

COURT NO. _____
ESTATE NO. 11-1820752
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY**

IN THE MATTER OF THE BANKRUPTCY OF

0409725 B.C. LTD.

**REPORT ON THE MERITS OF A PROPOSED TRUST CLAIM
SETTLEMENT PROGRAM FOR 0409725 B.C. LTD. dba ODENZA HOMES**

By:

**G. POWROZNIK GROUP INC. OF G-FORCE GROUP
AS TRUSTEE IN BANKRUPTCY FOR THE ESTATE OF
0409725 B.C. LTD. dba ODENZA HOMES**

December 18, 2013



Purpose of the Report

1. The purpose of this Report is to:
 - a) provide This Honourable Court with a background on the business and bankruptcy of 0409725 B.C. Ltd. dba Odenza Homes ("**Odenza**") and the nature of its assets and its creditors' claims against it and against certain construction projects that it has been working on;
 - b) provide This Honourable Court with the Trustee's recent experience in successfully designing and administering a similar trust claims settlement program for another insolvent contractor; and
 - c) summarize for This Honourable Court the proposed trust claim settlement program ("**Trust Claim Settlement Program**") for the benefit of Odenza's creditors and customers, and reasons why the Trustee respectfully requests This Honourable Court to authorize the Trust Claim Settlement Program in the circumstances.

Background and Current Status

2. Odenza made an assignment in bankruptcy (the "**Bankruptcy**") pursuant to section 49 of the *Bankruptcy and Insolvency Act* ("**BIA**") on December 16, 2013 and ceased its operations.
3. Odenza was a custom home builder in Vancouver, B.C. having four sales offices and 16 employees at the time of the Bankruptcy. Odenza had 18 home building projects/contracts and additional home renovation projects (together "**Projects**") at various stages of completion at job sites in Vancouver (the "**Job Sites**"). for home owners ("**Owners**").
4. G. Powroznik Group Inc. of G-Force Group ("**G-Force**") was appointed Trustee in Bankruptcy for Odenza (the "**Trustee**") subject to creditor ratification at the First Meeting of Creditors which is tentatively scheduled for January 8, 2014. G-Force is a licensed corporate trustee in bankruptcy and, with its related entities in the G-Force Group, has significant experience in the real estate, construction, and other industries.
5. Historically, Odenza had been a growing and profitable business. However, recently Odenza suffered an unprecedented downturn in construction activity in one of its submarkets in Vancouver, which resulted in a loss of sales and increased operating costs in this market. In addition, Odenza lost a key manager and experienced losses relating to disputes arising from 2 or 3 specific contracts, and it has commenced litigation on those contracts. Due primarily to these factors, Odenza experienced a cash crunch and could not keep current with its payables although it attempted to complete other contracts in the normal course of business to overcome its difficulties. Based on the Trustee's initial assessment, these recent challenges were the primary cause of the insolvency of Odenza.
6. The principal of Odenza, Mr. Jag Hundal, has considered his options to overcome the current financial difficulties, complete Odenza's Projects and maximize the recovery for

the creditors although his shareholder's investment was already completely lost. He has found a relative who has agreed to fund the completion of the Projects through another entity, provided Odenza implements a plan to provide an orderly recovery of its assets and distribution to its creditors in a manner that will maximize the return to them (the "**Restructuring Plan**"). After considering its options with its legal counsel at Lawson Lundell LLP ("**Lawsons**") and G-Force, Mr. Hundal assigned Odenza into bankruptcy to provide an initial framework for the orderly wind down of Odenza's historical business and a basis upon which to implement the Restructuring Plan to minimize losses to all stakeholders, including the Owners.

