Form 49
[Rule 13.19]

Clerk's stamp: CLERK OF THE COURT FILED MAY - 7 2012 JUDICIAL CENTRE OF CALGARY

COURT FILE NUMBER	1101-17318
COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	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 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.,**
DOCUMENT	**SUPPLEMENTAL AFFIDAVIT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	FMC LAW David W. Mann / David LeGeyt Fraser Milner Casgrain LLP Bankers Court 15th Floor, 850 - 2nd Street S.W. Calgary, Alberta T2P 0R8 Ph. (403) 268-7097/3075 Fx. (403) 268-3100 File No.: 548427-1

SUPPLEMENTAL AFFIDAVIT OF KYLE BROWN

Sworn on May 3, 2012

I, Kyle Brown, of the City of Calgary, in the Province of Alberta, Professional Engineer, SWEAR AND SAY THAT:

1. I am directly or through my company a creditor of Legacy Communities Inc. ("**Legacy**") in the original principal amount of $25,000.00, and a creditor of Airdrie Capital Corporation ("**ACC**") in the original principal amount of $120,000.00. I have been personally involved in the events

hereinafter deposed to, and as such I have personal knowledge thereof, except where stated to be based on information and belief, and where so stated, I do verily believe the same to be true.

2. I make this Affidavit to supplement the Affidavit I swore in these proceedings on April 11, 2012 in support of the application by the UCC for the appointment of a CRO. Capitalized terms not otherwise defined in this Affidavit are given the meaning ascribed to them in my April 11, 2012 Affidavit.

Update – Proxies

3. In my April 11, 2012 Affidavit I gave evidence respecting the number of Proxy Forms submitted to the UCC. Since April 11, 2012 the UCC has received numerous additional Proxy Forms. The number of Proxy Forms which the UCC has obtained as of May 3, 2012 is set out on the spreadsheet attached as Exhibit "**A**". The notes in Exhibit "A" contain various analyses in respect of the number of Proxy Forms submitted to the UCC. The UCC continues to receive additional Proxy Forms almost every day.

Railside and Foundation Place – Prospective UCC Members and Investor Demographics

4. Attached and marked as Exhibit "**B**" are copies of the Proxy Forms which the UCC has received from Mr. Eldon Schechtel, Ms. Carol Cooper, Mr. James Roemmich, Mr. Reg Slaymaker, and Mr. Pentti Makila which indicate those individuals support the appointment of a CRO in these proceedings. These individuals are, subject to approval by this Honourable Court, the new UCC members for Railside, Foundation Place and Legacy.

5. Attached and marked as Exhibit "**C**" is a chart which shows the number of investors that have invested money with Railside and Foundation Place, as well as a breakdown of the relative size of their investments.

Engagement of Keith Prosser

6. Counsel to the UCC has recently engaged Keith Prosser in connection with these proceedings, and Mr. Prosser has been informing himself about the Debtors and these proceedings. On Wednesday, May 2, 2012 Mr. Prosser, UCC member Doug Nysetvoldt, and legal counsel to the UCC attended the Debtors' office to review the documents in the Debtors' "data room". The data room consisted of approximately 12 binders of information which did not materially add to the UCC's knowledge base.

Discussions with Monitor and Debtor's Recent Communications

7. Attached and marked as Exhibit "**D**" is a copy of an email sent by the UCC's legal counsel to the Monitor on May 6, 2012, which contains recent communications sent by the Debtors on the topic of CRO.

Cross-Examination of Ron Aitkins

8. I have reviewed the transcript of the cross-examination of Ronald Aitkens which occurred on April 24, 2012 and I am concerned that Mr. Aitkens has given dishonest testimony in two regards.

9. First, Mr. Aitkens testifies on page 10 of his transcript, a copy of which is attached as Exhibit "**E**", that he is not associated with, and not involved in the business in any way, of a company which

is referred to as FM3. Attached to my Affidavit and marked as Exhibit "**F**" is a copy of the Offering Memorandum for FM3 which shows:

(a) Ron Aitkens is listed as a promoter and shareholder (page 10);

(b) Ron Aitkens is listed as being involved with numerous entities that have contractual relationships with FM3 (pages 12 and 18); and

(c) The balance sheet is signed by Ron Aitkens as a director of the company (page 35).

10. Attached and marked as Exhibit "**G**" is a current corporate search on FM3 which shows that Mr. Aitkens is a 27.5% shareholder of the company.

11. Secondly, on pages 42-44 of Mr. Aitkens' transcript, a copy of which is attached Exhibit "**H**", Mr. Aitkens testifies that the Debtors have not been meeting with the sales agents who sold the investments to Bondholders, and have not been using these agents to solicit proxies against the appointment of a CRO.

