COURT FILE NUMBER 1201-08478

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE Calgary

CLERK OF THE COURT
FILED
AUG 02 2012
JUDICIAL CENTRE
OF CALGARY

APPLICANTS

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

AND IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9

AND IN THE MATTER OF FOUNDATION MORTGAGE CORPORATION and FOUNDATION MORTGAGE "2" CORPORATION

DOCUMENT **ORDER**

(Claims Process Foundation Mortgage Corporation)

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Patrick T. McCarthy Q.C./Robyn Gurofsky
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9441/232-9774
Facsimile: (403) 266-1395
Email: RGurofsky@blg.com
File No. 439537-000004

I hereby certify this to be a true copy of the original Order
Dated this 2 day of August 2012
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: August 2, 2012

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: Justice B.E.C. Romaine

UPON the application of Foundation Mortgage Corporation ("FM1"); AND UPON having read the Affidavit of Gary L. Bentham dated July 31, 2012 with respect to the proposed claims process for FM1, filed, and such other pleadings and affidavits filed in the within proceeding; AND UPON hearing the submissions of counsel for FM1, Ernst & Young Inc. in its capacity as monitor of FM1 (the "Monitor") and any other counsel in attendance at the hearing of this matter;

IT IS HEREBY ORDERED THAT:

1. The Monitor shall on or before August 20, 2012, in cooperation with FM1, send a notice by regular mail, email, courier service or facsimile to each known creditor of FM1 (sometimes referred to herein as the "Creditors"), as identified to it by FM1, indicating the amount of such creditor's claim against FM1 as of July 5, 2012 (the "Notice to Creditor"). In the circumstance of creditors whose claims are disputed, a Notice to Creditor will be sent containing the amount which FM1 is prepared to allow as a claim by such creditor. The Notice to Creditor shall state whether a creditor's claim is secured or unsecured. Notices to Creditor substantially in the form attached as Schedule "A" to this Order is hereby approved with respect to FM1.

2. The Monitor shall also send, together with the Notice to Creditor, a Proof of Claim to each creditor or possible creditor described above. If a creditor wishes to dispute FM1's assessment of its claim in the Notice to Creditor, it must complete and forward to FM1 on or before September 17, 2012, with a copy to the Monitor, a completed Proof of Claim advancing a claim in a different amount, and/or claiming secured status if applicable, supported by appropriate documentation. In the event that a Proof of Claim is not received by FM1 as the case may be, by September 17, 2012, the amount of such creditor's claim and its status as secured or unsecured will, unless otherwise ordered by this Court, be conclusively deemed to be as shown in the Notice to Creditor sent by FM1. Proofs of Claim substantially in the form attached as Schedule "B" to this order are hereby approved for each of FM1.

3. The Monitor shall also:

a) arrange to publish a Notice to Creditor Advertisement in the Calgary Herald newspaper on or before August 20, 2012, (an advertisement substantially in the form of Notice to Creditor Advertisement attached as Schedule "C" to this Order is hereby approved); and

b) arrange to have a copy of this order, the form of Notice to Creditor and Proof of Claim available on its website.

4. Any party who does not receive a Notice to Creditor and who wishes to advance a claim against FM1 must complete and forward to FM1 a completed Proof of Claim supported by appropriate documentation advancing its claim and claiming secured status if applicable, with a copy to the Monitor, on or before September 17, 2012.

5. Where a Proof of Claim is sent to FM1 by a creditor prior to the deadline referred to herein, either as a result of disagreement with the Notice to Creditor or otherwise, then the Monitor, with input from FM1, shall review the Proof of Claim and provide to the creditor a notice in writing by regular mail, email, courier service or facsimile as to whether the claim set out in the Proof of Claim is accepted by FM1, disputed in whole, or disputed in part. Where the claim is disputed in whole or in part, the Monitor, with the assistance of FM1, shall issue a Notice of Dispute indicating the reasons for the dispute. Notices of Dispute substantially in the form attached as Schedule "D" to this Order is hereby approved with respect to FM1.

