

This is the 2nd Affidavit of Betty Anne Faulkner  
in this case and was made on November 5, 2014

NO.: \_\_\_\_\_  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36**

**AND**

**IN THE MATTER OF THE BUSINESS CORPORATIONS ACT  
R.S.B.C. 2002, c. 57**

**AND**

**IN THE MATTER OF  
PRETTY ESTATES LTD.**

PETITIONER

**AFFIDAVIT**

I, Betty Anne Faulkner, of the City of Harrison Mills, in the Province of British Columbia,  
MAKE OATH AND SAY THAT:

1. I am the authorized representative of 0700256 B.C. Ltd. ("**070**"), a creditor of the  
Petitioner herein and as such have personal knowledge of the matters herein deposed to  
except where stated to be based upon information and belief.

**070 Mortgage**

2. I am the sole director and shareholder of 070. 070 holds a mortgage (the "**070  
Mortgage**") over the lands owned by the Petitioner in Harrison Mills, British Columbia  
(the "**Lands**").
3. The 070 Mortgage was originally granted by the Petitioner in June 1998 to 545213 B.C.  
Ltd and secured the principal amount of \$697,355.70. Interest accrued at the Royal Bank  
of Canada's Prime Rate plus 1% calculated annually. A true copy of the Form B  
evidencing the 070 Mortgage is attached as **Exhibit "A"** to this my Affidavit.

4. In July 2004, 545213 B.C. Ltd. amalgamated with Snowcap Lumber Ltd. ("**Snowcap**") and the 070 Mortgage was transferred to Snowcap. A true copy of the Form 17 registering the transfer of the 070 Mortgage to Snowcap is attached as **Exhibit "B"** to this my Affidavit.
5. On July 30, 2004, Snowcap transferred the 070 Mortgage to 070. Attached as **Exhibit "C"** to this my Affidavit is true copy of the registered Form C transfer.
6. On July 30, 2004, the 070 Mortgage was modified to increase the principal amount to \$2,423,077.00 and extend the maturity date to July 27, 2014, among other changes. A true copy of the Form C registered to modify the 070 Mortgage is attached as **Exhibit "D"** to this my Affidavit.
7. As at October 31, 2014, the amount due and owing under the 070 Mortgage was \$2,422,106.94.

#### **B.A. Faulkner Mortgage**

8. I also hold a mortgage on the Lands in my personal capacity (the "**B.A. Faulkner Mortgage**"). The B.A. Faulkner Mortgage was originally granted to myself and my brother James Ivan Pretty. A true copy of the Form B evidencing the B.A. Faulkner Mortgage is attached as **Exhibit "E"** to this my Affidavit.
9. The B.A. Faulkner Mortgage was modified in July 2004 by, among other changes, removing James Ivan Pretty as a mortgagee, reducing the principal amount to \$179,168.92, and extending the maturity date to July 27, 2014. A true copy of the Form C registered to modify the B.A. Faulkner Mortgage is attached as **Exhibit "F"** to this my Affidavit.

#### **Priority Charges**

10. I am aware that there are other mortgages on the Lands ranking in priority to the 070 Mortgage and the B.A. Faulkner Mortgage (the "**Higher Ranking Mortgages**").
11. I am also aware that the Petitioner seeks priority charges for DIP Financing (the "**DIP Charge**"), professional fees (the "**Administration Charge**"), and director's indemnification (the "**D&O Charge**"), each of which will rank in priority to the Higher

12. I consent to the granting of the DIP Charge, the Administration Charge, and the D&O Charge.

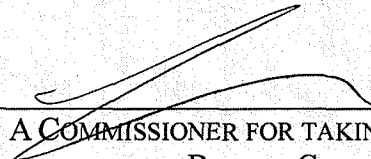
# A Commissioner for taking Affidavits in British Columbia

Eliz. A. Farnham

BETTY ANNE FAULKNER

30404.124090.JRP.10973680.2

This is **Exhibit "A"** referred to in the affidavit of Betty Anne Faulkner, sworn before me at the City of Vancouver, in the Province of British Columbia this 5th day of November, 2014.



A COMMISSIONER FOR TAKING AFFIDAVITS FOR  
BRITISH COLUMBIA

**LAND TITLE ACT  
FORM B**

98 JUN -3 14 15

BM156680

(Section 219.1)

LAND TITLE OFFICE  
NEW WESTMINSTER/VANCOUVERProvince of  
British Columbia**MORTGAGE - PART 1**

(This area for Land Title Office use)

Page 1 of 4 pages

**1. APPLICATION: (Name, address, phone number and signature of applicant, applicant's solicitor or agent)**

Michele Wike, Agent 888-5811 888-6565 (fax)  
CHERRINGTON MINTEN EASINGWOOD  
Barristers and Solicitors  
9067 Church Street, Fort Langley V1M 2R9  
(PRETTYS' 29,517)

  
Michele Wike

Signature of applicant, applicant's solicitor or agent

**2. PARCEL IDENTIFIER(S) AND LEGAL DESCRIPTION(S) OF THE MORTGAGED LAND:\***  
(PID) (LEGAL DESCRIPTION)

See Schedule

22 98/06/03 14:11:50 02 NW  
CHARGE**3. BORROWER(S) [MORTGAGOR(S)]: (including postal address(es) and postal code(s))\***

PRETTY ESTATES LTD., Incorporation No. 490018  
9067 Church Street  
Fort Langley, BC  
V1M 2R9

**4. LENDER(S) [MORTGAGEE(S)]: (including occupation(s), postal address(es) and postal code(s))\***

545213 B.C. LTD., Incorporation No. 545213  
9067 Church Street  
Fort Langley, BC  
V1M 2R9

**5. PAYMENT PROVISIONS:\*\***

(a) Principal Amount: \$ 697,355.70	(b) Interest Rate: Prime Rate of the Royal Bank of Canada plus 1.000%	(c) Interest Adjustment Date: n/a	Y	M	D
(d) Interest Calculation Period: annually	(e) Payment Dates: n/a	(f) First Payment Date: n/a			
(g) Amount of each periodic payment: n/a	(h) Interest Act (Canada) Statement: The equivalent rate of interest calculated half yearly not in advance is n/a % per annum.	(i) Last Payment Date: n/a			
(j) Assignment of Rents which the applicant wants registered? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> If YES, page & paragraph number:	(k) Place of payment:  Postal Address in Item 4	(l) Balance Due Date:	2003	06	01

\* If space insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.