12. I am aware that throughout these proceedings Debtors have had numerous meetings with agents. In fact, in late January, 2012 I attended a meeting on behalf of the UCC which the Debtors organized for these sales agents. Attached as Exhibit "**I**" is a copy of an email I sent shortly after that meeting which describes the contents of that meeting.

13. Moreover, attached and marked as Exhibits "**J**" is an email message sent by the Debtors' investor relations group to sales agents which invites these agents to a meeting called by the Debtors on March 21, 2012, and attached and marked as Exhibit "**K**" is a copy of an email from May 6, 2012 asking agents to continue to support the "NO CRO" campaign which the Debtors have been implementing.

14. For the foregoing reasons I believe that Mr. Aitkens has given dishonest testimony in these proceedings.

15. I make this Affidavit in support of the UCC's application for a CRO.

SWORN BEFORE ME)
at Calgary, Alberta, this 7th day of May, 2012)
)
)

(Commissioner for Oaths
in and for the Province of Alberta)
David LeGeyt
Barrister & Solicitor
PRINT NAME AND EXPIRY/LAWYER

(Signature)

Kyle Brown

EXHIBIT “A”

Proxies Submitted In Favor of CRO: As of May 2st, 2012

	Attendance	Eligible	Proxy Submitted	% of Support
Edmonton 2	160	147	86	59%
Calgary 1	178	172	131	76%
Red Deer 1	120	88	50	57%
Total From Meetings	**458**	**407**	**267**	**66%**
Proxies sumbitted from Investors Not Attending Meeting			335	
Total Proxies Signed			**602**	
Total Investors Signed Up for Website		**764**	**602**	**78.80%**

	Value of Proxies	Total Funds $$	% of Invested
Airdrie Investors	$ 4,302,400.00	$14,738,500.00	29.19%
Legacy Investors	$ 9,330,600.00	$35,403,800.00	26.35%
Railside Investors	$ 5,512,620.20	$34,233,299.10	16.10%
Foundation Place Inv	$ 1,718,697.00	$ 8,513,505.00	20.19%
	$ 20,864,317.20		

Notes:

1) The UCC only has access to mailing addresses.

2) Only Legacy and Airdrie Investors were invited to attend the meetings approximately approximately 1600 investors .

3) Only 458 investors attended the three meetings put on by the UCC. Of those only 407 investors were eligible to sign a proxy, (some investors came with spouses) or investors came that were invested in other projects

4) Of the investors that attended the meetings and were eligible to sign a proxy 66% signed in support of the CRO.

5) Many agents attended the meetings attempting to sway the investors. Many investors were given false information about the CRO so that they would not support the CRO.

6) Many investors are invested in Multiple projects, in light of this the UCC has merged the lists to understand how many actual investors there are between the four projects There are a total of 3099 actual Investors when removing duplicates.

7) There are 764 investors that have signed up for our website to gain access to all of the information and give the UCC email addresses in order for the UCC to communicate.

THIS IS EXHIBIT "A"
referred to in the Affidavit of
Kyle Brown
Sworn before me this 7
Day of May A.D. 2012

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

David LeGeyt
Barrister & Solicitor

EXHIBIT “B”

ACKNOWLEDGEMENT AND CONSENT

In the Matter of the *Companies Creditors' Arrangement Act* (Canada), Legacy Communities Inc., and Airdrie Capital Corporation, Airdrie Country Estates Inc., Railside Capital Inc., Railside Industrial Park Capital Inc., Foundation Place Capital Inc., and Foundation Place Inc. (collectively the "Debtors") (the "CCAA Proceedings")

TO WHOM IT MAY CONCERN,

I, 1213651 Alberta Ltd, a creditor of:

- [ ] Legacy Communities Inc., in the original principal amount of $________
- [ ] Airdrie Capital Corporation, in the original principal amount of $________
- [x] Railside Capital Inc., in the original principal amount of $ 200,000.00
- [ ] Foundation Place Capital Inc., in the original principal amount of $________

HEREBY ACKNOWLEDGE THAT:

1. I support the Unsecured Creditors Committee seeking the appointment of a qualified Chief Restructuring Officer with experience in real estate development and dealing with large numbers of investors to assume management of the Debtors in the CCAA proceedings for the purpose of (i) communicating with the Unsecured Creditors Committee, (ii) considering all viable business options for the Debtors with a view to presenting a plan of arrangement acceptable to the creditors of the Debtors, and (iii) otherwise maximizing the value of these estates for the benefit of the stakeholders.

2. I consent to this document being used in evidence to support the foregoing and anything reasonably associated with the foregoing.

