

COURT FILE NUMBER	1903 - 06817
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	ROYAL BANK OF CANADA
DEFENDANTS	THE COMPLETE MASONRY LTD. 1875329 ALBERTA LTD., BEATTY RENTALS LTD., LILLIAN BEATTY and RICHARD BEATTY
DOCUMENT	THIRD REPORT OF THE RECEIVER, MNP LTD., DATED JUNE 14, 2019
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Dentons Canada LLP Attn: Dean Hitesman 2900 Manulife Place 10180 – 101 Street NW Edmonton, AB T5J 3V5 Phone (780) 423-7284 Fax (780) 423-7276 Solicitors for the Receiver, MNP Ltd.

Introduction and Purpose of the Report

1. MNP Ltd. was appointed Receiver of The Complete Masonry Ltd. ("TCM"), 1875329 Alberta Ltd. ("187") and Beatty Rentals Ltd. ("Beatty Rentals") (collectively hereinafter referred to as the "Companies") pursuant to an order (the "Receivership Order") dated April 10, 2019 of the Honourable Justice K.G. Nielsen of Court of Queen's Bench of Alberta (the "Court").
2. 187 primarily dealt in real estate holdings while TCM provided masonry services and Beatty Rentals dealt in equipment rental services.
3. This is the Receiver's Third Report to Court (the "Third Report") and it should be read in conjunction with the Receiver's First Report to Court dated June 3, 2019 (the "First Report") and the Receiver's Second Report to Court dated June 7, 2019 (the "Second Report"). Capitalized terms in the Third Report are as defined in the First Report and the Second Report.
4. The purpose of the Third Report is to advise the Court with respect to the following:
 - Offer to Purchase the Vacant Lot;
 - Interim Statement of Receipts and Disbursements;
 - Proposed Interim Distribution; and
 - Condo Association 0021565.
5. In preparing the Third Report, and making comments herein, the Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of the Companies, the Companies books and records, and information from other third-party sources (collectively, the "Information"). The Receiver has not audited, reviewed or otherwise attempted

to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada.

6. Materials with respect to this proceeding can be found on the Receiver's website at <https://mnpdebt.ca/en/corporate/engagements/the-compete-masonry-ltd-1875329-alberta-ltd-and-beatty-rentals-ltd>.

Offer to Purchase

7. The Receiver listed the Vacant Lot for sale at the appraised FMV price of \$114,000.
8. On May 31, 2019 an Offer to Purchase was submitted by Parvinder Hayer and/or 2198516 Alberta Inc. in the amount of \$85,000.
9. The Receiver countered the Offer to Purchase with a purchase price of \$110,000 and the two parties negotiated agreement on a final purchase price of \$95,000 on June 10, 2019 (the "Hayer Offer"). A copy of the Hayer Offer is attached as **Schedule A**.
10. The Hayer Offer has no Buyer's Conditions with the only Seller's Condition being Court Approval. The closing date is scheduled for July 15, 2019.
11. The Hayer Offer is approximately 83% of FMV and approximately 90% of the appraised FSV.
12. The primary secured lender (Royal Bank of Canada) has advised the Receiver that they support the Hayer Offer.
13. The Receiver is of the opinion that the Hayer Offer represents a reasonable realization value for the Vacant Lot.

Proposed Interim Distribution of Funds

14. Attached as **Schedule B** is the Receiver's Interim Statement of Receipts and Disbursements dated June 12, 2019.
15. The Receiver anticipates combined gross proceeds from the sale of the Residential Lot (as described in the Second Report) and the proposed sale of the Vacant Lot (as referenced in the Third Report) of approximately \$340,000.
16. The estimated property tax arrears and current amounts outstanding on these two properties is approximately \$23,500 resulting in combined net sale proceeds of approximately \$316,500 (\$340,000 - \$23,500).
17. Counsel for the Receiver has provided a Security Opinion advising that Royal Bank of Canada holds a valid and enforceable first charge on the Residential Lot and the Vacant Lot (subject to the priority of the property taxes).
18. The sale proceeds from the Residential Lot and the Vacant Lot represent assets of 187 and the Receiver is not aware of any priority claims (with the exception of property taxes) as against 187.
19. Attached as **Schedule C** is the Receiver's Proposed Interim Distribution.
20. The Receiver proposes to distribute the estimated net proceeds (after closing the sale of the Residential Lot and the Vacant Lot) as follows:

- Approximately \$113,000 to the municipality of Grande Prairie as payment for the property tax arrears on the Commercial Units (currently listed for sale); and
- Approximately \$150,000 to Royal Bank of Canada.

