INITIAL PORTFOLIO ACQUISITION AGREEMENT

THIS AGREEMENT is made as of October 24, 2013.

AMONG:

BUILDERS CAPITAL MORTGAGE CORP., a corporation governed by the laws of Alberta (the "**Corporation**")

- and -

BUILDERS CAPITAL MORTGAGE INVESTMENT CORPORATION, a corporation governed by the laws of Alberta ("**BCMIC**")

- and -

BUILDERS CAPITAL INC., a corporation governed by the laws of Alberta ("**BCI**" and together with BCMIC, the "**Vendors**" and "**Vendor**" means any one of them)

RECITALS:

A. The Corporation intends to complete an initial public offering of subscription receipts ("**Subscription Receipts**") to the public pursuant to the Prospectus (as defined herein) to be filed with the securities regulatory authorities in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario, including pursuant to the exercise (if any) of the over-allotment option contemplated by the Prospectus (the "**Offering**");

B. The Corporation intends to complete a private placement of Class B Non-Voting Shares following the Offering and concurrent with, or subsequent to, the acquisition of certain Mortgages under the terms of this Agreement ("**Private Placement**").

C. The Corporation intends to use the net proceeds of the Offering and/or the Private Placement to acquire certain portfolios of Mortgages held by each of BCMIC and BCI, respectively;

D. In the event that the Minimum Offering is completed but not the Maximum Offering, then the Corporation intends to acquire additional Mortgages in one or more tranches or closings;

E. Each of the Vendors has agreed to sell to the Corporation and the Corporation has agreed to purchase from each of the Vendors all of their present and future interest in the Mortgage Loans held by them and the Related Rights and collections related thereto on the terms and conditions of this Agreement.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties), the Parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

Whenever used in the Agreement the following words and terms have the meanings set out below:

(a) "**Affiliate**" has the meaning ascribed to it under the *Business Corporations Act* (Alberta);

(b) "**Agreement**" means this Initial Portfolio Acquisition Agreement, including all Schedules and all amendments or restatements, as permitted and references to "**Article**" or "**Section**" mean the specified Article or Section of this Agreement;

(c) "**Ancillary Agreements**" means, collectively, the assignment and assumption agreements and the registrable transfers of Mortgages and caveats and other related documents (registered at the Land Titles Office, by caveat or otherwise, and the Personal Property Registry) between the applicable Vendors and the Corporation, or its nominee, relating to the BCMIC Mortgage Loans and the BCI Mortgage Loans;

(d) "**BCI Mortgage Loans**" means the Mortgages that have been assembled and funded by BCI and managed by the Manager as of the Closing Date, which will be substantially similar in composition to the Mortgages set forth on Schedule "A";

(e) "**BCMIC Mortgage Loans**" means the Mortgages that have been assembled and funded by BCMIC and managed by the Manager as of the Closing Date, which will be substantially similar in composition to the Mortgages set forth on Schedule "A";

(f) "**Books and Records**" means all books and records of each of the Vendors, or any one of them, as applicable, or any of their respective Affiliates, evidencing or otherwise relating to the Purchased Assets, including financial, corporate, operations and sales books, records, books of account, underwriting documents, sales and purchase records, lists of potential customers, referral sources, formulae, business reports, production reports and records, plans and projections, appraisals, environmental reports, building condition assessments and all other documents, surveys, plans, files, records, assessments, correspondence, and other data and information, financial or otherwise including all data, information and databases stored on computer-related or other electronic media;

(g) "**Business Day**" means any day except Saturdays or Sundays, on which principal commercial banks in downtown Calgary, Alberta are generally open for commercial banking business during normal banking hours;

(h) "**Claims**" includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;

(i) "**Closing**" means the completion of the sale to and purchase by the Corporation of the Purchased Assets under this Agreement in one or more tranches or closings;

(j) "**Closing Date**" means December 19, 2013 or such other date(s) as may be agreed upon in writing by the parties as the date upon which the Closing or Closings shall take place provided that the Closing Date shall be no later than December 30, 2013;

(k) "**Closing Time**" means 6:00 a.m. (Calgary time) on the Closing Date or such other time on such date as may be agreed upon in writing by the parties as the time which the Closing shall take place;

(l) "**Collateral**" means, in respect of a Purchased Asset, the real property (including all premises and related assets) secured thereby and the Mortgage Loan Documents related thereto;

(m) "**Construction Mortgages**" means Mortgages provided to borrowers to assist with the funding of the construction of a new project or the construction or redevelopment of an existing project;

(n) "**Encumbrances**" means pledges, liens, charges, security interests, leases, title retention agreements, mortgages, restrictions, development or similar agreements, easements, rights-of-way, title defects, options, rights of first offer or rights of first refusal, adverse claims, instruments or encumbrances of any kind or character whatsoever;

(o) "**Environment**" means the environment or natural environment as defined in any Environmental Laws and includes air, surface water, ground water, land surface, soil, subsurface strata, stream sediments, ambient air (including indoor air), plant and animal life and any other environmental medium or natural resource, any sewer system and the environment in the workplace;

(p) "**Environmental Laws**" means Laws relating to the Environment and includes Laws relating to the storage, generation, use, handling, manufacture, processing, labelling, advertising, sale, display, transportation, treatment, reuse, recycling, Release and disposal of Hazardous Substances;

(q) "**Governmental Authority**" means governments, regulatory authorities, governmental departments, agencies, commissions, commissioners, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities:

(i) having or purporting to have jurisdiction on behalf of any nation, province, territory, municipality or state or any other geographic or political subdivision of any of them; or

(ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

(r) "**Governmental Authorization**" means authorizations, approvals, including any environmental approvals, franchises, Orders, certificates, consents, compliances, directives, notices, licences, permits, variances, registrations or other rights issued to or required by the Vendors relating to their respective businesses or any of the Purchased Assets by or from any Governmental Authority;

(s) "**Governmental Charges**" means all Taxes, fees (including license, documentation, filing and registration fees), duties, levies, assessments, reassessments, deficiency and other charges together with all related penalties, interest and fines payable to a Governmental Authority having jurisdiction in the relevant circumstances, applicable to any of the Mortgage Loans;

(t) "**Hazardous Substances**" means pollutants, contaminants, wastes of any nature, hazardous substances, hazardous materials, toxic substances, prohibited substances, dangerous substances or dangerous goods as defined, judicially interpreted or identified in any Environmental Laws including asbestos, asbestos containing materials, mould, microbial organisms or substances related thereto;

(u) "**Law(s)**" means applicable laws (including common law and civil law), statutes, by-laws, rules, regulations, Orders, ordinances, protocols, codes, guidelines, treaties, policies, notices, directions, decrees, judgements, awards or requirements, in each case of any Governmental Authority;

(v) "**Lender Fees**" means the mortgage origination and placement fees generated in connection with Mortgages funded by the Corporation;

(w) "**Manager**" means Builders Capital Management Corp., a corporation governed by the laws of Alberta;