Signature

Eldon Sebechtel

Date: April 16/12

THIS IS EXHIBIT "B"
referred to in the Affidavit of
Kyle Brown
Sworn before me this 7
Day of May A.D. 2012

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

David LeGeyt
Barrister & Solicitor

ACKNOWLEDGEMENT AND CONSENT

In the Matter of the *Companies Creditors' Arrangement Act* (Canada), Legacy Communities Inc., and Airdrie Capital Corporation, Airdrie Country Estates Inc., Railside Capital Inc., Railside Industrial Park Capital Inc., Foundation Place Capital Inc., and Foundation Place Inc. (collectively the "Debtors") (the "CCAA Proceedings")

TO WHOM IT MAY CONCERN,

I, CAROL COOPER, a creditor of:

☒ Legacy Communities Inc., in the original principal amount of $ 20,000.00

☐ Airdrie Capital Corporation, in the original principal amount of $________

☒ Railside Capital Inc., in the original principal amount of $ 100,000.00

☐ Foundation Place Capital Inc., in the original principal amount of $________

HEREBY ACKNOWLEDGE THAT:

1. I support the Unsecured Creditors Committee seeking the appointment of a qualified Chief Restructuring Officer with experience in real estate development and dealing with large numbers of investors to assume management of the Debtors in the CCAA proceedings for the purpose of (i) communicating with the Unsecured Creditors Committee, (ii) considering all viable business options for the Debtors with a view to presenting a plan of arrangement acceptable to the creditors of the Debtors, and (iii) otherwise maximizing the value of these estates for the benefit of the stakeholders.

2. I consent to this document being used in evidence to support the foregoing and anything reasonably associated with the foregoing.

Carol Cooper

Signature

Date: March 28/2012

ACKNOWLEDGEMENT AND CONSENT

In the Matter of the *Companies Creditors' Arrangement Act* (Canada), Legacy Communities Inc., and Airdrie Capital Corporation, Airdrie Country Estates Inc., Railside Capital Inc., Railside Industrial Park Capital Inc., Foundation Place Capital Inc., and Foundation Place Inc. (collectively the "Debtors") (the "CCAA Proceedings")

TO WHOM IT MAY CONCERN,

I, James (Jim) Roemmich, a creditor of:

☐ Legacy Communities Inc., in the original principal amount of $______

☐ Airdrie Capital Corporation, in the original principal amount of $______

☑ Railside Capital Inc., in the original principal amount of $ 35,000

☑ Foundation Place Capital Inc., in the original principal amount of $ 75,000

HEREBY ACKNOWLEDGE THAT:

1. I support the Unsecured Creditors Committee seeking the appointment of a qualified Chief Restructuring Officer with experience in real estate development and dealing with large numbers of investors to assume management of the Debtors in the CCAA proceedings for the purpose of (i) communicating with the Unsecured Creditors Committee, (ii) considering all viable business options for the Debtors with a view to presenting a plan of arrangement acceptable to the creditors of the Debtors, and (iii) otherwise maximizing the value of these estates for the benefit of the stakeholders.

2. I consent to this document being used in evidence to support the foregoing and anything reasonably associated with the foregoing.

J. Roemmich
Signature

Date: Apr. 17/12

ACKNOWLEDGEMENT AND CONSENT

In the Matter of the *Companies Creditors' Arrangement Act* (Canada), Legacy Communities Inc., and Airdrie Capital Corporation, Airdrie Country Estates Inc., Railside Capital Inc., Railside Industrial Park Capital Inc., Foundation Place Capital Inc., and Foundation Place Inc. (collectively the "Debtors") (the "CCAA Proceedings")

TO WHOM IT MAY CONCERN,

I, Reg Slaymaker, a creditor of:

☐ Legacy Communities Inc., in the original principal amount of $__________

☐ Airdrie Capital Corporation, in the original principal amount of $__________

☐ Railside Capital Inc., in the original principal amount of $__________

☒ Foundation Place Capital Inc., in the original principal amount of $ 100,000.00

HEREBY ACKNOWLEDGE THAT:

1. I support the Unsecured Creditors Committee seeking the appointment of a qualified Chief Restructuring Officer with experience in real estate development and dealing with large numbers of investors to assume management of the Debtors in the CCAA proceedings for the purpose of (i) communicating with the Unsecured Creditors Committee, (ii) considering all viable business options for the Debtors with a view to presenting a plan of arrangement acceptable to the creditors of the Debtors, and (iii) otherwise maximizing the value of these estates for the benefit of the stakeholders.

2. I consent to this document being used in evidence to support the foregoing and anything reasonably associated with the foregoing.