21. The Proposed Interim Distribution would retain approximately \$70,000 in the Receivership estate to cover ongoing administrative costs.

Condo Association 0021565

22. In accordance with a June 11, 2019 Court Order Richard Beatty was to provide the Receiver with requested information relating to Condo Association 0021565 (the "Condo Association") by June 30, 2019.
23. On June 13, 2019 the Receiver was advised that the monthly insurance premium in relation to the Commercial Properties had not been paid by the Condo Association and that the policy would lapse on June 16, 2019 if the premium was not paid by that date.
24. The Receiver remitted the premium payment and requested further financial information from Richard Beatty.
25. The Condo Association insurance policy is the only insurance placed on the Commercial Properties and as such the status of that policy is material to the receivership estate.
26. The Receivership Order does not provide the Receiver with the ability to obtain information from third parties in relation to the Condo Association. The Receiver is of the opinion that having access to financial information (banking activity, insurance policies and utilities) is necessary to preserve the estate assets. The Receiver is requesting an Order authorizing third parties to release information related to the Condo Association to the Receiver.

Conclusion

27. The Receiver submits this Third Report in support of an Order for the following:
- Authorizing the Receiver's activities as described in the Third Report;
 - Authorizing the Receiver to accept the Hayer Offer on the Vacant Lot;
 - Authorizing the proposed interim distribution as described in paragraph 20; and
 - Authorizing the release of information from third parties in relation to the Condo Association to the Receiver.


Respectfully submitted this 14th day of June, 2019.

MNP Ltd.

In its capacity as Receiver of

The Complete Masonry Ltd., 1875329 Alberta Ltd., and Beatty Rentals Ltd.

And not in its personal capacity



Per: Eric Sirrs, CIRP, Licensed Insolvency Trustee
Senior Vice President



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Contract Number

RESIDENTIAL PURCHASE CONTRACT

Between

THE SELLER

and

THE BUYER

Name MNP Ltd. in its capacity as Receiver of 1875329 Alberta Ltd. not in its personal capacity

Name Parvinder Hayer

Name &/or 2198516 Alberta Inc

1. THE PROPERTY

1.1 The Property is:

(a) the land and buildings located at:

Municipal address: 8945 - 107A Avenue

(street number and name)

Grande Prairie

(municipality)

Alberta T8X 1J8

(postal code)

Legal description: Plan 9322239

Block 7

Lot 49

Other

(b) these unattached goods

bare land

(c) the attached goods except for

2. PURCHASE PRICE AND COMPLETION DAY

2.1 The Purchase Price is \$85,000.00 ~~510,000~~ 95,000.00

2.2 The Purchase Price includes any applicable Goods and Services Tax (GST).

2.3 This contract will be completed, the Purchase Price fully paid and vacant possession given to the buyer at 12 noon on ~~June 28~~ July 15th 2019 (Completion Day).

2.4 The seller represents and warrants that on Completion Day, the Property will be in substantially the same condition as when this contract was accepted and the attached and unattached goods will be in normal working order.

