

SEP 09 2026



H-261160
No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

Between

NATIONAL BANK OF CANADA

Petitioner

and

1317297 B.C. LTD., 0929736 B.C. LTD. doing business as
WINMAR FRASER VALLEY, 1178592 B.C. LTD., DAVID
ROBERT SMITH, VICTORIA-LEIGH KORFF SMITH also
known as VICTORIA SMITH and ALL TENANTS OR
OCCUPIERS OF THE SUBJECT LANDS AND PREMISES

Respondents

PETITION TO THE COURT

ON NOTICE TO: the respondents

The address of the registry is: The Supreme Court of British Columbia
The Law Courts
800 Smithe Street
Vancouver, BC

The petitioner estimates that the hearing of the petition will take 5 minutes.
This matter is not an application for judicial review.

This proceeding is brought for the relief set out in Part 1 below, by the person named as petitioner in the style of proceedings above.

If you intend to respond to this petition, you or your lawyer must

- a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
- b) serve on the petitioner
 - i) 2 copies of the filed response to petition, and
 - ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to the petition within the time for response.

Time for response to petition

A response to petition must be filed and served on the petitioner,

- a) if you were served with the petition anywhere in Canada, within 21 days after that service,
- b) if you were served with the petition anywhere in the United States of America, within 35 days after that service,
- c) if you were served with the petition anywhere else, within 49 days after that service, or
- d) if the time for response has been set by order of the court, within that time.

(1)	THE ADDRESS FOR SERVICE OF THE PETITIONER IS: OWEN BIRD LAW CORPORATION PO Box 1 2900 – 733 Seymour Street Vancouver BC V6B 0S6 (Attention: Scott H. Stephens) Fax number address for service (if any) of the petitioner: N/A E-mail address for service of the petitioner: <u>sstephens@owenbird.com</u> and <u>lgrillandini@owenbird.com</u>
(2)	THE NAME AND OFFICE ADDRESS OF THE PETITIONER'S LAWYER IS: Scott H. Stephens Owen Bird Law Corporation PO Box 1 2900 – 733 Seymour Street Vancouver BC V6B 0S6

CLAIM OF THE PETITIONER

PART 1: ORDERS SOUGHT

1. A declaration that the mortgage and assignment of rents dated October 11, 2024 made between the respondent, 1317297 B.C. Ltd., as mortgagor, and the petitioner, National Bank of Canada, as mortgagee, and registered in the Land Title Office, in the Province of British Columbia, on November 1, 2024 under numbers CB1688559 and CB1688560 as transferred under nos. CB2966061 and CB2966062 (collectively, the “Mortgage”), is a mortgage and assignment of rents charging the following lands and premises:

Parcel Identifier: 029-745-608

STRATA LOT 4 SECTION 6 TOWNSHIP 14 NEW WESTMINSTER DISTRICT
STRATA PLAN EPS3324

TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS
SHOWN ON FORM V

(the “Lands”)

to and in favour of the petitioner in priority to the interests therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them.

2. A declaration that the security agreement dated October 11, 2024 made between the respondent, 1317297 B.C. Ltd., as debtor, and the petitioner, as the secured party, and registered in the British Columbia Personal Property Registry on October 31, 2024, under Base Registration Number 736845Q (the “**Holdco GSA**”) is a security agreement charging all of the said respondent’s present and after acquired personal property, including, without limitation, all accounts, equipment, inventory, chattel paper, documents of title, instruments, securities, goods, intangibles and all proceeds thereof (collectively, the “**Holdco Property**”), to and in favour of the petitioner in priority to the interests therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them.
3. A declaration that the security agreement dated October 11, 2024 made between the respondent, 0929736 B.C. Ltd. dba Winmar Fraser Valley, as debtor, and the petitioner, as the secured party, and registered in the British Columbia Personal Property Registry on October 31, 2024, under Base Registration Number 736868Q (the “**Opco GSA**”) is a security agreement charging all of the said respondent’s present and after acquired personal property, including, without limitation, accounts, equipment, inventory, chattel paper, documents of title, instruments, securities, goods, intangibles and all proceeds thereof (collectively, the “**Opco Property**”), to and in favour of the petitioner in priority to the interests therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them.

4. A declaration that the security agreement dated October 11, 2024 made between the respondent, 1178592 B.C. Ltd., as debtor, and the petitioner, as the secured party, and registered in the British Columbia Personal Property Registry on October 31, 2024, under Base Registration Number 736856Q (the “**592 GSA**” and together with the Holdco GSA and the Opco GSA, the “**GSAs**”) is a security agreement charging all of the said respondent’s present and after acquired personal property, including, without limitation, accounts, equipment, inventory, chattel paper, documents of title, instruments, securities, goods, intangibles and all proceeds thereof (collectively, the “**592 Property**”), to and in favour of the petitioner in priority to the interests therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them.
5. A declaration that the guarantee dated October 11, 2024 made between the respondent, 1178592 B.C. Ltd., as guarantor, and the petitioner, as lender, is *inter alia*:
 - a) an irrevocable, unconditional and unlimited guarantee of the payment and performance of all obligations owed to the petitioner by the respondent, 1317297 B.C. Ltd., as principal debtor and not as a surety, including the payment of all present and future indebtedness and liabilities, direct and indirect, absolute and contingent of 1317297 B.C. Ltd. to the petitioner forthwith after demand;
 - b) an agreement postponing the payment of all amounts that may be owed to the said respondent by 1317297 B.C. Ltd. until the indebtedness owed to the petitioner has been repaid in full; and
 - c) an agreement registered in the British Columbia Personal Property Registry on October 31, 2024 under Base Registration Number 737104Q charging all present and future indebtedness, direct and indirect, absolute and contingent, of 1317297 B.C. Ltd. to the said respondent (collectively, the “**592 Claims #1**”) in favour of the petitioner in priority to the interest therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them,

(the “**592 Guarantee #1**”).

6. A declaration that the guarantee dated October 11, 2024 made between the respondent, David Robert Smith, as guarantor, and the petitioner, as lender, is *inter alia*:
- a) an irrevocable, unconditional and unlimited guarantee of the payment and performance of all obligations owed to the petitioner by the respondent, 1317297 B.C. Ltd., as principal debtor and not as a surety, including the payment of all present and future indebtedness and liabilities, direct and indirect, absolute and contingent of 1317297 B.C. Ltd. to the petitioner forthwith after demand;
 - b) an agreement postponing the payment of all amounts that may be owed to the said respondent by 1317297 B.C. Ltd. until the indebtedness owed to the petitioner has been repaid in full; and
 - c) an agreement registered in the British Columbia Personal Property Registry on October 31, 2024 under Base Registration Number 737104Q charging all present and future indebtedness, direct and indirect, absolute and contingent, of 1317297 B.C. Ltd. to the said respondent (collectively, the “**D. Smith Claims 1**”) in favour of the petitioner in priority to the interest therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them,

(the “**D. Smith Guarantee 1**”).

7. A declaration that the guarantee dated October 11, 2024 made between the respondent, Victoria-Leigh Korff Smith also known as Victoria Smith, as guarantor, and the petitioner, as lender, is *inter alia*:
- a) an irrevocable, unconditional and unlimited guarantee of the payment and performance of all obligations owed to the petitioner by the respondent, 1317297 B.C. Ltd., as principal debtor and not as a surety, including the payment of all present and future indebtedness and liabilities, direct and indirect, absolute and contingent of 1317297 B.C. Ltd. to the petitioner forthwith after demand;

- b) an agreement postponing the payment of all amounts that may be owed to the said respondent by 1317297 B.C. Ltd. until the indebtedness owed to the petitioner has been repaid in full; and
- c) an agreement registered in the British Columbia Personal Property Registry on October 31, 2024 under Base Registration Number 737104Q charging all present and future indebtedness, direct and indirect, absolute and contingent, of 1317297 B.C. Ltd. to the said respondent (collectively, the “**V. Smith Claims 1**”) in favour of the petitioner in priority to the interest therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them,

(the “**V. Smith Guarantee 1**”).