R V Slaymaker
Signature

Date: April 17/2012

5717765_1|CALDOCS

<u>**ACKNOWLEDGEMENT AND CONSENT**</u>

In the Matter of the *Companies Creditors' Arrangement Act* (Canada), Legacy Communities Inc., and Airdrie Capital Corporation, Airdrie Country Estates Inc., Railside Capital Inc., Railside Industrial Park Capital Inc., Foundation Place Capital Inc., and Foundation Place Inc. (collectively the "Debtors") (the "CCAA Proceedings").

TO WHOM IT MAY CONCERN,

I, Pentti Makila, a creditor of:

☑ Legacy Communities Inc., in the original principal amount of $138,200.00

☐ Airdrie Capital Corporation, in the original principal amount of $__________

☐ Railside Capital Inc., in the original principal amount of $__________

☐ Foundation Place Capital Inc., in the original principal amount of $__________

HEREBY ACKNOWLEDGE THAT:

1. I support the Unsecured Creditors Committee seeking the appointment of a qualified Chief Restructuring Officer with experience in real estate development and dealing with large numbers of investors to assume management of the Debtors in the CCAA proceedings for the purpose of (i) communicating with the Unsecured Creditors Committee, (ii) considering all viable business options for the Debtors with a view to presenting a plan of arrangement acceptable to the creditors of the Debtors, and (iii) otherwise maximizing the value of these estates for the benefit of the stakeholders.

2. I consent to this document being used in evidence to support the foregoing and anything reasonably associated with the foregoing.

____
Signature

Date: March 23/2012

EXHIBIT “C”

Legacy Investor Demographics - Per Amount Invested

Total Investments	1473	
Total Raised	$ 35,503,700.00	
Avg Investment Amount / Investment	$ 24,102.99	
	# of Investments	**Percentage Of Total Raised**
# of Investors That Have Under $10,000	588	39.92%
# of Investors That Have Under $20,000	985	66.87%
# of Investors That Have Under $50,000	1377	93.48%
# of Investors That Have Over $50,001	96	6.52%

Aidrie Investor Demographics - Per Amount Invested

Total Investments	678	
Total Raised	$ 14,738,500.00	
Avg Investment Amount / Investment	$ 21,738.20	
	# of Investments	**Percentage Of Total Raised**
# of Investors That Have Under $10,000	304	44.84%
# of Investors That Have Under $20,000	499	73.60%
# of Investors That Have Under $50,000	635	93.66%
# of Investors That Have Over $50,001	43	6.34%

Railside Investor Demographics - Per Amount Invested

Total Investments	1468	
Total Raised	$ 34,233,299.10	
Avg Investment Amount / Investment	$ 23,319.69	
	# of Investments	**Percentage Of Total Raised**
# of Investors That Have Under $10,010	550	37.47%
# of Investors That Have Under $20,020	966	65.80%
# of Investors That Have Under $50,050	1353	92.17%
# of Investors That Have Over $50,051	113	7.70%

Foundation Place - Investor Demographics - Per Amount Invested

Total Investments	405	
Total Raised	$ 8,513,505.00	
Avg Investment Amount / Investment	$ 21,021.00	
	# of Investments	**Percentage Of Total Raised**
# of Investors That Have Under $10,010	154	38.02%
# of Investors That Have Under $20,020	280	69.14%
# of Investors That Have Under $50,050	387	95.56%
# of Investors That Have Over $50,051	18	4.44%

Summary:

Total Investments (Not per person)	4024
Total Investors (Removing Duplicates	3099
Total Funds Raised	$ 92,989,004.10
Average Invested / Investment	$ **23,108.60**

THIS IS EXHIBIT "C"
referred to in the Affidavit of
Kyle Brown
Sworn before me this 7
Day of May A.D. 2012

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

David LeGeyt
Barrister & Solicitor

EXHIBIT “D”

LeGeyt, David

From: Mann, David
Sent: Sunday, May 06, 2012 10:56 AM
To: Neil.Narfason@ca.ey.com
Cc: LeGeyt, David
Subject: Legacy/Airdrie, etc. - CRO
Attachments: Fw: Why you should support a move for NO CRO.; FW: 2nd Reminder of your vote for NO CRO; order (chief restructuring officer).DOC

Hi Neil,

Further to our conversation Friday, attached is a word version of the form of CRO appointment order filed with our materials. If you have thoughts on ways this may be amended so as to reach some accord with the Companies, then we're happy to consider it.

As I mentioned, we've made numerous overtures to the Debtors, but none seem to have gained any traction. I put propositions to the Debtors on March 28, and again on April 4, but they were unsuccessful. Consistent with those discussion, and as I mentioned Friday, the points that are important to the UCC are as follows.

