires rights in such collateral.
32. The views expressed in this opinion are limited to the PPSA and therefore do not address:
  - a) laws of jurisdictions other than the Province of Ontario;
  - b) Ontario law, except for the PPSA;
  - c) collateral of a type not subject to the PPSA, including the types of collateral enumerated under s.4 of the PPSA; and
  - d) the creation or perfection of any security interest with respect to property for which, pursuant to applicable conflicts rules (including, without limitation, the conflicts rules of the PPSA) the validity, perfection and effect of perfection or non-perfection or enforcement are governed by the laws of a jurisdiction other than Ontario.
33. Any views expressed with respect to the personal property security held by TD are based solely upon a review of the information provided to us by the Ministry and the specific documentation described in this opinion. Except as explicitly set out above, we express no opinion with respect to:
  - a) any subordination or postponement agreements; or
  - b) any unregistered or unperfected claims of third parties whether now existing or arising in the future, including legislative super-priority claims, liens, charges or trusts, which may, in the absence of any registration or other means of perfection, rank in priority to, or take precedence over, the security interests of TD.
34. With respect to the security interests created under the Lease:
  - a) acceleration, enforcement and realization under the Lease may be limited or conditioned by statutory conditions contained in the PPSA;
  - b) a security interest in certain classes of collateral being "instruments", "securities", "chattel paper", "letters of credit", "advances of credit", and "negotiable documents of title" may be perfected by registration, but will be

defeated by certain claimants obtaining possession or control of such property in the circumstances described in the PPSA, STA or the *Bills of Exchange Act* (Canada), as applicable;

- c) a security interest in goods will be defeated by certain claimants to whom Debtor sells, leases or encumbers those goods in the ordinary course of business, in the circumstances described in the PPSA;
  - d) where VIN numbers are not included by a secured party in the designated place on the registered financing statement, good faith buyers or lessors of a motor vehicle that is proceeds and is classified as consumer goods may be free of any security interests, and, to the extent any motor vehicle is construed to be equipment, buyers out of the ordinary course of business may be able to take such vehicle free from any security interest therein given by Debtor, even though it is perfected by registration; and
  - e) no opinion is expressed with respect to any security interest in collateral that is transformed in such a way that it is not identifiable or traceable or in any proceeds of collateral that are not identifiable or traceable.
35. A receiver or receiver and manager appointed pursuant to the Lease may, for certain purposes, be treated by the Court as being the agent of TD and not solely the agent of Debtor (and TD may not be deemed to be acting as the agent or attorney of Debtor in making such appointment), notwithstanding any provision in the Lease to the contrary.
36. We express no opinion with respect to provisions in the Lease to the effect that TD are not responsible to Debtor for their own misconduct or negligence, or the misconduct or negligence of any agent, receiver or receiver and manager appointed by TD, including any provisions that purport to waive compliance by TD with limitation periods imposed by any statute or generally at law.
37. The effectiveness of provisions of the Lease which purport to relieve a person from a liability or duty otherwise owed may be limited by law, and provisions requiring indemnification or reimbursement may not be enforced by the Court to the extent they relate to the failure of such person to have performed such duty or liability.
38. The fixed and specific security interests expressed to be created by the Lease may be ineffective in respect of any collateral not in existence on, or acquired by Debtor, after the date of delivery of the Lease, or not described with sufficient particularity therein, with the result that such collateral will be subject to a security interest which is not in the nature of a fixed and specific security interest.
39. No opinion is expressed in this opinion as to whether it may be necessary in connection with the enforcement of the Lease for TD or any other persons proposing to acquire, own or operate all or any part of the property secured thereunder, to give any notice or obtain or effect any licence, franchise, permit, consent, approval, registration or other authorization or exemption in connection therewith.
40. We have not conducted any searches in respect of any trade-marks, trade names, industrial designs, patents, copyrights or other intellectual property interests and no

opinion is expressed with respect to the validity or effectiveness of the security interests of TD.

41. A security interest in:
- a) a trade mark, copyright, industrial design, patent, patent application, license, or
  - b) any goods purchased under any licence;
  - c) an approval, privilege, quota, franchise, permit or lease; and
  - d) an instrument, contract, account, receivable or agreement.

may not be perfected, valid, binding or enforceable because of the nature or terms of such property or agreement, or to the extent the nature or terms of such property or agreement or any statute or regulation require a consent, approval, acknowledgement, notice or other authorization or registration, as a condition of assignability, which has not been given or made.

42. Our opinions do not address any of the following matters:
- a) any required registration, filing, recording or notice in respect of any fixtures, or goods that may become fixtures;
  - b) any required caution filing which may be required in certain circumstances where goods are intended to be brought or are brought into Ontario; or
  - c) any required registration, filing, recording or notice in respect of any real property rights or interests of the Lease.
43. Enforcement by TD under the Lease is limited to the actual amount of the indebtedness of Debtor to TD under the Lease notwithstanding the aggregate principal amount secured by the Lease may exceed such indebtedness.
44. All opinions which expressly, or by necessity, relate to the validity and enforceability of the Lease may be subject to any of the foregoing matters and limitations.

# Appendix L



Home Hardware Stores Limited  
34 Henry Street West, St. Jacobs, Ontario, Canada N0B 2N0

T 519 664 2252 F 519 664 2865

**BY COURIER**

May 24<sup>th</sup>, 2015

Albert Gelman Inc.  
Trustees in Bankruptcy  
100 Simcoe Street,  
Suite 125,  
Toronto, Ontario  
M5H 3G2

Attention: Mr. Joe Albert

Dears Sirs:

**Re: Beaverton Lumber Inc.**

Please find attached the Proof of Claim on behalf of Home Hardware Stores Limited in the above-noted Bankruptcy.

I trust the same is satisfactory but should you have any questions please contact the writer at your convenience.

Yours truly,

HOME HARDWARE STORES LIMITED

A handwritten signature in cursive script that reads "Gordon Mackay".

Gordon Mackay

cc Dianne McTavish

100% Dealer Owned

District of: Ontario  
Division No. 10 - Peterborough  
Court No. 31-1972380  
Estate No. 31-1972380

FORM 31 / 36  
Proof of Claim / Proxy  
In the matter of the bankruptcy of  
Beaverton Lumber Inc.  
of the village of Beaverton, in the Province of Ontario

All notices or correspondence regarding this claim must be forwarded to the following address:  
\_\_\_\_ Home Hardware Stores Limited, 34 Henry Street West \_\_\_\_ St Jacobs, Ontario N0B 2N0 \_\_\_\_\_  
\_\_\_\_ ATTENTION: Dianne McTavish \_\_\_\_\_

In the matter of the bankruptcy of Beaverton Lumber Inc. of the village of Beaverton in the Province of Ontario and the claim of  
- Home Hardware Stores Limited- creditor.  
I, \_\_\_\_\_ of the city of \_\_\_\_\_, a creditor in the above matter, hereby appoint  
\_\_\_\_\_, of \_\_\_\_\_, to be my proxyholder in the above  
matter, except as to the receipt of dividends, \_\_\_\_\_ (with or without) power to appoint another proxyholder in his or her place.  
I, Dianne McTavish (name of creditor or representative of the creditor), of the city of St Jacobs in the  
province of Ontario do hereby certify:

1. That I am Vice-President & Corporate Secretary (position/title) of Home Hardware Stores Limited  
creditor).

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

3. That the debtor was, at the date of bankruptcy, namely the 18th day of March 2015, and still is, indebted to the creditor in the sum of  
\$ 207,004.78 as specified in the statement of account (or affidavit or solemn declaration) attached and marked Schedule "A",  
after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other  
evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ \_\_\_\_\_  
(other than as a customer contemplated by Section 262 of the Act)

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

Regarding the amount of \$ \_\_\_\_\_, I claim a right to a priority under section 135 of the Act.

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

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

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

C. SECURED CLAIM OF \$ 207,004.78

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

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

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

E. CLAIM BY WAGE EARNER OF \$ \_\_\_\_\_

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

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

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

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

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

G. CLAIM AGAINST DIRECTOR \$ \_\_\_\_\_

(To be completed when a proposal provides for the compromise of claims against directors.)  
That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:  
(Give full particulars of the claim, including the calculations upon which the claim is based.)

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

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:  
(Give full particulars of the claim, including the calculations upon which the claim is based.)

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

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

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

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at \_\_\_\_\_ St. Jacobs, Ontario \_\_\_\_\_, this 20 day of \_\_\_\_\_ May, 2015 \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

*John Mathay*

\_\_\_\_\_  
Individual Creditor

Home Hardware Stores Limited

\_\_\_\_\_  
Name of Corporate Creditor

Per *Dianne McTavish*  
Dianne McTavish, Vice-President & Corporate Secretary

Return To:

Phone Number: (519) 664-4950 \_\_\_\_\_  
Fax Number: (519) 664-1441 \_\_\_\_\_  
E-mail Address: - dianne.mctavish@homehardware.ca

Albert Gelman Inc. - Trustee

100 Simcoe Street, Suite 125  
Toronto ON M5H 3G2  
Phone: (416) 504-1650 Fax: (416) 504-1655  
E-mail: proofclaim@albertgelman.com

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

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

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

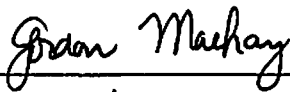
*[Handwritten mark]*

IN THE MATTER OF the Bankruptcy of Beaverton Lumber Inc., of Beaverton, Ontario


I, DIANNE MCTAVISH, of the Township of Woolwich, in the Regional Municipality of Waterloo, MAKE OATH AND SAY as follows:

1. I am the Vice-President and Corporate Secretary of Home Hardware Stores Limited and, as such, have knowledge of the facts hereinafter deposed to.
2. The Debtor is indebted to Home Hardware Stores Limited in the amount of \$207,004.78 as shown on the Account Receivable Master Listing which is attached hereto as Exhibit "A" to this my Affidavit.
3. Attached hereto as Exhibit "B" to this my Affidavit is a copy of the Dealer Agreement between the Debtor and Home Hardware Stores Limited dated the 1<sup>st</sup> day of April, 2010. Pursuant to this Agreement the Debtor has pledged its equity investment in Home Hardware Stores Limited, consisting of Common Shares, Special Shares and Five Year Term Notes to Home Hardware Stores Limited as security for its indebtedness. Home Hardware Stores Limited has a first charge over the equity investment which has an estimated value of \$158,546.14 as set out in Exhibit "C" to this my Affidavit.
4. Home Hardware Stores Limited also holds the cash portion of the surcharge adjustment on behalf of the Debtor in the amount of \$105,320.60 as set out in Exhibit "D" to this my Affidavit.
5. Attached hereto as Exhibit "E" to this my Affidavit is a copy of the General Security Agreement granted by the Debtor to Home Hardware Stores Limited which secures all of the personal property of the Debtor in favour of Home Hardware Stores Limited. The value of the personal property of the Debtor is not known at this time.
6. Attached hereto as Exhibit "F" is a copy of the Collateral Mortgage granted by the Debtor to Home Hardware Stores Limited which secures the real property of the Debtor in favour of Home Hardware Stores Limited. The value of the real property is not known at this time.
7. The Debtor has made payments on account of goods and services supplied by Home Hardware Stores Limited to the Debtor over the past three months in the normal course of business.