3. GENERAL TERMS

3.1 In fulfilling this contract, the seller and buyer agree to act reasonably and in good faith and agree that:

(a) unless the seller, buyer or both have agreed to alternate representation, the seller and buyer are each represented by their own sole agent and those agents have no agency responsibility to the other party;

(b) the laws of Alberta apply to this contract;

(c) Alberta time applies to this contract. Time is of the essence, which means times and dates will be strictly followed and enforced;

(d) Business Day means every day but Saturday, Sunday and statutory holidays and includes all the hours of the day;

(e) a reference to the seller or buyer includes singular, plural, masculine and feminine;

(f) the seller will disclose known Material Latent Defects. Material Latent Defect means a defect in the Property that is not discoverable through a reasonable inspection and that will affect the use or value of the Property;

(g) the seller and buyer are each responsible for completing their own due diligence and will assume all risks if they do not;

(h) the seller will ensure the seller's representations and warranties are true by:

(i) reviewing documents such as a Real Property Report (RPR), land title and registrations on title;

(ii) determining non-resident status for income tax purposes and determining any dower rights; and

(iii) doing other needed research;

(i) the buyer may get independent inspections or advice on items such as land title, registrations on title, RPR, current and future use, buildings and mechanical systems, property insurance, title insurance, size of the land and buildings, interior and exterior measurements and other items important to the buyer;

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Seller's Initials

VA

Buyer's Initials

PH

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- (j) contract changes that are agreed to in writing will supersede the pre-printed clauses;
- (k) the seller and buyer will read this contract and seek relevant advice before signing it;
- (l) the brokerages, real estate board and listing services may keep and disclose relevant information about this transaction for reporting, statistical, property evaluation and closing purposes; and
- (m) the seller's _____ (seller's or buyer's) brokerage will provide this contract and related documents to the appointed lawyers for the purpose of closing this contract.

4. DEPOSITS

- 4.1 The seller and buyer agree that clauses 4.2 through 4.8 are the terms of trust for the deposits.
- 4.2 The seller and buyer appoint RE/MAX Grande Prairie _____ as trustee for the deposit money.
- 4.3 The buyer will pay a deposit of \$ 2,500.00 _____, which will form part of the Purchase Price, to the trustee by cheque or etransfer _____, on or before ~~2 business days after acceptance~~ June 12th, 2019 (6-5) PH (method of payment)
- 4.4 The buyer will pay an additional deposit of \$ _____, which will form part of the Purchase Price, to the trustee by _____, on or before _____ (method of payment)
- 4.5 If the buyer fails to pay a deposit by the agreed date, the seller may void this contract at the seller's option by giving the buyer written notice. The seller's option expires when the seller accepts a deposit, even if late.
- 4.6 The trustee will deposit all deposits into a trust account within three Business Days of receipt.
- 4.7 Interest on the deposits will not be paid to the seller or buyer.
- 4.8 The deposits will be held in trust for both the seller and buyer. Provided funds are confirmed, the deposits will be disbursed, without prior notice, as follows:
 - (a) to the buyer, if after this contract is accepted:
 - (i) a condition is not satisfied or waived in accordance with clause 8.4;
 - (ii) the buyer voids this contract for the seller's failure to provide a Dower Consent and Acknowledgment form in accordance with clause 7.1(b);
 - (iii) the seller voids this contract for the buyer's failure to pay a deposit; or
 - (iv) the seller fails to perform this contract;
 - (b) to the seller, if this contract is accepted and all conditions are satisfied or waived and the buyer fails to perform this contract; or
 - (c) applied against the Fee owed by the seller by payment directly out of trust to the brokerage(s), with any excess amount paid in trust to the seller's lawyer no later than three Business Days prior to the Completion Day. Fee means the amount, plus GST, owed to a real estate brokerage under a written service agreement.
- 4.9 The disbursement of deposits, as agreed to in this section, will not prevent the seller or buyer from pursuing remedies in section 12.

5. LAND TITLE

- 5.1 Title to the Property will be free of all encumbrances, liens and interests except for:
 - (a) those implied by law;
 - (b) non-financial obligations now on title such as easements, utility rights-of-way, covenants and conditions that are normally found registered against property of this nature;
 - (c) homeowner association caveats, encumbrances and similar registrations; and
 - (d) items the buyer agrees to assume in this contract.