1. Identity. The UCC thinks Keith Prosser is essential.

2. Powers. The key areas that the UCC wants a CRO to have responsibility for are as follows:

a) interim financing;

b) exit financing;

c) negotiations with all non-arms' length parties;

d) interim development steps (if any);

e) plan development and implementation, subject to existing time lines.

THIS IS EXHIBIT "D" referred to in the Affidavit of Kyle Brown Sworn before me this 7 Day of May A.D. 2012

A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

David LeGeyt
Barrister & Solicitor

You'll see that the UCC would like the CRO to be doing these things - the UCC is not interested in itself having any "consent" rights or other direct responsibility for these topics. Moreover, the UCC is not interested in invoking any sort of receivership - it is not seeking that the CRO should have possession or custody of the assets, the power to sell assets, the power to distribute proceeds, or investigative powers.

As previously mentioned, we've engaged Mr. Prosser as an advisor to FMC in the short term. As a result, he's generally up to speed on matters and should not slow this process down. In fact, he was in attendance with ourselves and a representative of the UCC when they attended the "data room" last week. As I've mentioned to you in the past - he's also happy to speak with you on any relevant matters and certify that he has no financial interests in these companies - or any related companies. If appointed, I have no doubt that he'd work closely with your office on all fronts, streamline the effectiveness of the UCC, and work with the various constituent members in respect of their particular projects.

We continue to be available to have a dialogue with the Monitor and the Debtors on this topic. While we consider this correspondence to be "with prejudice", we don't think it's productive to lob such letters back and forth with the Company simply for the purpose of building some sort of campaign fodder for a shadow election for a CRO. The companies latest two messages to the investors are attached (the latter of which I gather has been sent out multiple times - including 6:00 a.m. this morning). Our view is that such correspondence is misleading, disparaging to the UCC, confusing to the larger investor group who aren't familiar with what is going on, and not productive to getting on with this restructuring.

Dave and/or I are around all day if you'd like to discuss matters.

Regards,

Dave

LeGeyt, David

From: Earl Lawson [earl.lawson@yahoo.com]
Sent: Friday, May 04, 2012 10:42 PM
To: Mann, David
Subject: Fw: Why you should support a move for NO CRO.
Attachments: Sign Up Letter V2.doc; Why you should support NO CRO.pdf

Hi David
How much of this is true.
Earl & Esther Lawson

----- Forwarded Message -----
From: Investor Communications <investorcommunications@theharvestgroup.ca>
To: Esther Lawson <earl.lawson@yahoo.com>
Sent: Friday, May 4, 2012 9:12:13 AM
Subject: Why you should support a move for NO CRO.

Dear Esther,

Attached is an announcement sent on the behalf of:

Airdrie Country Estates.
Legacy Communities.
Railside Inc.
Foundation Place.

Regards,

HARVEST Group of Companies
#18, 11410 27th Street SE
Calgary, AB T2Z 3R6
(403) 253-5822
(866) 312-8720
www.theharvestgroup.ca

Thursday May 3, 2012

Dear Esther Lawson,

The UCC, representing a minority of investors, has made an application to the Court for the appointment of Keith Prosser as Chief Restructuring Officer (CRO). This application will be heard on May 10, 2012.

As an investor you will need to make a decision to either support or to reject the appointment of a CRO to take control of your investment.

The management of Legacy Communities, Airdrie Country Estates, Railside Industrial Inc. and Foundation Place are requesting that you to sign the proxy vote for **"No CRO".**

Our rationale for this strong position is summarized below;

- The CCAA process is very expensive with all cost being paid by the Investors. It is imperative that the restructuring plan be presented to Investors for a vote as quickly as possible to make the process as cost effective as possible. This is the best way to limit the costs and preserve value for the Investors. Legacy and Airdrie Country Estates are scheduled to complete the CCAA process in June 2012. In our view, and that of knowledgable professionals, the appointment of a CRO will add months of expensive delays.

- The UCC has negotiated a fee of $20,000 per month for the CRO. This is the only expense disclosed. One should question: Are there additional costs, such as support staff, fees to land development experts, office rental costs, office equipment costs, utilities, etc? Is there more to be disclosed? Management does not believe that $20,000 per month is a realistic figure to operate land development projects of this size and complexity.

- It continues to be our view that any delays in getting out of the CCAA process will only add unnecessary costs. For instance, the legal costs of the UCC alone are $148,000 as of the end of March. Many investors have questioned the value of what these fees have accomplished. Investors need answers.

- The companies have also incurred significant legal fees, but most of these fees have been used to generate the base information necessary for the CCAA and to prepare the financing and restructuring documents leading to the vote by Investors.