SWORN BEFORE me at the Township of )  
Woolwich, in the Regional municipality of )  
Waterloo, this 24 day of May, 2015 )



A Commissioner, etc. )

  
Dianne McTavish

**EXHIBIT "A"**

INV NBR	INV DATE	INVOICE AMT	REMIT	DUE DATE	PAYMENT AMT	PAY DATE	AMOUNT DUE
27573173	13/09/10	100.56	3358	13/12/24		13/12/24	100.56
27615874	13/09/17	146.13	3358	13/12/24		13/12/24	146.13
27660372	13/09/24	20.31	4007	14/01/07		14/01/07	20.31
27666979	13/09/24	2,533.48	3358	13/12/24		13/12/24	2,533.48
27705230	13/10/01	60.79	4007	14/01/07		14/01/07	60.79
27709520	13/10/01	6,454.63	3358	13/12/24		13/12/24	6,454.63
27799888	13/10/16	64.43	4007	14/01/07		14/01/07	64.43
27812184	13/10/17	34.81	4007	14/01/07		14/01/07	34.81
27875930	13/10/28	2,883.81	3330	13/11/26		13/11/26	2,775.63
27882428	13/10/29	100.45	4042	14/02/11		14/02/11	100.45
27931560	13/11/05	82.45	4042	14/02/11		14/02/11	82.45
27936678	13/11/05	808.96	3358	13/12/24		13/12/24	808.96
27975221	13/11/12	106.96	4007	14/01/07		14/01/07	106.96
27975226	13/11/12	108.89	4042	14/02/11		14/02/11	108.89
27994448	13/11/14	957.48	3358	13/12/24		13/12/24	957.48
28008735	13/11/18	285.33	4042	14/02/11		14/02/11	285.33
28017155	13/11/19	38.05	4042	14/02/11		14/02/11	38.05
28017157	13/11/19	25.33	4063	14/03/04		14/03/04	25.33
28022511	13/11/19	5,164.79	3358	13/12/24		13/12/24	5,164.79
28059673	13/11/26	28.88	4042	14/02/11		14/02/11	28.88
28065265	13/11/26	195.85	3358	13/12/24		13/12/24	195.85
28071408	13/11/27	16.95	3358	13/12/24		13/12/24	16.95
28072167	13/11/27	30.18-	3358	13/12/24		13/12/24	30.18-
28073851	13/11/27	1,659.87	3358	13/12/24		13/12/24	1,659.87
28073852	13/11/27	1,982.14	3358	13/12/24		13/12/24	1,982.14
113076	13/11/29	10.00	3358	13/12/24		13/12/24	10.00
28089242	13/11/29	106.05	3358	13/12/24		13/12/24	106.05
28090059	13/11/29	453.18	3358	13/12/24		13/12/24	453.18
28090136	13/11/29	616.75	3358	13/12/24		13/12/24	616.75
28090137	13/11/29	763.51	3358	13/12/24		13/12/24	763.51
28090578	13/11/29	106.80-	3358	13/12/24		13/12/24	106.80-
28091253	13/11/30	1,217.69	3358	13/12/24		13/12/24	1,217.69
28094932	13/12/02	14.69	3358	13/12/24		13/12/24	14.69
28096212	13/12/02	113.31-	3358	13/12/24		13/12/24	113.31-
28098736	13/12/02	2,028.71	3358	13/12/24		13/12/24	2,028.71
28103365	13/12/03	10,893.27	3358	13/12/24		13/12/24	10,893.27
28103366	13/12/03	72.38	4007	14/01/07		14/01/07	72.38
28103369	13/12/03	61.19	4042	14/02/11		14/02/11	61.19
28103947	13/12/03	662.17	3358	13/12/24		13/12/24	662.17
28106671	13/12/03	1,482.82	3358	13/12/24		13/12/24	1,482.82
28107347	13/12/03	620.15	3358	13/12/24		13/12/24	620.15
28107749	13/12/03	95.15-	3358	13/12/24		13/12/24	95.15-
28132696	13/12/06	245.15	4063	14/03/04		14/03/04	245.15
28144960	13/12/10	82.59	4042	14/02/11		14/02/11	82.59
28154362	13/12/11	0.00	4007	14/01/07		14/01/07	0.00
28162181	13/12/12	15.10-	4007	14/01/07		14/01/07	15.10-
28173377	13/12/13	203.45	4007	14/01/07		14/01/07	203.45
28180230	13/12/16	130.04	4007	14/01/07		14/01/07	130.04
28180963	13/12/16	5,215.82	4007	14/01/07		14/01/07	5,215.82
28184879	13/12/17	7,329.38	4007	14/01/07		14/01/07	7,329.38
28185982	13/12/17	2,834.34-	4007	14/01/07		14/01/07	2,834.34-
28204620	13/12/19	4,981.49	4042	14/02/11		14/02/11	4,981.49
28259342	14/01/07	2,696.30	4042	14/02/11		14/02/11	2,696.30
28259646	14/01/07	291.47	4042	14/02/11		14/02/11	291.47
28269456	14/01/09	191.97-	4063	14/03/04		14/03/04	191.97-
28282849	14/01/13	190.05	4042	14/02/11		14/02/11	190.05
28282961	14/01/13	2,748.94	4042	14/02/11		14/02/11	2,748.94
28286616	14/01/14	247.70	4063	14/03/04		14/03/04	247.70

INV NBR	INV DATE	INVOICE AMT	REMIT	DUE DATE	PAYMENT AMT	PAY DATE	AMOUNT DUE
28300951	14/01/16	25.36	4042	14/02/11		14/02/11	25.36
28301413	14/01/16	9.76-	4042	14/02/11		14/02/11	9.76-
28307982	14/01/17	2,324.52	4042	14/02/11		14/02/11	2,324.52
28308836	14/01/17	60.27	4042	14/02/11		14/02/11	60.27
28309516	14/01/17	706.71	4042	14/02/11		14/02/11	706.71
28311081	14/01/17	11.02	4042	14/02/11		14/02/11	11.02
28311644	14/01/17	43.05-	4042	14/02/11		14/02/11	43.05-
28317794	14/01/20	2,172.07	4042	14/02/11		14/02/11	2,172.07
28318219	14/01/20	1,175.66	4042	14/02/11		14/02/11	1,175.66
28319304	14/01/20	914.90	4042	14/02/11		14/02/11	914.90
28322788	14/01/21	5,924.01	4042	14/02/11		14/02/11	5,924.01
28323380	14/01/21	203.40	4042	14/02/11		14/02/11	203.40
28324162	14/01/21	11.02	4042	14/02/11		14/02/11	11.02
28324699	14/01/21	18.43-	4042	14/02/11		14/02/11	18.43-
28413695	14/02/05	1,134.62	4063	14/03/04		14/03/04	1,134.62
28417987	14/02/05	742.13	4063	14/03/04		14/03/04	742.13
28418532	14/02/05	334.98	4063	14/03/04		14/03/04	334.98
28421866	14/02/06	25.64-	4063	14/03/04		14/03/04	25.64-
28429740	14/02/07	945.23	4063	14/03/04		14/03/04	945.23
28431225	14/02/07	11.02	4063	14/03/04		14/03/04	11.02
28442323	14/02/11	5,594.56	4063	14/03/04		14/03/04	5,594.56
28443222	14/02/11	35.23-	4063	14/03/04		14/03/04	35.23-
29172377	14/06/24	20.59	5132	15/05/26		15/05/12	20.59
29289142	14/07/15	75.29	5013	15/01/13		15/01/13	75.29
29498794	14/08/19	9.89	5041	15/02/10		15/02/10	9.89
29541438	14/08/26	468.78	5041	15/02/10		15/02/10	468.78
29588852	14/09/04	24.43	5041	15/02/10		15/02/10	24.43
29622384	14/09/10	18.33	5041	15/02/10		15/02/10	18.33
29668674	14/09/17	89.10	5041	15/02/10		15/02/10	89.10
29715324	14/09/24	28.64	5041	15/02/10		15/02/10	28.64
29760447	14/09/30	193.80	4294	14/10/21		14/10/21	193.80
29761365	14/09/30	113.00	4294	14/10/21		14/10/21	113.00
29762836	14/09/30	12.92-	5041	15/02/10		15/02/10	12.92-
29764324	14/09/30	326.89	4294	14/10/21		14/10/21	326.89
29767729	14/09/30	4,195.94	4294	14/10/21		14/10/21	4,195.94
29768714	14/09/30	7,208.73	4294	14/10/21		14/10/21	7,208.73
29769066	14/09/30	182.88	4294	14/10/21		14/10/21	182.88
29772242	14/09/30	1,910.65	4294	14/10/21		14/10/21	1,910.65
29759902	14/10/01	10,950.55	4294	14/10/21		14/10/21	10,496.24
29759903	14/10/01	153.54	5041	15/02/10		15/02/10	153.54
29777207	14/10/01	2,433.93	5132	15/05/12		15/05/12	2,433.93
29813875	14/10/08	30.68	5013	15/01/13		15/01/13	30.68
29813877	14/10/08	70.94	5041	15/02/10		15/02/10	70.94
29865903	14/10/16	89.19	5013	15/01/13		15/01/13	89.19
29900753	14/10/22	120.47	5041	15/02/10		15/02/10	120.47
29947465	14/10/29	7.44	5006	15/01/06		15/01/06	7.44
29947467	14/10/29	181.73	5034	15/02/03		15/02/03	181.73
29947468	14/10/29	33.20	5041	15/02/10		15/02/10	33.20
29992525	14/11/05	10.24	5006	15/01/06		15/01/06	10.24
29992526	14/11/05	61.83	5034	15/02/03		15/02/03	61.83
29992527	14/11/05	41.63	5041	15/02/10		15/02/10	41.63
29992528	14/11/05	152.84	5055	15/02/17		15/02/24	152.84
30040027	14/11/12	11.29	5006	15/01/06		15/01/06	11.29
30040028	14/11/12	16.51	5013	15/01/13		15/01/13	16.51
30040029	14/11/12	241.87	5041	15/02/10		15/02/10	241.87
30040030	14/11/12	658.64	5055	15/02/24		15/02/24	658.64
30080568	14/11/19	17.87	5034	15/02/03		15/02/03	17.87
30080569	14/11/19	153.00	5041	15/02/10		15/02/10	153.00