8. A declaration that the guarantee dated October 11, 2024 made between the respondent, 0929736 B.C. Ltd. dba Winmar Fraser Valley, as guarantor, and the petitioner, as lender, is *inter alia*:

- a) an irrevocable, unconditional and unlimited guarantee of the payment and performance of all obligations owed to the petitioner by the respondent, 1317297 B.C. Ltd., as principal debtor and not as a surety, including the payment of all present and future indebtedness and liabilities, direct and indirect, absolute and contingent of 1317297 B.C. Ltd. to the petitioner forthwith after demand;
- b) an agreement postponing the payment of all amounts that may be owed to the said respondent by 1317297 B.C. Ltd. until the indebtedness owed to the petitioner has been repaid in full; and
- c) an agreement registered in the British Columbia Personal Property Registry on October 31, 2024 under Base Registration Number 737104Q charging all present and future indebtedness, direct and indirect, absolute and contingent, of 1317297 B.C. Ltd. to the said respondent (collectively, the “**Opco Claims**” and together with the 592 Claims #1, the D. Smith Claims #1 and the V. Smith Claims #1, the “**Charged Holdco Claims**”) in favour of the petitioner in priority to the interest

therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them,

(the “**Opco Guarantee**” and together with the 592 Guarantee #1, the D. Smith #1 and the V. Smith #1, the “**Guarantees ISO Holdco**”).

9. A declaration that the guarantee dated October 11, 2024 made between the respondent, 1178592 B.C. Ltd., as guarantor, and the petitioner, as lender, is *inter alia*:

- a) an irrevocable, unconditional and unlimited guarantee of the payment and performance of all obligations owed to the petitioner by the respondent, 0929736 B.C. Ltd. dba Winmar Fraser Valley, as principal debtor and not as a surety, including the payment of all present and future indebtedness and liabilities, direct and indirect, absolute and contingent of 0929736 B.C. Ltd. dba Winmar Fraser Valley to the petitioner forthwith after demand;
- b) an agreement postponing the payment of all amounts that may be owed to the said respondent by 0929736 B.C. Ltd. dba Winmar Fraser Valley until the indebtedness owed to the petitioner has been repaid in full; and
- c) an agreement registered in the British Columbia Personal Property Registry on October 31, 2024 under Base Registration Number 737060Q charging all present and future indebtedness, direct and indirect, absolute and contingent, of 0929736 B.C. Ltd. dba Winmar Fraser Valley to the said respondent (collectively, the “**592 Claims #2**”) in favour of the petitioner in priority to the interest therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them,

(the “**592 Guarantee #2**”).

10. A declaration that the guarantee dated October 11, 2024 made between the respondent, David Robert Smith, as guarantor, and the petitioner, as lender, is *inter alia*:

- a) an irrevocable, unconditional and unlimited guarantee of the payment and performance of all obligations owed to the petitioner by the respondent, 0929736 B.C. Ltd. dba Winmar Fraser Valley, as principal debtor and not as a surety, including the payment of all present and future indebtedness and liabilities, direct and indirect, absolute and contingent of 0929736 B.C. Ltd. dba Winmar Fraser Valley to the petitioner forthwith after demand;
- b) an agreement postponing the payment of all amounts that may be owed to the said respondent by 0929736 B.C. Ltd. dba Winmar Fraser Valley until the indebtedness owed to the petitioner has been repaid in full; and
- c) an agreement registered in the British Columbia Personal Property Registry on October 31, 2024 under Base Registration Number 737060Q charging all present and future indebtedness, direct and indirect, absolute and contingent, of 0929736 B.C. Ltd. dba Winmar Fraser Valley to the said respondent (collectively, the “**D. Smith Claims 2**”) in favour of the petitioner in priority to the interest therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them,

(the “**D. Smith 2 Guarantee**”).

11. A declaration that the guarantee dated October 11, 2024 made between the respondent, Victoria-Leigh Korff Smith also known as Victoria Smith, as guarantor, and the petitioner, as lender, is *inter alia*:

- a) an irrevocable, unconditional and unlimited guarantee of the payment and performance of all obligations owed to the petitioner by the respondent, 0929736 B.C. Ltd. dba Winmar Fraser Valley, as principal debtor and not as a surety, including the payment of all present and future indebtedness and liabilities, direct and indirect, absolute and contingent of 0929736 B.C. Ltd. dba Winmar Fraser Valley to the petitioner forthwith after demand;

- b) an agreement postponing the payment of all amounts that may be owed to the said respondent by 0929736 B.C. Ltd. dba Winmar Fraser Valley until the indebtedness owed to the petitioner has been repaid in full; and
- c) an agreement registered in the British Columbia Personal Property Registry on October 31, 2024 under Base Registration Number 737060Q charging all present and future indebtedness, direct and indirect, absolute and contingent, of 0929736 B.C. Ltd. dba Winmar Fraser Valley to the said respondent (collectively, the “**V. Smith Claims 2**”) in favour of the petitioner in priority to the interest therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them,

(the “**V. Smith Guarantee 2**”).

12. A declaration that the guarantee dated October 11, 2024 made between the respondent, 1317297 B.C. Ltd., as guarantor, and the petitioner, as lender, is *inter alia*:

- a) an irrevocable, unconditional and unlimited guarantee of the payment and performance of all obligations owed to the petitioner by the respondent, 0929736 B.C. Ltd. dba Winmar Fraser Valley, as principal debtor and not as a surety, including the payment of all present and future indebtedness and liabilities, direct and indirect, absolute and contingent of 0929736 B.C. Ltd. dba Winmar Fraser Valley to the petitioner forthwith after demand;
- b) an agreement postponing the payment of all amounts that may be owed to the said respondent by 0929736 B.C. Ltd. dba Winmar Fraser Valley until the indebtedness owed to the petitioner has been repaid in full; and
- c) an agreement registered in the British Columbia Personal Property Registry on October 31, 2024 under Base Registration Number 737060Q charging all present and future indebtedness, direct and indirect, absolute and contingent, of 0929736 B.C. Ltd. dba Winmar Fraser Valley to the said respondent (collectively, the “**Holdco Claims**” and together with the Charged Holdco Claims, the 592 Claims

#2, the D. Smith Claims #2, the V. Smith Claims #2, the Holdco Property, the Opco Property and the 592 Property, collectively, the “**Property**”) in favour of the petitioner in priority to the interest therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them,

(the “**Holdco Guarantee**” and together with the 592 Guarantee #2, the D. Smith Guarantee #2 and the V. Smith Guarantee #2, the “**Guarantees ISO Opco**” and collectively with the Guarantees ISO Holdco, the “**Guarantees**”).

13. A declaration that the respondents, 1317297 B.C. Ltd., 0929736 B.C. Ltd. dba Winmar Fraser Valley, 1178592 B.C. Ltd., David Robert Smith and Victoria-Leigh Korff Smith also known as Victoria Smith, have made default under the Letter Agreements (as defined below), the Mortgage, the GSAs and the Guarantees (collectively, the “**Security**”) and, as a result, the full balance due and owing thereunder is now due and payable to the petitioner.
14. A declaration that the amount of money due and owing under the Letter Agreements (as defined below) and secured by the Security, and the amount of money required to redeem the Lands and Property, is the combined sum of \$8,061,786.75 as of September 9, 2026 plus interest from and after September 10, 2026 at the rates set out in paragraph 15.
15. A declaration that the rates of interest chargeable under the facilities (as each is defined below) and secured by the Security are as follows:
 - a) On the amounts outstanding under the Mortgage Loan: 5.27% per annum, compounded monthly; and
 - b) On the amounts outstanding under the Line of Credit and Credit Card: 1.00% above the petitioner’s prime commercial lending rate as declared from time to time, which said rate is currently 4.45% per annum, so that the rate of interest currently chargeable is 5.45% per annum, compounded monthly.