\*\*If space in any box insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.

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**MORTGAGE – PART I**Page 2 of 4 page

6. MORTGAGE contains floating charge on land? YES ☐ NO ☒

7. MORTGAGE secures a current or running account? YES ☐ NO ☒

## 8. INTEREST MORTGAGED:

Freehold ☒  
Other specify ☐ \*

## 9. MORTGAGE TERMS:

Part 2 of this instrument consists of (select one only):

(a) Prescribed Standard Mortgage Terms ☒

(b) Filed Standard Mortgage Terms ☐

(c) Express Mortgage Terms ☐



D.F. Number:

(annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in Item 10 or in a schedule annexed to this mortgage

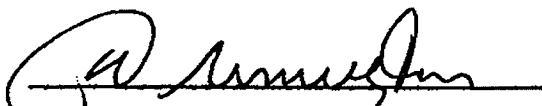
## 10. ADDITIONAL OR MODIFIED TERMS:\*

See Schedule

## 11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:\*


n/a

12. EXECUTION(S):\*\* This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)  
  
**JOHN A. CHERRINGTON**  
9067 CHURCH STREET,  
PORT LANGLEY, B.C. V0X 1J0  
BARRISTER & SOLICITOR

Execution Date		
Y	M	D
98	05	27

Borrower(s) Signature(s)  
**PRETTY ESTATES LTD.** by its  
Authorized Signatory(ies)

  
**JAMES IVAN PRETTY**

## OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B. 1979, c. 116, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

\* If space insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.

\*\*If space insufficient, continue executions on additional page(s) in Form D.

**LAND TITLE ACT  
FORM E****SCHEDULE**

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM,  
MORTGAGE FORM OR GENERAL DOCUMENT FORM.

**2. PARCEL IDENTIFIER(S) AND LEGAL DESCRIPTION(S) OF THE MORTGAGED  
LANDS:**

<b>(PID)</b>	<b>(Legal Description)</b>
011-067-241	Lot "C" EXCEPT: Part subdivided by Plan 5178; Scowlitz Indian Reserve Number 1 New Westminster District Plan 4294
011-067-284	Lot "N" Scowlitz Indian Reserve Number 1 New Westminster District Plan 4294
008-779-899	District Lot 542 Group 1 EXCEPT: Part shown on Highway Plan 67884, New Westminster District
008-779-961	That portion of the West Half Section 35 Township 3 Range 30 West of the Sixth Meridian which lies to the West of District Lot 542 Group 1 EXCEPT: Part shown on Highway Plan 67884, New Westminster District
013-177-672	That portion of the North West Quarter Section 26 Township 3 Range 30 West of the Sixth Meridian lying North of Harrison River EXCEPT: Part shown red on Plan 24394, New Westminster District
011-067-217	Lot "B" EXCEPT: Part subdivided by Plan 5178; Scowlitz Indian Reserve Number 1 New Westminster District Plan 4294
013-178-903	That portion of the North East Quarter Section 27 Township 3 Range 30 West of the Sixth Meridian lying North of the Harrison River EXCEPT: FIRSTLY: Parcel "C" (Reference Plan 3605), SECONDLY: Part on Highway Plan 24394, THIRDLY: Part on Plan LMP14861 New Westminster District
011-067-276	Lot "M" Scowlitz Indian Reserve Number 1 New Westminster District Plan 4294

**LAND TITLE ACT  
FORM E****SCHEDULE**

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM,  
MORTGAGE FORM OR GENERAL DOCUMENT FORM.

**10. ADDITIONAL OR MODIFIED TERMS**

The Mortgagor shall not sell, agree to sell, mortgage or otherwise dispose of the Lands, or any part or parts thereof without the previous consent in writing of the Mortgagee, and in default the whole of the monies hereby secured remaining unpaid, shall at the option of the Mortgagee, immediately become due and payable in like manner and to all intents and purposes as if the due date for payment of such monies had fully come and past and all powers and remedies of the Mortgagee hereunder shall be exercisable.

This Mortgage is not assignable by the Mortgagee without the express written consent of the Mortgagor.

The Mortgagor, when not in default hereunder, shall before maturity, have the right at any time and from time to time to pay off the whole or any part of the monies hereby secured remaining unpaid without notice or bonus, provided that any such payment shall be applied firstly to the payment of interest to the date thereof and secondly in reduction of all other sums hereby secured and thirdly in reduction of the Principal Amount, and provided further that without the previous consent in writing of the Mortgagee no such payment shall be taken to be in substitution of any monthly instalment due hereunder.

**END OF DOCUMENT**



This is **Exhibit "B"** referred to in the affidavit of Betty Anne Faulkner, sworn before me at the City of Vancouver, in the Province of British Columbia this 5th day of November, 2014.



A COMMISSIONER FOR TAKING AFFIDAVITS FOR  
BRITISH COLUMBIA

26 JUL 2004 15 00  
LAND TITLE ACT APPLICATION  
FORM 17

BN341745

TOPW3

## NATURE OF INTEREST:

Change of Mortgagee, <sup>NAME</sup> 545213 B.C. Ltd., re Mortgages registered as:

No. BJ384726 and modified by No. BM156679,  
No. BJ384727 and modified by BM156678; and  
No. BM156680

Pursuant to Amalgamation Application filed July 23, 2004 a copy of which is attached hereto.