INV NBR	INV DATE	INVOICE AMT	REMIT	DUE DATE	PAYMENT AMT	PAY DATE	AMOUNT DUE
30080570	14/11/19	36.57	5055	15/02/17		15/02/24	36.57
30080571	14/11/19	133.86	5062	15/03/03		15/03/03	133.86
30098064	14/11/20	293.24	5041	15/02/10		15/02/10	293.24
30122025	14/11/25	137.31	5006	15/01/06		15/01/06	137.31
30122026	14/11/25	18.16	5034	15/02/03		15/02/03	18.16
30122027	14/11/25	17.14	5055	15/02/24		15/02/24	17.14
30163912	14/12/03	387.40	5055	15/02/24		15/02/24	387.40
30163913	14/12/03	147.72	5062	15/03/03		15/03/03	147.72
30164134	14/12/03	4.70	5013	15/01/13		15/01/13	4.70
30164135	14/12/03	53.09	5034	15/02/03		15/02/03	53.09
30164136	14/12/03	61.37	5062	15/03/03		15/03/03	61.37
30176860	14/12/03	322.90	5013	15/01/13		15/01/13	322.90
30183713	14/12/04	2,098.80	5013	15/01/13		15/01/13	2,098.80
30201021	14/12/08	4,244.56	5006	15/01/06		15/01/06	4,244.56
30201241	14/12/08	7,897.62	5013	15/01/13		15/01/13	7,897.62
30204618	14/12/10	29.69	5034	15/02/03		15/02/03	29.69
30204619	14/12/10	19.84	5041	15/02/10		15/02/10	19.84
30204620	14/12/10	111.61	5055	15/02/24		15/02/24	111.61
30204621	14/12/10	75.38	5062	15/03/03		15/03/03	75.38
30204622	14/12/10	337.50	5083	15/03/24		15/03/24	337.50
30214771	14/12/10	2,319.15	5006	15/01/06		15/01/06	2,319.15
30215179	14/12/10	196.40-	5006	15/01/06		15/01/06	196.40-
30217916	14/12/10	857.54	5006	15/01/06		15/01/06	857.54
30218070	14/12/10	1,015.44	5006	15/01/06		15/01/06	1,015.44
30231955	14/12/12	645.15	5013	15/01/13		15/01/13	645.15
30235634	14/12/12	4.93-	5006	15/01/06		15/01/06	4.93-
30243082	14/12/15	2,618.47	5006	15/01/06		15/01/06	2,618.47
30243597	14/12/15	1,715.55	5006	15/01/06		15/01/06	1,715.55
30243879	14/12/15	6,165.23	5006	15/01/06		15/01/06	6,165.23
30248500	14/12/16	185.22-	5006	15/01/06		15/01/06	185.22-
30253343	14/12/16	59.58-	5006	15/01/06		15/01/06	59.58-
30246792	14/12/17	7,094.94	5006	15/01/06		15/01/06	7,094.94
30246793	14/12/17	13.76	5034	15/02/03		15/02/03	13.76
30246794	14/12/17	118.54	5055	15/02/24		15/02/24	118.54
30246795	14/12/17	22.74	5083	15/03/17		15/03/24	22.74
30246796	14/12/17	106.32	5090	15/03/31		15/03/31	106.32
30246797	14/12/17	3.66		15/11/03		15/11/03	3.66
30247639	14/12/17	11.47	5006	15/01/06		15/01/06	11.47
30264523	14/12/18	1,423.36	5013	15/01/13		15/01/13	1,423.36
30264524	14/12/18	3,390.07	5013	15/01/13		15/01/13	3,390.07
30265499	14/12/18	5,720.20	5013	15/01/13		15/01/13	5,720.20
30266119	14/12/18	3,418.56	5013	15/01/13		15/01/13	3,418.56
30266387	14/12/18	395.67	5013	15/01/13		15/01/13	395.67
30271035	14/12/19	1,575.52	5013	15/01/13		15/01/13	1,575.52
30271036	14/12/19	12.27	5062	15/03/03		15/03/03	12.27
30271037	14/12/19	87.78	5083	15/03/24		15/03/24	87.78
30271038	14/12/19	77.03	5111	15/04/07		15/04/21	77.03
30271039	14/12/19	24.96	5111	15/04/14		15/04/21	24.96
30271040	14/12/19	156.67		15/06/16		15/06/16	156.67
30271993	14/12/19	297.87	5013	15/01/13		15/01/13	297.87
30273133	14/12/19	2,077.61	5013	15/01/13		15/01/13	2,077.61
30275447	14/12/19	401.88	5013	15/01/13		15/01/13	401.88
30279970	14/12/22	113.89	5013	15/01/13		15/01/13	113.89
30280885	14/12/22	113.00	5013	15/01/13		15/01/13	113.00
30281506	14/12/22	12.43	5013	15/01/13		15/01/13	12.43
30282457	14/12/22	8.02-	5013	15/01/13		15/01/13	8.02-
30283498	14/12/22	1,402.96	5013	15/01/13		15/01/13	1,402.96
30284318	14/12/22	2,730.93	5013	15/01/13		15/01/13	2,730.93

INV NBR	INV DATE	INVOICE AMT	REMIT	DUE DATE	PAYMENT AMT	PAY DATE	AMOUNT DUE
0284728	14/12/22	1,676.37	5013	15/01/13		15/01/13	1,676.37
0285667	14/12/22	12.63	5013	15/01/13		15/01/13	12.63
0292755	14/12/23	7.03	5013	15/01/13		15/01/13	7.03
0312628	15/01/02	6,582.15	5041	15/02/10		15/02/10	6,582.15
0333719	15/01/07	2,949.79	5034	15/02/03		15/02/03	2,949.79
15046	15/01/09	10.00	5034	15/02/03		15/02/03	10.00
0349598	15/01/09	1,211.31	5034	15/02/03		15/02/03	1,211.31
0362098	15/01/13	11.56	5034	15/02/03		15/02/03	11.56
15076	15/01/16	10.00	5041	15/02/10		15/02/10	10.00
0384954	15/01/16	3,707.19	5118	15/04/28		15/04/28	3,707.19
0466841	15/01/31	2,660.09	5055	15/02/24		15/02/24	2,660.09
0488268	15/02/04	30.32	5062	15/03/03		15/03/03	30.32
25016	15/02/06	10.00	5062	15/03/03		15/03/03	10.00
0504848	15/02/06	1,211.31-	5055	15/03/03		15/02/24	1,211.31-
0510063	15/02/09	25.69-	5062	15/03/03		15/03/03	25.69-
25035	15/02/13	10.00	5083	15/03/10		15/03/24	10.00
0554490	15/02/18	89.90-	5083	15/03/17		15/03/24	89.90-
25082	15/02/27	10.00	5083	15/03/24		15/03/24	10.00
0606750	15/02/28	2,813.21	5083	15/03/24		15/03/24	2,813.21
0626693	15/03/04	199.09-	5090	15/03/31		15/03/31	199.09-
35026	15/03/06	10.00	5090	15/03/31		15/03/31	10.00
0647546	15/03/09	2,966.22	5090	15/03/31		15/03/31	2,966.22
0654810	15/03/10	0.00	5090	15/03/31		15/03/31	0.00
35116	15/03/27	10.00	5111	15/04/21		15/04/21	10.00
0773092	15/03/31	3,107.66	5111	15/04/21		15/04/21	3,107.66
45010	15/04/06	10.00	5118	15/04/28		15/04/28	10.00
45052	15/04/24	10.00	5132	15/05/19		15/05/12	10.00
0932511	15/04/30	2,892.07	5146	15/05/26		15/05/26	2,892.07
55002	15/05/01	10.00	5146	15/05/26		15/05/26	10.00
0938549	15/05/01	49.47-	5146	15/05/26		15/05/26	49.47-
55014	15/05/15	10.00		15/06/09		15/06/16	10.00
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		207,567.27					207,004.78
		=====			=====		=====

**EXHIBIT "B"**

THIS GENERAL SECURITY AGREEMENT made as of the 16 day of April, 2010.

**BETWEEN:**

**BEAVERTON LUMBER INC.**, a Corporation incorporated under the laws of the Province of Ontario

(the "Debtor")  
OF THE FIRST PART

- and -

**HOME HARDWARE STORES LIMITED**, a Company existing under the laws of the Province of Ontario, having its Head Office in the Township of Woolwich, in the Regional Municipality of Waterloo,

("HHSL")  
OF THE SECOND PART

**1 SECURITY INTEREST**

- (a) For value received the undersigned ("Debtor") hereby grants to Home Hardware Stores Limited ("HHSL") by way of mortgage, charge, assignment and transfer, a security interest (the "Security Interest") in the undertaking of Debtor and in all Goods (including all parts, accessories, attachments, special tools, additions and Accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Money, Intangibles and Securities now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all renewals thereof, accretions thereto and substitutions therefore and all Proceeds of any of the foregoing (hereinafter collectively called "Collateral"),

including without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- i) all inventory of whatever kind and wherever situate ("Inventory");
  - ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
  - iii) all book accounts and book debts and generally all accounts, debts, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
  - iv) all deeds, documents, writings, papers, books of accounts and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
  - v) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights and other industrial property;
  - vi) all monies other than trust monies lawfully belonging to others;
  - vii) all other property described in any other schedule now or hereafter annexed hereto.
- (b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefore but upon the enforcement of the Security Interest Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.
- (c) The terms "Goods", "Chattel Paper", "Documents of Title", "Instruments", "Intangibles", "Money", "Securities", "Proceeds", "Inventory" and "Accession" whenever used herein shall be interpreted pursuant to their respective

meanings when used in the Personal Property Security Act of Ontario, as amended from time to time, which Act, including amendments thereto and any Act substituted therefore and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the terms "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., and the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of the Security Agreement. Any reference hereto to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

## 2 INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and satisfaction of any and all obligations, indebtedness and liability of Debtor to HHSL (including interest thereon) present or future, direct or indirect, absolute or contingent, mature or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness").

## 3 REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants that:

- (a) the Collateral is genuine and owned by Debtor free of all security, interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A";

- (b) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"); and
- (c) the locations specified in Schedule "B" as to business operations and records are accurate and complete and, with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations.