6. Where a creditor wishes to challenge the Notice of Dispute, the creditor must notify FM1 with a copy to the Monitor, of its objection in writing by registered mail, courier service or facsimile within fifteen (15) days of receipt of the Notice of Dispute. The creditor shall thereafter serve on FM1, with a copy to the Monitor, a filed Application together with supporting Affidavit in these proceedings returnable within ten (10) days after it gave its notice of objection, for the determination by the Court of the claim in dispute. Creditors not filing an objection to a Notice of Dispute issued by FM1, or failing to file an Application with supporting Affidavit in FM1 accordance within the time period set out above shall, unless otherwise ordered by this Court, be conclusively deemed to have FM1 accepted the assessment of their claims set out in such Notice of Dispute.

7. Claims not proven in FM1 in accordance with the procedures set out above shall, unless otherwise ordered by this Court, be deemed to be forever barred and may not thereafter be advanced against FM1 in the event that a plan of arrangement is approved by creditors, sanctioned by this Honourable Court, and implemented.

8. FM1 shall serve a copy of this Order on all parties attending at the hearing of the within application and the Monitor shall post a copy of this Order on its website and include the address of the website with the materials sent to creditors and claimants of FM1, which together shall be deemed good and sufficient service of this Order upon all interested parties.

J.C.Q.B.A.

SCHEDULE "A" – Notice to Creditor

SCHEDULE "B" – Proof of Claim

SCHEDULE "C" – Notice to Creditor Advertisement

SCHEDULE "D" – Notice of Dispute

Schedule "A"

NOTICE TO CREDITOR OF FOUNDATION MORTGAGE CORPORATION

TO: [NAME AND ADDRESS OF CREDITOR]

On July 5, 2012, Foundation Mortgage Corporation ("FM1") applied for and received protection from its creditors by order of the Court of Queen's Bench of Alberta (the "Court) pursuant to the *Companies Creditors' Arrangements Act* (the "CCAA"). Ernst & Young Inc. was appointed Monitor of FM1 (the "Monitor"). It is the intention of FM1 to propose a plan of compromise and arrangement to its creditors.

On August ●, 2012, the Court granted a further order prescribing a process by which the identity and status of all creditors of FM1 and the amounts of their claims will be established for purposes of the CCAA proceedings (the "Claims Process Order"). A copy of the Claims Process Order may be viewed at www.ey.com/ca/foundationgroup.

Pursuant to the Claims Process Order, the Monitor, in cooperation with FM1 is to send a notice to each known creditor of FM1 (the "Notice to Creditor") indicating the amount of such creditor's claim as of July 5, 2012. In the case of the claims of creditors whose claims are disputed, a Notice to Creditor will be sent containing the amount which FM1 is prepared to allow as a claim by such creditor.

All claims against FM1 are listed as unsecured based on the records of FM1.

FM1 HAS REVIEWED ITS RECORDS AND ACCEPTS THAT YOUR CLAIM AGAINST FM1, AS OF JULY 5, 2012, WAS AN UNSECURED CLAIM IN THE AMOUNT OF $________.

IN THE EVENT THAT YOU AGREE WITH FM1'S ASSESSMENT OF YOUR CLAIM, YOU NEED TAKE NO FURTHER ACTION.

HOWEVER, IF YOU WISH TO DISPUTE FM1'S ASSESSMENT OF YOUR CLAIM, YOU MUST TAKE THE STEPS OUTLINED BELOW.

The Claims Process Order provides that if a creditor disagrees with the assessment of its claim set out in this Notice to Creditor, the creditor must complete and return to FM1, with a copy to the Monitor, a completed Proof of Claim advancing a claim in a different amount and/or claiming secured status if applicable, supported by appropriate documentation. A blank Proof of Claim form is enclosed. The Proof of Claim with supporting documentation must be received by FM1 and the Monitor no later than **September 17, 2012**. If no such Proof of Claim is received by FM1 and the Monitor by that date the amount of such creditor's claim and its status as secured or unsecured will

be, subject to further order of the Court, conclusively deemed to be as shown in this Notice to Creditor.
The Claims Process Order also provides that any party who does not receive a Notice to Creditor and who wishes to advance a claim against FM1must complete and forward to FM1, a completed Proof of Claim supported by appropriate documentation advancing its claim and claiming secured status if applicable, with a copy to the Monitor, on or before **September 17, 2012.**

Claims not proven in accordance with the procedures set out above shall, unless otherwise ordered by the Court, be deemed to be forever barred and may not thereafter be advanced against FM1.