6. REPRESENTATIONS AND WARRANTIES

- 6.1 The seller represents and warrants to the buyer that:
 - (a) the seller has the legal right to sell the Property;
 - (b) the seller is not a non-resident for the purposes of the Income Tax Act (Canada);
 - (c) no one else has a legal right to the included attached and unattached goods;
 - (d) the current use of the land and buildings complies with the existing municipal land use bylaw and any restrictive covenant on title;
 - (e) the location of the buildings and land improvements:
 - (i) is on the land and not on any easement, right-of-way or neighbouring lands unless there is a registered agreement on title or, in the case of an encroachment into municipal lands or a municipal easement or right of way, the municipality has approved the encroachment in writing; and
 - (ii) complies with any restrictive covenant on title and municipal bylaws, regulations and relaxations, or the buildings and improvements are "non-conforming buildings" as defined in the Municipal Government Act (Alberta);
 - (f) known Material Latent Defects, if any, have been disclosed in writing in this contract; and
 - (g) any government and local authority notices regarding the Property, and lack of permits for any development on the Property, known to the seller have been disclosed in writing in this contract.



- 6.2 The representations and warranties in this contract:
 - (a) are made as of, and will be true at, the Completion Day; and
 - (b) will survive completion and may be enforced after the Completion Day as long as any legal action is commenced within the time limits set by the *Limitations Act* (Alberta).

7. DOWER

- 7.1 The seller represents and warrants to the buyer that no spouse has dower rights in the Property. Otherwise, if dower rights do apply, the seller will:
 - (a) have the non-owner spouse sign this contract; and
 - (b) provide a completed Dower Consent and Acknowledgment form to be attached to and form part of this contract on or before _____, 20_____. (seller to enter an appropriate date).

If the seller fails to provide the completed Dower Consent and Acknowledgment form by the agreed date, the buyer may void this contract at the buyer's option by giving the seller written notice. The buyer's option expires when the seller delivers the Dower Consent and Acknowledgment form, even if delivered late.

8. CONDITIONS

- 8.1 The seller and buyer will:
 - (a) act reasonably and in good faith in trying to satisfy their own conditions, including making reasonable efforts to fulfill them; and
 - (b) pay for any costs related to their own conditions.

8.2 Buyer's Conditions

The buyer's conditions are for the benefit of the buyer and are:

(a) Financing

This contract is subject to the buyer securing new financing, not to exceed _____% of the Purchase Price from a lender of the buyer's choice and with terms satisfactory to the buyer, before _____, m. on n/a _____, 20_____. (Condition Day). The seller will cooperate by providing access to the Property on reasonable terms.

(b) Property Inspection

This contract is subject to the buyer's satisfaction with a property inspection, conducted by a licensed home inspector, before _____, m. on _____, 20_____. (Condition Day). The seller will cooperate by providing access to the Property on reasonable terms.

(c) Sale of Buyer's Property

This contract is subject to the sale of the buyer's property before _____, m. on _____, 20_____. (Condition Day), on the terms in the Sale of Buyer's Property Schedule, selected as attached in clause 9.1.

(d) Additional Buyer's Conditions

before _____, m. on _____, 20_____. (Condition Day).

8.3 Seller's Conditions

The seller's conditions are for the benefit of the seller and are:

Subject to approval of Court of Queen's Bench

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June 21st

ES

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before 5 p.m. on ~~June 11~~ June 17, 2017 (Condition Day).

8.4 Condition Notices

Each party will give the other written notice that:

- (a) a condition is unilaterally waived or satisfied on or before its Condition Day. If not, this contract will end after the time indicated for that Condition Day; or
- (b) a condition will not be waived or satisfied prior to its Condition Day. This contract will end upon that notice being given.

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9. ATTACHMENTS AND ADDITIONAL TERMS

- 9.1 The selected documents are attached to and form part of this contract:
- Financing Schedule (Seller Financing, Mortgage Assumption, Other Value)
- Tenancy Schedule
- Manufactured Home Schedule
- Sale of Buyer's Property Schedule
- Addendum
- Other

9.2 Other terms:

10. CLOSING PROCESS

Closing Documents

- 10.1 The seller or seller's lawyer will deliver normal closing documents to the buyer or buyer's lawyer upon reasonable trust conditions consistent with the terms of this contract...
10.2 Closing documents will include an RPR showing the current improvements on the Property according to the Alberta Land Surveyors' Association Manual of Standard Practice...