HEREWITH FEE OF \$ 6450

## MARKET VALUE:

NOMINAL

02 04/07/26 15:02:44 04 LM  
NAME CHNG

## Legal Description:

PID: 013-177-672

That portion of the North West Quarter of Section 26 Township 3 Range 30 West of the Sixth Meridian Lying North of Harrison River Except: Part shown Red on Plan 24394, New Westminster District

PID: 008-779-961

That portion of the West Half Section 35 township 3 Range 30 West of the Sixth Meridian Which Lies to the West of District Lot 542 Group 1 Except: Part Shown on Highway Plan 67884, New Westminster District

PID: 008-779-899

District Lot 542 Group 1 Except: Part Shown on Highway Plan 67884, New Westminster District

Address of person entitled to be registered as owner of the charge if different than shown in instrument:

Snowcap Lumber Ltd., Incorporation No: BC0700490  
9067 Church Street, Fort Langley, B.C. V1M 2R9

## FULL NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON PRESENTING APPLICATION:

Anita LaHay, Legal Assistant,  
Cherrington Easingwood Kearn Critchley Wenner  
Barristers & Solicitors,  
9067 Church Street, P.O. Box 580  
Fort Langley, B.C. V1M 2R9  
Tel: 604-888-5811

  
Anita LaHay, Agent for Applicant

DYE &amp; DURHAM CLIENT No. 11061

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**BRITISH  
COLUMBIA**

Ministry of Finance  
Corporate and Personal  
Property Registries  
[www.corporateonline.gov.bc.ca](http://www.corporateonline.gov.bc.ca)

Mailing Address:  
PO BOX 9431 Stn Prov Govt  
Victoria BC V8W 9V3

Location:  
2nd Floor - 940 Blanshard St  
Victoria BC  
250 356-8626

## Vertical Short Form Amalgamation Application

Form 14  
BUSINESS CORPORATIONS ACT  
Section 275

Vertical Short Form Amalgamation Application

SNOWCAP LUMBER LTD.

545213 B.C. LTD.

BC0520576

BC0545213

Effective Date: July 28, 2004

Registration Date: July 28, 2004

Registration Number: BC0545213

### AMALGAMATION APPLICATION

The amalgamated company will adopt as its Notice of Articles, the Notice of Articles of the amalgamating holding corporation, SNOWCAP LUMBER LTD., Incorporation No. BC0520576.

#### AMALGAMATION EFFECTIVE DATE:

The amalgamation is to take effect at the time that this application is filed with the Registrar.


#### AMALGAMATING CORPORATION(S) INFORMATION

Name of Amalgamating Corporation(s)	Incorporation Number in BC	Foreign Corporation's Jurisdiction
SNOWCAP LUMBER LTD.	BC0520576	
545213 B.C. LTD.	BC0545213	

#### AMALGAMATION STATEMENT

This amalgamation has been effected without court approval. A copy of all of the required affidavits under section 277(1) have been obtained and the affidavit obtained from each amalgamating company has been deposited in that company's records office.

This is **Exhibit "C"** referred to in the affidavit of Betty Anne Faulkner, sworn before me at the City of Vancouver, in the Province of British Columbia this 5th day of November, 2014.



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A COMMISSIONER FOR TAKING AFFIDAVITS FOR  
BRITISH COLUMBIA

**LAND TITLE ACT**  
**FORM C**  
 (Section 233)  
 Province of British Columbia  
**GENERAL INSTRUMENT - PART 1**

30 JUL 2004 15 13

BW355294

Page 1 of 3 pages

1. APPLICATION: [Name, address, phone number and signature of authorized agent]

CHERRINGTON EASINGWOOD KEARL CRITCHLEY WENNER  
 Barristers & Solicitors  
 9067 Church Street  
 Fort Langley, B.C. V1M 2R9 604-888-5811  
 File: 34,995/Pretty Estates Ltd.

**DYE & DURHAM CLIENT No. 11001**

Applicant's Agent - Geri Moseley

2. PARCEL IDENTIFIER(S) AND LEGAL DESCRIPTION OF LAND:\*

[PID]

[legal description]

SEE SCHEDULE

15 04/07/30 15:12:02 03 LM  
 CHARGE

3. NATURE OF INTEREST\*

DESCRIPTION

DOCUMENT REFERENCE

PERSON ENTITLED TO INTEREST

Transfer of Mortgage  
 #BM156680 transferred by  
 DF# BW341747  
 (Amalgamation)

[page and paragraph]  
 Entire Instrument

TRANSFeree

4. TERMS: Part 2 of this instrument consists of [select one only]

(a) Filed Standard Charge Terms

[ ]

D.F. No.

(b) Express Charge Term

[ X ]

Annexed as Part 2

(c) Release

[ ]

There is no Part 2 to this instrument.

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument. If (c) is selected, the charge described in item 3 is released or discharged as a charge on the land described in item 2.

5. TRANSFEROR(S):

SNOWCAP LUMBER LTD. (Incorporation No. BC0 700490)

6. TRANSFeree(S): [including postal address(s) & code(s)]\*

0700256 B.C. LTD., Incorporation No. BC0700256  
 of 9067 Church Street, Fort Langley, BC V1M 2R9

7. ADDITIONAL OR MODIFIED TERMS: N/A

8. EXECUTION(S):\*\* This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

EXECUTION DATE

Y	M	D
04	07	23

Transferor(s) Signature(s)

SNOWCAP LUMBER LTD.  
 By its authorized signatory:

KARL YZERMAN

**JOHN A. CHERRINGTON**  
 9067 CHURCH STREET,  
 FORT LANGLEY, B.C. V0X 1J0  
 BARRISTER & SOLICITOR

OFFICER CERTIFICATION

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

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**LAND TITLE ACT  
FORM E****SCHEDULE**

Page 2 of 3 Pages

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL DOCUMENT FORM.

**2. Parcel Identifier and Legal Description of Land:**

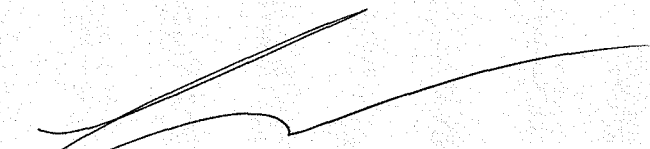
(PID)	(Legal Description)
008-779-899	District Lot 542 Group 1 Except: Part shown on Highway Plan 67884, New Westminster District
008-779-961	That Portion of the West Half Section 35 Township 3 Range 30 West of the Sixth Meridian which lies to the West of District Lot 542 Group 1 Except: Part shown on Highway Plan 67884 New Westminster District
013-177-672	That Portion of the North West Quarter Section 26 Township 3 Range 30 West of the Sixth Meridian lying North of Harrison River Except: Part shown red on Plan 24394, New Westminster District

**TERMS OF INSTRUMENT – PART 2**

THE TRANSFEROR, owner of a Mortgage registered in the New Westminster Land Title Office on the 3rd day of June, 1998 under Number BM156680 in respect of lands situate in the New Westminster Assessment District, in the Province of British Columbia, more particularly described in Part 1 of this General Instrument form as transferred by virtue of amalgamation certificate filed under Number BW 341747, in consideration of the sum of \$1.00 and other good valuable and sufficient consideration paid to the Transferor by the Transferee, TRANSFERS the Mortgage TO THE TRANSFEE.