Where a Proof of Claim is sent to FM1 by a creditor, FM1 and the Monitor will review the Proof of Claim and provide to the creditor a notice in writing by registered mail, by courier service, email or by facsimile as to whether the claim set out in the Proof of Claim is accepted, disputed in whole, or disputed in part. Where the claim is disputed in whole or in part, FM1 or the Monitor will issue a Notice of Dispute indicating the reasons for the dispute.

The Claims Process Order further provides that where a creditor objects to a Notice of Dispute, the creditor must notify FM1, with a copy to the Monitor, of the objection in writing by registered mail, courier service, email or facsimile within fifteen (15) days of receipt of the Notice of Dispute. The creditor shall thereafter serve on FM1, with a copy to the Monitor, a filed Application with a supporting Affidavit in FM1's CCAA proceedings, returnable within ten (10) calendar days after it gave its notice of objection, for the determination by the Court of the claim in dispute.

If you have any questions regarding the claims process or the attached materials, please contact Jessica Caden of Ernst & Young Inc. at (403) 206-5394.

Dated the ______ day of July, 2012 in Calgary, Alberta

Ernst & Young Inc., in its capacity as
Monitor of Foundation Mortgage Corporation

per:

____

Schedule “B”

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, as amended
AND IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9

AND IN THE MATTER OF
FOUNDATION MORTGAGE CORPORATION AND FOUNDATION MORTGAGE “2” CORPORATION

Proof of Claim FOUNDATION MORTGAGE CORPORATION (“FM1”)
For Claims Arising Before July 5, 2012
(See Reverse for Instructions)

Regarding the claim of ______________________________(referred to in this form as “the creditor”) **(name of creditor)**

All notices or correspondence regarding this claim to be forwarded to the creditor at the following address:

____

____

____

Telephone: ______________________ Fax:______________________

I, ______________________ residing in the______________________

(name of person signing claim) **(city, town, etc.)**

of ______________________ in the Province of ______________________

(name of city, town, etc.)

Do hereby certify that:

1. ☐ I am the creditor

   or

   ☐ I am ______________________________ of the creditor.
   (if an officer or employee of the company, state position or title)

2. I have knowledge of all the circumstances connected with the claim referred to in this form.

3. A. FM1 was, as at July 5, 2012, and still is indebted to the creditor in the sum of $__________________ as shown by the statement of account attached hereto and marked "Schedule A". Claims should **not** include the value of goods and/or services supplied or claims arising after July 5, 2012. If a creditor's claim is to be reduced by deducting any counter claims to which FM1 is entitled and/or amounts associated with the return of equipment and/or assets by FM1, please specify.

   The statement of account must specify the vouchers or other evidence in support of the claim including the date and location of the delivery of all services and materials. Any claim for interest must be supported by contractual documentation evidencing the entitlement to interest.

   B. The indebtedness referred to in paragraph 3. A. is in the following currency:

   ☐ Canadian Dollars

   ☐ United States Dollars

4. A. ☐ **Unsecured claim.** $______________________. In respect to the said debt, the creditor does not and has not since July 5, 2012, held any assets of FM1 as security.

   B. ☐ **Secured claim.** $______________________. In respect of the said debt, the creditor holds assets of FM1 valued at $ ________________ as security:

Schedule "B"

Instructions for Completing Proof of Claim Forms

In completing the attached form, your attention is directed to the notes on the form and to the following requirements:

Proof of Claim:

1. The form must be completed by an individual and not by a corporation. If you are acting for a corporation or other person, you must state the capacity in which you are acting, such as, "Credit Manager", "Treasurer", "Authorized Agent", etc., and the full legal name of the party you represent.