Payments and Costs

- 10.3 The buyer will pay the Purchase Price by lawyer's trust cheque or bank draft.
10.4 Items such as real estate property taxes, local improvement fees, utilities, rents, security deposits, statutory interest on security deposits, mortgage interest and homeowner association fees will be the seller's responsibility for the entire Completion Day and thereafter assumed by the buyer.
10.5 The seller's lawyer may use the Purchase Price to pay and discharge all of the seller's financial obligations related to the Property.
10.6 If the seller has entered into a written service agreement with a real estate brokerage, the seller instructs the seller's lawyer to honour the terms of that agreement...
10.7 The seller will pay the costs to prepare the closing documents, including an RPR where required, costs to end an existing tenancy of the Property and provide vacant possession to the buyer...
10.8 The buyer will pay the costs to prepare, register and discharge any buyer's caveat based on this contract and to register the transfer of land.

Closing Day Delays

- 10.9 If the seller fails to deliver the closing documents in accordance with clause 10.1 or 10.2, then:
(a) the buyer's payment of the Purchase Price and late interest will be delayed until the buyer or buyer's lawyer has received the closing documents and has a reasonable time to review and register them...
(b) if the buyer is willing and able to close in accordance with this contract and wants to take possession of the Property, then the seller will give the buyer possession upon reasonable terms...
10.10 If the seller has complied with clauses 10.1 and 10.2 but the buyer is not able to close in accordance with this contract, then:
(a) the seller may, but is not obligated to, accept late payment of the Purchase Price and give the buyer possession upon reasonable terms; and
(b) if the seller agrees to accept late payment of the Purchase Price and, whether or not possession is granted, the buyer will pay late interest at the prime lending rate of the ATB Financial at the Completion Day plus 3% calculated daily from and including the Completion Day to (but excluding) the day the seller is paid in full.
10.11 The seller and buyer will instruct their lawyers to follow the Western Law Societies Conveyancing Protocol in the closing of this transaction, if appropriate.



11. INSURANCE

11.1 The seller bears the risk of loss or damage to the Property until the Purchase Price is paid. If such loss or damage occurs before the Purchase Price is paid, any insurance proceeds will be held in trust for the seller and buyer based on their interests.

12. REMEDIES

- 12.1 If the seller or buyer fails or refuses to complete this contract, the other party may seek all remedies, such as claims for deposits and damages, and reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.
- 12.2 On buyer default, if the seller must restore the Property title, enforce a lien against the Property or regain possession of the Property, the seller may seek costs and other remedies.
- 12.3 The seller and buyer agree that the Property is unique. On seller default, the buyer may make a claim for specific performance and other remedies.

13. NOTICE AND DOCUMENTS

- 13.1 A notice under this contract means a written document, including notices required by this contract, and this contract when accepted.
- 13.2 A notice is effective at the time the document is delivered in person or sent by fax or email.
- 13.3 Giving notice means the document is transmitted by one of these methods, and regardless of the method, the notice document is recognized as an original document.
- 13.4 For documents that require a signature, an electronic signature, as defined in the *Electronic Transactions Act* (Alberta), or a digitized signature will have the same function as an ink signature.

14. AUTHORIZATION

14.1 The seller and buyer may each authorize a representative to send and receive notices as described above. Once authorized, notices will be effective upon being delivered in person or sent by fax or email to the authorized representative.

The seller authorizes:

The buyer authorizes:

Seller's Brokerage:

Buyer's Brokerage:

Name: Sutton Group Grande Prairie Professionals

Name: Mike Levesque

Address: _____

Address: _____

Brokerage Representative:

Brokerage Representative:

Name: Jason Scott

Name: RE/MAX Grande Prairie

Phone: _____

Phone: _____

Fax: _____

Fax: _____

Email: _____

Email: _____

14.2 If the seller or buyer does not authorize a brokerage, then:

The seller authorizes: _____

The buyer authorizes: _____

14.3 If the authorization information changes, the seller and buyer agree to give written notice to the other party as soon as the change is known so that future notices may be sent to the proper person and place.

