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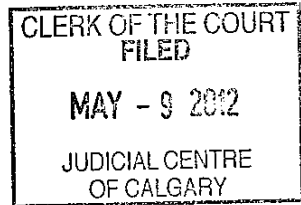
COURT FILE NUMBER

1101-17318
BK-

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

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 LEGACY COMMUNITIES INC.,
AIRDRIE CAPITAL CORPORATION and AIRDRIE
COUNTRY ESTATES INC., RAILSIDE CAPITAL INC.,
RAILSIDE INDUSTRIAL PARK INC., FOUNDATION
PLACE CAPITAL INC., and FOUNDATION PLACE INC.**

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

DOCUMENT

APPLICATION BY FOUR SQUARED MANAGEMENT INC.

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

Grant L. Vogeli
BURNET, DUCKWORTH & PALMER LLP
2400, 525 – 8TH AVENUE S.W.
CALGARY, ALBERTA T2P 1G1
PH. (403) 403-260-0171 FX. (403) 260-0332

NOTICE TO RESPONDENT(S)

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

Date	May 10, 2012
Time	2:00 p.m.
Where	Court of Queen's Bench of Alberta Calgary Courts Centre 601 – 5 th Street S.W. Calgary, Alberta T2P 5P7

Before Whom The Honourable Madam Justice
 Romaine

Go to the end of this document to see what you can do and when you must do it.

REMEDY CLAIMED OR SOUGHT:

1. An Order adjourning the balance of the within application to a later date that is convenient to the Court and all interested parties and that allows for proper service;
2. An Order, substantially in the form attached hereto as Schedule "A", for the following relief (the **"Bankruptcy Order"**):
 - (a) declaring that service and notice of this application filed by Burnet, Duckworth & Palmer LLP (**"BDP"**) with offices located at , 2400, 525 – 8th Avenue SW, Calgary, Alberta, and the supporting materials is validated, and an Order abridging the time necessary for service of notice of this application and/or any supporting materials, if necessary;
 - (b) adjudging both Foundation Mortgage Corporation (**"FM1"**), with registered offices located at 18, 11410 – 27th Street SE, Calgary, Alberta, and Foundation Mortgage "2" Corporation (**"FM2"**), with registered offices located at 18, 11410 – 27th Street SE, Calgary, Alberta, bankrupt;
 - (c) granting the Bankruptcy Order in respect of the property of FM1 (the **"FM1 Property"**) and FM2 (the **"FM2 Property"**); and
 - (d) such further and other relief as this Honourable Court may deem just and appropriate in the circumstances.
3. In the alternative an Order to be granted in the current restructuring proceedings (the **"CCAA Proceedings"**) of Legacy Communities Inc., Airdrie Capital Corporation, Airdrie Country Estates Inc., Railside Capital Inc., Railside Industrial Park Inc., Foundation Place Capital Inc., and Foundation Place Inc. (the **"CCAA Companies"**), for the following relief:
 - (a) a declaration that FM1 and FM2 (collectively, hereinafter the **"New Debtors"**) are both entities to which the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the **"CCAA"**), applies;

- (b) a stay of all proceedings and remedies taken, or that might be taken, with respect to the New Debtors, their respective property and undertaking, without leave of the Court or as otherwise permitted by law;
- (c) an order appointing Navis Solutions Inc. and its President, Keith Prosser, chief restructuring officer (the “CRO”) of the New Debtors;
- (d) an order removing Ron Aitkens as director of the New Debtors;
- (e) an order amending the style of proceedings in the CCAA Proceedings to include “Foundation Mortgage Corporation” and “Foundation Mortgage “2” Corporation” as Applicants, and confirming that the New Debtors are “New Debtors” as defined by the the order granted on January 19, 2012 in the CCAA Proceedings creating the unsecured creditors committee (the “UCC”), as amended and restated on February 16, 2012; and
- (f) such further and other orders as to this Honourable Court may deem just and appropriate in the circumstances.

GROUND FOR MAKING THIS APPLICATION

Bankruptcy Order

1. Within the year immediately preceding the date of the initial bankruptcy event, FM1 and FM2:
 - (a) carried on business in Calgary, Alberta; and
 - (b) resided during the year immediately preceding the date of the initial bankruptcy event in Calgary, Alberta, each within the jurisdiction of this Honourable Court.
2. FM1 is justly and truly indebted to Four Squared in an amount exceeding \$1,000.00, plus costs legal costs on a solicitor and his own client full indemnity basis (the “**FM1 Indebtedness**”).
3. FM2 is justly and truly indebted to Four Squared in an amount exceeding \$1,000.00, plus costs legal costs on a solicitor and his own client full indemnity basis (the “**FM2 Indebtedness**”).
4. FM1 and FM2 have committed an act of bankruptcy within the six (6) months next preceding the date of the filing of this application by failing to meet their liabilities generally as they became

due in that they have failed to pay the FM1 Indebtedness and FM2 Indebtedness to Four Squared.

5. FM1 and FM2 have given notice of its intention to suspend payment of their debts.
6. PricewaterhouseCoopers Inc. of the City of Calgary is a person qualified to act as trustee of the FM1 Property and FM2 Property, and has agreed to act as such and is acceptable to Four Squared.