- It is important to understand that upon exiting CCAA, you the investors, will elect a board of directors comprised of fellow investors which will enable you to have the power to control the 'go forward' plan for your investment. In our view, only once an elected Board of Directors is chosen can investors have a direct influence on who is chosen to manage the projects.

We believe that Investors must be able to control the decisions in their investment, which is why it is important to not slow or delay the exit of the CCAA process.

The UCC can provide an important and critical function during the CCAA process. As of April 11, 2012 an affidavit by Kyle Brown of the UCC states that the UCC represented 300 investors being only 7% of the over 4,000 investors involved in these four (4) companies. In the interest of fairness, Management has proposed that there be an election process for a new UCC thereby giving the investors a say in who actually represents their interests. To date we have no response.

Please consider signing the proxy vote to support "No CRO" to allow for a prompt conclusion to the CCAA process in the coming weeks and to allow investors to gain control of their investment through an orderly, democratic and cost effective process.

If you have sent in your NO CRO form already, we thank you and you do not need to send it again.

Regards,

Airdrie Country Estates. **Legacy Communities.** **Railside Industrial Park.** **Foundation Place.**

Airdrie Country Estates
Legacy Communities
Foundation Place Capital Inc.
Railside Capital Inc.

I ____________________________________, am a Bondholder in:
(Print name)

___________________________________ (Company/ Investment) ___________________________________ (Amount invested)

___________________________________ (Company/ Investment) ___________________________________ (Amount invested)

I DO NOT SUPPORT the application to the made by the Unsecured Creditors Committee (UCC) to appoint a Chief Restructuring Officer (CRO) to be heard by Court of Queen's Bench on May 10, 2012. I will continue to support the Company and its Management to complete the CCAA process as quickly as possible.

Signed this ________ day of May, 2012

____
Signature

Please Fax or email your responses to the Companies' Office
Investorcommunications@theharvestgroup.ca
Investorrelations@theharvestgroup.ca
FAX: 403.253.5820
Phone:403.253.5822

Thursday May 3, 2012

Dear Investor,

The UCC, representing a minority of investors, has made an application to the Court for the appointment of Keith Prosser as Chief Restructuring Officer (CRO). This application will be heard on May 10, 2012.

As an investor you will need to make a decision to either support or to reject the appointment of a CRO to take control of your investment.

The management of Legacy Communities, Airdrie Country Estates, Railside Industrial Inc. and Foundation Place are requesting that you to sign the proxy vote for **"No CRO".**

Our rationale for this strong position is summarized below;

- The CCAA process is very expensive with all cost being paid by the Investors. It is imperative that the restructuring plan be presented to Investors for a vote as quickly as possible to make the process as cost effective as possible. This is the best way to limit the costs and preserve value for the Investors. Legacy and Airdrie Country Estates are scheduled to complete the CCAA process in June 2012. In our view, and that of knowledgable professionals, the appointment of a CRO will add months of expensive delays.

- The UCC has negotiated a fee of $20,000 per month for the CRO. This is the only expense disclosed. One should question: *Are there additional costs, such as support staff, fees to land development experts, office rental costs, office equipment costs, utilities, etc? Is there more to be disclosed?* Management does not believe that $20,000 per month is a realistic figure to operate land development projects of this size and complexity.

- It continues to be our view that any delays in getting out of the CCAA process will only add unnecessary costs. For instance, the legal costs of the UCC alone are $148,000 as of the end of March. Many investors have questioned the value of what these fees have accomplished. Investors need answers.

- The companies have also incurred significant legal fees, but most of these fees have been used to generate the base information necessary for the CCAA and to prepare the financing and restructuring documents leading to the vote by Investors.

- It is important to understand that upon exiting CCAA, you the investors, will elect a board of directors comprised of fellow investors which will enable you to have the power to control the 'go forward' plan for your investment. In our view, only once an elected Board of Directors is chosen can investors have a direct influence on who is chosen to manage the projects.

We believe that Investors must be able to control the decisions in their investment, which is why it is important to not slow or delay the exit of the CCAA process.

The UCC can provide an important and critical function during the CCAA process. As of April 11, 2012 an affidavit by Kyle Brown of the UCC states that the UCC represented 300 investors being only 7% of the over 4,000 investors involved in these four (4) companies. In the interest of fairness, Management has proposed that there be an election process for a new UCC thereby giving the investors a say in who actually represents their interests. To date we have no response.

Please consider signing the proxy vote to support "No CRO" to allow for a prompt conclusion to the CCAA process in the coming weeks and to allow investors to gain control of their investment through an orderly, democratic and cost effective process.

If you have sent in your NO CRO form already, we thank you and you do not need to send it again.