**END OF DOCUMENT**

This is **Exhibit "D"** referred to in the affidavit of Betty Anne Faulkner, sworn before me at the City of Vancouver, in the Province of British Columbia this 5th day of November, 2014.



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A COMMISSIONER FOR TAKING AFFIDAVITS FOR  
BRITISH COLUMBIA



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**LAND TITLE ACT  
FORM C**

(Section 233)

Province of British Columbia

GENERAL INSTRUMENT - PART 1

30 JUL 2004 15 14

BW355295

Page 1 of 6 pages

1. APPLICATION: [Name, address, phone number and signature of authorized agent]

CHERRINGTON EASINGWOOD KEARL CRITCHLEY WENNER

Barristers &amp; Solicitors

9067 Church Street

Fort Langley, B.C. V1M 2R9 604-888-5811

File: 34,995/Pretty Estates Ltd.

**DYE & DURHAM CLIENT No. 11001**

Applicant's Agent - Geri Moseley

2. PARCEL IDENTIFIER(S) AND LEGAL DESCRIPTION(S) OF LAND:\*

[PID]

[legal description]

SEE SCHEDULE

15 04/07/30 15:12:17 03 LH  
CHARGE

3. NATURE OF INTEREST\*

DESCRIPTION

Modification of Mortgage

#BM156680, Transfer of

DF# BW 341747, transferred  
by #BW 355294

DOCUMENT REFERENCE

[page and paragraph]

Entire Instrument

PERSON ENTITLED TO INTEREST

MORTGAGEE/TRANSFeree

4. TERMS: Part 2 of this instrument consists of [select one only]

(a) Filled Standard Charge Terms

[ ]

D.F. No.

(b) Express Charge Term

[ X ]

Annexed as Part 2

(c) Release

[ ]

There is no Part 2 to this instrument.

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument. If (c) is selected, the charge described in item 3 is released or discharged as a charge on the land described in item 2.

5. TRANSFEROR(S):

PRETTY ESTATES LTD., Incorporation No. BC0490018

6. TRANSFeree(S): [including postal address(s) &amp; code(s)]\*

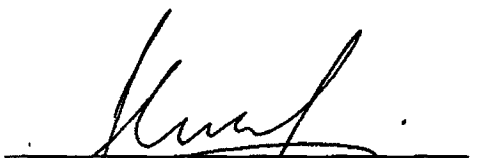
0700256 B.C. LTD., (Incorporation No. BC0700256

of 9067 Church Street, Fort Langley, BC V1M 2R9

7. ADDITIONAL OR MODIFIED TERMS: N/A

8. EXECUTION(S):\*\* This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

  
**JACK M. YONG**  
 Barrister & Solicitor  
 SUITE 2300, 1055 DUNSMUIR STR.  
 P.O. BOX 49122 VANCOUVER, B.C. V7X 1J1  
 TELEPHONE (604) 683-6498

EXECUTION DATE

Y	M	D
04	07	29

Transferor(s) Signature(s)

**Pretty Estates Ltd.**  
 By its authorized signatory

  
**ELIZABETH ANNE FAULKNER**

## OFFICER CERTIFICATION

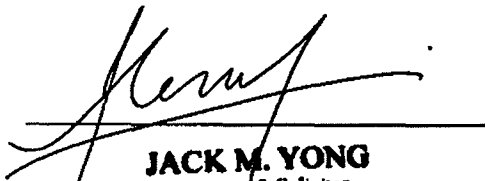

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

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LAND TITLE ACT  
FORM D

EXECUTIONS CONTINUED

Page 2 of 6 pages

Officer Signature(s)	EXECUTION DATE			Transferor/Borrower/Party Signature(s)
	Y	M	D	
 <b>JACK M. YONG</b> <i>Barrister &amp; Solicitor</i> SUITE 2300, 1055 DUNSMUIR STR. P.O. BOX 49122 VANCOUVER, B.C. V7X 1J1 TELEPHONE (604) 683-6498	04	07	29	0700256 B.C. LTD. By its Authorized Signatory  ELIZABETH ANNE FAULKNER

## OFFICER CERTIFICATION

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

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**LAND TITLE ACT  
FORM E****SCHEDULE**

Page 3 of 6 Pages

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ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL DOCUMENT FORM.

**2. Parcel Identifier and Legal Description of Land:**

(PID)	(Legal Description)
008-779-899	District Lot 542 Group 1 Except: Part shown on Highway Plan 67884, New Westminster District
008-779-961	That Portion of the West Half Section 35 Township 3 Range 30 West of the Sixth Meridian which lies to the West of District Lot 542 Group 1 Except: Part shown on Highway Plan 67884 New Westminster District
013-177-672	That Portion of the North West Quarter Section 26 Township 3 Range 30 West of the Sixth Meridian lying North of Harrison River Except: Part shown red on Plan 24394, New Westminster District

**MODIFICATION AGREEMENT**

THIS AGREEMENT dated for reference the 31<sup>st</sup> day of July, 2004.

**BETWEEN:**

**PRETTY ESTATES LTD.**, Incorporation No. BC0490018  
9067 Church Street  
Fort Langley, BC V1M 2R9

(hereinafter called the "Mortgagor")

**OF THE FIRST PART**

**AND:**

**0700256 B.C. LTD.**, Incorporation No. BC0700256  
9067 Church Street  
Fort Langley, BC V1M 2R9

(hereinafter called the "Mortgagee")

**OF THE SECOND PART**

**WHEREAS:**

By an Indenture of Mortgage dated the 27th day of May, 1998 and registered in the New Westminster Land Title Office on the 3rd day of June, 1998 under No. BM156680 the Mortgagors did grant a Mortgage unto the Mortgagee of certain lands and premises in the New Westminster Assessment District, the Province of British Columbia, more particularly known and described as:

008-779-899	District Lot 542 Group 1 Except: Part shown on Highway Plan 67884, New Westminster District
008-779-961	That Portion of the West Half Section 35 Township 3 Range 30 West of the Sixth Meridian which lies to the West of District Lot 542 Group 1 Except: Part shown on Highway Plan 67884 New Westminster District
013-177-672	That Portion of the North West Quarter Section 26 Township 3 Range 30 West of the Sixth Meridian lying North of Harrison River Except: Part shown red on Plan 24394, New Westminster District

The Mortgagor and the Mortgagee have agreed to modify the said Mortgage as hereinafter set out.