(x) "**Material Adverse Effect**" means any effect, change or circumstance that, when considered either individually or in the aggregate together with all other adverse changes, effects or circumstances with respect to which such phrase is used in this Agreement, is adverse to, or could reasonably be expected to have a material adverse effect on the Purchased Assets, taken as a whole, other than those effects, changes or circumstances resulting from industry-wide conditions or general economic conditions affecting the mortgage lending industry as a whole except such effect, change or circumstance which does not have a disproportionate effect on a Party relative to the other comparable entities operating in the same industries as the Parties;

(y) "**Maximum Offering**" means $40,000,000 or 4,000,000 Subscription Receipts;

(z) "**Minimum Offering**" means $12,000,000 or 1,200,000 Subscription Receipts;

(aa) "**Mortgage**" means an interest in a mortgage, a mortgage of a fee simple title or of a leasehold interest (or other like instrument, including an assignment of or an acknowledgement of an interest in a mortgage), a hypothecation, a deed of trust, a debenture, a charge or other security interest of or in real property used to secure obligations to repay money by a charge upon the real property, and all amendments thereto;

(bb) "**Mortgage Loans**" or "**Purchased Assets**" means, subject to the provisions of Subsections 2.1(b)(i) and (ii) and Subsection 2.1(c), collectively, the BCMIC Mortgage Loans and the BCI Mortgage Loans, and "Purchased Assets" shall include all related Mortgage Loan Documents and Related Rights;

(cc) "**Mortgage Loan Documents**" means all of the documents relating to Mortgage Loans including, without limitation, the Mortgage, any commitment letters, promissory notes, assignments of mortgage, mortgage assumptions, assignments of lease, assignment of rents, related security agreements, title insurance policies, opinions, property insurance policies, environmental audits, appraisals, building inspection reports, real property reports and trust documentation and any and all other documents that the Vendor maintains in accordance with its customary practices relating to any Mortgage Loan or related Obligor;

(dd) "**Obligor**" means, in respect of a Mortgage Loan, the debtor thereunder, granting the charge or mortgage and any other Person obligated to pay thereon;

(ee) "**Orders**" means orders, injunctions, judgments, administrative complaints, decrees, rulings, awards, assessments, directions, instructions, penalties or sanctions issued, filed or imposed by any Governmental Authority or arbitrator and includes any remediation orders;

(ff) "**Ordinary Course**" means, with respect to an action taken by a Person with respect to the Mortgage Loans, that such action is consistent in all material respects with past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of the Person;

(gg) "**Outstanding Balance**" means, with respect to a Mortgage Loan at a particular date, the outstanding principal amount thereof on such date, together with all interest accrued or accelerated, and all costs, charges and expenses owing in respect thereof;

(hh) "**Parties**" means the Vendors and the Corporation collectively, and "**Party**" means any one of them;

(ii) "**Permitted Encumbrances**" has the meaning ascribed thereto in Schedule "C";

(jj) "**Person**" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation, entity, unincorporated association, unincorporated syndicate, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or Governmental Authority or any other entity however designated or constituted;

(kk) "**Prospectus**" means the final long-form prospectus of the Corporation and any amendments thereto (in the English language) in connection with the distribution of the Subscription Receipts in the Qualifying Jurisdictions;

(ll) "**Purchase Price**" has the meaning set forth in Section 3.1;

(mm) "**Qualifying Jurisdictions**" means, collectively, each of the provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario;

(nn) "**Related Rights**" means, with respect to a Mortgage Loan, the related Books and Records and right, title and interest of a Vendor to or under Mortgage Loan Documents together with any of the following that secures payment or performance, either directly or indirectly, of the Obligor's obligations relating to the applicable Mortgage:

(i) any security interest in any assets mortgaged, pledged, assigned or otherwise encumbered, including, without limitation, in the Collateral;

(ii) all guarantees, indemnities or similar arrangements of whatever kind;

(iii) all proceeds of any policies of life, disability, fraud and general liability insurance (including, without limitation, third party liability insurance) covering the Obligor, or the Vendor which have been assigned to or for the benefit of the Vendor, issued to the Vendor or pursuant to which the Vendor has been named as an insured party or loss payee;

(iv) all proceeds of any policies of insurance relating to physical damage, loss, destruction or breakdown of Collateral relating to the Purchased Assets;

(v) all other additional security and Collateral obtained by the Vendor, or any other mortgagee or assignee of the Mortgage Loans and assigned to the Vendor, in connection with the Mortgage Loans, including without limitation, any assignment of lease, assignment of rents, general security agreement, chattel mortgage, registered or unregistered agreement amending the Mortgage Loans or additional or Collateral security thereunder;

(vi) the report on title or title insurance relied upon by the Vendor with respect to each of the Mortgage Loans;

(vii) evidence of indemnity against fire and other standard insurable perils with respect to each of the Mortgage Loans;

(viii) such other documents and obligations of the Obligors relating to the applicable Mortgage and Mortgage Documents; and

(ix) all proceeds of the foregoing;

(oo) "**Taxes**" includes taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, utilities, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions; and

(pp) "**Term**", with respect to a Purchased Asset, means the period commencing on the commencement date thereof and ending on the date specified therein for the final scheduled payment to be made thereunder.

1.2 Schedules

The schedules to this Agreement, listed below, are an integral part of this Agreement:

Schedule "A"	Purchased Assets
Schedule "B"	Additional Information Regarding the Purchased Assets
Schedule "C"	Permitted Encumbrances

1.3 Certain Rules of Interpretation

In this Agreement:

(a) **Consent** – Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(b) **Currency** – Unless otherwise specified, all references to money amounts are to lawful currency of Canada.

(c) **Governing Law** – This Agreement is a contract made under and shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and the Parties hereto irrevocably attorn to the exclusive jurisdiction of the courts of Alberta.

(d) **Headings** – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(e) **Including** – Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

(f) **No Strict Construction** – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

(g) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(h) **Severability** – If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances.

(i) **Statutory References** – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

(j) **Time** – Time is of the essence in the performance of the parties' respective obligations.

(k) **Time Periods** – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

(l) **Knowledge** - Where any representation or warranty of a Vendor contained in this Agreement or any agreement delivered pursuant to this Agreement is expressly qualified by reference to "the best of the Vendor's knowledge" or "to the best of each Vendor's knowledge" or "to the knowledge of the Vendor" or " to the knowledge of each of the Vendor's" or similar expression, such qualification shall be deemed to refer to the actual knowledge of the Vendor, and the knowledge which the Vendor would have had if the Vendor conducted a diligent inquiry into the relevant subject matter as per standard industry practice.