Effect of the Bankruptcy

7. Odenza has no existing secured creditors or lenders. Based on the Trustee's initial review of creditor composition, Odenza's creditors comprise trust/lien claimants pursuant to the British Columbia *Builders Lien Act* ("**BLA**"), unsecured creditors and employees. However, if Odenza's contracts with the Owners cannot be completed, substantial receivables will likely be unrecoverable and several Owners will likely become creditors or have increased claims against Odenza.
8. Most of Odenza's creditors provided labour and materials to owners' specific Job Sites. Suppliers of work or materials to the Job Sites ("**Trust Claimants**") have trust claims under the BLA against any receivables collected by Odenza (the "**Trust Claims**") and accordingly any payments that the Trustee receives from the Owners of the Job Sites are impressed with a trust ("**Trust Funds**") for those Trust Claimants.
9. Under the BLA, Trust Claimants are entitled to register liens ("**Lien Claims**") against title to the Job Sites for their Trust Claims (in this capacity, "**Lien Claimants**"). Sub-subcontractors who do not have a Trust Claim (because they do not have a direct contract with Odenza) are still Lien Claimants who can file liens against the applicable Job Site.
10. Under the BLA, a Home Owner is required to holdback 10% of any payments made to a contractor for a specified period of time as provided in the BLA (the "**Holdback**"). The Holdback for a Job Site is available for the Lien Claims filed against that Job Site by Lien Claimants.
11. Odenza currently has approximately \$2.7 million in accounts payable recorded on its books at the date of bankruptcy, representing 156 creditors. Most of the creditors are potential Trust Claimants and many have provided work and/or materials to more than one Job Site. Accordingly, the number of potential Trust and Lien Claims could exceed the number of creditors by a multiple of two or more.
12. A preliminary review of Odenza's records indicates that the number of creditors who did not specifically supply work or supplies to a Job Site and therefore will not have a Trust or Lien Claim will likely not exceed thirty creditors, or about 20% of Odenza's total number of creditors. Accordingly, approximately 80% of Odenza's creditors will likely have a Trust or Lien Claim.

13. There are currently eighteen contracts to build new houses with the Owners. Odenza reflects approximately \$700,000 of accounts receivables on its books, not including additional potential receivables that are subject to litigation relating to other contracts, relating to these contracts, at the date of the bankruptcy. The Trustee estimates that over 75% of the \$700,000 in accounts receivable are (or can be characterized as) Holdbacks held by the Owners pursuant to the BLA.
14. The obvious impact of the bankruptcy of Odenza to the Owners is that they immediately face the need to contract with a new third party to complete the construction of their homes, since Odenza is no longer able to complete them.
15. Each Owner will also face potential lien actions by Trust Claimants and Lien Claimants (together “**Claimants**”) who have lien rights against its specific Job Site.
16. The Trust and Lien Claims (together, the “**BLA Claims**”), and the Trust Funds, Job Sites and Holdbacks to which they relate are governed by the BLA (the “**Trust Claim Elements**”) and fall outside the scope of the bankruptcy process under the BIA. This is because the BIA only deals with the assets of the bankrupt, which do not include funds held in trust for others, or Job Sites owned by others.
17. Other than as proposed for the Trust Claim Settlement Program, there are no overall legal or restructuring frameworks to administer the Trust Claim Elements efficiently or to incorporate the elements of Odenza’s Restructuring Plan to have a different and unrelated company (“**Newco**”) complete as many Projects as possible, and thereby maximize the recovery to the Claimants and unsecured creditors, and minimize claims by the Owners.
18. In addition to the bankruptcy proceeding under the BIA, Odenza will also require a formal, efficient and cost-effective process to adjudicate and administer the significant numbers of BLA Claims in a way to facilitate completion of the Projects for the Owners and maximize recovery of Trust Funds and the Holdbacks.
19. G-Force has recent experience in designing and effectively administering a claims process for trust and lien creditors of an insolvent construction company, Tyam Civil Constructors Ltd. (“**TCC**”) ¹. The result of TCC’s trust claim settlement program (“**Tyam Process**”) over other available *ad hoc* processes was to increase the realization from the contracts and other assets, process and pay claims much faster, reduce costs of realization and administration, obtain higher recoveries for most creditors and complete most projects to the satisfaction of the owners. The Tyam Process process is described in more detail below.