15. CONFIRMATION OF CONTRACT TERMS

15.1 The seller and buyer confirm that this contract sets out all the rights and obligations they intend for the purchase and sale of the Property and that:

- (a) this contract is the entire agreement between them; and
- (b) unless expressly made part of this contract, in writing:
 - (i) verbal or written collateral or side agreements or representations or warranties made by either the seller or buyer, or the seller's or buyer's brokerage or agent, have not and will not be relied on and are not part of this contract; and
 - (ii) any pre-contractual representations or warranties, howsoever made, that induced either the seller or buyer into making this contract are of no legal force or effect.

Seller initials _____

Buyer initials ML

16. LEGAL OBLIGATIONS BEGIN

16.1 The legal obligations in this contract begin when the accepted contract is delivered in person or sent by fax or email. The obligations bind the seller and buyer as well as their heirs, administrators, executors, successors and assigns.



17. OFFER

17.1 The buyer offers to buy the Property according to the terms of this contract.

17.2 This offer/counter offer will be open for written acceptance until _____ .m. on _____, 20____.

Signed and dated at _____, Alberta at _____ .m. on 5/30/2019, 20____.

Parvinder Hayer
Buyer Signature

Witness Signature

Witness Name (print)

Signed and dated at _____, Alberta at _____ .m. on _____, 20____.

Buyer Signature

Witness Signature

Witness Name (print)

18. ACCEPTANCE

18.1 The seller agrees to sell the Property according to the terms of this contract.

Signed and dated at Edmonton, Alberta at 3:25 p .m. on May 31, 2019.

UNP Ltd. in its Capacity as Person of 1575329 Alberta Ltd. not in its personal capacity
Seller Signature

Witness Signature

Laura Hatfield
Witness Name (print)

Signed and dated at _____, Alberta at _____ .m. on _____, 20____.

Seller Signature

Witness Signature

Witness Name (print)

Non-owner spouse signature (when dower rights apply):

Signed and dated at _____, Alberta at _____ .m. on _____, 20____.

Non-Owner Spouse Signature

Non-Owner Spouse Name (print)

Witness Signature

Witness Name (print)

The following is for information purposes and has no effect on the contract's terms:

REJECTION

I do not accept this offer/counter offer. No counter offer is being made.

Date: _____ Date: _____

Seller: _____ Buyer: _____

CONVEYANCING INFORMATION

Seller's Information:

Buyer's Information:

Address _____

Address _____

Phone _____ Fax _____

Phone _____ Fax _____

Email _____

Email _____

Lawyer Name _____

Lawyer Name _____

Firm _____

Firm _____

Address _____

Address _____

Phone _____ Fax _____

Phone _____ Fax _____

Email _____

Email _____



1875329 Alberta Ltd., The Complete Masonry Ltd. and Beatty Rentals Ltd.
Interim Statement of Receipts and Disbursements
For the Period of April 10, 2019 to June 12, 2019

	Apr 10/19 to Jun 12/19 (\$)
RECEIPTS:	
Accounts Receivable Collected (1)	1,380.75
Sale of Assets (1)	121,914.01
Rental Income (2)	34,595.64
TOTAL RECEIPTS:	<u>157,890.40</u>
DISBURSEMENTS:	
Filing Fees	70.00
Utilities	1,436.56
Search Fees	35.00
GST Paid	728.60
VantageOne Leasing	121,914.01
Legal Fees	14,501.30
TOTAL DISBURSEMENTS:	<u>138,685.47</u>
 Excess of Receipts over Disbursements	 <u>\$ 19,204.93</u>

NOTES

- (1) Assets of The Complete Masonry Ltd. and Beatty Rentals Ltd.
(2) Assets of 1875329 Alberta Ltd.

PROPOSED INTERIM DISTRIBUTION

\$

Balance of Funds in Receivership Estate	19,204.93
Estimated Net Proceeds from Asset Sales	<u>316,500.00</u>
Total Estimated Proceeds Available	335,704.93
Less: Estimated Payment of Property Tax Arrears	115,000.00
Less: Interim Distribution to RBC	<u>150,000.00</u>
Estimated Net Proceeds for Distribution	70,704.93