1.4 Entire Agreement

This Agreement and the Ancillary Agreements and the agreements and other documents required to be delivered pursuant hereto or thereto (if and when executed), constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral, whether statutory or otherwise, between the Parties in connection with the subject matter of this Agreement and the Ancillary Agreements except as specifically set forth in this Agreement, the Ancillary Agreements and the other agreements and documents required to be delivered pursuant hereto or thereto. This Agreement constitutes the complete and exclusive statement of its terms and no extrinsic evidence whatsoever may be introduced in any proceedings involving this Agreement. Any cost estimates, projections or other predictions contained or referred to in any other material that has been provided to a Party or any of its Affiliates, agents or representatives (including any due diligence presentations or documents, and in particular any descriptive memorandum transmitted with respect to the transactions contemplated herein, and any supplements or addenda thereto) are not and shall not be deemed to be representations or warranties of any Party or any of its respective Affiliates, agents, employees or representatives.

ARTICLE 2
PURCHASE AND SALE

2.1 Action by Vendors and the Corporation

Subject to the provisions of this Agreement, at the Closing Time:

(a) **Closings** – The Vendors and the Corporation agree that the Corporation may acquire the Purchased Assets in one or more tranches or closings.

(b) **Purchase and Sale of Purchased Assets** – Subsequent to the closing of the Offering, the Vendors shall sell, transfer and assign to the Corporation and the Corporation shall, purchase and accept assignment of all right and title and interest in and to the Purchased Assets together with the Related Rights from the Vendors as follows:

(i) if the Minimum Offering is completed:

(A) the BCMIC Mortgage Loans; and

(B) such additional Mortgage Loans from BCI as the Manager deems advisable, such Mortgage Loans to be purchased in the order set forth in the schedule of Mortgage Loans to be prepared as at the Closing Date and which shall resemble the Mortgage Loans set forth in Schedule "A";

(ii) if the Maximum Offering is completed, the BCMIC Mortgage Loans and BCI Mortgage Loans.

(c) **Purchase and Sale of Additional Purchased Assets** – Subsequent to the closing of the Private Placement, the Vendors shall sell, transfer and assign to the Corporation and the Corporation shall, purchase and accept assignment of all right and title and interest in and to the Purchased Assets together with the Related Rights from the Vendors such additional Mortgage Loans from BCI as the Manager deems advisable, such Mortgage Loans to be purchased in the order set forth in the schedule of Mortgage Loans to be prepared as at the Closing Date and which shall resemble the Mortgage Loans set forth in Schedule "A"

(d) **Payment of Purchase Price** – The Corporation shall pay the Purchase Price to the Vendors, as applicable, as provided in Sections 3.1 and 3.2;

(e) **Transfer and Delivery of Purchased Assets** – On the Closing Date, each of the Vendors shall:

(i) execute and deliver or cause to be delivered to the Corporation all such bills of sale, assignments, instruments of transfer, deeds, assurances, consents, lien releases and such other documents that the Corporation may reasonably require to effectively transfer and otherwise convey title to the Purchased Assets to the Corporation free and clear of any Encumbrances other than the Permitted Encumbrances;

(ii) convey title to particular assets that are part of the Purchased Assets to the Corporation, as requested by the Corporation, acting reasonably;

(iii) transfer, convey and deliver up to the Corporation possession of the Purchased Assets, each free and clear of all Encumbrances;

(iv) to the extent any Purchased Assets are owned by an Affiliate of a Vendor, the Vendor shall cause such Affiliate to effectively transfer to the Corporation title to such Purchased Asset together with the Related Rights free and clear of any Encumbrances; and

(v) to otherwise sell, assign, transfer, convey and deposit of all of the Vendor's present and future rights, title and interest in, to and under the Purchased Assets together with the Related Rights.

(f) **Ancillary Agreements** – The Ancillary Agreements shall be executed by all the Parties thereto; and

(g) **Other Documents** – the Parties shall deliver such other documents as may be necessary by any other Party, acting reasonably, and make such other payments as may be necessary to complete the transactions contemplated herein.

2.2 Place of Closing

The Closing shall take place at the Closing Time at the offices of Osler, Hoskin & Harcourt LLP located at Suite 2500, 450 – 1st Street S.W., Calgary, Alberta, or at such other place as may be agreed upon by the Parties.

2.3 Non-Assignable Rights

Nothing in this Agreement shall be construed as an assignment of, or an attempt to assign to the Corporation, any contract or Governmental Authorization, which, as a matter of Law or by its terms, is (i) not assignable, or (ii) not assignable without the approval or consent of the issuer thereof or the other party or parties thereto (other than a Party), which has not been obtained (collectively "**Non-Assignable Rights**"). In connection with such Non-Assignable Rights, the Vendors shall, at Vendors' expense, as applicable, at the request of the Corporation:

(a) apply for and use all commercially reasonable efforts to obtain all consents or approvals necessary to effectively transfer and assign the Non-Assignable Rights to the Corporation;

(b) to the extent that a consent or approval related to a Non-Assignable Right is not obtained, co-operate with the Corporation in any reasonable arrangements designed to provide the benefits of such Non-Assignable Rights to the Corporation, including holding any such Non-Assignable Rights in trust for the Corporation or acting as agent for the Corporation;

(c) once any consents or approvals required for the transfer of any Non-Assignable Rights to the Corporation have been obtained, the Vendor shall promptly assign, transfer, convey and deliver such Contract or Governmental Authorization to the Corporation, and the Corporation shall assume the obligations under such Contract or Governmental Authorization from and after the date of assignment to the Corporation pursuant to an assignment and assumption agreement.

In the event that any Non-Assignable Rights have not been assigned within twelve (12) months of the Closing Date (the "**Anniversary Date**") by the applicable Vendor, such Vendor undertakes, covenants and agrees to adjust the Purchase Price downwards by making a cash payment to the Corporation equivalent to the value of the Non-Assignable Rights, as mutually agreed upon by the Parties, with such payment to be agreed upon by the Parties and made within ninety (90) days of the Anniversary Date. In the event that the Parties are unable to agree on the amount of payment, such amount shall be determined by arbitration in the most expeditious manner pursuant to the *Arbitration Act* (Alberta) and payable by the Vendors within a reasonable period of time thereafter.

The provision herein shall survive the completion of the Closing.

ARTICLE 3
PURCHASE PRICE

3.1 Purchase Price

The Corporation shall pay an amount equal to the aggregate outstanding principal amount of the applicable Mortgage Loans plus all interest accrued and unpaid as of the Closing Time, as applicable (the "**Purchase Price**").

3.2 Satisfaction of Purchase Price

On each Closing Date, the Corporation shall satisfy the Purchase Price by payment to the applicable Vendor of the applicable Purchase Price by bank draft, certified cheque or wire transfer in accordance with the wire transfer instructions or other directions provided in writing by each Vendor to the Corporation on or prior to the applicable Closing Date.