Trust Claim Settlement Program for Odenza

20. The Trustee is seeking an order to establish a Trust Claim Settlement Program for Odenza that is similar to a program established by TCC pursuant to court orders pronounced on April 2, 2012 and May 30, 2012 in Action No. B-120334/Vancouver

¹ TCC is a bankrupt company under Office of the Superintendent of Bankruptcy estate no. 11-1602931. The Court Filing Number for the Tyam matter is B-120334.

Registry (the “**Tyam Proceeding**”). G-Force is also acting as the administrator of the Tyam Process in the Tyam Proceeding.

21. The proposed role of G-Force as claims administrator in the Trust Claim Settlement Program (the “**Claims Administrator**”) is in addition to (and complementary to) its role as Trustee in Bankruptcy of Odenza.
22. The Trust Claim Settlement Program proposed for Odenza will provide for an efficient, fair, and beneficial system and process in which Claimants will participate in a summary claims process conducted by the Claims Administrator in parallel with the claims process in the bankruptcy proceedings. Claimants will, we believe (both conceptually and from our experience with the Tyam Process), benefit from a more efficient and timely claims adjudication process, with the likely result that they will receive payments more quickly and with less expense than they would through normal construction litigation channels by asserting trust claims or filing liens against Job Sites.
23. If the Order sought by the Trustee is granted, the Claims Administrator will:
 - (a) immediately send an initial notice of the Trust Claim Settlement Program to Odenza’s creditors, asking them to file their claims in a prescribed manner. Attached and marked as Exhibit “A” to this Report is a draft letter addressed to the creditors of Odenza (“**Initial Notice**”) which will include a copy of the Proof of Trust and Lien Claim Form, and Proof of Lien Claim Form (both as defined in the draft Order and included as Schedules A and B, respectively, thereto) to be completed, as appropriate, and delivered to the Claims Administrator.
 - (b) send a Notice to Prove Claim (as defined in the draft Order and included as Schedule C thereto) by registered mail, attaching the Proof of Trust and Lien Claim Form, and Proof of Lien Claim Form, as appropriate, to be completed and delivered to the Claims Administrator within thirty (30) days, to each potential Claimant that does not respond to the Initial Notice of the Trust Claim Settlement Program by filing an appropriate claim form within 28 days of the date the Initial Notice was sent to it by the Claims Administrator;
24. To assess any claims against the Holdbacks that have been made by persons who are not otherwise creditors of Odenza, and who are therefore not Trust Claimants (in other words, sub-subcontractors of Odenza who have the ability to assert liens against the Holdbacks or file liens against the Job Sites) (“**Third Party Lien Claimants**”), the Claims Administrator proposes to send to the Third Party Lien Claimants a form (the “**Proof of Lien Claim**”), to be completed and delivered to the Claims Administrator, and to have their claims and entitlement to the Holdbacks determined under the Trust Claim Settlement Program. The Proof of Lien Claim is scheduled to the Order sought by the Trustee and is included as Schedule B thereto.
25. The Claims Administrator proposes that delivery of the Proof of Lien Claim by it to the Third Party Lien Claimants will be accompanied by a letter advising (i) of the need to complete and return the enclosed Proof of Lien Claim to the Claims Administrator within