2. The person signing the form must have knowledge of the circumstances connected with the claim.

3. A. A Statement of Account containing details of secured and unsecured claims, and if applicable, of the amount due in respect of property claims, and must be attached and marked Schedule "A". Claims should **not** include the value of goods and/or services arising after July 5, 2012. It is necessary that all creditors indicate the date and location of the delivery of all goods and/or services. Any amounts claimed as interest should be clearly noted as being for interest.

   B. Tick the appropriate currency.

4. The nature of the claim must be indicated by ticking the type of claim which applies. e.g. -

   Ticking (A) indicates the claim is unsecured;

   Ticking (B) indicates the claim is secured, such as a mortgage, lease, or other security interest, and the value at which the creditor assesses the security must be inserted, together with the basis of valuation. Details of each item of security held should be attached as Schedule "B" and submitted with a copy of the chattel mortgage, conditional sales contract, security agreement, etc.;

   A creditor may have separate claims in different categories, in which case a separate claim form must be submitted for each claim.

5. The person signing the form must insert the place and date in the space provided, and the signature must be witnessed.

Send a copy of the completed Proof of Claim, by September 17, 2012, to both FM1 and the Monitor at the below addresses:

Foundation Mortgage Corporation
Attn: Robyn Gurofsky
1900, 520 3rd Ave SW
Calgary, AB T2P 0R3

Ernst & Young Inc.
Attn: Jessica Caden
1000,440 2nd Ave SW
Calgary, AB T2P 5E9

Additional information regarding FM1 and the CCAA process, as well as copies of claims documents may be obtained at http://www.ey.com/ca/foundationgroup. If there are any questions in completing the Proof of Claim, please contact Jessica Caden of Ernst & Young Inc. at (403) 206-5394.

Schedule "D"

Notice of Dispute of Claim

by

FOUNDATION MORTGAGE CORPORATION ("FM1")

Take note that the **NOTICE OF CLAIM of**

____ **("Creditor") is**

DISPUTED

FM1 disputes:

___ the whole amount of your claim; or

___ part of your claim in the amount of $____________**(Amount disallowed)**; and/or

___ your claim of secured status;

for the following reason(s):

If you wish to challenge this Notice of Dispute you <u>must</u>:

- within fifteen (15) days of receipt of this Notice of Dispute, notify FM1, with a copy to the Monitor, in writing of your objection to this Notice of Dispute by registered mail, courier service or facsimile to the address or fax number below; and,
- within ten (10) calendar days after you give your notice of objection to FM1 and the Monitor you must file with the Court of Queen's Bench of Alberta and serve on FM1 (with a copy to the Monitor), an Application in FM1's proceedings under the *Companies' Creditors Arrangements Act* and an Affidavit containing all supporting documentation for the determination by the Court of your disputed claim.

If you do not file an objection to this Notice of Dispute or if you fail to file an Application with supporting Affidavit within the period prescribed above, thereafter you will, otherwise ordered by the Court, be conclusively deemed to have accepted the assessment of your claims set out in this Notice of Dispute.

Schedule "D"

Address for Service of Objections to Notice of Dispute and Application:

Foundation Mortgage Corporation,	Ernst & Young Inc., as Court appointed Monitor of FM1
1900, 520 – 3rd Avenue SW	1000, 440 2nd Avenue SW
Calgary, Alberta T2P 0R3	Calgary, Alberta T2P 5E9
Attention: Robyn Gurofsky	Attention: Jessica Caden
Email: rgurofsky@blg.com	Email: jessica.caden@ca.ey.com
Telephone: (403) 232 -9774	Telephone: (403) 206-5394
Fax: (403) 266 -1395	Fax: (403) 206-5075

Dated at Calgary, Alberta this ____ day of ______________, 2012.

Foundation Mortgage Corporation

Per: ________________________________

cc Borden Ladner Gervais – Attention: Robyn Gurofsky