3.3 No Assumption of Liabilities

The Corporation shall not assume or be obligated to pay, perform or discharge any Claims, duties, responsibilities, commitments, liabilities or obligations of the Vendors or related to the Purchased Assets, of any kind, description or character, whether accrued, absolute, contingent, or otherwise, whether or not disclosed by the Vendors to the Corporation and whether or not known of by the Corporation prior to the Closing. For greater certainty and notwithstanding the foregoing, the Corporation shall assume and honour all obligations due or payable on or after the Closing Date which arise from commitment letters entered into prior to the date hereof relating to the Purchased Assets, provided they have been disclosed to the Corporation and properly reflected and adjusted from the Purchase Price. Each Vendor agrees to indemnify severally and not jointly (or jointly and severally) and save harmless the Corporation from and against any and all liabilities and Claims that arose prior to Closing in respect of the applicable Mortgage except for any obligations that have been assumed by the Corporation and properly reflected and adjusted from the Purchase Price. The provision herein shall survive the completion of the Closing.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES AND ELIGIBILITY CRITERIA

4.1 Representations and Warranties of the Vendors

Each of the Vendors severally and not jointly (or jointly and severally) represents and warrants to the Corporation the matters set out below as of the date of this Agreement and as of the Closing Date and acknowledges that the Corporation is relying upon the following representations and warranties in connection with the entering into of this Agreement and the Ancillary Agreements and consummation of the transactions contemplated hereby and thereby:

(a) The Vendor is a corporation existing under the laws of the Province of Alberta and has all necessary corporate power, authority and capacity to own and dispose of its assets and to carry on its business as presently conducted and is duly registered, licensed and qualified to carry on its business in all jurisdictions in which it presently carries on business.

(b) The Vendor has all necessary corporate power, authority and capacity to enter into this Agreement and the Ancillary Agreements to be delivered by the Vendor in accordance with the terms hereof and to carry out its obligations under this Agreement and the Ancillary Agreements. The execution and delivery of this Agreement and the Ancillary Agreements to be delivered by the Vendor in accordance with the terms hereof, and the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements have been (or will prior to Closing be) duly authorized by all necessary corporate actions of the Vendor. This Agreement constitutes and, when executed and delivered, the Ancillary Agreements to which the Vendor is a party will constitute, valid and binding obligations of the Vendor enforceable against it in accordance with their respective terms subject to any limitations imposed by Law or equity.

(c) The Vendor is not a party to, bound or affected by or subject to any:

(A) indenture, mortgage, lease, agreement, obligation, instrument or contract;

(B) charter, law provision or unanimous shareholders agreement or other constating documents; or

(C) Laws or Governmental Authorizations;

which would be violated, breached by, or under which default would occur or an Encumbrance would, or with notice or the passage of time, or both, would, be created, or in respect of which the obligations of either the Vendor or the Corporation relating to the Purchased Assets will increase or the rights or entitlements of the Vendor or the Corporation relating to the Purchased Assets will decrease, as a result of the execution and delivery of, or the performance of obligations under, this Agreement (including the transfer of the Purchased Assets to the Corporation), the Ancillary Agreements or any other agreement to be entered into under the terms of this Agreement.

(d) There has been no sale, assignment, licensing or granting of any rights in or other disposition of or in respect of any of the Purchased Assets or any granting of any agreement or right capable of becoming an agreement or option for the purchase, assignment, licensing or granting of any rights in or other disposition of any of the Purchased Assets other than pursuant to the provisions of, or as disclosed in, this Agreement and the Ancillary Agreements.

(e) No approval, Order, consent of or filing with any Governmental Authority or any consents to the assignment of any Governmental Authorizations on the part of the Vendor is required in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement or the performance by the Vendor of any of its obligations under this Agreement or any other documents and agreements to be delivered under this Agreement.

(f) Except as disclosed in writing to the Corporation, the Vendor has not incurred any liabilities or obligations (whether accrued, absolute, contingent or otherwise) which continue to be outstanding in respect of the Mortgage Loans, except (a) created pursuant to this Agreement and the agreements contemplated herein or (b) as incurred in the Ordinary Course and which have not, either individually or in the aggregate, had a Material Adverse Effect.

(g) The Vendor has not given or agreed to give, nor is the Vendor a party to or bound by, any guarantee, surety or indemnity in respect of indebtedness, or other obligations, of any person, or other commitment by which the Vendor is, or is contingently, responsible for such indebtedness or other obligations and pursuant to which any of the assets or property of its business or any of the Mortgage Loans held by the Vendor are liable or subject to seizure, sale or other legal process upon the enforcement of such guarantee, surety, indemnity or commitment or in satisfaction of such responsibility.

(h) To the best of each Vendor's knowledge, the mortgagors have good and marketable title to the mortgaged properties charged by the applicable Mortgage Loans held by the Vendor.

(i) All filings, recordings, registrations or other actions have been made or taken in each jurisdiction necessary or desirable to validate, preserve, perfect or protect the interests and priority of the Vendor in the Purchased Assets.

(j) The Books and Records and Mortgage Loan Documents relating to each Purchased Asset are maintained by or on behalf of the Vendor and such Books and Records and Mortgage Loan Documents relating to each Purchased Asset are correct and complete in all material respects at the date hereof and as at the date of Closing and contain, and will be updated on a regular basis to contain all of the documents and information that a prudent originator and servicer of similar assets would obtain or maintain throughout the Term thereof.

(k) Each Purchased Asset satisfies the eligibility criteria set forth in Section 4.2.

4.2 Eligibility Criteria

Each Mortgage Loan shall satisfy the following eligibility criteria as at the relevant Closing Date:

(a) In respect of each of the Mortgage Loans, each related assignment of rents creates a valid priority assignment of the right to receive all payments due under the related leases, subject to Permitted Encumbrances applicable to such Mortgage Loan; no other Person owns any interest therein superior to or of equal priority with the interest created under such assignment other than as disclosed in the Mortgage Loan Documents.

(b) Since origination, each Mortgage Loan has not been modified, altered, satisfied, cancelled, subordinated or rescinded, except, in each of the foregoing instances, by written instruments that are a part of the related Mortgage Loan Documents, and if required by applicable Law, have been recorded in the applicable public recording office if necessary to maintain the priority of the lien of the related Mortgage and other Mortgage Loan Documents and no material portion of the related mortgaged property has been released from the lien of the related Mortgage, in each case, in any manner which materially and adversely affects the value of the Mortgage.

(c) If a title insurance policy was required by a mortgagor or a Vendor or otherwise obtained, the lien or charge of each Mortgage Loan held by the Vendor, as applicable is insured by a lender's title insurance policy issued by a nationally recognized title insurance company, or, if a title policy has not yet been issued in respect of such Mortgage Loan, a policy meeting the foregoing description is evidenced by a commitment for title insurance "marked up" at the closing of such Mortgage Loan.

(d) The title insurance policy in respect of each Mortgage Loan held by the Vendor, as applicable, insures that the lien of each related Mortgage is a first priority lien on the related mortgaged property in the outstanding principal amount of such mortgage loan and is subject only to Permitted Encumbrances.

(e) None of the Permitted Encumbrances individually or in the aggregate, materially interferes with the security intended to be provided by such Mortgage or with the mortgagor's ability to pay its obligations when they become due or materially and adversely affects the value of the mortgaged property or Mortgage Loan or Collateral.