- thirty (30) days, and (ii) that if they fail to complete and deliver the Proof of Lien Claim to the Claims Administrator within the said thirty day period then they will not be entitled to participate in the distribution of the Holdback available to that particular group of claimants.
26. The Trust Claim Settlement Program, in our opinion, represents an efficient process for assessing and resolving Trust and Lien Claims arising under the BLA in an orderly fashion in conjunction with the bankruptcy proceedings of Odenza. It also allows the Claims Administrator and Trustee to efficiently deal with the fact that many Claimants will also have unsecured claims against Odenza under the BIA, and may need assistance to determine which portions of their claims fall into which category. A single claims adjudication process will also ensure that there is no "double counting of claims" or other conflicts that would result if there were two separate but concurrent claims processes dealing with overlapping groups of creditors and claimants.
 27. The Claims Administrator expects that the process under the Trust Claim Settlement Program will be instrumental to facilitate the co-operation required to work with Newco, which we are advised has financing in place and which has already tentatively assembled the commitment and support of some key former employees, Owners and Trust Claimants of Odenza to complete the projects for the Owners. This will be important in maximizing the collection of receivables and Holdbacks and the ultimate recovery for Odenza's creditors, while allowing Owners to complete their homes without costly and time-consuming construction litigation and disputes with Claimants and in respect of their contracts with Odenza.
 28. In our opinion, it is reasonable to require creditors or Claimants who receive a Notice to Prove Claim (as defined in the Notice of Application dated December 18, 2013) from the Claims Administrator, to complete and return the applicable forms to the Claims Administrator within 30 days upon receipt of that notice. Thirty days is double the length of the time period provided for under section 81(4) of the BIA which requires a creditor to prove its claim to or in property within fifteen days of notice from a trustee in bankruptcy.
 29. In our opinion, it is reasonable to provide the Claims Administrator with forty (40) days in which to assess each claim that it receives under the Trust Claim Settlement Program. If the Claims Administrator decides to disallow, in whole or in part, a claim that is delivered to the Claims Administrator, the Claims Administrator should, in our opinion, be authorized to deliver to that claimant a form (a "**Notice of Disallowance**", as defined in the draft Order and included as Schedule D thereto) that is similar and analogous to Form 77 - Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim under the BIA.
 30. The sending of a Notice of Disallowance will mirror the process set out in the BIA for the adjudication of creditors' claims. In our opinion, it would be fair and reasonable, and in line with the single claims adjudication process provided by the Trust Claim Settlement Program, that the appeals process available to any claimant upon receipt of a Notice of Disallowance be analogous to the appeals process for creditor claims as set out in the

BIA; that is, if the Claims Administrator delivers a Notice of Disallowance to a claimant, then the Notice of Disallowance shall be final and conclusive unless such claimant appeals the decision of the Claims Administrator to This Honourable Court in this proceeding within a 30-day period after the date on which the Notice of Disallowance is delivered, or within such further time as This Honourable Court in this proceeding may allow upon an application within the original 30-day period.

31. In our opinion, it is appropriate for the Claims Administrator to be given the authority to amend a Notice of Disallowance in circumstances where the Claims Administrator receives additional information regarding a claim filed in the Trust Claim Settlement Program if circumstances warrant such an amendment (the “**Amended Notice of Disallowance**” as defined in the draft Order and included as Schedule E thereto). It was G-Force’s experience in the Tyam Process that an Amended Notice of Disallowance was useful in the few circumstances where new information arose later to support or reject a trust or lien claim.
32. Under the Trust Claim Settlement Program, if the Claims Administrator issues an Amended Notice of Disallowance then the Amended Notice of Disallowance shall be final and conclusive unless such claimant appeals the decision of the Claims Administrator to This Honourable Court in this proceeding within a 30-day period after the date on which the Amended Notice of Disallowance is delivered, or within such further time as This Honourable Court in this proceeding may allow upon an application within the 30-day period.
33. In order for the Claims Administrator to make a full distribution of Trust Funds following completion of the projects, and the adjudication of claims of Trust Claimants or a full distribution of the Holdback following adjudication of claims of Lien Claimants, the Claims Administrator will need to collect the Holdbacks from each of the Owners of projects for which Odenza, or any of Odenza's “contractors”, “subcontractors” or “material suppliers” (as such terms are defined in the BLA), has performed “work” or “provided materials” (as such terms are defined in the BLA). The Holdbacks will ultimately form part of the pool of funds to be distributed as part of the Trust Claim Settlement Program. In our opinion, it would be beneficial for the Owners, Lien Claimants and the Trust Claimants if the Owners were authorized to pay the Holdbacks to the Claims Administrator in lieu of paying them into Court under Section 23 of the BLA, such amount to be held and dealt with by the Claims Administrator on the same basis as holdback monies paid into Court. This will assist the Owners to discharge the builders liens registered on their properties relating to the Holdbacks.
34. In our opinion, it will be more cost effective and timely if the Claims Administrator delivers all forms and materials in connection with Odenza’s Trust Claim Settlement Program to claimants, creditors and owners of Projects, by email, facsimile or regular mail to the last known address in Odenza's records, as deemed most appropriate in the circumstances by the Claims Administrator except, in the case of sending any Notice to Prove Claim, Notice of Disallowance or Amended Notice of Disallowance, in which case registered mail or delivery in person shall be used.