16. An order that the last date for redemption be one (1) day after the date of pronouncement of any order made herein, or such other period of time as the petitioner may seek and this court may order.
17. An order that the petitioner recovers judgment against the respondents, 1317297 B.C. Ltd., 0929736 B.C. Ltd. dba Winmar Fraser Valley, 1178592 B.C. Ltd., David Robert Smith and Victoria-Leigh Korff Smith also known as Victoria Smith, jointly and severally, in the sum of \$8,061,786.75 as of September 9, 2026, plus interest thereafter at the rates set out in paragraph 15 and the petitioner's costs of this proceeding.
18. An order that the petitioner recovers its costs of this proceeding on an indemnity basis or, alternatively, a party and party costs basis pursuant to Scale B or such other scale as may be appropriate and that such costs form a part of the amount required to redeem the Lands and Property.
19. An order that upon the respondents, or any of them, paying into Court to the credit of this proceeding at The Law Courts, 800 Smithe Street, Vancouver, BC, or paying to the solicitor of record for the petitioner or, if no such solicitor exists then paying to the petitioner, the amount required to redeem the Lands and Property as aforesaid, together with the petitioner's costs of this proceeding, before pronouncement of either an order absolute of foreclosure or an order confirming the sale of the Lands, the petitioner shall reconvey the Lands and Property free and clear of all encumbrances in favour of it or any person claiming by, through or under it and shall deliver up, upon oath if required, all deeds, titles and documents in its custody, possession or power relating thereto to the respondents so paying or to whom they shall appoint.
20. An order that if the Lands and Property not be redeemed, the petitioner shall be at liberty to apply for an order absolute of foreclosure and upon pronouncement of the order absolute of foreclosure the respondents and all persons claiming by, through or under them shall henceforth stand absolutely debarred and foreclosed of and from all right, title, interest and equity of redemption in and to the Lands and Property and all monies paid under the Security shall become the property of the petitioner free from any right of the respondents and that thereupon the petitioner shall recover vacant possession of the Lands and Property.

21. A receivership order in the form attached as **Schedule “A”** appointing KPMG Inc. as receiver of all assets, undertakings and property of the respondents, 1317297 B.C. Ltd., 0929736 B.C. Ltd. dba Winmar Fraser Valley and 1178592 B.C. Ltd., including the Lands and Property.
22. An order for sale of the Lands and/or Property subject to the approval of this honourable court and for the petitioner to have exclusive conduct of such sale.
23. An order that the petitioner may apply to this court for a further summary accounting of any amounts which become due to the petitioner for interest, taxes, arrears of taxes, insurance premiums, costs, charges, expenses or otherwise since the date of pronouncement of this order.
24. A certificate of pending litigation.
25. An order for any further relief that this honourable court may deem just.

PART 2: FACTUAL BASIS

The Loans and Security

1. The petitioner, National Bank of Canada (“**National Bank**” or the “**Bank**”), is a federal chartered bank with an address for service in this proceeding c/o 2900 – 733 Seymour Street, Vancouver, BC V6B 0S6. On March 1, 2025, National Bank amalgamated with Canadian Western Bank and continued as one bank under the name National Bank of Canada. For ease of reference, the lender has been referred to as National Bank throughout this petition.
2. The respondent, 1317297 B.C. Ltd. (“**Holdco**”), is the registered owner of the Lands and a borrower under the lending arrangements that are the subject of this proceeding. The respondent, 0929736 B.C. Ltd. dba Winmar Fraser Valley (“**Opco**” and together with Holdco, the “**Borrowers**”), is also a borrower under the subject lending arrangements. Prior to ceasing operations in or around the summer of 2026, Opco was in the property restoration business. Opco conducted its business from the Lands as a Winmar franchise.

3. The respondent, 1178592 B.C. Ltd. ("**592**"), holds shares in the capital of Opco and is a guarantor of the Borrowers' obligations under the Letter Agreements (as defined below).
4. The respondents, David Robert Smith ("**David**") and Victoria-Leigh Korff Smith also known as Victoria Smith ("**Victoria**" and collectively with Holdco, Opco, 592 and David, the "**Debtors**"), are directors of Holdco and Opco and guarantors of the Borrowers' obligations.
5. Pursuant to a letter agreement dated October 2, 2024 between National Bank, as lender, Holdco, as borrower, and Opco, 592, David and Victoria, as guarantors (the "**Holdco Letter Agreement**"), National Bank advanced a mortgage loan to Holdco in the principal amount of \$7,515,000 (the "**Mortgage Loan**").
6. Holdco's obligations under the Holdco Letter Agreement are secured and supplemented by, *inter alia*:
 - a) the Mortgage;
 - b) the GSAs;
 - c) the Guarantees ISO Holdco; and
 - d) assignments and postponements of creditor's claims executed and delivered by Opco, 592, David and Victoria.
7. Pursuant to a letter agreement dated October 2, 2024 between National Bank, as lender, Opco, as borrower, and Holdco, 592, David and Victoria, as guarantors (the "**Opco Letter Agreement**"), National Bank made available to Opco the following credit facilities:
 - a) An operating line of credit having a maximum credit limit of \$500,000 (the "**Line of Credit**"); and
 - b) A credit card having a maximum credit limit of \$125,000 (the "**Credit Card**").
8. Opco's obligations under the Opco Letter Agreement are secured and supplemented by, *inter alia*:

- a) the Mortgage;
 - b) the GSAs;
 - c) the Guarantees ISO Opco; and
 - d) assignments and postponements of creditor's claims executed and delivered by Holdco, 592, David and Victoria.
9. Holdco is the person entitled to the equity of redemption under the Mortgage. The Mortgage is registered against the Lands in first position in favour of National Bank in priority to the interests therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them.
10. The GSAs charge the Property in favour of National Bank in priority to the interests therein or claims thereto of the respondents and their respective heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them.
11. Under the terms of the Mortgage and the GSAs, National Bank is entitled to the appointment of a receiver of Holdco, Opco and 592 upon the occurrence of an event of default.
12. Pursuant to good and valid Guarantees, the respective guarantors under each of the Guarantees unconditionally guaranteed all present and future indebtedness and liabilities, direct and indirect, absolute and contingent of the respective borrower.

Defaults

13. The Borrowers breached various obligations owed to National Bank under the Letter Agreements and the Security, including:
- a) Ceasing to operate/suffering material adverse change: Opco has ceased to operate as a going concern, constituting a material adverse change in its financial condition as well as that of Holdco.

- b) Failure to remit payments when due: Opco and Holdco are required to make monthly payments on account of the indebtedness under their respective facilities. National Bank has not received payment on account of the Mortgage Loan, the Line of Credit or the Credit Card since June 2026
- c) Failure to maintain indebtedness within authorized credit limits: Opco and Holdco are required to maintain the indebtedness under the Line of Credit and the Credit Card within authorized credit limits. The companies' indebtedness under the facilities regularly exceeded the stipulated limits. Both are currently in excess positions.
- d) Failure to remit property taxes on time or at all: Holdco is obliged to pay property taxes in full and on time. As of September 8, 2026, property taxes are due and owing in the principal amount of \$38,578.86. Penalties on the arrears currently total \$3,857.74.
- e) Failure to deliver required reporting: Opco and Holdco are required to deliver quarterly financial reporting; however, neither has done so since March 2025. Opco and Holdco are also required to deliver any further information and documents that National Bank may request from time to time. For the past several months the Bank's communications and requests for information have garnered no response.
- f) Failure to revolve the indebtedness under the Line of Credit: Opco is required to regularly revolve the indebtedness under the Line of Credit (i.e., consistent with the purpose of the facility, which is to fund the company's day to day operations). The indebtedness has not revolved since June 2026
- g) Failure to maintain the required Debt Service Coverage Ratio: Opco and Holdco are required to maintain a Debt Service Coverage Ratio of not less than 1.25:1, tested annually. The companies breached this financial covenant for fiscal 2025. The companies' failure to deliver required reporting renders annual testing impossible and thus they continue to be in breach.

- b) Failure to provide evidence of insurance: The fire insurance policy National Bank has on file for the Lands expired on April 8, 2026. Holdco has failed to provide evidence confirming adequate insurance coverages are in place. If insurance for the Lands has lapsed, then that places National Bank's security at significant risk.

Demands and Indebtedness

14. By letters dated August 17, 2026, National Bank sent demands for repayment and notices of intention to enforce security to the Borrowers through counsel. Concurrent demands were issued by counsel under the Guarantees.
15. The sums due and owing pursuant to the Lender Agreements and secured by the Security as of September 9, 2026 are set out in paragraph 14 of Part 1. The said amounts claimed do not include any penalty or bonus. Interest accrues on the indebtedness under the facilities at the rates set out in paragraph 15 of Part 1.

Other Conduct that Informed the Decision to Seek the Appointment of a Receiver

16. The serious nature of the Borrowers' various defaults caused National Bank to lose confidence in management. National Bank's loss of confidence was further informed and compounded by the matters discussed under the headings below.