#### 4 COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

- (a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein;
- (b) to notify HHSL promptly of:
  - i) any change in the information contained herein or in the Schedules hereto relating to Debtor or Debtor's business;
  - ii) the details of any significant acquisition, disposition, or encumbrance of Collateral;
  - iii) the details of any significant claims or litigation affecting Debtor or Collateral; and
  - iv) any significant loss or damage to Collateral;

- (c) To keep the Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- (d) To do, execute, acknowledge and deliver such financing statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may reasonably be requested by HHSL of or with respect to Collateral in order to give effect to these presents;
- (e) To pay all taxes, rates, levies, assessments and charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;
- (f) To insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as HHSL shall reasonably direct with loss payable to HHSL and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefore;
- (g) To carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at HHSL's request so as to indicate the Security Interest;
- (h) To provide reasonable access, or copies, to HHSL from time to time promptly upon request:

- i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;
- ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;
- iii) all financial statements prepared by or for Debtor regarding Debtor's business;
- iv) all policies and certificates of insurance relating to Collateral; and
- v) such information concerning Collateral, the Debtor and Debtor's business and affairs as HHSL may reasonably request.

## 5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 thereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that HHSL shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner HHSL may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as HHSL may reasonably request in connection therewith and for such purposes to grant to HHSL or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

## 6. SECURITIES

If Collateral at any time includes Securities, and if Debtor is in default herein, Debtor authorizes HHSL to transfer the same or any part thereof into its own name or that of its nominee(s) so that HHSL or its nominee(s) may appear of record as the sole owner

thereof; provided that, HHSL shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner.

## 7. COLLECTION OF DEBTS

Where there is default under this Security Agreement HHSL may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to HHSL and shall provide copies of all such notices or directions promptly to the Debtor. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, after notification of this Security Interest to Account Debtors shall be received and held by Debtor in trust for HHSL and shall be turned over to HHSL upon request.

## 8. INCOME FROM AND INTEREST ON COLLATERAL

- (a) Until notified by HHSL of default, Debtor reserves the right to receive any monies constituting income from or interest on Collateral and if HHSL receives any such monies prior to default, HHSL shall at the option of Debtor, credit the same to the account of Debtor or pay the same promptly to Debtor;
- (b) After being notified by HHSL of default, if Debtor receives any monies constituting income from or interest on Collateral, Debtor will pay the same promptly to HHSL.

## 9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

- (a) After being notified by HHSL of default, Debtor authorizes HHSL:
  - i) to receive any increase in or profits on Collateral (other than money) and to hold the same as part of Collateral. Money so received shall be

treated as income for the purposes of Clause 8 hereof and dealt with accordingly;

- ii) to receive any payment or distribution upon redemption or upon dissolution and liquidation of the issuer of Collateral to surrender such Collateral in exchange therefore; and to hold any such payment or distribution as part of Collateral.

- (b) If Debtor receives any such increase or profits (other than money) or payments or distributions, Debtor will deliver the same promptly to HHSL to be held by HHSL as herein provided.

## 10. DISPOSITION OF MONIES

Subject to any applicable requirements of the P.P.S.A., all monies collected or received by HHSL pursuant to or in exercise of any right it possessed with respect to Collateral shall be applied on account of Indebtedness in such manner as HHSL deems best or, at the option of HHSL may be held unappropriated for a maximum of thirty (30) days in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the right of HHSL hereunder, and any surplus shall be accounted for as required by law.

## 11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

- (a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor, after receiving from HHSL notice thereof and a reasonable time within which to cure the same, to observe or perform any obligation, covenant, term,

provision or condition contained in this Security Agreement or any other agreement between Debtor and HHSL;

- (b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;
- (c) the bankruptcy or insolvency of Debtor, the filing against Debtor of a petition in bankruptcy that is not bona fide and diligently opposed; the making of an authorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any other type of insolvency proceeding under The Bankruptcy and Insolvency Act or otherwise;
- (d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;
- (e) if any Encumbrance affecting Collateral becomes enforceable against a significant portion of Collateral;
- (f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;
- (g) if any significant execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if a distress or analogous process is levied upon any material part of the assets of Debtor;
- (h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without

limitation, the representations and warranties contained herein) or as an inducement to HHSL to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to HHSL at or prior to the time of such execution.

## 12. ACCELERATION

HHSL in its sole discretion may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default or, if HHSL in good faith believes that the prospect of payment of all or any part of Indebtedness or performance of Debtor's obligations under the Security Agreement or any other agreement now or hereafter in effect between Debtor and HHSL is materially impaired. The provisions of this clause are not intended in any way to affect any rights of HHSL with respect to Indebtedness which may now or hereafter be payable on demand.

## 13. REMEDIES

Upon default:

- (a) HHSL may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of HHSL or not, to be a receiver or receivers (hereinafter called a "Receiver" which term when used herein shall include a receiver and manager of Collateral (including any interest, income or profits therefrom)) and may remove

any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of Debtor and not HHSL and HHSL shall not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any such Receiver, his servants, agents or employees. Subject to the provisions of the instrument appointing him, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable him to carry on Debtor's business or otherwise, as such Receiver shall, in his discretion, determine. Except as may be otherwise directed by HHSL all monies received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to HHSL. Every such Receiver may, in the discretion of HHSL, be vested with all or any of the rights and powers of HHSL.

- (b) HHSL may, either directly or through its agents or nominees, exercise all the powers and rights given to the Receiver by virtue of the foregoing sub-clause (a).
- (c) HHSL may enter upon and, subject to the provisions of the P.P.S.A., lease or sell the whole or any part or parts of the property and assets charged and any such sale may be made hereunder by public auction, by public tender or by private contract, with or without notice and with or without advertising and

without any other formality, all of which are hereby waived by the Debtor and such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to HHSL in its sole discretion may seem advantageous and such sale may take place whether or not HHSL has taken possession of such property and assets.

- (d) HHSL may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefore and in respect thereof and, subject to the provisions of the P. P. S. A. may sell, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to HHSL may seem reasonable.
- (e) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and HHSL and in addition to any other rights HHSL may have at law or in equity, HHSL shall have, both before and after default, all rights and remedies as a secured party under the P.P.S.A. provided always, that HHSL shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore HHSL shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper, whether Collateral or Proceeds and whether or not in HHSL's possession and shall not be liable or accountable for failure to do so.
- (f) Debtor acknowledges that HHSL or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from HHSL or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

- (g) Debtor agrees to pay all costs, charges and expenses reasonably incurred by HHSL or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors' and auditors' costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses together with any monies owing as a result of any borrowing by HHSL or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.
  
- (h) Unless the Collateral in question is perishable or unless HHSL believes on reasonable grounds, that the Collateral in question will decline speedily in value, HHSL will give Debtor such notice of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made, as may be required by the P.P.S.A.

#### 14. MISCELLANEOUS

- (a) Debtor hereby authorizes HHSL to file such financing statements and other documents and do such acts, matters and things (including completing and adding schedule hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the location at which Debtor's business is carried on and Collateral and records relating thereto are situate) as HHSL may deem appropriate to perfect and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the above-named branch of HHSL the true and

lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

- (b) Without limiting any other right of HHSL whenever Indebtedness is immediately due and payable or HHSL has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), HHSL may, in its sole discretion, set off against Indebtedness any and all monies then owed to Debtor by HHSL in any capacity, whether or not due, and HHSL shall be deemed to have exercised such right of setoff immediately at the time of making its decision to do so even though any charge therefore is made or entered on HHSL's records subsequent thereto, and HHSL shall promptly notify Debtor of such decision.
- (c) Upon Debtor's failure to perform any of its duties hereunder HHSL may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to HHSL, forthwith upon written demand therefore, an amount equal to the expense incurred by HHSL in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.
- (d) HHSL may grant extensions of time and other indulgences, take and give up security, accept composition, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as HHSL may see fit without prejudice to the liability of Debtor or HHSL's right to hold and realize the Security Interest. Furthermore HHSL may demand, collect and sue on Collateral in either Debtor's or HHSL's name, at HHSL's option, and may endorse Debtor's name on any and all cheques, commercial paper and any other Instruments pertaining to or constituting Collateral.

- (e) No delay or omission by HHSL in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore HHSL may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of HHSL granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.
- (f) Debtor waives protest of any Instrument constituting Collateral at any time held by HHSL on which Debtor is in any way liable and, notice of any other action taken by HHSL.
- (g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against HHSL. If more than one Debtor executes this Security Agreement the obligation of such Debtors hereunder shall be joint and several.
- (h) Save for any schedules that may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written Agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

- (i) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may from time to time be in effect, including, where applicable, the P.P.S.A.
- (j) Whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given only if delivered to the party for whom it is intended at the principal address of such party herein:

- i) if to the Debtor, at:

488 Mara Road, P.O. Box 860  
Beaverton, Ontario  
L0K 1A0

Attention: The President

Facsimile (705) 426-5244

- ii) if to HHSL, at:

34 Henry Street West  
St. Jacobs, Ontario  
N0B 2N0

Attention: D. McTavish

Facsimile: (519) 664-1441

or at such other address or number as the Party to whom such notice, demand or other communication may hereafter have designated by notice given in the manner provided in this Section; and (i) if mailed, addressed as aforesaid, shall be deemed to have been given on the fifth business day following such mailing unless there is an interruption in the mails, in which

case it shall be deemed to have been given when received; or (ii) if delivered or sent by facsimile, shall be deemed to have been given on the business day following the date of transmission.

- k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by HHSL, and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the above-mentioned branch of HHSL shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by HHSL, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.
  
- (l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.
  
- (m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.
  
- (n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

- (o) Nothing herein contained shall in any way obligate HHSL to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.
- (p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to HHSL.

15. COPY OF AGREEMENT

Debtor hereby acknowledges receipt of a copy of this Security Agreement.

IN WITNESS WHEREOF the Debtor of the First Part has hereto affixed its corporate seal under the hands of its duly authorized officers as of the date first written above.

**BEAVERTON LUMBER INC.**

by:   
George Tripp, President c/s

by:   
Barbara Tripp, Secretary

## SCHEDULE "A"

### (PRIOR ENCUMBRANCES AFFECTING COLLATERAL)

1. All security in favour of The Toronto-Dominion Bank.
2. Homecare Building Centres Limited, File 65671452 registered September 21, 1995 to be discharged.
3. Ford Credit Canada Limited, File 641536371 registered December 20, 2007 for delivery truck.
4. National Leasing Group Inc., File 652379895 registered March 30, 2009 for telephone system.