35. Table 1 attached below provides a summary of the key forms, notices and timelines that may be used in the Trust Claim Settlement Program:

Table 1 - Summary of Key Notices, Forms and Timelines for the Trust Claim Settlement Program

Action Item	Time allowed for response	Consequences/Appeals
Claims Administrator to send an Initial Notice of the Trust Claim Settlement Program with the Claim Forms Attached.	Claimants have an initial period of 28 days to submit Claims from the date the Initial Notice was sent by the Claims Administrator	If Claimants do not respond in the initial 28 day period they will be sent a Notice to Prove Claim form
For those Claimants who do not submit a Claim after the initial 28 day period noted above, the Claims Administrator shall send a Notice to Prove Claim by registered mail or personal delivery.	Claimants have a period of 30 days , from the time the Notice to Prove Claim was sent by the Claims Administrator, to submit Claims to the Claims Administrator	Claimants who do not respond to the Notice to Prove Claims within 30 days, will not be entitled to participate in the distribution of Trust Funds and/or Holdbacks available to that particular group of claimants
Claims Administrator has a minimum time period, from the time each individual claim is received, to determine whether or not to issue a Notice of Disallowance.	Within 40 days of receipt of a claim, the Claims Administrator must determine whether to issue a Notice of Disallowance.	n/a
The Claims Administrator may issue a Notice of Disallowance of claims that do not fall within the scope of the BLA or are otherwise incorrect	The claimant may appeal a Notice of Disallowance within a 30-day period after the date on which the Notice of Disallowance is delivered.	Notice of Disallowance is final and conclusive unless the claimant appeals the decision of the Claims Administrator to the Court within the 30 day appeal period, or within such further time as the Court may allow upon an application within the original 30-day period
The Claims Administrator may issue an Amended Notice of Disallowance for claims that were originally disallowed in full or in part and where new or updated information has been obtained by the Claims Administrator.	The claimant may appeal an Amended Notice of Disallowance within a 30-day period after the date on which the Amended Notice of Disallowance is delivered	Same as above with the Notice of Disallowance.

Trustee's Previous Experience with TCC's Trust Claim Settlement Program

36. TCC was in the civil construction business with most of its contracts involving road building and excavating and servicing residential development projects. TCC filed a Notice of Intention to make a proposal to creditors ("NOI") under the BIA on March 15, 2012. Its plan was to restructure its affairs while it finished construction contracts so that it could maximize recoveries from each contract for its creditors. At the time of the filing, TCC had several ongoing construction contracts and most of its creditors had trust claims and many lien rights to most of the current and future accounts receivable and holdbacks relating to these contracts under the BLA. There were 8-10 project owners who were holding potential trust funds and/or holdbacks that TCC had not been able to collect, estimated in the range of \$4-5 million at the time of the NOI. TCC had approximately 290 creditors with several hundred claims totaling approximately \$9 million. We estimate that at least 90% of the TCC creditors were trust or lien claimants pursuant to the BLA. TCC finished all of its bonded contracts and some of its unbonded contracts.
37. The benefits of the Tyam Process relating to claims and the adjudication of claims included:
- (a) adjudicating over 400 individual claims totalling more than \$8.5 million in approximately five months which, in our experience, was a much faster period (and less expensive process) for resolving a high volume of trust claims on construction projects than would have otherwise been the case through conventional trust and lien enforcement procedures and *ad hoc* construction litigation involving creditors and owners in specific projects;
 - (b) issuing 54 Notices of Disallowance (the "**Disallowances**") for the claims of creditors that were incorrect or that did not represent an allowable claim under the BLA. None of those Disallowances were appealed and no complaints were received on our Court application to distribute funds to the trust and lien claimants. In our opinion, and based upon the majority of feedback we received from the creditors, the Tyam Process provided for a fair, efficient and cost effective claims process that quickly determined what the valid claims were, which in turn allowed distributions to be made much more quickly;
 - (c) an efficient, practical and inexpensive process involving the claims administrator and TCC staff to deal with most of the creditors' issues which were not controversial or that did not require legal counsel, resulting in lower costs and a higher return to creditors;
 - (d) the legal costs and potential set-off claims against TCC by owners were minimized, and collections of trust funds were maximized, resulting in a higher return generally for creditors;
 - (e) providing a level of comfort to many suppliers who were continuing to work, provide services or materials to the project sites for TCC's ongoing construction contracts after TCC's Notice of Intention under the BIA was filed because they