NOW THEREFORE IN CONSIDERATION of the premises and of the sum of ONE (\$21.00) DOLLAR now paid by the each party to the other (the receipt whereof is hereby acknowledged) the parties covenant and agree as follows:

1. THAT under section 5 of page 1 of the mortgage document the following modification is to be made to the said Mortgage:
  - (a) 5(a) "Principal Amount" is to be changed from \$697,355.70 to \$2,423,077.00;
  - (b) 5(l) "Balance Due Date" is to be changed from "2003 06 01" to "2014 07 27".
2. THAT this Agreement shall be read and construed along with the said Mortgage, which said Mortgage shall be and continue to be in full force and effect save as the same is hereby modified.
3. THIS Agreement shall not prejudice any rights which the Mortgagee may have under the said Mortgage as against the lands or as against any subsequent encumbrancer, or any person interested in the lands, all of which rights are hereby reserved and this Agreement shall not create any merger of alienate or prejudice the rights of the Mortgagee as regards any security collateral to the said Mortgage or as regards any surety or subsequent encumbrancer or a person not a party hereto liable to pay monies under the said Mortgage or interest in the lands, all of which rights are hereby reserved.
4. In all respects the parties confirm and ratify the terms, conditions, covenants and provisos contained in the Mortgage upon their respective parties to be performed.
5. This Mortgage is subject to that certain Mortgage (BT409571) and Assignment of Rents (BT409572) in favour of Envision Credit Union (hereinafter called the "First Mortgage") securing the principal sum of \$2,026,000.00; and it is understood that the First Mortgage is entitled to priority over this Mortgage in respect of the full principal sum of the First Mortgage regardless of the date or dates of execution or registration and the First Mortgage shall have priority over all monies advanced or owing under this Mortgage whether or not all or any part of the monies secured or to be secured by the First Mortgage were or shall be advanced before or after all or any part of the monies secured by this Mortgage, to the intent that the interest of the Mortgagee in the Property shall be subject at all times to the rights of the First Mortgage with respect to any monies advanced or to be advanced under the First Mortgage, plus interest and other monies secured thereby.
6. This Mortgage is also subject to that certain Mortgage (BJ394726) in favour of Karl Yzerman, Executor of the Estate of James Ivan Pretty, Deceased, as modified, (hereinafter called the "Second Mortgage") securing the principal sum of \$1,728,382.00; and it is understood that the Second Mortgage is entitled to priority over this Mortgage in respect of the full principal sums of the Second Mortgage regardless of the date or dates of execution or registration and the Second Mortgage shall have priority over all monies advanced or owing under this Mortgage whether or not all or any part of the monies secured or to be secured by the Second Mortgage were or shall be advanced before or after all or any part of the monies secured by this Mortgage, to the intent that the interest of the Mortgagee in the Property shall be subject at all times to the rights of the Second Mortgage with respect to any monies advanced or to be advanced under the Second Mortgage, plus interest and other monies secured thereby.

7. This Mortgage is also subject to that certain Mortgage (BJ384727) in favour of Snowcap Lumber Ltd., as modified (hereinafter called the "Third Mortgage") securing the principal sum of \$81,698.06; and it is understood that the Third Mortgage is entitled to priority over this Mortgage in respect of the full principal sums of the Third Mortgage regardless of the date or dates of execution or registration and the Third Mortgage shall have priority over all monies advanced or owing under this Mortgage whether or not all or any part of the monies secured or to be secured by the Third Mortgage were or shall be advanced before or after all or any part of the monies secured by this Mortgage, to the intent that the interest of the Mortgagee in the Property shall be subject at all times to the rights of the Third Mortgage with respect to any monies advanced or to be advanced under the Third Mortgage, plus interest and other monies secured thereby.
8. The Mortgagee consents to all modifications of the Second Mortgage and Third Mortgage filed prior to this instrument.
9. AND IT IS EXPRESSLY AGREED between the Parties hereto that all grants, covenants, provisos and agreements, rights, powers, privileges and liabilities contained in this Mortgage shall be read and held as made by and with, and granted to and imposed upon the respective parties hereto, and their respective heirs, executors, administrators, successors and assigns, as if the words "heirs, executors, administrators, successors and assigns" had been inscribed in all proper and necessary places.
10. Wherever the singular or masculine is used through this Indenture the same shall be construed as meaning the plural or the feminine or body corporate where the context or the parties hereto so require.

**END OF DOCUMENT**

This is **Exhibit "E"** referred to in the affidavit of Betty Anne Faulkner, sworn before me at the City of Vancouver, in the Province of British Columbia this 5th day of November, 2014.



A COMMISSIONER FOR TAKING AFFIDAVITS FOR  
BRITISH COLUMBIA

**LAND TITLE ACT  
FORM B**

(Section 219.1)

Province of  
British Columbia

**MORTGAGE - PART 1**

(This area for Land Title Office use)

Page 1 of 4 pages**1. APPLICATION: (Name, address, phone number and signature of applicant, applicant's solicitor or agent)**

Michele Wike, Agent 888-5811 888-6565 (fax)  
CHERRINGTON MINTEN EASINGWOOD  
Barristers and Solicitors  
9067 Church Street, Fort Langley, BC V1M 2R9  
(PRETTY 30,988)

**WLI CLIE**  
**#11507**

02 99/12/17 09:25:59 01 NW  
Michele Wike

Signature of applicant, applicant's solicitor or agent

**2. PARCEL IDENTIFIER(S) AND LEGAL DESCRIPTION(S) OF THE MORTGAGED LAND:\***

(PID)

(LEGAL DESCRIPTION)