**SCHEDULE "B"**

**1. Location of Debtor's Business Operations:**

488 Mara Road, P.O. Box 860  
Beaverton, Ontario  
L0K 1A0

**2. Locations of Records relating to Collateral:**


Same as above

**3. Locations of Collateral:**

Same as above

**EXHIBIT "C"**

**Equity of Beaverton Lumber Inc.  
in Home Hardware Stores Limited as at May 20, 2015**

Common Share	\$1,500.00	
Special Share #61684	12,412.00	
Special Share #62133	1,061.00	
Special Share #64287	16,695.00	
Special Share #64759	1,086.00	
Special Share #66487	18,442.00	
Special Share #67393	1,160.00	
Special Share #69177	17,534.00	
Special Share #69953	1,165.00	
Special Share #71760	<u>18,877.00</u>	
	<u>88,432.00</u>	
Five-Year Term Note #21901-2015	2,258.00	
Five-Year Term Note #22995-2016	3,126.00	
Five-Year Term Note #23863-2017	3,582.00	
Five-Year Term Note #25102-2018	3,550.00	
Five-Year Term Note #26233-2019	<u>3,651.00</u>	
	<u>16,167.00</u>	
Five-Year Term Note #1465-2016 (surcharge adjustment)	8,927.00	
Five-Year Term Note #2550-2017 (surcharge adjustment)	11,486.00	
Five-Year Term Note #3649-2018 (surcharge adjustment)	9,322.00	
Five-Year Term Note #4734-2019 (surcharge adjustment)	8,722.00	
Five-Year Term Note #5819-2020 (surcharge adjustment)	<u>13,711.00</u>	
	<u>52,168.00</u>	
<b>Subtotal of issued Equity</b>	<u>158,267.00</u>	
Special Shares subscribed for January 1 to May 20, 2015	172.36	**
Five-Year Term Notes subscribed for January 1 to May 20, 2015	106.78	**
	<u><u>\$158,546.14</u></u>	

\*\* - subject to change



**EXHIBIT "D"**

<b>Cash</b>	<b>Portion of the Surcharge Adjustment</b>
2010	\$13,390.86
2011	\$17,229.07
2012	\$27,967.08
2013	\$26,167.08
2014	\$20,566.51
	<hr/>
	\$105,320.60

**EXHIBIT "E"**

DEALER AGREEMENT

THIS AGREEMENT made in quadruplicate this *first* day

of *APRIL*, 20*10*

BETWEEN:

*Beaverton Lumber Inc.*

hereinafter referred to as the "Dealer",

OF THE FIRST PART,

AND

HOME HARDWARE STORES LIMITED, a Corporation  
amalgamated under the laws of the Province  
of Ontario, having its Head Office at St. Jacobs,  
in the Township of Woolwich, in the  
Regional Municipality of Waterloo,

hereinafter referred to as the "Corporation",

OF THE SECOND PART,

AND

*George Tripp*  
*and*  
*Barbara Tripp*

hereinafter referred to as the "Guarantor(s)",

OF THE THIRD PART.

WHEREAS the Dealer of the First Part has applied to become a Shareholder of the Corporation of the Second Part and the Corporation of the Second Part has agreed to accept the Dealer's application and subscription provided that all the Dealer's commitments to the Corporation be guaranteed by the Guarantor(s) of the Third Part;

AND WHEREAS the Guarantor(s) of the Third Part has (have) agreed to execute this Agreement for making specific guarantees as hereinafter provided;

AND WHEREAS the parties hereto have agreed to enter into this Agreement for the purpose of setting out all of the agreements and arrangements between them with respect to their dealings and shareholdings between them;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements hereinafter contained the parties hereto covenant and agree as follows:

1. The Corporation agrees to sell merchandise and furnish services to the Dealer in accordance with its usual terms as approved by the Board of Directors of the Corporation from time to time and the Dealer shall be entitled to all benefits arising out of being a Dealer and Shareholder of the Corporation in accordance with the provisions of the Corporation's By-laws as existing from time to time during the currency of this Agreement. The Dealer agrees that he / she will comply with the rules and regulations regarding the operations of the Corporation from time to time as laid down and promulgated by the Board of Directors of the Corporation.

2. The Corporation agrees with the Dealer to bill by way of invoice for all products and merchandise purchased by the Dealer in accordance with the pricing structure as adopted from time to time by the Board of Directors of the Corporation and the Dealer agrees to pay such invoices in accordance with the terms thereof. In the event that any such invoices are not paid in accordance with the terms thereof, the Dealer and Guarantor(s) acknowledge and agree to pay interest on all overdue accounts including interest accruing on such overdue accounts at the rate of eighteen per centum (18%) per annum charged monthly.

3. The parties hereto further agree that all shares, notes and any other sums at any time issued to or accruing due to the Dealer are hereby specifically mortgaged and pledged to the Corporation as security for any existing or ongoing indebtedness of the Dealer and the Dealer hereby authorizes and directs the Corporation upon approval by the Board of Directors to apply the proceeds of all such shares, notes and any other sums at any time owing or accruing due to the Dealer in satisfactory or partial satisfaction of any amount owing by the Dealer to the Corporation.

4. The Dealer agrees with the Corporation to deposit with the Corporation \$1,500.00 which the Corporation shall apply to the purchase of fifteen (15) common shares without nominal or par value of the Corporation on the expiration of the Dealer's probationary period. The Dealer agrees to accept the said shares as allotted by the Board of Directors of the Corporation subject to the following specific restrictions on the issuance and transfer thereof:

- (a) Shares of the Corporation shall be allotted by resolution of the Board of Directors upon such terms and conditions and to such persons, firms or Corporations as the Board of Directors shall deem advisable;

- (b) No shares shall be transferred, sold or assigned without the express consent and approval of the said Board of Directors by a resolution passed by at least two-thirds of the votes of those present at a meeting of the Board of Directors considering such transfer, sale or assignment;
- (c) The Board of Directors of the Corporation shall at all times have the right by resolution passed by at least two-thirds of the votes cast at a meeting of those present of the Directors to direct that any of the said shares shall be offered for sale to any other person, firm or Corporation so approved by the Board of Directors as aforesaid by the reason of the non-cooperation of any shareholder respecting the affairs of the Corporation;
- (d) The Dealer further agrees to execute the form of Power of Attorney annexed hereto as Schedule "A" to this Agreement.

5. The Dealer agrees to pay the Corporation the sum of \$3,000.00 as a fee or charge to cover a portion of the costs incurred by the Corporation in the establishment of the Dealer's account. The said fee shall also be payable on any subsequent transfer of an ownership interest in the Dealer and shall be pro rated for any subsequent partial change in ownership. The Dealer hereby agrees that he / she will pay the said sum at the time of the Dealer's application or at the time of any subsequent transfers of an ownership interest.

6. The Dealer agrees that he / she will within one year following the execution of this Agreement display a current prevailing exterior sign at his / her place or places of business showing the "Home Hardware", "Home Hardware Building Centre", "Home Building Centre", "Home Furniture" symbol or logo pertinent to the business operation, the size and location of the said signs to be approved by the Corporation.

7. The Dealer agrees to provide the Corporation with a copy of the financial statements within 120 days of the end of each fiscal year.

8. In consideration of the Corporation executing this Agreement and being bound by the terms hereof and for other good and valuable consideration, the Guarantor(s) of the Third Part hereby covenant(s), promise(s) and agree(s) to guarantee all accounts invoiced by the Corporation to the Dealer and in all respects to save the Corporation harmless respecting any such accounts as and when the same accrue due and payable. The Guarantor(s) shall remain liable on a continuing basis and it shall not be a condition precedent to liability under this guarantee that a claim be made or suit commenced against the Dealer. This guarantee shall remain in full force and effect until such time as the Corporation consents in writing to the termination of the guarantee provided by the Guarantor(s). The Guarantor(s) hereby agree(s) to have his / her guarantee acknowledged, such acknowledgment to be in the form attached hereto as Schedule "B".

9. Nothing in this Agreement shall be construed as authority by the Corporation for the Dealer to in any manner act as an agent of the Corporation and the Dealer hereby expressly undertakes and agrees that he / she will not incur any debt or obligation on behalf of the Corporation.

10. The Dealer acknowledges and agrees that he / she will at all times during the currency of this Agreement conform with all directions of the Board of Directors of the Corporation with respect to the operation of his / her business and will regard such directions and his / her duty and obligation to pay all accounts and invoices rendered in accordance with their terms as "commitments of a Dealer". The Corporation shall at all times during the currency of this Agreement have the absolute right and privilege of terminating this agreement in the event that the Dealer fails to live up to his "commitments as a Dealer".

11. The Dealer and the Guarantor(s) hereby jointly and severally covenant and agree that, in the event that they are desirous of selling all or substantially all of the Dealer's assets used in its Home Hardware business (the "Assets") or a majority of the issued and outstanding shares of the Dealer (if the Dealer is a corporation) (the "Shares"), they shall notify the Corporation's Secretary in writing as soon as possible of their intention to sell the said assets or shares.

12 . a) If the Dealer or the Guarantor(s) receive an offer to purchase or a letter of intent (the "Offer") in which an offer is made to purchase:

(i) the Assets; or

(ii) the Shares;

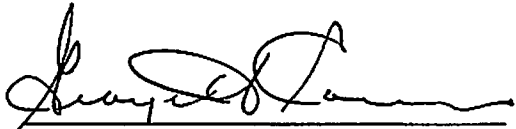
which the Dealer or the Guarantor(s) wish to accept, then the Dealer and the Guarantor(s) shall provide a notice (the "Notice") thereof to the Corporation forthwith. A copy of the Offer shall be provided to the Corporation with the Notice.

b) The Dealer and the Guarantor(s) hereby grant to the Corporation a right of first refusal to purchase the Assets or the Shares (as the case may be) on substantially the same terms as those set forth in the Offer. Such right of first refusal is exercisable within 60 days of the Corporation's receipt of the Notice. The Dealer and the Guarantor(s) agree that the Corporation shall not in any event be obligated to purchase the Assets or the Shares, as the case may be.

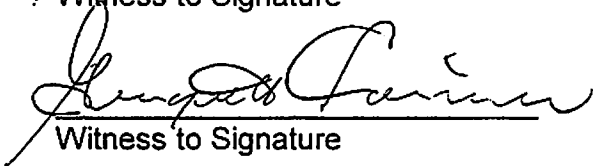
13. Notwithstanding anything hereinbefore contained the parties hereto shall have the right and privilege of terminating this Agreement by giving to the other of the parties hereto written notice of termination addressed to the Dealer at his last known address and to the Corporation at its Head Office, 34 Henry Street, St. Jacobs, Ontario, Canada N0B 2N0. This termination shall be deemed to be effective forty-eight (48) hours subsequent to registered mailing. Upon termination of this Agreement as hereinbefore provided all benefits and obligations assumed by the parties hereto shall forthwith cease and determine except that all obligations assumed by the parties hereto prior to termination shall remain in full force and effect. The Dealer upon termination expressly agrees to cease to use all distinguishing signs, insignia or other designation and to return to the Corporation all catalogues, price books, order forms and any other materials supplied to the Dealer by the Corporation within seven (7) days from the date of termination.