Regards,

Airdrie Country Estates. **Legacy Communities.** **Railside Industrial Park.** **Foundation Place.**

LeGeyt, David

From: Kyle Brown [brownke@shaw.ca]
Sent: Sunday, May 06, 2012 10:38 AM
To: Mann, David
Subject: FW: 2nd Reminder of your vote for NO CRO
Attachments: Sign Up Letter V2.doc

From: "Investor Communications" <investorcommunications@theharvestgroup.ca>
Date: Sun, 06 May 2012 06:37:17 -0600
Subject: 2nd Reminder of your vote for NO CRO

Dear ,

On Thursday May 3, the Companies of Airdrie Country Estates, Legacy Communities, Foundation Place Capital Inc. and Railside Capital Inc. sent you an email advising you of the Court Application to be heard on May 10,2012.

If you are in opposition to the appointment of a CRO, then the deadline for return of forms to the company is;

MONDAY MAY 7, 2012

The companies are FULLY Committed to supporting the Monitor in the final phase of the CCAA process.

- DESIGN OF THE RESTRUCTURING PLAN
- MONITOR SUPERVISED VOTE ON
    - RESTRUCTURING PLAN
    - AN INVESTOR-ELECTED BOARD OF DIRECTORS READY TO DIRECT THE FUTURE OF THE COMPANY
- EMERGENCE FROM CCAA

CCAA is an expensive process paid by the investors. Our goal is to complete the CCAA process for Airdrie Country Estates and Legacy Communities during the month of June. Railside Industrial and Foundation Place will follow later in the summer.

The companies will vigorously oppose any action or activity that delays or threatens this schedule.

We encourage all Investors who have not previously done so, to consider this important issue and if you oppose the appointment of a CRO, sign and return the attached form to the Companies ASAP.

If you have sent in your NO CRO form already, we thank you and you do not need to send it again.

If you have any questions, please contact

Investor Relations @ 403-253-5822
investorrelations@theharvestgroup.ca

Regards,

Airdrie Country Estates
Legacy Communities
Foundation Place Capital Inc.
Railside Capital Inc.

Airdrie Country Estates
Legacy Communities
Foundation Place Capital Inc.
Railside Capital Inc.

I ____, am a Bondholder in:
(Print name)

_______________________________ (Company/ Investment)   _______________________________ (Amount invested)

_______________________________ (Company/ Investment)   _______________________________ (Amount invested)

I DO NOT SUPPORT the application to the be made by the Unsecured Creditors Committee (UCC) to appoint a Chief Restructuring Officer (CRO) to be heard by Court of Queen's Bench on
May 10, 2012. I will continue to support the Company and its Management to complete the CCAA process as quickly as possible.

Signed this ________ day of May, 2012

____
Signature

Please Fax or email your responses to the Companies' Office
Investorcommunications@theharvestgroup.ca
Investorrelations@theharvestgroup.ca
FAX: 403.253.5820
Phone:403.253.5822

DRAFT

SCHEDULE "A"

Form 27
[Rules 6.3 and 10.52(1)]

Clerk's stamp:

COURT FILE NUMBER	1101-17318
COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	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 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.**
DOCUMENT	**ORDER (CHIEF RESTRUCTURING OFFICER)**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	David W. Mann / David LeGeyt FRASER MILNER CASGRAIN LLP BANKERS COURT 15TH FLOOR, 850 - 2ND STREET S.W. CALGARY, ALBERTA T2P 0R8 PH. (403) 268-7097/3075 FX. (403) 268-3100 FILE NO.: 548427-1

DATE ON WHICH ORDER WAS PRONOUNCED: Tuesday, the 17th day of April, 2012

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

ORDER

UPON the application of the Unsecured Creditors' Committee (the "**UCC**"); **AND UPON** reading the Affidavit of Mr. Kyle Brown sworn April 11, 2012, (the "**Affidavit**"); **AND UPON** hearing from counsel for 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. (the

"**Debtors**"), counsel for the UCC, counsel for Ron Aitkens, and counsel for Ernst & Young Inc. (the "**Monitor**");

IT IS HEREBY ORDERED THAT:

SERVICE

1. The time for service and filing of this Application and supporting materials is hereby abridged and this Motion is properly returnable today and, further, that service thereof upon any interested party other than the persons served is hereby dispensed with.

CHIEF RESTRUCTURING OFFICER

2. NAVIS Solutions Inc. and its President, Keith Prosser, be and is hereby appointed as chief restructuring officer of the Debtors (the "**CRO**") with authority to carry on, manage, operate and supervise the management and operation of the business and affairs of the Debtors (the "**Business**"), including all the real and personal property of the Debtors (the "**Property**"), and to retain or appoint persons to manage and operate the Business or any part thereof and to act at once until further order of this Court, on the terms and conditions of this Order.