CCAA Order

7. The New Debtors are companies to which the CCAA applies, and are affiliated to the group of companies currently involved within the CCAA Proceedings.
8. The New Debtors are insolvent, have encountered a liquidity shortage and are without funding to make payments they are required to make in the ordinary course of business.
9. The New Debtors require an opportunity to restructure their affairs pursuant to the CCAA in the expectation that the New Debtors and their stakeholders will derive a greater benefit from such restructuring than would result from a bankruptcy or other liquidation scenario.
10. A stay of proceedings is necessary in order to preserve the business and assets of the New Debtors for its stakeholders.
11. The New Debtors current management is unreasonably impairing and is likely to unreasonably impair the possibility of a successful restructuring of the New Debtors.
12. An application was filed by the UCC in the CCAA Proceedings on April 11, 2012 for the appointment of the CRO of the CCAA Companies.

MATERIAL OR EVIDENCE TO BE RELIED ON

13. The Affidavit of Ralph Bennetsen, sworn May 7, 2012; and
14. The pleadings, evidence, Monitor's Reports and Orders filed in the CCAA Proceedings.

APPLICABLE RULES

15. Alberta Rules of Court; and
16. Bankruptcy and Insolvency General Rules, Rules 69-76

APPLICABLE ACTS AND REGULATIONS

17. Bankruptcy and Insolvency Act, R.S.A. 1985, c. B-3, as amended;
18. Companies Creditors' Arrangement Act, R.S.A. 1985, c. C-36, as amended.

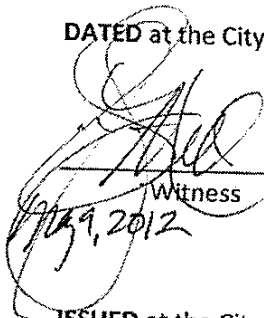
ANY IRREGULARITY COMPLAINED OF OR OBJECTION RELIED ON

19. N/A

HOW THE APPLICATION IS PROPOSED TO BE HEARD OR CONSIDERED

20. In person, before Madam Justice Romaine on May 10, 2012 at 2:00 p.m.

DATED at the City of Calgary, in the Province of Alberta, May 9, 2012.



Witness
May 9, 2012

Four Squared Management Inc.

Per: _____

ISSUED at the City of Calgary, in the Province of Alberta,
This ____ day of May, 2012

Registrar of Bankruptcy

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. And further take notice that if notice of cause against the applicant creditor is not filed in Court and a copy thereof served on the solicitor for the applicant creditor at least two days before the hearing and if you do not appear at the hearing the Court may make a Bankruptcy Order on such proof of the statements in the application as the Court shall think fit.

SCHEDULE "A"

Clerk's stamp:

COURT FILE NUMBER

BK-

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

**IN THE MATTER OF THE BANKRUPTCY OF
FOUNDATION MORTGAGE CORPORATION and
FOUNDATION MORTGAGE "2" CORPORATION**

DOCUMENT

BANKRUPTCY ORDER

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
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Grant Vogeli
BURNET, DUCKWORTH & PALMER LLP
2400, 525 – 8th Avenue SW
Calgary, Alberta T2P 1G1
PH. (403) 260-0171 FX. (403) 260-0332

DATE ON WHICH ORDER WAS PRONOUNCED: May 10, 2012

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Madam Justice Romaine

BANKRUPTCY ORDER

UPON THE APPLICATION of Four Squared Management Inc. ("**Four Squared**"), a creditor of Foundation Mortgage Corporation ("**FM1**") and Foundation Mortgage "2" Corporation ("**FM2**"), filed; **AND UPON** having read the Affidavit of Truth of Ralph Bennetsen sworn May 7, 2012, filed;

AND UPON noting that all interested and affected parties have been served with notice of this application and that FM1 and FM2 have: (i) ceased to meet its liabilities generally as they become due, and (ii) has given notice of its intention to suspend payment of their debts, and has thereby committed acts of bankruptcy;

AND UPON hearing counsel for Four Squared and counsel to other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the notice of this application and the supporting materials is hereby declared to be good and sufficient, and time for service of this application is hereby abridged to that actually given.

2. FM1, whose registered offices is located at 18, 11410 – 27th Street SE, Calgary, Alberta, and FM2, whose registered office is located at 18, 11410 – 27th Street SE, Calgary, Alberta, are adjudged bankrupt by virtue of a bankruptcy order hereby made on this date (the “**Bankruptcy Order**”).
3. PricewaterhouseCoopers Inc. of Calgary, Alberta, is appointed as trustee of the estate of FM1 and FM2 (the “**Trustee**”).
4. The Trustee shall give security in cash or by bond without delay, in accordance with subsection 16(1) of the *Bankruptcy and Insolvency Act* (Canada).
5. The costs of and incidental to the within application and Bankruptcy Order shall be paid to Four Squared on a solicitor and client full indemnity basis out of the assets of the FM1 and FM2 estates, without the necessity of a taxation.

J.C.Q.B.A.