See Schedule

**3. BORROWER(S) [MORTGAGOR(S)]: (including postal address(es) and postal code(s))\***

PRETTY ESTATES LTD. (Incorporation No. 490018)  
9067 Church Street  
Fort Langley, BC  
V1M 2R9

**4. LENDER(S) [MORTGAGEE(S)]: (including occupation(s), postal address(es) and postal code(s))\***

JAMES IVAN PRETTY, Businessman, of 31283 Wheel Avenue, Abbotsford, BC V2T 6H1  
as to an undivided 1,268,340/1,443,372 interest  
and

ELIZABETH ANNE FAULKNER, Businesswoman, 561 Glenross Road, West Vancouver, BC V7S 1  
as to an undivided 175,032/1,443,372 interest

**5. PAYMENT PROVISIONS:\*\***

(a) Principal Amount: \$ 1,443,372.00	(b) Interest Rate: Prime Rate of the Royal Bank of Canada plus 1.0000%	(c) Interest Adjustment Date: n/a	Y	M	D
(d) Interest Calculation Period: annually	(e) Payment Dates: n/a	(f) First Payment Date: n/a			
(g) Amount of each periodic payment: n/a	(h) Interest Act (Canada) Statement: The equivalent rate of interest calculated half yearly not in advance is n/a % per annum.	(i) Last Payment Date: n/a			
(j) Assignment of Rents which the applicant wants registered? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> If YES, page & paragraph number:	(k) Place of payment: Postal Address in Item 4	(l) Balance Due Date:	2003	06	01

\* If space insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.

\*\*If space in any box insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.

**MARK**  
**WESTERN LEGAL**  
**INFORMATION SERVICES INC.**



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## MORTGAGE - PART I

Page 2 of 4

6. MORTGAGE contains floating charge on land? YES ☐ NO ☒

7. MORTGAGE secures a current or running account? YES ☐ NO ☒

## 8. INTEREST MORTGAGED:

Freehold ☒  
Other specify ☐ \*

## 9. MORTGAGE TERMS:

Part 2 of this instrument consists of (select one only):

- (a) Prescribed Standard Mortgage Terms ☒  
(b) Filed Standard Mortgage Terms ☐ D.F. Number:  
(c) Express Mortgage Terms ☐ (annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in Item 10 or in a schedule annexed to this mortgage.

## 10. ADDITIONAL OR MODIFIED TERMS:\*

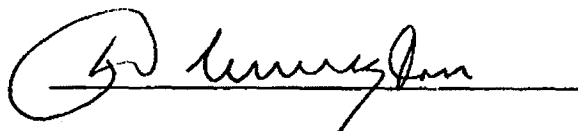
See Schedule

## 11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:\*

Mortgage No. BM156678 modification of Mortgage No. BJ384727 transfer of No. BL2970  
Mortgage No. BM156679 modification of Mortgage No. BJ384726 transfer of No. BL2970  
Mortgage No. BM156680

## 12. EXECUTION(S):\*\* This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all monies and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)



**JOHN A. CHERRINGTON**  
9067 CHURCH STREET,  
FORT LANGLEY, B.C. V0X 1J0  
BARRISTER & SOLICITOR

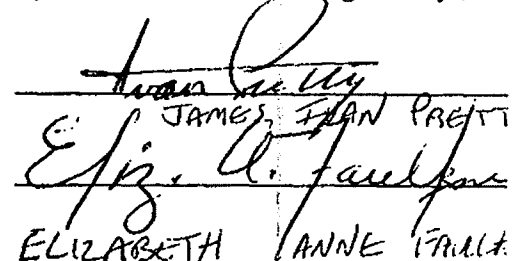
AS TO BOTH SIGNATURES

Execution Date

Y	M	D
98	12	16
99		

Borrower(s) Signature(s)

**PRETTY ESTATES LTD.**  
by its Authorized Signatory(ies)



JAMES IAN PRETTY  
ELIZABETH ANNE TRILL

## OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R 1979, c. 116, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they relate to the execution of this instrument.

\* If space insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.

\*\*If space insufficient continue executions on additional page(s) in Form D.

**LAND TITLE ACT  
FORM E****SCHEDULE**

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM,  
MORTGAGE FORM OR GENERAL DOCUMENT FORM.

**2. PARCEL IDENTIFIER(S) AND LEGAL DESCRIPTION(S) OF THE MORTGAGED  
LANDS:**

<b>(PID)</b>	<b>(Legal Description)</b>
011-067-241	Lot "C" EXCEPT: Part subdivided by Plan 5178; Scowlitz Indian Reserve Number 1 New Westminster District Plan 4294 ✓
011-067-284	Lot "N" Scowlitz Indian Reserve Number 1 New Westminster District Plan 4294 ✓
008-779-899	District Lot 542 Group 1 EXCEPT: Part shown on Highway Plan 67884, New Westminster District ✓
008-779-961	That portion of the West Half Section 35 Township 3 Range 30 West of the Sixth Meridian which lies to the West of District Lot 542 Group 1 EXCEPT: Part shown on Highway Plan 67884, New Westminster District
013-177-672	That portion of the North West Quarter Section 26 Township 3 Range 30 West of the Sixth Meridian lying North of Harrison River EXCEPT: Part shown red on Plan 24394, New Westminster District ✓
011-067-217	Lot "B" EXCEPT: Part subdivided by Plan 5178; Scowlitz Indian Reserve Number 1 New Westminster District Plan 4294
013-178-903	That portion of the North East Quarter Section 27 Township 3 Range 30 West of the Sixth Meridian lying North of the Harrison River EXCEPT: FIRSTLY: Parcel "C" (Reference Plan 3605), SECONDLY: Part on Highway Plan 24394, THIRDLY: Part on Plan LMP14861 New Westminster District
011-067-276	Lot "M" Scowlitz Indian Reserve Number 1 New Westminster District Plan 4294

**LAND TITLE ACT  
FORM E****SCHEDULE**

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM,  
MORTGAGE FORM OR GENERAL DOCUMENT FORM.