SIGNED, SEALED AND DELIVERED  
in the presence of



Witness to Signature



Witness to Signature

\_\_\_\_\_  
Witness to Signature

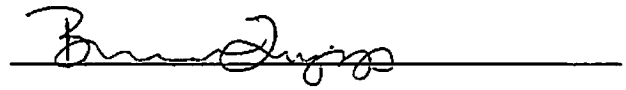
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Witness to Signature

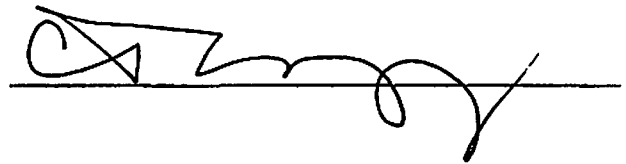
\_\_\_\_\_  
Witness to Signature

SIGNED, SEALED AND DELIVERED  
in the presence of

GUARANTOR(S)

(RED SEALS-  
1 per each guarantor)





\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

HOME HARDWARE STORES LIMITED

Per:   
Vice-President and Chief Executive Officer

Per:   
Vice-President and Corporate Secretary



SCHEDULE "B"

CERTIFICATE OF NOTARY PUBLIC

I HEREBY CERTIFY THAT:

- 1. George Tripp ..... of Beaverton, Ontario .....
- Barbara Tripp ..... of Beaverton, Ontario .....
- ..... of .....
- ..... of .....
- ..... of .....
- ..... of .....

the Guarantor(s) in the guarantee dated the 1<sup>st</sup> day of April, 2010, and made between Home Hardware Stores Limited and Beaverton Lumber Inc.

which this certificate is attached to or noted upon, appeared in person before me and acknowledged that ~~he/she/they~~ has/have executed the guarantee.

2. I satisfied myself by examination of ~~him/her/them~~ that ~~he/she/they~~ is/are aware of the contents of the guarantee and understands it.

GIVEN at Orillia, Ontario .....  
 this 1<sup>st</sup> day of April, 2010, under my hand and seal of office.

[Signature]  
 A Notary Public in and for the  
 Province of Ontario

STATEMENT OF GUARANTOR (S)

I am the person(s) named in this certificate.

[Signature]  
 .....  
 .....  
 .....  
 .....

Signature of Guarantor(s)

DATED April 1, 2010

**BEAVERTON LUMBER INC.**

-- and --

**HOME HARDWARE STORES LIMITED**

-- and --

**GEORGE TRIPP  
and  
BARBARA TRIPP**

**A G R E E M E N T**

Gowling Lafleur Henderson  
Barristers and Solicitors  
50 Queen Street North  
Suite 1020  
Kitchener, Ontario N2H 6M2

**EXHIBIT "F"**

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 8

**Properties**

PIN 72044 - 0008 LT Interest/Estate Fee Simple  
 Description PT LT 13 CON 6 THORAH, PT 1, 40R16362 ; BROCK  
 Address 488 MARA RD  
 BEAVERTON

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name BEAVERTON LUMBER INC.  
 Address for Service 488 Mara Road  
 Beaverton ON L0K 1A0

I, George Tripp, President and Barbara Tripp, Secretary, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)**

Capacity

Share

Name HOME HARDWARE STORES LIMITED  
 Address for Service 34 Henry Street West  
 St. Jacobs ON N0B 2N0

**Provisions**

Principal \$ 750,000.00 Currency CDN  
 Calculation Period  
 Balance Due Date  
 Interest Rate 18.0%  
 Payments  
 Interest Adjustment Date  
 Payment Date  
 First Payment Date  
 Last Payment Date  
 Standard Charge Terms 200033  
 Insurance Amount full insurable value  
 Guarantor

**Additional Provisions**

See Schedules

**Signed By**

Robert Bruce Waite 518 Yonge St acting for Signed 2010 04 16  
 Midland Chargor(s)  
 L4R 2C5  
 Tel 7055262231  
 Fax 7055260313

I have the authority to sign and register the document on behalf of the Chargor(s).

The applicant(s) hereby applies to the Land Registrar.

**Submitted By**

HACKER GIGNAC RICE LLP

518 Yonge St  
Midland  
L4R 2C5

2010 04 16

Tel 7055262231

Fax 7055260313

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**File Number**

Chargor Client File Number :

BW28.120.002DW

## SCHEDULE

The following terms, covenants and provisions shall be deemed to be included in this Charge/Mortgage (the "Charge"). In the event of any conflict or inconsistency between Standard Charge Terms 200033 and the terms of this Schedule, the terms of this Schedule shall prevail.

### Payment Provisions

1. This Charge secures the due payment and performance of the Indebtedness. For the purposes of this Charge, the term "Indebtedness" means the aggregate of all present and future indebtedness and liabilities of the Chargor to the Chargee (direct or indirect, absolute or contingent, matured or not, wheresoever and howsoever incurred, whether incurred as principal or surety, whether incurred alone or with another or others, and whether arising from dealings between the Chargee and the Chargor or from other dealings or proceedings by which the Chargee may become a creditor of the Chargor) – including without limitation, payable under or by virtue of:
  - (a) the guarantee made by the Chargor in favour of the Chargee in respect of the indebtedness and liability of 1559649 Ontario Inc. to the Chargee, dated March 12, 2009, as amended from time to time;
  - (b) any instrument, agreement or other document whatsoever taken by way of renewal or replacement thereof, as amended from time to time; and
  - (c) this Charge.
2. The Chargor shall pay the Indebtedness to the Chargee on demand.

### Other Provisions

3. As collateral security for the payment and performance of the Indebtedness, the Chargor charges the land described in the Properties section of the Charge, together with all rights now or hereafter appurtenant thereto, and including all buildings, erections, structures, improvements and fixtures now or hereafter situated thereon (the "Charged Lands").
4. In addition to the Chargee's other rights, whether under this Charge or otherwise, and without affecting any right of the Chargee to demand payment otherwise than pursuant to paragraph 2 hereof, the Chargee may demand payment pursuant to paragraph 2 hereof if any one or more of the following events or circumstances shall occur (each, an "Event of Default"):
  - (a) the Chargor fails to pay when due all or any part of the Indebtedness or any amount payable pursuant to any loan agreement, bill of exchange, promissory note, guarantee or other instrument, agreement or document (negotiable or otherwise) now or later entered into, with or in favour of or held by the Chargee in respect of or representing all or any part of the Indebtedness;
  - (b) the Chargor fails to observe or perform any provisions or obligations under this Charge;
  - (c) the Chargor fails to pay when due any indebtedness for borrowed money except as contemplated in paragraph 4(a) hereof;
  - (d) any mortgage, lien, charge, security interest, execution or other encumbrance (a "Lien") or notice of a Lien is registered against the Charged Lands without the Chargee's prior written consent;
  - (e) the Charged Lands are abandoned or any act of waste is committed as to all or any part of the Charged Lands; or any building or other structure now or later being erected on the Charged Lands remains unfinished and without any work being done on it for a period of ten consecutive days;
  - (f) the Chargor sells, transfers, or otherwise disposes of all or any part of the Charged Lands or any interest in any of the foregoing, or agrees to do so, without the Chargee's prior written consent;

- (g) the Chargor ceases to carry on the business ordinarily carried on from the Charged Lands without the Chargee's prior written consent;
  - (h) any order is made or resolution passed for the winding-up, liquidation or other dissolution of the Chargor;
  - (i) in the opinion of the Chargee, there is a change in the effective control of the Chargor, if a corporation;
  - (j) the Chargor makes an assignment for the benefit of creditors, or any proceedings shall be instituted by or against the Chargor seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding-up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or other similar law or seeking the appointment of a receiver, receiver and manager, trustee, custodian or other similar official for it or for any of its property (excluding proceedings which are being contested by the Chargor in good faith, which have been outstanding for fewer than 30 days and in respect of which any enforcement proceedings are stayed), or the Chargor is declared bankrupt, or a receiver, receiver and manager, trustee, custodian or other similar official is appointed of it or in respect of all or any part of the Charged Lands, or power of sale or foreclosure proceedings are commenced against all or any part of the Charged Lands;
  - (k) another encumbrancer takes possession of all or any part of the Charged Lands or a distress or execution or other similar process is brought against all or any part of the Charged Lands; or
  - (l) all or any part of the Charged Lands are expropriated.
5. Standard Charge Terms 200033 incorporated by reference herein shall be amended to provide that the Chargee shall be entitled to enforce any and all remedies of the Chargee thereunder, in this Charge or otherwise available to it at law.

Receiver

6. (a) Appointment of Receiver. Upon the occurrence of any one or more Events of Default under this Charge, the Chargee may, in its discretion, by writing appoint a receiver (which term shall include a receiver and manager) of the Charged Lands or any part thereof and of the rents and profits thereof any may from time to time remove any receiver and appoint another in his stead, and in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor unless the Chargee indicates in writing a contrary intention.
- (b) General. The following provisions shall apply in respect of the appointment of any receiver:
- (i) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Charged Lands or any part thereof;
  - (ii) such receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretions of the Chargee and shall have the power to borrow on the security of the Charged Lands;
  - (iii) the Chargee may from time to time fix the remuneration of such receiver and direct the payment of such remuneration from out of the proceeds of the Charged Lands;
  - (iv) such receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or consenting to such appointment shall not incur any liability to the receiver for his remuneration or otherwise howsoever;
  - (v) such receiver shall from time to time have the power to collect, realize, sell or otherwise deal with the Charge Lands in such manner, upon such terms and conditions and at such time or times as may seem to the receiver to be advisable and without notice to the Chargor;

- (vi) such receiver shall have the power to carry out and manage the orderly development of the Charged Lands, including without limitation appoint and engage planner, engineers or other consultants as may be appropriate, negotiate and execute applications for rezoning, severances, subdivision agreements and other development agreements with respect to the Charged Lands, enter into and enforce construction contracts, complete or partially complete any construction on the Charged Lands and cause to be registered one or more plans of subdivision and/or plans of condominiums;
- (vii) such receiver shall from time to time have the power to lease any portion of the Charged Lands for such term and subject to such provisions as the receiver may deem advisable or expedient and, in so doing, such receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such receiver shall have authority to execute, under seal or otherwise, any leases of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such receiver may do in the premises;
- (viii) such receiver shall have full power to manage, operate, amend, repair, alter or extend the Charged Lands or any part thereof in the name of the Chargor including the power to:
  - (A) take proceedings in the name of the Chargor or otherwise and to make any arrangement or compromise;
  - (B) borrow or raise money on all or any part of the Charged Lands in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;
  - (C) give any and all notices to be given by the Chargor under any contracts, agreements or leases relating to the Charged Lands or any part thereof and exercise any and all rights of the Chargor thereunder;
  - (D) do or cause to be done any and all acts and things under any contract, agreement or lease relating to the Charged Lands or any part thereof and adjust and settle all matters relating to such performance; and
  - (E) institute and prosecute all suits, proceedings and actions which the receiver in his opinion considers necessary for the proper protection of the Charged Lands, defend all suits, proceedings and actions against the Chargor or the receiver, appear in and conduct the prosecution and defense of any suit, proceeding or action then pending or thereafter instituted and appeal any suit, proceeding or action; and
- (ix) all moneys from time to time received or collected by such receiver may be paid by him: firstly, in payment of his commission as receiver; secondly, in discharge of all rents, realty taxes, insurance premiums and outgoings affecting the Charged Lands and the cost of executing necessary or proper repairs; thirdly, in keeping in good standing any encumbrances on the Charged Lands prior to this Charge; fourthly, in payment of the interest accruing due under this Charge; fifthly, in payment of the principal amount and any other amounts payable by the Chargor under this Charge; and the balance, if any, shall be paid to the Chargor.
- (c) Limitation of Liability. The Chargee shall not, nor shall any receiver appointed by it, be responsible or liable, otherwise than as a trustee, for any debts contracted by it or for salaries during any period during which the Chargee or such receiver is managing the Charged Lands or any part or parts thereof upon or after entry, as herein provided, nor shall the Chargee nor the receiver be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession might be liable.