(f) The Vendor, as holder of an interest in each Mortgage Loan, as applicable, is the sole named insured under the title policy with respect to each such Mortgage Loan covered by title insurance; such policy is and will be at Closing and thereafter and in the case of a Construction Mortgage at each advance, in full force and effect; in respect of each Mortgage Loan and all premiums thereon have been paid in full, as applicable, no Claims have been made under such policy, the Vendor has not done anything, by act or omission, and there is no other matter, which would impair or diminish the coverage of such policy.

(g) With the exception of Construction Mortgages, the proceeds of each Mortgage Loan has been fully disbursed in accordance with the direction of each mortgagor and there is no requirement for future advances thereunder.

(h) In respect of each Mortgage Loan, as applicable, no notice of any proceeding is pending, nor to the best of each Vendor's knowledge, is threatened, for the total or partial expropriation of all or any portion of such mortgaged property which would materially and adversely affect its value as security for the related Mortgage Loan.

(i) The Vendor has not received any notice of any pending or threatened Claims concerning the disposal, release or discharge of Hazardous Substances that pertain to any of the Collateral or any pending or threatened actions or proceedings from any Governmental Authority or any other entity in respect of any Hazardous

Substances on, in, within or relating to the Collateral or under any Environmental Laws in respect of any Collateral.

(j) The interest rate of each Mortgage Loan held by the Vendor, as applicable, complied as of the date of origination with, or such Mortgage Loan is exempt from, applicable Laws, regulations and other requirements pertaining to usury and, to the best of the Vendor's knowledge, any requirements of any Laws, including, without limitation, disclosure or consumer credit laws, applicable to each such Mortgage Loan have been complied with as of the date of origination of such Mortgage Loan.

(k) To the best of the Vendor's knowledge all Taxes and Governmental Charges affecting or which would be a lien on the mortgaged property and that prior to the Closing will become due and owing in respect of each related mortgaged property will have been paid before the Closing Date, and the payments on the Mortgage Loans shall not be subject to withholding or similar tax any servicing fee, custodian fee, agent fee or other fees unless previously disclosed to the Corporation and accepted by the Corporation.

(l) To the best of the Vendor's knowledge, there are no facts, circumstances, events or conditions or defects in the Mortgage Documents which could reasonably be expected to have a Material Adverse Effect on the value of the Mortgage Loans, or Collateral held by the Vendor or the mortgaged property that is the subject of such Mortgage Loans, or the ability of a mortgagor under such Mortgage Loans to pay principal, interest and/or any other amount due under such Mortgage Loans.

(m) (i) the rights of the Vendor under each Mortgage Loan are secured by a valid, legal, subsisting and enforceable first priority Mortgage (subject to Permitted Encumbrances) in favour of the Vendor in the mortgaged property, which Mortgage has been duly registered and otherwise protected by all necessary or appropriate filings, registrations, recordings or other actions in each jurisdiction necessary to ensure the priority of such charge; and (ii) each Mortgage Loan Document contains customary and enforceable provisions such that the rights and remedies of the Vendor and its successors in interest or assigns shall be adequate for realization against the related Collateral.

(n) The Mortgage Loans and the Related Rights have not been otherwise sold, transferred or assigned by the Vendor or otherwise encumbered or pledged by the Vendor. The Vendor is (i) the registered holder and the sole beneficial owner of each Mortgage Loan; and (ii) the sole beneficial owner of the Related Rights, free and clear of all Encumbrances, other than Permitted Encumbrances and those created pursuant to this Agreement, and immediately upon the sale thereof to the Corporation, the Corporation shall have title to each Mortgage Loan and the Related Rights, free and clear of all Encumbrances, other than Permitted Encumbrances; and neither the Mortgages nor any other applicable Mortgage Loan Documents prohibits such transfer and no third party consents are required in connection therewith except as have been obtained and provided to the Corporation.

(o) Each Mortgage Loan held by the Vendor is properly secured by the Collateral and each Mortgage Loan shall be enforceable by the Vendor and its successors in interest and assigns against the relevant Obligor in accordance with its terms, and shall have been duly authorized, executed and delivered by the relevant Obligor.

(p) The Corporation will be fully entitled to the benefits of the Mortgage Loans and of the Related Rights, without, in either case, the consent of the relevant Obligor and without making any further filing or recording or obtaining a consent under any federal or provincial legislation except the transfers of Mortgages and Ancillary Documents and the Mortgage Loans, Mortgage Loan Documents and Related Rights comply in all material respects with all applicable Laws and Government Authorizations of the relevant jurisdictions, including Laws that would affect the enforceability priority, realization or collectability thereof.

(q) The Vendor has complied in all material respects with all of its obligations under the Mortgage Loans, the Mortgage Loan Documents and under all other agreements, instruments and documents entered into by it in connection therewith.

(r) There are no agreements, representations, warranties, conditions or covenants, whether oral, written, express or implied, on the part of the Vendor affecting or relating to any Collateral, save as expressly set out herein and in the related Mortgage Loan Documents, and the description of each Mortgage Loan in Schedule "A" is accurate, including the method of computing interest thereon and the frequency of payment.

(s) Since January 1, 2013, none of the Mortgage Loans have been rewritten owing to the delinquency of, or credit issues associated with, the related Obligor.

(t) No material default, breach, violation or event permitting acceleration under the terms of any Mortgage Loan or Mortgage Loan Documents has occurred, and no continuing condition that with notice or lapse of time would constitute a default, breach, violation or event permitting acceleration under the terms of any Mortgage Loan or Mortgage Loan Documents has arisen, such that the Mortgage Loan is not subject to set-off or postponement.

(u) Each Mortgage Loan has been underwritten by the Vendor or by an affiliate or subsidiary of the Vendor under commercially reasonable credit and collection policies, including that, to the knowledge of the Vendor, the related Obligor is not a bankrupt.

(v) Each Mortgage Loan shall provide that the related Obligor is required to insure the mortgaged property in accordance with the Vendor's insurance practices and has provided proof of such insurance to the Corporation, and that such insurance is commercially reasonable and satisfactory in all cases naming the Vendor, as applicable, as first loss payee, subject to the standard mortgage clause as approved by the Insurance Bureau of Canada and for the full replacement cost of the property.

(w) The Mortgage Loans comprising the Purchased Assets and Mortgage Loan Documents are not in default (i.e., not in arrears or subject to enforcement proceedings).

(x) None of the Mortgage Loans shall be subject to any dispute, contractual set-off, counterclaim or defence, whatsoever, shall be free of any adverse claim, and shall not have been extended or otherwise modified except in the Ordinary Course of business in accordance with the Vendor's credit and collection policy.

(y) The Vendors are not non-residents of Canada as defined in the *Investment Canada Act* (Canada).

(z) The Mortgage Loan Documents contain no material defects and are all of the documents relating to the Mortgage Loans.