The Borrowers' Failure to Deliver Financial Information and General Unresponsiveness

17. The Bank identified financial and reporting covenant breaches in December 2025. Letters were issued to the Borrowers requiring that the defaults be cured by April 2026.
18. Victoria confirmed liquidity issues with the Bank in February 2026. She noted that an option under consideration to address the matter was a sale of the Lands and relocation of Opco's business to lower-cost premises. Victoria requested that monthly loan payments be deferred or reduced to "interest-only".
19. To consider the request, National Bank asked to receive interim financial statements as well as current accounts receivable and accounts payable information. Between March and June 2026, the Bank followed up for the requested financial information as well as for confirmation of an in-force fire insurance policy. The Bank's inquiries received no

response. The Bank has not had further contact from Victoria or David since February 2026.

Excess Borrowings and Opco Ceasing to Operate Absent Prior Notice

20. By June 2026, the indebtedness under both the Line of Credit and the Credit Card exceeded the facilities' respective credit limits. In light of the excess borrowings and having had no contact from the Borrowers over an extended period of time, on July 17, 2026 a National Bank representative attended the Lands during usual business hours. He found the doors locked, the lights off, and the company's signage removed. The Bank subsequently learned that the Lands had been listed for sale and Opco's website had been suspended.

Non-Revolving Line of Credit

21. The indebtedness under the Line of Credit consistently remained at or near the authorized credit limit, and since June 2026, has exceeded the authorized credit limit. Rather than a credit facility with constantly revolving balances due to utilization for day-to-day operations, as is the stated purpose of the facility, the Line of Credit was instead effectively utilized as a permanent non-revolving debt facility.

Payment of Management Fees

22. Notwithstanding the companies' liquidity issues and deteriorating financial condition, and despite the assignments and postponements of debts due to them granted in favour of the Bank, David and Victoria caused Opco to pay them \$251,154 in management fees in fiscal 2025.

The Borrowers' Failure to Deliver Required Financial Reporting

23. The Borrowers' failure to deliver required reporting on time or at all and failure to respond to National Bank's request for documents and information rendered National Bank unable to monitor and assess their operations and financial condition notwithstanding that National Bank was financing those same operations.
24. National Bank has also been rendered unable to verify whether:

- a) the collateral securing the Line of Credit actually exists, remains collectible (in the case of receivables), or retains its value or quantity (in the case of inventory);
- b) the Borrowers' tax filings are up to date and amounts owed to Canada Revenue Agency for GST and source deductions have been remitted; or
- c) strata fees have been remitted.

25. National Bank is thus concerned that it may be exposed to a shortfall and that potentially significant amounts may have accrued in priority to its Security.

Need for a Receiver

26. For the reasons set out above, National Bank has lost trust and confidence in the Borrowers' management. National Bank seeks the appointment of a receiver to take possession of and secure the Lands, obtain and maintain adequate insurance, bring any priority payables current, and maximize realizations from the Lands and Property for the benefit of all stakeholders.

The Proposed Receiver

27. KPMG Inc. ("KPMG") is a licensed insolvency trustee and has substantial experience as a receiver and officer of the court, including in connection with appointments of this nature. KPMG has consented to act as receiver and manager herein.

Subordinate Charges and Standard Foreclosure Pleadings

28. The following sets out the holders of charges, nature of charges and registration numbers of the charges registered in the Land Title Office against the Lands, all of which charges rank in priority behind the interest of National Bank:

HOLDERS OF CHARGES	NATURE OF CHARGES	REGISTRATION NUMBERS
N/A		

29. The following sets out the holders of charges, nature of charges and registration numbers of the charges registered in British Columbia Personal Property Registry in respect of which National Bank claims its Security has priority in this proceeding:

HOLDERS OF CHARGES	NATURE OF CHARGES	REGISTRATION NUMBERS
N/A		

30. There are no other persons having a registered interest in the Lands and/or Property with respect to which National Bank seeks a declaration in this proceeding that the Security has priority.
31. National Bank has not entered into nor taken possession of the Lands and Property.
32. The respondents, "all tenants or occupiers of the subject lands and promises," include any tenant or other occupant of the Lands.

PART 3: LEGAL BASIS

General

1. National Bank relies on Rules 1-3, 10-2, 13-5, 14-1, 16-1, 21-7, and 22-1 of the Rules of the Court, the *Bankruptcy and Insolvency Act*, including s. 243, the *Law and Equity Act*, including s. 39, and the *Personal Property Security Act*.

Receivership

2. The court will appoint a receiver and manager when "just or convenient".

Textron Financial Canada Ltd. v. Chetwynd Motels Ltd., 2010 BCSC 477 [*Textron*]

3. The court determines whether an appointment would be just or convenient based on the specific circumstances of each individual case. There is no exhaustive list of relevant factors. Factors considered relevant on other applications have included:
 - a) the risk to the security holder taking into consideration the size of the debtor's equity in the assets and the need for protection or safeguarding of the assets;
 - b) the preservation and protection of the property;
 - c) the balance of convenience to the parties;

- d) whether the applicant has a contractual right to the appointment of a receiver;
- e) whether irreparable harm might be caused if no order is made;
- f) whether a court appointment is necessary to enable the receiver to carry out its duties more efficiently;
- g) the costs to the parties;
- h) the likelihood of maximizing return to the parties; and
- i) the goal of facilitating the duties of the receiver.

Textron

Maple Trade Financing Inc. v. CY Oriental Holdings Ltd., 2009 BCSC 1527

4. Where the security instrument governing the relationship between the debtor and the secured creditor provides for a right to appoint a receiver on default, the burden on the applicant is relaxed. While the appointment of a receiver is generally regarded as an extraordinary equitable remedy, the nature of the remedy is not extraordinary or equitable in circumstances where commercial parties have expressly contemplated the appointment in a contract governing their relationship.

Textron at paras 50 and 75

United Savings Credit Union v. F & R Brokers Inc., 2003 BCSC 640

Canadian Imperial Bank of Commerce v. Can-Pacific Farms Inc., 2012 BCSC 437

BCIMC Construction Fund Corporation et al. v. The Clover on Yonge Inc., 2020 ONSC 1953 at paras 42 to 51

Bank of Nova Scotia v. Freure Village on Clair Creek, [1996] O.J. No. 5088 (G.D.) at para 12

Canadian Tire Corp. v. Healy, [2011] O.J. No. 3498 (S.C.J.) at para 18

Bank of Montreal v. Carnival National Leasing Limited, [2011] O.J. No. 671 (S.C.J.) at para 27

Farallon Investments Ltd. v. Bruce Pallett Fruit Farms Ltd., [1992] O.J. No. 330 (G.D.) at paras 2 – 6

Foremost Financial Corporation et al. v. Alai Developments Inc. et al., Court File No. CV-23-00702528-00CL (July 24, 2023)

5. In the present case, the Borrowers agreed to the appointment of a receiver upon default in the contracts governing the lending relationship, including under the terms of the Mortgage and the GSAs.

6. Other factors mitigating in favour of the appointment of a receiver and manager include:
- a) This matter involves commercial loans advanced to sophisticated commercial parties and, as part of the balancing of the parties' respective rights and obligations, National Bank was granted the contractual right to appoint a receiver under the terms of the Mortgage and GSAs;
 - b) For the reasons set out above, National Bank has justifiably lost trust and confidence in the Borrowers' management and in their ability to repay the indebtedness owing to National Bank.
 - c) With respect to the equities between the parties, National Bank upheld its end of the bargain, and, in contrast, the Borrowers have repeatedly breached their contractual obligations; and
 - d) A receiver is required to:
 - i) take possession of, assess and preserve the value of the Lands and Property;
 - ii) secure and maintain adequate insurance coverages;
 - iii) collect accounts receivable;
 - iv) distribute proceeds in accordance with proper legal priorities;
 - v) bring priority payables current, including any outstanding tax and/or strata obligations;
 - vi) maximize recoveries for stakeholders through professional marketing and sales processes.
7. It would be just or convenient for the court to appoint KPMG as receiver and manager.

Indemnity Costs

8. National Bank seeks costs on an indemnity basis pursuant to the terms of the Letter Agreements (s. 14), the Mortgage (s. 4.9), the GSAs (definition of "Indebtedness" and s. 3) and the Guarantees (s. 13).
9. Under s. 20 of the *Law and Equity Act*, the court "may" order costs as party and party costs despite a covenant or term of a mortgage to the contrary. Section 20 states as follows:

20(1) In this section:

"foreclosure", in respect of an agreement for sale, as defined in section 16 (1), means a foreclosure as defined in that section;

"mortgage" includes an agreement for sale as defined in section 16 (1).