**10. ADDITIONAL OR MODIFIED TERMS**

The Mortgagor shall not sell, agree to sell, mortgage or otherwise dispose of the Lands, or any part or parts thereof without the previous consent in writing of the Mortgagee, and in default the whole of the monies hereby secured remaining unpaid, shall at the option of the Mortgagee, immediately become due and payable in like manner and to all intents and purposes as if the due date for payment of such monies had fully come and past and all powers and remedies of the Mortgagee hereunder shall be exercisable.

This Mortgage is not assignable by the Mortgagee without the express written consent of the Mortgagor.

The Mortgagor, when not in default hereunder, shall before maturity, have the right at any time and from time to time to pay off the whole or any part of the monies hereby secured remaining unpaid without notice or bonus, provided that any such payment shall be applied firstly to the payment of interest to the date thereof and secondly in reduction of all other sums hereby secured and thirdly in reduction of the Principal Amount, and provided further that without the previous consent in writing of the Mortgagee no such payment shall be taken to be in substitution of any monthly instalment due hereunder.

**END OF DOCUMENT**

This is **Exhibit "F"** referred to in the affidavit of Betty Anne Faulkner, sworn before me at the City of Vancouver, in the Province of British Columbia this 5th day of November, 2014.



A COMMISSIONER FOR TAKING AFFIDAVITS FOR  
BRITISH COLUMBIA

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**LAND TITLE ACT** 30 JUL 2004 15 14  
**FORM C**  
 (Section 233)  
 Province of British Columbia  
**GENERAL INSTRUMENT - PART 1**

BW355297

Page 1 of 6 pages

1. APPLICATION: [Name, address, phone number and signature of authorized agent]

CHERRINGTON EASINGWOOD KEARL CRITCHLEY WENNER  
 Barristers & Solicitors  
 9067 Church Street  
 Fort Langley, B.C. V1M 2R9 604-888-5811  
 File: 34,995/Pretty Estates Ltd.

Applicant's Agent - Geri Moseley

DYE &amp; DURHAM CLIENT No. 11061

2. PARCEL IDENTIFIER(S) AND LEGAL DESCRIPTION(S) OF LAND:\*

[PID]

[legal description]

15 04/07/30 15:12:41 03 LH  
CHARGE

SEE SCHEDULE

3. NATURE OF INTEREST\*  
DESCRIPTIONDOCUMENT REFERENCE  
[page and paragraph]  
Entire InstrumentPERSON ENTITLED TO INTEREST  
MORTGAGEE/TRANSFEE

Modification of Mortgage  
 #BN334457, (see DF#BR212615)  
 transferred by #BW 355296

4. TERMS: Part 2 of this instrument consists of [select one only]

(a) Filed Standard Charge Terms  
 (b) Express Charge Term  
 (c) Release

[ ] D.F. No.  
 [ X ] Annexed as Part 2  
 [ ] There is no Part 2 to this instrument.

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument. If (c) is selected, the charge described in Item 3 is released or discharged as a charge on the land described in Item 2.

5. TRANSFEROR(S):

PRETTY ESTATES LTD., Incorporation No. BC0490018

6. TRANSFEE(S): [including postal address(s) &amp; code(s)]\*

ELIZABETH ANNE FAULKNER  
 of 9067 Church Street, Fort Langley, BC V1M 2R9

7. ADDITIONAL OR MODIFIED TERMS:\* N/A

8. EXECUTION(S):\*\* This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

EXECUTION DATE

Y	M	D
04	07	29

Transferor(s) Signature(s)

PRETTY ESTATES LTD.  
 By its authorized signatory

*Elizabeth Anne Faulkner*  
 ELIZABETH ANNE FAULKNER

*Jack M. Yong*  
**JACK M. YONG**  
 Barrister & Solicitor

SUITE 2300, 1055 DUNSMUIR STR.  
 P.O. BOX 49122 VANCOUVER, B.C. V7X 1J1  
 TELEPHONE (604) 683-6498

OFFICER CERTIFICATION

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

7/1

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**LAND TITLE ACT  
FORM D**

**EXECUTIONS CONTINUED**

Page 2 of 6 pages

**EXECUTION DATE**

**Officer Signature(s)**

Y	M	D
---	---	---

**Transferor/Borrower/Party  
Signature(s)**

**JACK M. YONG**  
*Barrister & Solicitor*  
SUITE 2300, 1055 DUNSMUIR STR.  
P.O. BOX 49122 VANCOUVER, B.C. V7X 1J1  
TELEPHONE (604) 683-6498

*Elizabeth Anne Faulkner*  
ELIZABETH ANNE FAULKNER

### OFFICER CERTIFICATION

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this Instrument.

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**LAND TITLE ACT  
FORM E****SCHEDULE**

Page 3 of 6 Pages

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ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL DOCUMENT FORM.

**2. Parcel Identifier and Legal Description of Land:**

(PID)	(Legal Description)
008-779-899	District Lot 542 Group 1 Except: Part shown on Highway Plan 67884, New Westminster District
008-779-961	That Portion of the West Half Section 35 Township 3 Range 30 West of the Sixth Meridian which lies to the West of District Lot 542 Group 1 Except: Part shown on Highway Plan 67884 New Westminster District
013-177-672	That Portion of the North West Quarter Section 26 Township 3 Range 30 West of the Sixth Meridian lying North of Harrison River Except: Part shown red on Plan 24394, New Westminster District

**MODIFICATION AGREEMENT**

THIS AGREEMENT dated for reference the 31<sup>st</sup> day of July, 2004.

**BETWEEN:**

**PRETTY ESTATES LTD.**, Incorporation No. BC0490018  
9067 Church Street  
Fort Langley, BC V1M 2R9

(hereinafter called the "Mortgagor")

**OF THE FIRST PART**

**AND:**

**ELIZABETH ANNE FAULKNER**  
9067 Church Street  
Fort Langley, BC V1M 2R9

(hereinafter called the "Mortgagee")

**OF THE SECOND PART**

**WHEREAS:**

By an Indenture of Mortgage dated the 16th day of December, 1999 and registered in the New Westminster Land Title Office on the 17th day of December, 1999 under No. BN334457 the Mortgagors did grant a Mortgage unto the Mortgagee of certain lands and premises in the New Westminster Assessment District, the Province of British Columbia, more particularly known and described as:

- |             |  |
|-------------|--|
| 008-779-899 | District Lot 542 Group 1 Except: Part shown on Highway Plan 67884, New Westminster District  |
| 008-779-961 | That Portion of the West Half Section 35 Township 3 Range 30 West of the Sixth Meridian which lies to the West of District Lot 542 Group 1 Except: Part shown on Highway Plan 67884 New Westminster District |
| 013-177-672 | That Portion of the North West Quarter Section 26 Township 3 Range 30 West of the Sixth Meridian lying North of Harrison River Except: Part shown red on Plan 24394, New Westminster District                |

The Mortgagor and the Mortgagee have agreed to modify the said Mortgage as hereinafter set out.