4.3 Ineligible Mortgages

(a) Promptly upon discovering that (i) an eligibility requirement contained in Section 4.2 was not satisfied with respect to any Purchased Asset as at the Closing Date or (ii) an adverse claim arising through the Vendor in respect of any Purchased Asset has been successfully asserted against the Vendor's or the Corporation's interest in any Purchased Asset, the Vendor shall inform the Corporation in writing, in reasonable detail, with respect thereto, or the Corporation shall so inform the Vendor with respect thereto, as the case may be.

(b) If any Purchased Asset was not in compliance, as at the Closing Date, with any eligibility requirements specified in Section 4.2 (an **"Ineligible Mortgage"**), then, unless such event or state of facts shall have been cured within thirty (30) days of notice thereof, the Vendor shall:

either:

(i) replace the Ineligible Mortgage with a Mortgage that has been approved by the Corporation, acting reasonably (an **"Eligible Mortgage"**), provided that the Outstanding Balance of the Eligible Mortgage as at the date of the replacement will be equal to or less than the Outstanding Balance of the Ineligible Mortgage and, to the extent that it is less, pay the difference to the Corporation; or

(ii) repurchase such Ineligible Mortgage and pay to the Corporation an amount equal to the Outstanding Balance as at the date of repurchase of such Ineligible Mortgage.

Upon completion of the steps described in Section 4.3(b)(i) or 4.3(b)(ii) above, the Corporation shall be deemed to have assigned, transferred and conveyed the related Ineligible Mortgage to the applicable Vendor; whereupon the Corporation shall cease to have any interest in or to such Mortgage Loan and Related Rights, such that from and after such time, the Vendor shall hold and enjoy all right, title and interest in and to such Purchased Assets and Related Rights free and clear of any security interests in favour of the Corporation, but without any other representation or warranty (whether express, implied, statutory or otherwise) by or on behalf of the Corporation save as provided for herein.

4.4 Representations and Warranties of the Corporation

The Corporation represents and warrants to each of the Vendors the matters set out below as of the date of this Agreement and as of the Closing Date and acknowledges that each of the Vendors is relying upon the following representations and warranties in completing the transactions contemplated hereby:

(a) The Corporation is a corporation incorporated and validly subsisting under the laws of the Province of Alberta.

(b) The Corporation has all necessary corporate power, authority and capacity to enter into this Agreement and the Ancillary Agreements to be delivered by the Corporation in accordance with the terms hereof and to carry out its obligations under this Agreement and the Ancillary Agreements. The execution and delivery of this Agreement and the Ancillary Agreements to be delivered by the Corporation in accordance with the terms hereof, and the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements have been (or will prior to Closing be) duly authorized by all necessary corporate action of the Corporation. This Agreement constitutes and, when executed and delivered, the Ancillary Agreements to which the Corporation is a party will constitute, valid and binding obligations of the Corporation enforceable against it in accordance with their respective terms subject to any limitations imposed by Law or equity.

(c) The Corporation has the corporate power to carry on its business in each jurisdiction in which the conduct of its activities or the ownership, leasing or operation of its property and assets, requires such qualification, except to the extent that any failure to be so qualified, either individually or in aggregate, would not have a Material Adverse Effect.

(d) The Corporation is not a party to, bound or affected by or subject to any:

  (i) indenture, mortgage, lease, agreement, obligation, instrument or Contract;

  (ii) charter or by-law provision or shareholders agreement or other constating documents; or

  (iii) Laws or Governmental Authorizations;

  that would be violated, breached by, or under which any default would occur or an Encumbrance would, or with notice or the passage of time, or both, be created as a result of the execution and delivery of, or the performance of obligations under, this Agreement or any other agreement to be entered into under the terms of this Agreement except for such violations, breaches, defaults or Encumbrances which are not material to the operation of the Corporation's business.

4.5 Non-Waiver

No investigations made by or on behalf of the Corporation at any time shall have the effect of waiving, diminishing the scope or otherwise affecting any representation, warranty or covenant made by the Vendors, as applicable in or pursuant to this Agreement. No waiver of any condition or other provisions, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

4.6 Survival of Representations and Warranties

The representations, warranties and covenants of each Party contained in this Agreement and in all certificates and documents delivered pursuant to or contemplated by this Agreement shall survive the consummation of the transactions contemplated by this Agreement and, notwithstanding the occurrence of such events, shall continue in full force and effect until such time as the obligations under the Purchased Assets have been satisfied in full. The recourse by the Corporation against the applicable Vendor with respect to any breach of representation or warranty shall be limited solely to the remedies set forth in Section 4.3 provided that a notice of claim is delivered by the Corporation to the applicable Vendor within twelve months from the Closing Date.

ARTICLE 5
CLOSING CONDITIONS

5.1 Conditions Precedent to Closing

The obligation of each of the Parties to complete the transactions contemplated in this Agreement is subject to the satisfaction or waiver of, or compliance with, at or prior to the Closing Time, each of the following conditions (each of which is for the benefit of all Parties hereto unless otherwise stated):

(a) **Truth of Representations and Warranties**. The representations and warranties of each of the other Parties, as the case may be, made in or pursuant to this Agreement or any Ancillary Agreement to which it is a party, will have been true and correct in all material respects as of the date of this Agreement and will be true and correct in all material respects as of the Closing Time (except, in each case, for those representations and warranties that are subject to a materiality qualification, which will be true and correct in all respects with the same force and effect as if such representations and warranties had been made on and as of such date, and each Party will have executed and delivered a certificate of a senior officer (without personal liability) confirming the truth and correctness of such representations and warranties of such Party which are contained in this Agreement or any Ancillary Agreement to which it is a party.

(b) **Compliance with and Performance of Covenants**. Each other Party will have fulfilled or complied in all material respects with all covenants contained in this Agreement or any Ancillary Agreement to which it is a party, to be fulfilled or complied with by it at or prior to the Closing and each other Party will have executed and delivered a certificate of a senior officer (without personal liability) confirming such performance or compliance, as the case may be.

(c) **Offering Transaction**. The Corporation shall have completed the sale of Subscription Receipts pursuant to the Offering other than the Over-Allotment Option.

(d) **Fairness Opinion**. The Corporation shall have obtained in a form satisfactory to the board of directors of the Corporation, a fairness opinion conducted by an independent arm's length party of the Purchased Assets before the Closing Date.

(e) **No Material Adverse Effect**. There shall have been no Material Adverse Effect since the date of this Agreement.

(f) **No Proceedings**. There shall be no Order issued delaying, restricting or preventing, and no pending or threatened Claim or judicial or administrative proceeding, or investigation against any party by any person, for the purpose of enjoining, delaying, restricting or preventing, the consummation of the transactions contemplated in this Agreement or otherwise claiming that this Agreement or the consummation of such transactions is improper or would give rise to proceedings under any Laws or materially increasing the costs to complete the transactions contemplated hereby or to own the Purchased Assets.