(2) In a foreclosure in which costs are awarded, the court may,

(a) despite any covenant or term of a mortgage respecting the payment and calculation or manner of determining costs and expenses in, arising out of, or in connection with a foreclosure, and

(b) instead of making an order in accordance with that covenant or term, order that costs be assessed as party and party costs or as special costs under the Supreme Court Civil Rules, and the court may make no order for costs if it would otherwise make no order but for the covenant or term referred to in this subsection.

(3) This section applies to all proceedings commenced before April 14, 1986 other than a proceeding in which a court has made an order for costs.

[emphasis added]

10. The legislature chose only to refer to a term or covenant of a mortgage in s. 20 of the *Law and Equity Act*. The legislature could have, but did not, refer to a term or covenant of a loan agreement or the other forms of non-mortgage security commonly granted in favour of commercial lenders. As a matter of statutory interpretation, that omission must be considered intentional (which would accord with the general view that s. 20 was principally aimed at legal costs in residential foreclosures).
11. In *Blueshore Financial v. 1134038 B.C. Ltd.*, 2023 BCSC 2304, this court set out certain considerations that would likely guide the exercise of its discretion under s. 20 of the *Law and Equity Act*:

- a) the mortgage term agreed to by the parties provides for such costs which, but for s. 20 of the *Law and Equity Act*, the mortgagee would be awarded;
 - b) the sophistication of the parties and involvement of legal counsel in the preparation and execution of the lending documents;
 - c) whether the matter is a commercial matter where the use of the lender's funds was intended to generate an opportunity to profit or earn income;
 - d) whether, although being brought as a foreclosure under R. 21-7, other agreements are being enforced as part of the proceeding (e.g., personal property security and guarantees) that include indemnity cost provisions;
 - e) whether there have been delays in prosecuting the matter such that the mortgagor had extended use of the borrowed funds post default; and
 - f) the overall complexity of the proceedings including the number of parties, and extent of the security and collateral.
12. The foregoing considerations amply support an award of indemnity costs in the present case. This is a commercial loan and National Bank's funds were intended to be used by sophisticated debtors to generate profit. The matter is complex relative to a standard residential foreclosure, with a variety of forms of security having been taken by National Bank. Furthermore, as noted above, the Letter Agreements, the GSAs and the Guarantees provide for indemnity costs outside of any term of the Mortgage (i.e., and thus pursuant to terms not captured by the language of s. 20 of the *Law and Equity Act*).
13. The last point noted above gives rise to an additional matter not directly considered in the *Blueshore* decision. The Court of Appeal recently considered contractual costs provisions in *Peace River Partnership v. Cardero Coal Ltd.*, 2023 BCCA 351. After discussing contractual costs provisions generally, the Court of Appeal held at paragraph 148 as follows:

[148] Thus, where a contractual indemnity provision meets the threshold test of "clearly and unequivocally" establishing the right to indemnification (*Eisler Estate*

(SC) at para. 31), that provision will, in our view, be presumptively enforceable. The burden then shifts to the party opposing indemnification to establish why the court should exercise its discretion to depart from the terms of the contract.

14. In short, in circumstances where a litigant holds a contractual right to an indemnity costs award, then the court presumptively ought to enforce that right – subject to the counterparty meeting its burden to establish a reason why the court ought to depart from the contractual terms. This approach respects freedom of contract and accords with the various important policy considerations militating in favour of enforcement of bargains struck by parties.
15. There is no principled reason why a foreclosing commercial lender's cost recovery ought to be less (by orders of magnitude) relative to every other litigant holding a contractual claim for indemnity costs. That a mortgage happens to form part of its contractual arrangements does not logically justify that outcome. In circumstances where a foreclosing lender holds a contractual right to costs outside of the terms of a mortgage, then the analysis in *Peace River* applies – i.e., presumptive entitlement to contractual costs absent one or more of the respondents meeting their burden to justify the court's exercise of discretion otherwise.
16. An additional matter militating in favour of a contractual costs award that was not considered in the *Blueshore* decision is proportionality. This matter involves a significant amount of money. In that context, the court providing a substantial benefit to defaulting Borrowers by awarding the lender only a fraction of its costs contrary to express contractual terms would strike any rational observer as an absurdity (particularly where no other litigant gets that indulgence outside of a foreclosure proceeding).
17. The respondents cannot justify a departure from the agreed contractual costs provisions. Accordingly, National Bank ought to be awarded its costs of this proceeding on an indemnity basis.

PART 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of V. Watson made September 9, 2026.
2. Such further and other materials as counsel may advise.

Date: September 9, 2026


Signature of lawyer for petitioner, Scott H.
for: Stephens

TO BE COMPLETED BY THE COURT ONLY:

Order made

☐ in the terms requested in paragraphs _____ of Part 1 of this petition

☐ with the following variations and additional terms:

Date: _____

Signature of ☐ Judge ☐ Master

**ENDORSEMENT ON ORIGINATING PLEADING OR PETITION
FOR SERVICE OUTSIDE BRITISH COLUMBIA**

The petitioner claims the right to serve this petition on the respondents, or any of them, outside British Columbia on the grounds, *inter alia*, that the proceeding:

- (a) is brought to enforce, assert, declare or determine proprietary or possessory rights or a security interest in property in British Columbia that is immovable or movable property;
- (b) is brought to interpret, rectify, or enforce any deed, contract, or other instrument in relation to property in British Columbia that is immovable or movable property;
- (c) concerns contractual obligations, and the contractual obligations, to a substantial extent, were to be performed in British Columbia;
- (d) concerns contractual obligations, and by its express terms, the contract is governed by the law of British Columbia.

INFORMATIONAL NOTICE FOR FORECLOSURE PROCEEDINGS

This is a foreclosure proceeding. You have been served with the enclosed materials because you appear to have an interest in the property described in the petition to the court.

Within this proceeding, the court may make orders concerning distribution of sale proceeds that impact you.

To ensure that you are informed of any court orders concerning distribution of funds, you must make the court and the petitioner aware of your contact information. This can be done by filing a response to petition or notifying the petitioner in writing of your current contact information.

If at any stage of this proceeding you wish to take a position on the relief sought in this proceeding, a response to petition and supporting affidavit must be filed and served on the petitioner within the timelines set out in the Supreme Court Civil Rules.

SCHEDULE "A"

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

Between

NATIONAL BANK OF CANADA

Petitioner

and

1317297 B.C. LTD., 0929736 B.C. LTD. doing business as
WINMAR FRASER VALLEY, 1178592 B.C. LTD., DAVID
ROBERT SMITH, VICTORIA-LEIGH KORFF SMITH also
known as VICTORIA SMITH and ALL TENANTS OR
OCCUPIERS OF THE SUBJECT LANDS AND PREMISES

Respondents

ORDER MADE AFTER APPLICATION
(RECEIVERSHIP ORDER)

BEFORE THE HONOURABLE
JUSTICE

)
)
)
)

ON THE APPLICATION of the petitioner, National Bank of Canada, for an order pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "LEA") appointing KMPG Inc. as Receiver and Manager (in such capacity, the "Receiver") without security, of all of the assets, undertakings and property of the respondents, 1317297 B.C. Ltd., 0929736 B.C. Ltd. doing business as Winmar Fraser Valley, and 1178592 B.C. Ltd. (collectively, the "Debtors"), acquired for, or used in relation to a business carried on by the Debtors, coming on for hearing this day at Vancouver, British Columbia.

AND ON READING the affidavit #1 of V. Watson and the consent of KMPG Inc. to act as the Receiver; AND ON HEARING Scott H. Stephens and Lily Y. Zhang, counsel for the petitioner and other counsel as listed on Schedule "A" hereto, and no one else appearing, although duly served.

THIS COURT ORDERS AND DECLARES that:

APPOINTMENT

1. Pursuant to section 243(1) of the BIA and section 39 of the LEA, KPMG Inc. is appointed Receiver, without security, of all of the assets, undertakings and property of the Debtors, including the lands and premises legally described as follows:

Parcel Identifier: 029-745-608

STRATA LOT 4 SECTION 6 TOWNSHIP 14 NEW WESTMINSTER DISTRICT
STRATA PLAN EPS3324

TOGETHER WITH AN INTEREST IN THE COMMON PROPERTY IN
PROPORTION TO THE UNIT ENTITLEMENT OF THE STRATA LOT AS
SHOWN ON FORM V

and all proceeds thereof (collectively, the **"Property"**).