NOW THEREFORE IN CONSIDERATION of the premises and of the sum of ONE (\$21.00) DOLLAR now paid by the each party to the other (the receipt whereof is hereby acknowledged) the parties covenant and agree as follows:

1. THAT under section 5 of page 1 of the mortgage document the following modification is to be made to the said Mortgage:
  - (a) 5(a) "Principal Amount" is to be changed from \$1,443,372.00 to \$179,168.92;
  - (b) 5(l) "Balance Due Date" is to be changed from "2003 06 01" to "2014 07 27".
2. THAT this Agreement shall be read and construed along with the said Mortgage, which said Mortgage shall be and continue to be in full force and effect save as the same is hereby modified.
3. THIS Agreement shall not prejudice any rights which the Mortgagee may have under the said Mortgage as against the lands or as against any subsequent encumbrancer, or any person interested in the lands, all of which rights are hereby reserved and this Agreement shall not create any merger of alienate or prejudice the rights of the Mortgagee as regards any security collateral to the said Mortgage or as regards any surety or subsequent encumbrancer or a person not a party hereto liable to pay monies under the said Mortgage or interest in the lands, all of which rights are hereby reserved.
4. In all respects the parties confirm and ratify the terms, conditions, covenants and provisos contained in the Mortgage upon their respective parties to be performed.
5. This Mortgage is subject to that certain Mortgage (BT409571) in favour of Envision Credit Union (hereinafter called the "First Mortgage") securing the principal sum of \$2,026,000.00; and it is understood that the First Mortgage is entitled to priority over this Mortgage in respect of the full principal sum of the First Mortgage regardless of the date or dates of execution or registration and the First Mortgage shall have priority over all monies advanced or owing under this Mortgage whether or not all or any part of the monies secured or to be secured by the First Mortgage were or shall be advanced before or after all or any part of the monies secured by this Mortgage, to the intent that the interest of the Mortgagee in the Property shall be subject at all times to the rights of the First Mortgage with respect to any monies advanced or to be advanced under the First Mortgage, plus interest and other monies secured thereby.
6. This Mortgage is also subject to that certain Mortgage (BJ384726) in favour of Karl Yzerman, Executor of the Estate of James Ivan Pretty, Deceased, as modified, (hereinafter called the "Second Mortgage") securing the principal sum of \$1,728,382.00; and it is understood that the Second Mortgage is entitled to priority over this Mortgage in respect of the full principal sum of the Second Mortgage regardless of the date or dates of execution or registration and the Second Mortgage shall have priority over all monies advanced or owing under this Mortgage whether or not all or any part of the monies secured or to be secured by the Second Mortgage were or shall be advanced before or after all or any part of the monies secured by this Mortgage, to the intent that the interest of the Lender in the Property shall be subject at all times to the rights of the Second Mortgage with respect to any monies advanced or to be advanced under the Second Mortgage, plus interest and other monies secured thereby.

7. This Mortgage is also subject to that certain Mortgage (BJ384727) in favour of Snowcap Lumber Ltd., as modified, (hereinafter called the "Third Mortgage") securing the principal sum of \$81,698.06; and it is understood that the Third Mortgage is entitled to priority over this Mortgage in respect of the full principal sum of the Third Mortgage regardless of the date or dates of execution or registration and the Third Mortgage shall have priority over all monies advanced or owing under this Mortgage whether or not all or any part of the monies secured or to be secured by the Third Mortgage were or shall be advanced before or after all or any part of the monies secured by this Mortgage, to the intent that the interest of the Mortgagee in the Property shall be subject at all times to the rights of the Third Mortgage with respect to any monies advanced or to be advanced under the Third Mortgage, plus interest and other monies secured thereby.
8. This Mortgage is also subject to that certain Mortgage (BM156680) in favour of 0700256 B.C. Ltd., as modified, (hereinafter called the "Fourth Mortgage") securing the principal sum of \$2,423,077.00; and it is understood that the Fourth Mortgage is entitled to priority over this Mortgage in respect of the full principal sum of the Fourth Mortgage regardless of the date or dates of execution or registration and the Fourth Mortgage shall have priority over all monies advanced or owing under this Mortgage whether or not all or any part of the monies secured or to be secured by the Fourth Mortgage were or shall be advanced before or after all or any part of the monies secured by this Mortgage, to the intent that the interest of the Mortgagee in the Property shall be subject at all times to the rights of the Fourth Mortgage with respect to any monies advanced or to be advanced under the Fourth Mortgage, plus interest and other monies secured thereby.
9. The Mortgagee consents to all modifications of the Second Mortgage, Third Mortgage and Fourth Mortgage filed prior to this instrument.
10. AND IT IS EXPRESSLY AGREED between the Parties hereto that all grants, covenants, provisos and agreements, rights, powers, privileges and liabilities contained in this Mortgage shall be read and held as made by and with, and granted to and imposed upon the respective parties hereto, and their respective heirs, executors, administrators, successors and assigns, as if the words "heirs, executors, administrators, successors and assigns" had been inscribed in all proper and necessary places.
11. Wherever the singular or masculine is used through this Indenture the same shall be construed as meaning the plural or the feminine or body corporate where the context or the parties hereto so require.

**END OF DOCUMENT**

No.  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF THE *COMPANIES'*  
*CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36

AND

IN THE MATTER OF THE *BUSINESS*  
*CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF  
PRETTY ESTATES LTD.

PETITIONER

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**AFFIDAVIT # 2 OF BETTY ANNE  
FAULKNER**

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Barristers & Solicitors  
1600 Cathedral Place  
925 West Georgia Street  
Vancouver, British Columbia  
V6C 3L2  
Phone: (604) 685-3456  
Attention: Bonita Lewis-Hand