(g) **Encumbrances**. The Vendor, as applicable and the Corporation shall have received evidence satisfactory to it that all Encumbrances, other than Permitted Encumbrances have been discharged and that the Purchased Assets and the Related Rights are free and clear of all Encumbrances other than Permitted Encumbrances.

(h) **Delivery of Purchased Assets**. The Vendors shall have delivered to the Corporation evidence satisfactory to the Corporation, acting reasonably, that upon completion of Closing in the manner contemplated herein, the Vendors shall have transferred and assigned the Purchased Assets and the Related Rights to the Corporation and delivered possession of the Purchased Assets to the Corporation, free and clear of all Encumbrances, other than Permitted Encumbrances, in accordance with Section 5.1(g).

(i) **Mortgage Loans Not in Default**. The Mortgage Loans comprising the Purchased Assets shall not be in default (i.e., not in arrears or subject to enforcement, proceedings).

If any of the foregoing conditions in this Article has not been fulfilled on or before December 30, 2013 (the "**Outside Date**"), any Party may terminate this Agreement by notice in writing to the other Party, in which event the terminating Party is released from all obligations under this Agreement and each other agreement contemplated by this Agreement, and unless the terminating Party can show that the condition relied upon could reasonably have been performed by the non-terminating Party , as applicable, each such party is also released from all obligations under this Agreement and each other agreement contemplated by this Agreement (but for greater certainty, not from any confidentiality provisions provided in such agreements) other than breaches arising prior to the date of termination. However, the terminating Party may waive compliance with any condition in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfilment of any other condition, in whole or in part, or to its rights to recover damages for the breach of any representation, warranty, covenant or other condition contained in this Agreement. Notwithstanding the foregoing, the right to terminate this Agreement will not be available to a Party whose breach of this Agreement has been the cause of, or resulted in, the failure of Closing to occur by the Outside Date.

5.2 Actions to Satisfy Closing Conditions

Each of the Parties, as promptly as practicable, will:

(a) make, or cause to be made, all such filings and submissions under all Laws applicable to it as may be required for it to complete the transactions contemplated in this Agreement; and

(b) take, or cause to be taken, all other actions as are within its power to control, and use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with each of the conditions and covenants set forth in this Agreement, which are for the benefit of any other Party, provided that the Corporation shall not be required to dispose of or make any change to its business, the business of any of its Affiliates, or expend any material amounts of money (beyond the fees of its professional advisors) or incur any other material obligation in order to comply with this Section.

5.3 Access for Investigation

(a) The Vendors shall permit the Corporation and its representatives, between the date of this Agreement and the Closing Time, to have free and unrestricted access during normal business hours to the Purchased Assets. The Vendors shall furnish to the Corporation such copies of the Books and Records as the Corporation shall from time to time reasonably request to enable confirmation of the matters warranted in Section 4.1 and the accounting representatives of the Corporation shall be afforded ample opportunity to make a full investigation of all aspects of the financial affairs of the Vendors relating to their business and the Purchased Assets. The Vendors shall cooperate and assist, to the extent reasonably requested by the Corporation, with the Corporation's investigation of the Vendor's businesses and the Purchased Assets. The Corporation's rights of access shall be exercised in a manner that does not unreasonably interfere with the operation of the Business.

(b) Notwithstanding Section 5.3(a), the Vendors shall not be required to disclose any information, records, files or other data to the Corporation where prohibited by any applicable Laws. If any consent of any person or Governmental Authority is required to permit the Vendors to release any information to the Corporation, the Vendors shall promptly inform the Corporation thereof and shall make all reasonable efforts to obtain such consent as soon as possible.

(c) The Vendors shall forthwith, upon request by the Corporation or the Corporation's counsel, execute and deliver to the Corporation all necessary consents to permit the Corporation to have inspections made and have existing records released to the Corporation by the municipal building and zoning department, fire department, public works, environmental agencies and other appropriate authorities as the Corporation may consider advisable between the date of this Agreement and Closing. Such consents shall authorize and direct the release of information to the Corporation.

5.4 Future Actions of the Vendors

After the Closing, the Vendors shall not, directly or indirectly, take any action which may adversely affect the Corporation's ownership of or the validity or enforceability of any of the Purchased Assets or Related Rights.

5.5 Notice of Untrue Representation or Warranty

Each Party forthwith shall notify the other Party in the event that it becomes aware that:

(a) any representation or warranty made by it or by another Party contained in this Agreement is, or may become, incorrect prior to Closing; or

(b) any covenant or other agreement of the Party or of any other Party, has been, or is likely to be breached or cannot be satisfied prior to Closing,

and, for the purposes of this Section 5.5, unless otherwise specified, each representation and warranty shall be deemed to be given at and as of all times from the date of this Agreement to the Closing Date. Any such notice shall set out particulars of the untrue or incorrect representation or warranty and, if applicable, details of any actions being taken by the Party providing such notice to rectify the incorrectness. No such notice will relieve any Party of any right or remedy provided for in this Agreement.

ARTICLE 6
OTHER COVENANTS OF THE PARTIES

6.1 Conduct of Business Prior to Closing

During the period from the date of this Agreement to the Closing Time, the Vendors shall:

(a) **Conduct Business in the Ordinary Course** – except as otherwise expressly contemplated or permitted by this Agreement, conduct businesses in the Ordinary Course, consistent with past practice and business policies and shall not, without the prior written consent of the Corporation, enter into any transaction which, if effected before the date of this Agreement, would constitute a breach of the representations, warranties, covenants or other agreements of the Vendors contained in this Agreement.

(b) **Maintain Good Relations** – use all reasonable efforts to maintain good relations with mortgagors and customers.

(c) **Continue Insurance** – continue in force all policies of insurance maintained by or for the benefit of the Vendors relating to the Purchased Assets and give all notices and present claims under all insurance policies in a timely fashion.

(d) **Comply with Laws** – comply with all applicable Laws affecting the operation of their respective businesses and Purchased Assets.

(e) **Approvals** – cooperate with the Corporation and use all reasonable efforts to obtain and diligently assist the Corporation in obtaining (i) all necessary consents, approvals and authorizations, under any applicable Law; and (ii) all necessary consents and approvals under any contracts relating to the Purchased Assets.

(f) **Advise of Changes** – promptly advise the Corporation orally and, if then requested, in writing of any fact or any change in the business, operations, affairs, assets, liabilities, financial condition or prospects of the Purchased Assets that could have a Material Adverse Effect.

6.2 Confidentiality

From and after the Closing, the Vendors shall keep confidential all information relating to the Purchased Assets, except information (other than personal information) which:

(a) is part of the public domain;

(b) becomes part of the public domain other than as a result of a breach of these provisions by the Vendors or any of their respective directors, officers, employees, consultants, advisors or agents;

(c) any of the Vendors is required to disclose pursuant to applicable Laws or by a Governmental Authority;

(d) is disclosed to any of the Vendors by a third party under no obligation of confidentiality; or

(e) is released from the provisions of this Agreement by the express, prior written authorization of the Corporation.