RECEIVER'S POWERS

2. The Receiver is empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all receipts and disbursements arising out of or from the Property, including, without limitation, to collect all rent and lease payments;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, changing locks and security codes, relocation of Property, engaging independent security personnel, taking physical inventories and placing insurance coverage;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;
 - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting these amounts, including, without limitation, enforcement of any security held by the Debtor;

- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, manage and direct all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the Debtor, the Property or the Receiver, including initiating, prosecuting, continuing, defending, settling or compromising the proceedings;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver considers appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of a single transaction for consideration up to \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the individual or aggregate purchase price exceeds the limits set out in subparagraph (i) above,and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers, free and clear of any liens or encumbrances;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver considers appropriate on all matters relating to the Property and the receivership, and to share information, subject to confidentiality terms as the Receiver considers appropriate;
- (o) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtor;

- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (s) to file an assignment into bankruptcy under the Bankruptcy and Insolvency Act (Canada) on behalf of the Debtors at any time, and to act as trustee in bankruptcy in respect of such bankruptcy; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. Each of (i) the Debtors; (ii) all of the Debtors' current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf; and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (collectively, "Persons" and each a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
4. All Persons, other than governmental authorities, shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (collectively, the "Records") in that Person's possession or control. Upon request, governmental authorities shall advise the Receiver of the existence of any Records in that Person's possession or control.
5. Upon request, all Persons shall provide to the Receiver or permit the Receiver to make, retain and take away copies of the Records and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities, provided however that nothing in paragraphs 4, 5 or 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to solicitor client privilege or statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to

the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

8. No Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are stayed and suspended pending further order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of the Proceeding except for service of the initiating documentation on the Debtors and the Receiver.

NO EXERCISE OF RIGHTS OR REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtors, the Receiver, or affecting the Property, are stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. This stay and suspension shall not apply in respect of any "eligible financial contract" as defined in the BIA.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing

out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are restrained until further order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable, in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post-Receivership Accounts") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Subject to the employees' right to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtors, including any successor employer liabilities as referred to in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay or in respect of obligations imposed specifically on receivers by applicable legislation, including sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.

PERSONAL INFORMATION

14. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection*

Act, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination (collectively "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation.
16. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.
17. Notwithstanding anything in federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arises or environmental damage that occurred:
 - (a) before the Receiver's appointment; or,
 - (b) after the Receiver's appointment, unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
18. Notwithstanding anything in federal or provincial law, but subject to paragraph 17 of this Order, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, if the Receiver complies with the BIA section 14.06(4), the Receiver is not personally liable for the failure to comply with the order and is not personally liable for any costs that are or

would be incurred by any Person in carrying out the terms of the order.

LIMITATION ON THE RECEIVER'S LIABILITY

19. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except:
- (a) any gross negligence or wilful misconduct on its part; or
 - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

20. The Receiver and its legal counsel, if any, are granted a charge (the "**Receiver's Charge**") on the Property as security for the payment of their fees and disbursements, in each case at their standard rates, in respect of these proceedings, whether incurred before or after the making of this Order. The Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
21. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
22. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands:
- (a) against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court;
 - (b) in payment of any charges of taxes, utilities, or insurance premiums which relate to any of the Property; and
 - (c) in payment of any claims reasonably determined by the Receiver to be in priority to the petitioner's security.

FUNDING OF THE RECEIVERSHIP

23. The Receiver is authorized and empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$300,000 (or such greater

amount as this Court may by further order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

24. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
25. The Receiver is authorized to issue certificates substantially in the form annexed as **Schedule "B"** hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
26. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

27. Any interested party may apply to this Court on notice to any other party likely to be affected for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the Property.

SERVICE AND NOTICE OF MATERIALS

28. The Receiver shall establish and maintain a website in respect of these proceedings at: <https://kpmg.com/ca/en/services/advisory/deal-advisory/creditorlinks.html> (the "**Website**") and shall post there as soon as practicable:
 - (a) all materials prescribed by statute or regulation to be made publicly available, including pursuant to Rule 10-2 of the *Supreme Court Civil Rules*; and,
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
29. Any Person who is served with a copy of this Order and that wishes to be served with any future application or other materials in these proceedings must provide to counsel for each of the Receiver and the petitioner a demand for notice in the form attached as **Schedule "C"** (the "**Demand for Notice**"). The Receiver and the petitioner need only provide further notice in respect of these proceedings to Persons that have delivered a properly

completed Demand for Notice. The failure of any Person to provide a properly completed Demand for Notice releases the Receiver and the petitioner from any requirement to provide further notice in respect of these proceedings until such Person delivers a properly completed Demand for Notice.

30. The Receiver shall maintain a service list identifying all parties that have delivered a properly completed Demand for Notice (the "Service List"). The Receiver shall post and maintain an up-to-date form of the Service List on the Website.
31. Any interested party, including the Receiver, may serve any court materials in these proceedings by facsimile or by emailing a PDF or other electronic copy of such materials to the numbers or addresses, as applicable, set out on the Service List. Any interested party, including the Receiver, may serve any court materials in these proceedings by mail to any party on the Service List that has not provided a facsimile number or email address, and materials delivered by mail shall be deemed received five (5) days after mailing.
32. Notwithstanding paragraph 31 of this Order, service of the Petition and any affidavits filed in support shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50 and its regulations for the Federal Crown and the *Crown Proceedings Act*, R.S.B.C. 1996 c.89 in respect of the British Columbia Crown.
33. The Receiver and its counsel are authorized to serve or distribute this Order, any other orders and any other materials as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding copies by facsimile or by email to the Debtor's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of any legal or juridical obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*.

GENERAL

34. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days' notice to the Service List and to any other party who may be affected by the variation or amendment, or upon such other notice, if any, as this Court may order.
35. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
36. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.
37. This Court requests the aid, recognition and assistance of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be

necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

38. The Receiver is authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
39. The petitioner shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the petitioner's security or, if not so provided by the petitioner's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.
40. Endorsement of this Order by counsel appearing on this application other than the petitioner is dispensed with.

THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

APPROVED BY:

Signature of Scott H. Stephens,
Lawyer for the National Bank of Canada

BY THE COURT

DISTRICT REGISTRAR

SCHEDULE "A"
APPEARANCE LIST

Counsel Name	Party Represented

SCHEDULE "B"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KPMG Inc., the Receiver and Manager (the "Receiver") of all of the assets, undertakings and properties of 1317297 B.C. Ltd., 0929736 B.C. Ltd. and 1178592 B.C. Ltd. acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (the "Court") dated the _____ day of _____, 2026 (the "Order") made in SCBC File No. _____ has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly] not in advance on the _____ day of each month after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at _____.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 2026.

**KPMG Inc., solely in its capacity as Receiver
of the Property, and not in its personal
capacity**

**Per:
Name:
Title:**

SCHEDULE "C"

DEMAND FOR NOTICE

TO: **National Bank of Canada**
 c/o Owen Bird Law Corporation
 Attention: Scott H. Stephens, Lily Zhang and Lynette Grillandini
 Email: sstephens@owenbird.com, lzhang@owenbird.com and
 lgrillandini@owenbird.com

AND TO: **KPMG Inc.**
 c/o McCarthy Tétrault LLP
 Attention: Lance Williams, Ashley Bowron and Sue Danielisz
 Email: lwilliams@mccarthy.ca, abowron@mccarthy.ca and
 sdanielisz@mccarthy.ca

**Re: In the matter of the Receivership of 1317297 B.C. Ltd., 0929736 B.C. Ltd. and
1178592 B.C. Ltd.**

I hereby request that notice of all further proceedings in the above Receivership be sent to me in the following manner:

1. By email, at the following address (or addresses):

OR

2. By facsimile, at the following facsimile number (or numbers):

OR

3. By mail, at the following address:

Name of Creditor: _____

Name of Counsel (if any): _____

Creditor's Contact Address: _____

Creditor's Contact Phone Number: _____

Action No. _____

**IN THE SUPREME COURT OF BRITISH
COLUMBIA**

No. _____
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH
COLUMBIA**

Between

**NATIONAL BANK OF
CANADA**

Petitioner

and

1317297 B.C. Ltd. et al

Respondents

RECEIVERSHIP ORDER

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT is dated for reference as of June 18, 2026