could see that there was a process was in place for the adjudication of their pre-NOI claims while they continued to be paid in full for any post-NOI work or supplies provided. Completion of the active projects in an efficient manner with the TCC's existing personnel and suppliers contributed greatly to the collection of most of the pre-NOI receivables and holdbacks from the owners;

- (f) resolving disputes and potential disputes related to technical issues on the job sites or contracts relatively easily and with minimal legal costs because G-Force had utilized one of its senior construction industry personnel to provide objective assessments and practical advice to the stakeholders on how to resolve the matters;
 - (g) lack of any negative feedback from employees, creditors or owners relating to the Tyam Process. Rather, there was a clear level of co-operation from creditors and owners, as well as from TCC's secured creditor, during the administration of the Tyam Process; and
 - (h) minimal Court applications were required (only four) to administer the bulk of the estate through this process, which enabled the implementation of a sound business solution in place of an otherwise piecemeal liquidation and a high degree of litigation that would likely have resulted. Further, there was no opposition to the Court applications made to obtain the Court's approval of the claims adjudication process or distributions of trust funds or holdbacks made to trust and lien claimants.
38. Generally speaking, our experience with the Tyam Process indicates that the main purposes and benefits of a Trust Claim Settlement Program for Odenza, if enacted, will be to:
- (a) provide a streamlined and simplified process for adjudicating and paying Claims that fall under the BLA and outside of the BIA, including both Trust Claims and Lien Claims against Holdbacks;
 - (b) provide all creditors with a cost-effective and streamlined "one-stop" process in which to file any claims to which they are entitled under either the BIA or BLA, including trust, lien and unsecured claims, with one party acting in the roles as of both Claims Administrator and as Trustee under the authority of the Court;
 - (c) provide a single claims adjudication process will also ensure that there is no "double counting of claims" or other conflicts that would result if there were two or more separate but concurrent claims processes dealing with overlapping groups of creditors and claimants;
 - (d) provide confidence to the Owners to allow the completion of their Projects by Newco within the specifications of the original contract, to the satisfaction of the Owner and with minimal complication arising from unpaid Claimants;

- (e) provide assurance to Newco, which is providing new financing and resources to complete the Projects for the Owners, that there is a cost effective and efficient process to handle Odenza's unpaid Trust and Lien Claims and collect Trust Funds and Holdbacks from each of the Job Sites due to Odenza which will minimize interference, disruption and unnecessary costs during the completion phase by Newco;
- (f) obtain confirmation of the outstanding Trust and Lien Claims more quickly and at substantial lower cost than would be the case if creditors had to pursue their individual claims under each applicable contract or through separate legal actions; and

provide an integrated process for the Trustee and Claims Administrator to facilitate the efforts of Newco to retain Odenza's key employees and suppliers and retain the confidence of its customers to work co-operatively with the Trustee and Claims Administrator to maximize the recovery of assets for the creditors on in a more efficient, timely and cost effective process than would be possible under any other scenario.