Environmental Matters

7. (a) The Chargor covenants, represents and warrants that, except as disclosed by the Chargor in writing to the Chargee and accepted in writing by the Chargee:
- (i) the use and occupation of the Charged Lands will comply in all respects with the Environmental Law;
  - (ii) neither the Chargor, nor any party for whom the Chargor is responsible at law, nor any person authorized by the Chargor to use or occupy the Charged Lands, shall Release, cause or permit a Release of any Hazardous Substance into the natural environment, including, without limitation, the air, soil, subsoil or surface or groundwater in, on, over, under or at the Charged Lands;
  - (iii) no Hazardous Substance will be stored or located in, on, under or at the Charged Lands;
  - (iv) the Chargor or any person authorized to use or occupy the Charged Lands, including a tenant, is not required to obtain, nor has obtained, nor is subject to any certificate, approval, direction, or order of any governmental authority or court of competent jurisdiction under the Environmental Law in respect of the Charged Lands or the operation of the Chargor's business thereon; and
  - (v) from and after the date hereof, there will be no claims, actions, suits, prosecutions, hearings or other proceedings of any kind in any court or tribunal relating to an Environmental Claim or the discharge, deposit, escape or release of any Hazardous Substance or any actual or alleged violation of the Environmental Law affecting the Charged Lands.
- (b) The Chargor shall permit the Chargee to conduct, at the Chargor's expense, such tests, inspections and environmental audits of the Charged Lands as may be required by the Chargee at any time during the currency of this Charge, including, without limitation, the right to take soil samples from the Charged Lands, and the right to review and photocopy any and all records relating to the Charged Lands or the business now conducted at the Charged Lands and the conducting by the Chargee of such tests, inspections and environmental audits shall not constitute the Chargee a mortgagee/chargee in possession of the Charged Lands.
- (c) The Chargor agrees to cause each of the representations and warranties set out in paragraph 7(a) to remain true and accurate in all respects until all of the Indebtedness is paid in full, including reserving itself the right; in any leases or other occupancy and use agreements relating to the Charged Lands, to remedy or prevent a breach of the covenants, representations and warranties herein.
- (d) The Chargor agrees to indemnify and save harmless the Chargee from and against (1) any Environmental Claim, and (2) all losses, damages, costs, expenses, liabilities, claims and demands that may be incurred by the Chargee as a result of:
- (i) any of the representations and warranties set out in paragraph 7(a) being untrue on the date of this Charge or becoming untrue at any date hereafter throughout the currency of this Charge.
  - (ii) the presence on or migration from the Charged Lands of any Hazardous Substance caused by or attributable, either directly or indirectly, to any act or omission of the Chargor or any other individual, partnership, corporation, trust, unincorporated organization or entity; and
  - (iii) any remediation or restoration of the Charged Lands and/or any lands adjoining or in the vicinity of the Charged Lands required or mandated by the Environmental Law attributable, either directly or indirectly, to any act or omission of the Chargor or any other individual, partnership, corporation, trust, unincorporated organization or entity.

- (e) The indemnity contained in paragraph 7(d) above shall survive:
- (i) the complete repayment of the Indebtedness and the fulfilment of all the Chargor's obligations pursuant to this Charge;
  - (ii) the discharge of this Charge; and
  - (iii) the exercise of any remedies available to the Chargee pursuant to this Charge.

For the purposes of this paragraph 7, the following words shall have the following meanings:

"Environmental Claim" means all claims, losses, costs, expenses, fines, penalties, payments and/or damages (including, without limitation, all solicitors' fees on a substantial indemnity basis) relating to, arising out of, resulting from or in any way connected with the Release in, on, over, upon or from the Charged Lands of any Hazardous Substance including, without limitation, all costs and expenses of any remediation or restoration of all or any part of the Charged Lands and/or any property adjoining or in the vicinity of the Charged Lands required or mandated by the Environmental Law;

"Environmental Law" means any law, by law, order, ordinance, ruling, regulation, certificate, approval, consent or directive of any applicable federal, provincial or municipal government, governmental department, agency or regulatory authority or any court of competent jurisdiction, relating to Environmental Matters and/or regulating the import, storage, distribution, labelling, sale, use, handling, transport or disposal of a Hazardous Substance, including, but not limited to, the *Environmental Protection Act* (Ontario), as amended from time to time;

"Environmental Matters" means:

- (a) all environmental matters relating to the Charged Lands including, without limitation:
  - (i) the existence of any Hazardous Substance which might impair the quality of the environment, or adversely affect human health or damage any plant or animal in, on or near the Charged Lands; and
  - (ii) the Release in, or, under, over, upon or from the Charge Lands of any Hazardous Substance; and
- (b) compliance with the Environmental Law;

"Hazardous Substance" means any contaminant, pollutant, dangerous substance, noxious substance, toxic substance, hazardous waste, flammable or explosive material, radio active material, urea formaldehyde foam insulation, asbestos, polychlorinated biphenyls, polychlorinated biphenal waste, polychlorinated biphenal related waste, and any other substance or material now or hereafter declared, defined or deemed to be regulated or controlled in or pursuant to the Environmental Law; and

"Release" means any release, spill, emission, leakage, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration.

#### Assignment of Leases and Rents

8. In consideration of the principal amount set out in the Charge paid to the Chargor, or of such portion thereof as may be advanced from time to time (the receipt and sufficiency of which are acknowledged by the Chargor), upon execution and delivery of the Charge, the Chargor assigns to the Chargee all existing and future leases, tenancy agreements and other similar agreements of all or any part of the lands charged by this Charge granted by the Chargor or any predecessor of the Chargor as landlord and all rents and other similar amount now or hereafter paid or payable to the Chargor in respect of all or any part of the lands charged by this Charge.
9. If the Chargor or any predecessor of the Chargor grants or has granted any lease, tenancy agreement or other similar agreement of all or any part of the Charged Land as landlord, the following provisions shall apply. The assignment of each of the foregoing and of each of the rents and other amounts by the Chargor to the Chargee shall be deemed to be a separate assignment so that the Chargee in its discretion may exercise its rights in respect of any or all of such leases, tenancy agreements or other similar agreements or the rents or other amounts paid or payable thereunder. Until a default occurs the Chargor may collect, retain and apply all rents and other similar amounts and

deal with all leases, tenancy agreements and other similar agreements from time to time in accordance with sound business practice. Nothing herein shall obligate the Chargee to assume or perform any obligation of the Chargor to any tenant or other person pursuant to or in respect of any lease, tenancy agreement, other similar agreement or otherwise and the Chargor hereby indemnifies and saves harmless the Chargee from any and all claims with respect thereto, provided that the Chargee may, at its sole option, assume or perform any such obligations as it considers necessary or desirable. Nothing contained herein shall have the effect of making the Chargee a chargee in possession of the lands charged by this Charge.

WAT\_LAW.37504211

# Appendix M

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF SECTION 243(1) OF THE BANKRUPTCY  
AND INSOLVENCY ACT, R.S.C. 1985, c. B-3 AS AMENDED; and

IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT,  
R.S.O. 1990, c. C-43 AS AMENDED

**B E T W E E N:**

**THE TORONTO-DOMINION BANK**

Applicant

-and-

**BEAVERTON LUMBER INC.**

Respondent

**RECEIVER'S AFFIDAVIT OF FEES**

I, Joe Albert, of the City of Toronto, make oath and say as follows:

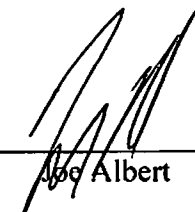
1. I am a Principal of Albert Gelman Inc., Receiver of Beaverton Lumber Inc. ("Receiver"), and as such have knowledge of the facts herein deposed to.
2. The Receiver has prepared invoices in connection with its fees as follows:
  - a. An account dated June 30, 2015 for the period of June 1 to 30, 2015 of \$6,538.50, plus HST thereon; and,
  - b. An account dated July 17, 2015 for the period of July 1 to 15, 2015 of \$9,901.00. plus HST thereon.

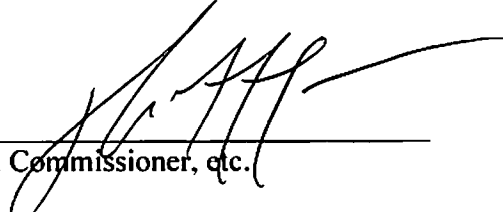
3. A summary of the Receiver's time by staff member is as follows:

Staff member	Position	Hours		Total
		worked	Hourly rate	
Bryan Gelman, CIRP, Trustee in Bankruptcy	Principal	1.0	370.00	370.00
Joe Albert, CPA, CA, CIRP, Trustee in Bankruptcy	Principal	24.7	370.00	9,139.00
Tom McElroy, CPA, CA, CBV, CIRP, Trustee in Bankruptcy	Manager	23.7	285.00	6,754.50
Daphna Cherniak	Estate Administrator	2.2	80.00	176.00
		<u>51.6</u>	<u>318.59</u>	<u>16,439.50</u>

4. The Receiver's total fees are \$16,439.50, its total hours spent is 51.6 and, therefore, its average hourly rate is calculated to be \$318.59.
5. The Receiver's accounts, including detailed time dockets, are attached hereto as Exhibit "A".
6. This Affidavit is made in support of a motion to approve the accounts of Albert Gelman Inc. and for no improper purpose.