AMONG:

NATIONAL BANK OF CANADA, a federal chartered bank having an address c/o 2900 – 733 Seymour Street, Vancouver, B.C. V6B 0S6

(the “Lender”)

AND:

G-FUNK8 HOLDINGS INC., a BC company having a registered and records office located at 1533 Collingwood Drive, Kamloops, BC V2B 6C3

(the “Borrower”)

AND:

1420976 B.C. LTD. dba 4 SEASONS DRYWALL, a BC company and sole proprietorship having a registered and records office located at 1533 Collingwood Drive, Kamloops, BC V2B 6C3

(the “4 Seasons”)

AND:

GLENDA LEE JOSS, a businessperson having an address at 1533 Collingwood Drive, Kamloops, BC V2B 6C3

(“Glenda”)

AND:

LARRY GERARD JOSEPH JOLICOEUR, a businessperson having an address at 1533 Collingwood Drive, Kamloops, BC V2B 6C3

(“Larry”)

(4 Seasons, Glenda and Larry, collectively, the “Guarantors”)

(the Borrower and the Guarantors, collectively, the “Debtors”)

WHEREAS:

A. Under the terms of a letter agreement dated February 18, 2022, as amended by amending agreements dated July 18, 2022 and January 26, 2023 (collectively, the "**Letter Agreement**"), the Borrower, as borrower, and Glenda and Larry, as guarantors, agreed to repay to the Lender *inter alia* monies advanced under a demand operating line of credit facility (the "**Loan**"), of which the sum of \$107,470.97, exclusive of costs, protective disbursements, the Administration Fee (as defined below) and the Professional Fee (as defined below), remains outstanding and fully due and payable by the Debtors to the Lender as of June 17, 2026 with interest accruing thereafter at the rate of 2.50% per annum above the Lender's prime commercial lending rate as declared from time to time, which said rate is currently 4.45% per annum, so that the rate of interest chargeable is currently 6.95% per annum, calculated and compounded monthly (the "**Interest Rate**");

B. The Debtors' obligations under the Letter Agreement are secured and supplemented by, *inter alia*, the following:

- i) a general security agreement made between the Borrower, as debtor, and the Lender, as secured party, and registered in the Personal Property Registry on March 3, 2022 under Base Registration Number 573942N, pursuant to which the Borrower granted the Lender a security interest securing payment and satisfaction of, *inter alia*, any and all obligations, indebtedness and liability of the Borrower to the Lender and charging all of its present and after acquired personal property, assets and undertakings, including accounts, intangibles, proceeds, equipment and inventory to the Lender in priority to the interests therein or claims thereto of the Debtors and their heirs, executors, administrators, successors and assigns, and any persons claiming by, through or under them; and
- ii) full liability guarantees dated March 2, 2022 and January 27, 2023 executed and granted by Glenda and Larry respectively in favour of the Lender pursuant to which the said Guarantors unconditionally guaranteed repayment of all present and future indebtedness and liabilities, direct and indirect, absolute and contingent of the Borrower to the Lender,

(collectively, with all modifications thereto as contemplated by this Forbearance Agreement, and together with the Additional Security, as defined below, the "**Security**");

C. The Debtors are in default of the terms of the Letter Agreement and their obligations to the Lender under the Security, including due to failure to deliver required reporting on time or at all, failure to maintain indebtedness within the authorized credit limit and suffering a material adverse change in financial condition;

D. By letter dated October 7, 2025 the Lender demanded repayment of the amounts due and owing under the Loan in accordance with the terms of the Letter Agreement and the Security and concurrently served a Notice of Intention to Enforce Security in accordance with the *Bankruptcy and Insolvency Act*;

E. The Debtors have requested that the Lender forbear from realizing upon the Security in order to allow the Debtors further additional time to repay the Indebtedness (as defined below) to the Lender; and

F. In consideration of the Lender agreeing, solely on the basis that the Debtors strictly comply with the terms and conditions of this Forbearance Agreement, and the Security to the extent not modified by this

Forbearance Agreement, to forbear from obtaining judgment and realizing on the Security until the earlier of the expiry date hereof or the occurrence of any Event of Default hereunder, the Debtors have agreed to:

- i) make the Required Payments (as defined below) to the Lender in accordance herewith;
- ii) waive any right the Debtors or any of them may have to file a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, to seek any relief under the *Companies' Creditors Arrangement Act* or to seek any other form of relief that would or could result in a stay of proceedings or otherwise hinder, impair or prejudice the Lender's enforcement of the Security;
- iii) on an unconditional and irrevocable basis, provided that an Event of Default (as defined below) has occurred, in any court proceeding that may be commenced by the Lender in respect of the Loan and Security, consent to:
 - A) judgment against the Debtors on a joint and several basis in the amount of the Indebtedness (as defined below) as of the date of judgment (the "Judgment");
 - B) a receivership order substantially in the model form for the appointment of a Licensed Insolvency Trustee of the Lender's choosing in its sole and absolute discretion as receiver and manager of all of the assets, undertakings and property of the Borrower and 4 Seasons, or either of them, pursuant to s. 39 of the *Law and Equity Act* and s. 243 of the *Bankruptcy and Insolvency Act* (it being acknowledged and irrevocably agreed that, in light of the nature and extent of the Debtors' defaults and the accommodations afforded to the Debtors by the Lender, if an Event of Default were to occur, then the appointment of a receiver will be just and convenient) (the "Receivership Order"); and
 - C) an award of costs in favour of the Lender on a full indemnity basis; and
- iv) all of the other terms and conditions contained herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the Lender's forbearance in accordance herewith, the provisions, covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

1. Acknowledgement of Indebtedness and Security and Required Payments

1.1 The Debtors hereby acknowledge and agree that they are jointly and severally liable to the Lender under the Letter Agreement and the Security for the sum of \$107,470.97 as of June 17, 2026, as well as the Administration Fee (as defined below) and the Professional Fee (as defined below), other applicable fees, interest at the Interest Rate from and after June 18 2026, and all costs and expenses incurred by the Lender, including all legal costs and disbursements, on a full indemnity basis (collectively, the "Indebtedness").

1.2 The Debtors represent to the Lender that none of them have any defences, set-offs or counterclaims which would entitle them to dispute the Indebtedness as being fully due and payable and the Security as being fully enforceable forthwith without further notice.

1.3 The Debtors hereby confirm that the Letter Agreement and the Security:

- a) remain valid, binding, enforceable and in full force and effect;
- b) constitute security for all of the Indebtedness; and
- c) shall remain in full force and effect for the benefit of the Lender following the execution of this Forbearance Agreement.

1.4 The Debtors represent and warrant to the Lender and agree:

- a) that except as expressly modified by this Forbearance Agreement all of the warranties and representations in the Security are true;
- b) to make the following payments to the Lender or as the Lender may direct:
 - i) commencing April 1, 2026, monthly payments in the amount of \$10,000 on or before the 1st day of each calendar month [the Lender hereby acknowledges receipt of the \$10,000 payment due April 1, 2026, May 1, 2026 and June 1, 2026];
 - ii) all amounts that, if unpaid, would give rise to a Priority Claim (as defined below);
 - iii) the Professional Fee (as defined below) in accordance with paragraph 3.1(e) of this Forbearance Agreement;
 - iv) the Administration Fee (as defined below) in accordance with paragraph 3.1(f) of this Forbearance Agreement; and
 - v) the Indebtedness in full on or before September 30, 2026 (the "Expiration Date"),(collectively, the "Required Payments").

2. Term

2.1 Subject to termination by the Lender or an extension agreement signed by the parties in writing, this Forbearance Agreement shall automatically expire at 5:00 pm Pacific Time on the Expiration Date.