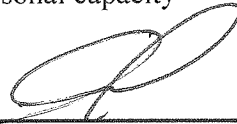
Summary & Recommendations

39. The Trustee respectfully recommends to this Honourable Court that the proposed Trust Claim Settlement Program as set out in this report and in the Draft Order be approved in order to provide a crucial framework to the Claims Administrator and the Trustee to help:
1. Maximize the net realization from Odenza's assets, particularly the Trust Funds and Holdbacks from its contracts with the Owners;
 2. Minimize costs of determining valid Trust and Lien Claims and overall costs generally;
 3. Maximize the payments to the Claimants, employees and the unsecured creditors on a timely basis; and
 4. Provide a forum in which Owners' homes can be completed in a process that provides them with certainty and efficiency, while avoiding the delay and expense of lien claims against their Job Sites.

All of which is respectfully submitted this 18th day of December, 2013.

G. Powroznik Group Inc. of G-Force Group

In its capacity as Trustee for the bankrupt estate of
0409725 B.C. Ltd. dba Odenza Homes, and not in its
personal capacity



Per: Mr. Gary Powroznik
Managing Director

Exhibit 'A'

December 19, 2013

*To the Creditors of 0409725 B.C. Ltd.
dba Odenza Homes ("Odenza")*

G. Powroznik Group Inc.
780 – 333 Seymour Street
Vancouver, British Columbia
Canada V6B 5A6
Phone: 778.370.0003
Fax: 778.370.0043

**(Please keep this letter for reference in dealing with Odenza or G-Force
regarding your claim)**

Dear Sirs:

**In the matter of the bankruptcy of 0409725 B.C. Ltd. dba Odenza
"Trust Claim Settlement Program and Non-Trust Claims"**

In the enclosed letter dated December 18, 2013, we informed you that on December 16, 2013, Odenza made an assignment into bankruptcy for the general benefit of its creditors pursuant to section 49 of the *Bankruptcy and Insolvency Act* ("BIA") and G. Powroznik Group Inc. of G-Force Group ("G-Force") was appointed Trustee in bankruptcy (the "Trustee").

The bankruptcy process provides for the orderly realization of assets of a bankrupt company and distribution to its unsecured creditors. It does not however provide for a process to deal with trust and lien claims of its creditors (the "Trust Creditors" or trust funds and holdbacks as defined under the *Builders Lien Act* ("BLA") which applies to Odenza's contract to build or renovate houses on specific sites ("Job Sites") for its clients or owners of the Job Sites (the "Owners"). As a result, the Trustee applied to the Supreme Court of British Columbia for approval of a program that G-Force has used before to provide for an orderly and cost-efficient process to deal with trust and lien claims, trust funds and holdbacks to significantly improve the recovery for creditors, efficiently complete unfinished projects, minimize losses for owners and minimize overall costs for most stakeholders.

Trust Claim Settlement Program

We confirm that on December 19, 2013, the Supreme Court of British Columbia made an Order (the "Order") authorizing and approving a process to deal with trust and lien claims, trust funds and holdbacks and related matters (the "Trust Claim Settlement Program") and appointed G-Force as **Claims Administrator**. The Trust Claims Settlement Program includes the following key elements for the Trust Creditors and Owners involved with Odenza:

1. An efficient and timely process for Trust Creditors to prove their proper trust and lien claims with the Claims Administrator;
2. An option for the Trust Creditors to file their lien claims with the Claims Administrator instead of incurring the additional cost of filing liens against title to the Job Sites;
3. Authority for the Claims Administrator to collect all trust funds and holdbacks from the Owners and determine who is entitled to them;
4. Authority for the Owners to pay all amounts due to Odenza for work on the Job Sites to the Claims Administrator including balances due under their contracts with Odenza and holdbacks to properly discharge their responsibilities to Odenza and Odenza's Trust Creditors, including those who hold lien rights against the Job Sites ("**Lien Creditors**");
5. A requirement of the Claims Administrator to obtain approval of the Court for distribution of all trust funds and holdbacks it receives to the Trust and Lien Creditors.