SWORN before me at the City of )  
 Toronto in the Province of Ontario )  
 this 30<sup>th</sup> day of July, 2015. )

  
 \_\_\_\_\_  
 Joe Albert

  
 \_\_\_\_\_  
 A Commissioner, etc.

**Thomas John McElroy, a Commissioner, etc.,  
 Province of Ontario, for Albert Gelman Inc.,  
 Trustee in Bankruptcy. Expires January 18, 2016.**

## Invoice

In the Matter of the Court Receivership of Beaverton Lumber

**Invoice Date:** Jun 30, 2015

**Invoice No:** 1855

**Billing Through:** Jun 30, 2015

**File ID:** BEAVERLUM-R:

**Re: Receivership of Beaverton Lumber Inc.**

**Professional Fees:**

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
01/06/2015	JALBERT	attend in Court for application for Receiver and meet and discuss with Greg Bowden on matters addressed by judge (.8); prepare updated summary of liens against real estate for Bowden to consider for next application (.3); discuss with counsel (.2)	1.30	\$370.00	\$481.00
01/06/2015	TMCELROY	Draft report to Court; WEPP Admin; Review of mail; Approve deposit; Approve disbursements (2); Email to George Tripp re corp. life insurance;	1.20	\$285.00	\$342.00
02/06/2015	TMCELROY	Draft report to Court;	2.80	\$285.00	\$798.00
02/06/2015	JALBERT	EM exchange with counsel and provide documents for court application	0.30	\$370.00	\$111.00
02/06/2015	DCHERNIAK	Bank Reconciliation for April 2014;	0.10	\$80.00	\$8.00
09/06/2015	JALBERT	review of TD's application record, forward to independent counsel in relation to affidavit of Trustee to support application	0.40	\$370.00	\$148.00
09/06/2015	TMCELROY	Review of application materials;	0.20	\$285.00	\$57.00
10/06/2015	JALBERT	follow up with TD counsel on application and affidavit in support of court appointment (.1); conf call with counsel and TD counsel on court application and affidavit (1.0);	1.10	\$370.00	\$407.00
10/06/2015	TMCELROY	Review of mail; Approve deposit;	0.20	\$285.00	\$57.00
12/06/2015	JALBERT	TC independent counsel on application, trustee's affidavit and also e-service protocol site set up; conf call with independent counsel and TD counsel on application attendance, requirements; review application materials served, prepare appraisals for attendance at court application;	1.10	\$370.00	\$407.00
16/06/2015	TMCELROY	Review correspondence from TD and forward same to debtor;	0.20	\$285.00	\$57.00
16/06/2015	TMCELROY	Finalize final report to OSB; Finalize Final R&D; Fax documents with OSB; Attend to correspondence from creditors and other discharge matters;	4.20	\$285.00	\$1,197.00
16/06/2015	DCHERNIAK	Prepare final bank reconciliation and close account;	1.50	\$80.00	\$120.00
17/06/2015	JALBERT	attend in court on application to appoint Receiver (1.0); meeting with Pallet Valo to discuss acceptance of offer, secured claim filed by Home Hardware and issues in relation to offset and outside security and ongoing interest charged (2.0); review and execute offer of purchaser and forward to solicitor for delivery and deposit (.4)	3.40	\$370.00	\$1,258.00
17/06/2015	DCHERNIAK	Photocopied documents;	0.50	\$80.00	\$40.00

Albert Gelman Inc. - 100 Simcoe Street, Ste. 125, Toronto, ON M5H 3G2 - Tel: 416 504 1650 - Fax: 416 504 1655 - albergelman.com

## Invoice

In the Matter of the Court Receivership of Beaverton Lumber,

**Invoice Date:** Jun 30, 2015

**Invoice No:** 1855

**Billing Through:** Jun 30, 2015

**File ID:** BEAVERLUM-R:

**Re: Receivership of Beaverton Lumber Inc.**

**Professional Fees:**

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
17/06/2015	TMCELROY	Review of mail;	0.10	\$285.00	\$28.50
18/06/2015	TMCELROY	Email to George Tripp re grass cutting at property; File administration; Approve disbursements (2); Draft cov ltr to George Tripp;	0.90	\$285.00	\$256.50
18/06/2015	JALBERT	follow up with TD Counsel for entered Order (.1); corresp from purchaser's counsel on acceptance of offer and deposit cheque and update Debtor on matter (.2); EM to counsel on timing of due diligence and closing as well as status of Home Hardware claim (.1); notice of court receiver and file with Official Receiver (.3); review of Home Hardware claim and calculate interest charged by non-offset of holdbacks and questions for Tripp on matter (.3)	1.10	\$370.00	\$407.00
19/06/2015	TMCELROY	Call with Sean McNamara of Service Canada re finalize WEPPA; Approve disbursements (2); Draft letter to Calvin Everson; Review of mail; Approve deposit;	0.90	\$285.00	\$256.50
23/06/2015	DCHERNIAK	Bank Reconciliation May 2015;	0.10	\$80.00	\$8.00
25/06/2015	TMCELROY	Review of mail;	0.20	\$285.00	\$57.00
30/06/2015	JALBERT	authorization direction to fire dept for purchaser's due diligence	0.10	\$370.00	\$37.00

**Total Fees:** \$6,538.50

**HST:** \$850.01

**Summary by Staff:**

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Daphna Cherniak (Estate Administrator)	2.20	\$80.00	\$176.00
Joe E. Albert (Principal)	8.80	\$370.00	\$3,256.00
Tom McElroy (Manager)	10.90	\$285.00	\$3,106.50

**Disbursements:**

**Taxable Disbursements**

PHOTOCOPIES:	\$102.50
POSTAGE:	\$16.17

**Total Disbursements:** \$118.67

**HST:** \$15.45

**Amount Due This Invoice:** \$7,522.63

## Invoice

In the Matter of the Court Receivership of Beaverton Lumber,

**Invoice Date:** Jun 30, 2015

**Invoice No:** 1855

**Billing Through:** Jun 30, 2015

**File ID:** BEAVERLUM-R:

**Re: Receivership of Beaverton Lumber Inc.**

---

**Invoice Summary:**

TOTAL FEES AND DISBURSEMENTS:	\$6,657.17
TOTAL HST:	\$865.46
<b>TOTAL AMOUNT DUE:</b>	<b>\$7,522.63</b>

Payment of this account is due on receipt

HST Registration # 83741 9514 RT0001

Estate of Beaverton Lumber Inc.  
c/o Albert Gelman Inc.

Attention: Mr. Dennis Zamanis

## Invoice

Invoice Date: Jul 17, 2015

Invoice No: 1865

Billing Through: Jul 15, 2015

File ID: BEAVERLUM-R:

### Re: Receivership of Beaverton Lumber Inc.

#### Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
7/02/15	BGELMAN	Execute and email signed authorization form to counsel re purchaser request;	0.20	\$370.00	\$74.00
7/02/15	JALBERT	EM Exchange with TD counsel on status of offer, conditions and closing	0.30	\$370.00	\$111.00
7/06/15	TMCELROY	Review of mail; Approve disbursements (2); Review correspondence from Veridian and email to Jackie Horne re same; Email to George Tripp; Email to Stanley Turner (counsel for purchaser); Prepare quarter ended Jun 30/15 HST return; Accrue independent counsel fees;	2.40	\$285.00	\$684.00
7/06/15	JALBERT	forward executed agreement of purchase and sale to TD counsel; CRA correspondence received in relation to purchaser. (.1); approve pay utility bills (.1); work on report to Court, review of legal bills etc. and discuss with counsel (1.0)	1.20	\$370.00	\$444.00
7/07/15	TMCELROY	Emails (2) to Jackie Horn of Veridian Connections; Email (2) to George Tripp re attend at premises to meet Veridian rep; Review correspondence from Service Canada;	0.60	\$285.00	\$171.00
7/07/15	JALBERT	work on Receiver's first report to Court	1.70	\$370.00	\$629.00
7/08/15	TMCELROY	Draft report to Court;	0.30	\$285.00	\$85.50
7/08/15	JALBERT	Work on Receiver's First report to Court.	2.50	\$370.00	\$925.00
7/09/15	JALBERT	work on first report to Court (5.)	5.00	\$370.00	\$1,850.00
7/10/15	JALBERT	work on confidential report supplement to first report	1.50	\$370.00	\$555.00
7/13/15	JALBERT	follow up with counsel on status of purchaser waiving conditions re: info from Tripp that they have; work on confidential report to Court (1.5)	1.50	\$370.00	\$555.00
7/14/15	JALBERT	work on confidential report of Receiver (2.0); notice from purchaser of waiver of conditions and additional deposit supplied	2.00	\$370.00	\$740.00
7/14/15	TMCELROY	Draft report to Court; Review of mail; Email to Counsel;	2.60	\$285.00	\$741.00
7/15/15	TMCELROY	Draft report to Court; Email to Dennis Z;	6.90	\$285.00	\$1,966.50
7/15/15	JALBERT	Em exchanges with counsel on closing matters and look into amount for realty taxes	0.20	\$370.00	\$74.00
7/15/15	BGELMAN	Review of draft report to Court; call with Tom Mcelroy re same;	0.80	\$370.00	\$296.00
<b>Total Fees:</b>					<b>\$9,901.00</b>
<b>HST:</b>					<b>\$1,287.13</b>

## Invoice

Estate of Beaverton Lumber Inc.  
c/o Albert Gelman Inc.

**Attention:** Mr. Dennis Zamanis

**Invoice Date:** Jul 17, 2015

**Invoice No:** 1865

**Billing Through:** Jul 15, 2015

**File ID:** BEAVERLUM-R:

**Re: Receivership of Beaverton Lumber Inc.**

**Summary by Staff:**

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Bryan A. Gelman (Principal)	1.00	\$370.00	\$370.00
Joe E. Albert (Principal)	15.90	\$370.00	\$5,883.00
Tom McElroy (Manager)	12.80	\$285.00	\$3,648.00

**Disbursements:**

**Taxable Disbursements**

PHOTOCOPIES:	\$3.00
POSTAGE:	\$1.27

**Total Disbursements:** \$4.27

**HST:** \$0.56

**Amount Due This Invoice:** \$11,192.96

**Invoice Summary:**

TOTAL FEES AND DISBURSEMENTS:	\$9,905.27
TOTAL HST:	\$1,287.69
<b>TOTAL AMOUNT DUE:</b>	<b>\$11,192.96</b>

Payment of this account is due on receipt  
HST Registration # 83741 9514 RT0001

# Appendix N