The provisions of this Section 6.2 shall survive the termination of this Agreement.

ARTICLE 7
TERMINATION

7.1 Termination

This Agreement will terminate on the earlier of:

(a) mutual consent of all the Parties;

(b) failure to satisfy or waive the closing conditions in accordance with Article 5; or

(c) the completion of the Closing.

ARTICLE 8
GENERAL MATTERS

8.1 Enurement

This Agreement will be binding upon and enure to the benefit of the parties to this Agreement and their respective successors and permitted assigns from time to time.

8.2 Assignment

This Agreement may not be assigned by any Party hereto without the prior written consent of the other Party.

8.3 Expenses

Except as otherwise expressly provided in this Agreement or the Prospectus, all costs and expenses (including the fees and disbursements of legal counsel, investment advisers and accountants) incurred in connection with this Agreement, the Ancillary Agreements and the transactions contemplated herein and therein, will be paid by the Party incurring such expense.

8.4 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement (in this Section referred to as a "Notice") shall be in writing and shall be sufficiently given if delivered (whether in Person, by courier service or other personal method of delivery), or if transmitted by facsimile or e-mail:

in the case of a Notice to the Corporation:

Suite 405, 1210 – 8th Street S.W.
Calgary, Alberta, Canada T2R 1L3

Attention: John Strangway
Fax: (403) 225-9470
Email: jstrangway@BuildersCapital.ca

with a copy to:

Osler, Hoskin & Harcourt LLP
2500, 450 – 1st Street S.W.
Calgary, Alberta, Canada T2P 5H1

Attention: Andrea Whyte
Fax: (403) 260-7024
Email: awhyte@osler.com

in the case of a Notice to BCMIC:

Suite 405, 1210 – 8th Street S.W.
Calgary, Alberta, Canada T2R 1L3

Attention: Brent Walter
Fax: (403) 262-4860
E-mail: bwalter@proventurelaw.com

in the case of a Notice to BCI:

Suite 405, 1210 – 8th Street S.W.
Calgary, Alberta, Canada T2R 1L3

Attention: Sandy Loutitt
Fax: (403) 225-9470
E-mail: Sandy@BuildersCapital.ca

Any Notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the Notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving Notice to the other parties in accordance with the provisions of this Section.

8.5 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing.

8.6 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile or other electronic means and all such counterparts and facsimiles together constitute one and the same agreement.

[Reminder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be duly executed as of the date first written above.

BUILDERS CAPITAL MORTGAGE CORP.

By: Signed "*John Strangway*"
Name: John Strangway
Title: Chief Financial Officer

BUILDERS CAPITAL INC.

By: Signed "*Sandy Loutitt*"
Name: Sandy Loutitt
Title: Chief Executive Officer

BUILDERS CAPITAL MORTGAGE INVESTMENT CORPORATION

By: Signed "*Brent Walter*"
Name: Brent Walter
Title: Director

SCHEDULE "A"

PURCHASED ASSETS

BCMIC Mortgage Loans Mortgage ID		Amount
28	$	59,315.44
55		222,159.88
58		224,487.00
263		1,193,287.13
281		398,628.75
291		208,036.80
322		662,393.32
331		248,941.31
332		94,870.53
344		968,937.66
346		1,575,585.44
347		313,584.72
351		1,319,006.28
352		795,600.97
355		551,978.17
356		858,998.76
365		522,215.86
368		373,644.48
369		715,132.15
		$ 11,306,804.65

BCI Mortgage Loans Mortgage ID		Amount
346	$	36,699.33
347		18,864.94
352		27,923.84
355		197,477.25
356		11,805.95
368		36,088.30
369		191,240.77
332		515,906.71
3		669,632.21
211		26,470.85
261		512,265.98
263		4,528.21
281		73,841.30
291		2,376,627.12
295		879,706.96
302		255,692.94
303		236,208.63
304		1,707,549.69
306		1,690,972.52
314		32,883.85
317		929,196.05
320		936,136.87
322		5,622.89
323		434,591.17
328		493,183.13
331		22,961.63
336		267,608.41
337		825,678.04
338		1,018,975.68
339		799,905.44
342		125,902.58
344		984,679.10
345		791,422.85
349		1,611,395.57
350		495,165.99
351		113,179.67
353		226,647.18
358		565,014.96
359		492,446.01
360		410,529.06
361		768,842.18
362		262,045.09
364		496,096.58
365		137,788.89
366		513,349.84

367	625,438.67
370	1,333.69
371	165,560.30
372	101,305.00
375	600,457.78
376	2,595,347.15
218	344,368.32
	$ 27,664,563.12

SCHEDULE "B"

ADDITIONAL INFORMATION REGARDING THE PURCHASED ASSETS

SCHEDULE "C"

PERMITTED ENCUMBRANCES

"**Permitted Encumbrances**" means, as of any particular time, any of the following in respect of the property related to any Mortgage or any part thereof:

(a) liens, charges or prior claims for taxes (which term includes charges, rates and assessments) or utilities (including levies or imposts for sewers and other municipal utility services) not yet due;

(b) the rights reserved to or vested in any municipality or governmental or other public authority by any statutory provision;

(c) zoning (including, without limitation, airport zoning regulations), use and building by-laws and ordinances, federal, provincial or municipal by-laws and regulations and other restrictions as to the use of such property, which do not materially adversely affect the value of such property;

(d) any subsisting reservations, limitations, provisions and conditions contained in any original grants from the Crown of any land or interests therein, reservations of undersurface rights to mines and minerals of any kind;

(e) statutory reservations and exceptions to title;

(f) encumbrances respecting encroachments within such property or, by such property or any facilities of or used in connection with such property over adjacent lands and permitted under agreements with the owners of such adjacent lands;

(g) easements, rights-of-way, restrictive covenants, public ways, pedway agreements, rights in the nature of an easement and other similar rights in land granted to or reserved by other Persons (including, without in any way limiting the generality of the foregoing, permits, licenses, agreements, easements, rights-of-way, sideways, public ways, and rights in the nature of easements or servitudes for sewers, drains, gas and water mains or electric light and power or data, telephone and telegraph conduits, poles, wires and cables) which do not materially adversely affect the value of the property, and any encumbrance of any nature whatsoever charging the interest of Persons under any such easement, restrictive covenant, right-of-way, public way, right in the nature of an easement or servitude or other similar rights in land;

(h) leases and any notice in respect thereof and any encumbrance of any nature whatsoever charging the interest of Persons under any such lease and any non-disturbance or other agreement entered into in respect of such lease; and

(i) security given to a public utility or any municipality or governmental or other public authority when required by the operations of such property in the ordinary course of business, including, without limitation, the right of any such public utility, municipality or other governmental authority or other public authority to acquire portions of such property for road widening or interchange construction and the right of such public utility, municipality or other governmental authority or other public authority to complete improvements, landscaping or remedy deficiencies in any pedestrian walkways or traffic control or monitoring to be provided to such property.