A copy of the Order is posted on the G-Force webpage dedicated to the Odenza matter. We encourage creditors to regularly monitor the webpage for updates. The URL for the website is:

<http://www.g-forcegroup.ca/bankruptcy-of-0409725-b-c-ltd/>

Am I a Trust Creditor?

G-Force is requesting Odenza's creditors to file proofs of claim (described below) to confirm the status of their claim (i.e. trust or non-trust) and their entitlement to the potential trust funds and holdbacks for each Odenza contract. A creditor who can prove that it supplied materials, work or equipment relating to an improvement¹ to a Job Site covered by an Odenza contract, in accordance with the BLA, may qualify its claim as a trust claim and lien claim. We expect that every creditor who has lien rights under the BLA for unpaid work and services will also have a trust claim for the same amount. Under the Trust Claim Settlement Program, creditors need not file liens on title relating to the Odenza contracts. Instead, creditors can file trust and lien claims with G-Force and this will be equivalent to the filing of a lien on title.

To support your Trust and Lien Claims, creditors should submit with the Proof of Trust Claim and Lien Claim Form, copies of any invoices, purchase orders and any other evidence that the direct supply of materials, labour and equipment to a specific Odenza Job Site. G-Force will review all Trust and Lien Claims submitted to confirm whether they qualify as proper trust and lien claims under the BLA, utilizing its independent legal counsel or consulting the Court as necessary.

What if I do not have a Trust Claim?

Some creditors will not have any Trust and Lien Claims or a portion of their claim will not be a trust and lien claim. However, concurrently, The Trustee is required to run a claims process

¹Creditors can review the definition of an Improvement in the BLA which can be found at the following website:
http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_97045_01

for the unsecured creditors of Odenza (the “**BIA Claim Process**”). The BIA Claim Process is independent of the Trust Claim Settlement Program.

Creditors whose claims do not or do not entirely qualify as a Trust and Lien Claim should file a standard Form 31 Proof of Claim under the BIA for the non-trust portion of their claim. We anticipate that some creditors will file both types of claims. The two claim forms are explained in more detail below.

Forms for Proving Claims

As described above, there are two separate claims that creditors may file:

- Proof of Trust Claim and Lien Claim for trust claimants; and/or
- Form 31 Proof of Claim for non-trust claims.

These claim forms are available for downloading and printing from the G-Force’s dedicated Odenza webpage (URL is above).

Proof of Trust Claim and Lien Claim: If you believe that you have a claim against the Potential Trust Funds and holdbacks, please complete this form, attach all relevant supporting documentation (e.g. invoices, purchase orders etc.) with a summary page displaying the particulars of the invoices broken down by Odenza Contract or Job Site, and send the claim to G-Force by e-mail (mail@g-forcegroup.ca) or ordinary mail.

Form 31 Proof of Claim: If you believe that you do not have a Trust and Lien Claim, or not all of your claim qualifies as a Trust and Lien Claim, please complete the standard BIA Proof of Claim form, Form 31, attach the required statement of account (marked as Schedule "A" to the claim) and e-mail or mail your claim to G-Force.

There are more detailed instructions for preparing the claim forms on the G-Force website. Also, creditors whose claim differs from the balance that appears in the initial list of creditors included in this package, or require clarification about whether their supply relates to a specific improvement or not, should contact Jag Hundal of Odenza (jag@odenzahomes.com) or telephone (604) 764-1100) or Scott Ashton (sashton@g-forcegroup.ca or telephone (778) 371-0016) of G-Force.

If you have any general questions regarding the matters referred to above, please contact Patricia Foster (778-370-0003 at G-Force.

Yours truly,

G. Powroznik Group Inc.
Claims Administrator for the Trust Claim Settlement Program
and Trustee in bankruptcy for the estate of 0409725 B.C. Ltd. dba Odenza Homes

Per: Gary D. Powroznik, FCA
Managing Director

GDP:pf
Enclosure