3. Debtors' Covenants

3.1 The Debtors and each of them covenant and agree as follows:

- a) to comply with all of the terms of this Forbearance Agreement;
- b) to comply with all of the terms of the Security except as those terms are expressly amended by this Forbearance Agreement;

- c) to make each of the Required Payments on or before the date applicable provided in this Forbearance Agreement;
- d) to take all reasonable steps, without causing a default under this Forbearance Agreement, to prevent any creditor of the Debtors from obtaining a judgment or from commencing any execution proceedings against them or any of the Debtors' real and personal property or any portion thereof;
- e) to indemnify and reimburse the Lender for all fees and expenses for legal and other professional services incurred by the Lender, on a solicitor and own client full indemnity basis, including payment of the fees and disbursements the Lender incurs as a result of the implementation or enforcement of this Forbearance Agreement and/or the realization upon all or any part of the Security, including in respect of any court proceeding that the Lender may commence, and all such amounts incurred by the Lender are to be added to the principal of the Loan and included in and repaid with the Indebtedness, plus interest at the Interest Rate (the "Professional Fee");
- f) to, on or before July 1, 2026, pay to the Lender \$1,000 on account of a genuine pre-estimate of the Lender's administrative and other costs with respect to the Loan and the forbearance contemplated hereunder, and as consideration for the forbearance contemplated hereunder (the "Administration Fee");
- g) to carry on business in the normal course and in compliance with all applicable laws;
- h) to deliver to the Lender:
 - i) concurrent with the execution and delivery of this Forbearance Agreement, the following:
 - A) the guarantee and general security agreement in the forms attached as Schedules "A" and "B" executed by 4 Seasons;
 - B) the mortgage in the form attached as Schedule "C" executed by Glenda and witnessed by 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 BC;
 - C) the certificates of independent legal advice in the forms attached as Schedule "D" executed by Glenda and Larry respectively and certified by a member of the Law Society of British Columbia; and
 - D) such resolutions, opinions and officer's certificates reasonably required by Lender's counsel(collectively, the "Additional Security");
 - ii) on or July 1, 2026, evidence satisfactory to the Lender that the Borrower's tax filings are up to date and no monies are owed for unremitted GST, PST or source deductions;

- iii) absent an alternative arrangement satisfactory to the Lender in its sole and absolute discretion, reasonably prior to Expiration Date and/or the date(s) on which the Debtors repay the Indebtedness, evidence satisfactory to the Lender in its sole and absolute discretion confirming that the source of the funds and/or the Borrowers have no liability for unremitted GST, PST or source deductions and are in good standing with, and owe no monies to, the Canada Revenue Agency (it being acknowledged and agreed that the Lender shall have no obligation to release any of the Security unless concurrently provided with such evidence satisfactory to the Lender);
 - iv) unless specifically waived by the Lender in writing, all other reporting on time and in accordance with the Letter Agreement and the Security; and
 - v) within three business days of written request, any other information or documents that the Lender may from time to time reasonably require to assess its position with respect to the Loan and the Security; and
- i) to pay all priority claims during the term of this Forbearance Agreement (a priority claim means any amount that owing or required to be paid, where the failure to pay such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise that ranks in priority to the Security or otherwise in priority to any claim by the Lender for repayment of the Indebtedness (a "Priority Claim")) and without limiting the generality of the foregoing:
- i) pay all source deductions required to be paid;
 - ii) pay all WorkSafe B.C. assessments required to be paid;
 - iii) pay all Canada Revenue Agency, PST, GST, HST, and income tax remittances required to be paid; and
 - iv) pay all property taxes, water and sewer, and other charges.

3.2 The Debtors and each of them covenant and agree that they shall not, without the prior written consent of the Lender:

- a) pay any dividend or make any other monetary distribution to any shareholder or repay, in whole or in part, any shareholder or other non-arms' length loan;
- b) issue any unissued shares in the capital of the Borrower or grant any option or right to acquire unissued shares;
- c) approve any transfer of shares in the Borrower;
- d) pay any directors' fees;
- e) pay any new officers, managers or personnel or consultants or increase any remuneration to any present officers or consultants;
- f) compromise the amount of any accounts receivable, or otherwise compromise or reduce any amount owing by a third party;

- g) enter into any material contracts, including sales contracts, equipment purchase or lease agreements;
- h) incur or commit to any cumulative capital or other expenditures;
- i) commence any litigation, other than for the purpose of collecting debts owed to them;
- j) borrow monies from any person or persons on the security of any assets charged by the Security;
- k) transfer, assign, convey, mortgage, charge or otherwise dispose of any real or personal property or interest in real or personal property; and
- l) institute proceedings for bankruptcy or any form of creditor protection, consent to the institution or filing of any petition or proceeding with respect thereto, or to the appointment of a Monitor, Receiver, Receiver-Manager, Interim Receiver or Licensed Insolvency Trustee or similar officer.

4. Debtors' Acknowledgements and Releases

4.1 The Debtors acknowledge and agree that:

- a) all of the Recitals to this Forbearance Agreement are true and correct;
- b) absent the terms of this Forbearance Agreement, the Lender is entitled to repayment of the Loan and to immediately collect the Indebtedness and enforce the Security;
- c) demand for payment and Notices of Intention to Enforce Security under the *Bankruptcy and Insolvency Act* in respect of the Loan and the Security have been validly and properly served by the Lender on the Debtors and no further demand or notice of any kind whatsoever shall be required under any circumstance including upon the expiration or termination of this Forbearance Agreement;
- d) they each waive any right to file a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* and/or to seek any relief under the *Companies' Creditors Arrangement Act* and/or to seek any other form of relief that would or could result in a stay of proceedings or otherwise delay, hinder or prejudice the Lender's enforcement of the Security;
- e) no consents, waivers, or releases have been given by the Lender in connection with the Loan, the Letter Agreement, the Security or the Indebtedness;
- f) the Debtors and each of them have no, and shall not in the future claim any set-offs, defences, or counterclaims against the Lender in relation to the enforcement of their obligations under the Letter Agreement, the Security or this Forbearance Agreement;
- g) none of the Debtors have any claims or causes of action against the Lender of any kind, including but not limited to any with respect to the Loan, the Indebtedness, the Letter Agreement, the Security, the Interest Rate or otherwise and the Debtors and each of them hereby release, remise and forever discharge the Lender and each of its affiliates, associates,

holdings bodies corporate and subsidiaries and all of their officers, directors, employees, agents, successors and assigns and anyone claiming under or through them (collectively, the "Lender Parties") of and from all manner of actions, causes of action, suits, liabilities, debts, dues, sums of money, general damages, special damages, costs, claims and demands, of every nature and kind at law or in equity or under any statute whether known or unknown (collectively, "Claims"), which any of the Debtors have or ever had in respect of or in any way arising out of or related to the Loan, the Indebtedness, the Letter Agreement, the Security, the Interest Rate and/or this Forbearance Agreement as of the date hereof;

- h) except as set out herein, the Lender continues to reserve all of its rights with regard to the Letter Agreement and the Security, and that all terms and conditions thereto, except as expressly set out herein, remain in full force and effect;
- i) the Debtors do not have any Claims against the Lender and/or defences or set-offs with respect to:
 - i) the right of the Lender to repayment of the Indebtedness; or
 - ii) the right of the Lender to enforce the Security or any portion thereof;
- j) the Lender has entered into this Forbearance Agreement based upon the promises and representations contained herein and the release of the Lender, and at the request of the Debtors; and
- k) for the period from March 1, 2022 to October 31, 2026, to toll the running of any applicable limitation period, whether legal or equitable, with respect to any claims, rights, actions, suits, proceedings or demands that the Lender had, has or may have, including causes of action relating to or arising out of the Loan, the Letter Agreement, the Security, the Indebtedness, or this Forbearance Agreement (for certainty, any such limitation period is hereby extended by the aforesaid tolling period), and the Debtors further agree not to plead, argue or otherwise raise any statute of limitations, waiver, estoppel, laches or any other similar defence, whether statutory, contractual, equitable, or otherwise, in response to any claims, rights, actions, suits, proceedings or demands made or commenced by the Lender, without taking into account the aforesaid tolling period.

5. Lender's Covenants

5.1 During the term of this Forbearance Agreement, and provided that no Event of Default (as defined below) has occurred, the Lender shall:

- a) accrue interest on the Indebtedness at the Interest Rate;
- b) accept payment of Required Payments and apply them to the Indebtedness (the Lender may allocate payments to any portion of the Indebtedness as it sees fit in its sole and absolute discretion); and
- c) forbear from commencing any court proceeding, including to seek or obtain the Judgment and/or the Receivership Order, and from realizing on the Security, until after the Expiration Date.