3. The CRO shall have and may exercise and perform the following powers, responsibilities and duties (collectively the "**CRO Powers**"):

   (a) to take such steps as the CRO deems necessary or desirable to preserve and protect the Business and the Property;

   (b) manage the Business in the name of and on behalf of the Debtors;

   (c) take such steps as in the opinion of the CRO are necessary or appropriate to maintain control over all receipts and disbursements of the Debtors including, without limiting the generality of the foregoing, take such steps as are necessary or desirable to control and use all bank accounts of the Debtors;

   (d) ensure that Keith Prosser or such other persons as he designates in writing (each, a "**CRO Signing Officer**") shall become signing officers of all bank accounts of the Debtors and the Debtors' banks are hereby directed, when notified in writing by the CRO, to revoke any existing signing authorities and act on the instructions only of such CRO Signing Officers;

   (e) to lead the process to determine the viability of dealing with the Properties and, if appropriate, seeking alternatives in respect of the refinancing (whether interim or otherwise), development or sale of the Property or any part thereof, and issuing recommendations in respect thereof, and to otherwise assess opportunities for the preservation, development, or other monetization of the Property, cost reductions, cash conservation and revenue enhancement and to implement initiatives in respect thereto on behalf of the Debtors;

(f) to do all such things as are reasonably necessary or appropriate to negotiate, develop and implement a plan, or plans, of compromise and/or arrangement on behalf of the Debtors;

(g) to employ or retain and to discharge or terminate such advisors, agents, assistants and employees of the Debtors, and to otherwise deal with human resources and other organization issues of behalf of the Debtors, as the CRO may consider necessary or desirable, provided that such employment shall not constitute the CRO a "successor employer" to the Debtors or any of its subsidiaries within the meaning of any provincial or federal statute or otherwise;

(h) provide instruction and direction to advisors of the Debtors;

(i) represent the Debtors in any negotiations with any party;

(j) collect all receivables of the Debtors and pursue, compromise, or settle all claims by and against the Debtors;

(k) communicate with and provide information to the Monitor and/or the UCC regarding all matters;

(l) such other duties or powers that the CRO may agree to and which are approved by the Monitor or by order of this Court; and

(m) take all such steps and actions, enter into and execute all such agreements and documents and incur such expenses and obligations necessary or incidental to the exercise of the CRO Powers, as are reasonably required to carry out the provisions of this Order, including in the name and on behalf of the Debtors, as applicable.

4. The Debtors and their shareholders, direct and indirect subsidiaries, officers, directors, employees, servants, agents and representatives (the "**Related Persons**") shall cooperate fully with the CRO in the exercise of its powers and discharge of its obligations. Without limiting the generality of the foregoing, all Related Persons shall provide the CRO with such access to the Debtors and their direct and indirect subsidiaries' books, records, assets and premises as the CRO requires to exercise its powers and perform its obligations under this Order.

5. The CRO shall incur no liability or obligation as a result of its engagement or the fulfillment of its duties in the carrying out of the provisions of its engagement or as may be ordered by this Court, save and except for gross negligence or wilful misconduct on its part, and no action or other proceeding shall be commenced against the CRO as a result of or relating in any way to its engagement as CRO, the fulfillment of its duties as CRO or the carrying out of any of the orders of this Court, except with prior leave of this Court and provided further that the liability of the CRO hereunder shall not in any event exceed the quantum of the fees and disbursements paid to or incurred by it in connection with this matter.

6. The Debtors shall pay the CRO's fees and disbursements as follows:

(a) fees in the amount of $20,000/month (excluding GST); and

(b) disbursements as may authorized by either the UCC or the Monitor.

7. The Administration Charge (as defined in the Initial Orders) shall secure the fees and disbursements of the CRO and the Directors' Charge shall secure the indemnities in favour of the CRO hereunder. The aggregate amounts of these Charges are not changed by this Order.

8. The CRO may resign or may be removed by order of this Court. In the event that the CRO resigns or is removed, the UCC, in consultation with the Debtors and the Monitor, shall nominate a replacement and such replacement shall be appointed subject to the approval of this Court.

9. The appointment of the CRO and the granting of powers and responsibilities to the CRO hereunder will not constitute the sale or disposition of the Business or the Property, and such Business and Property will continue to be the Business and Property of the Debtors unless and until sold in whole or in part to a purchaser.

10. The CRO shall be:

(a) free to provide consulting services to other non-competitive businesses provided that it discharges its duties, powers and responsibility as CRO in a diligent and timely fashion;

(b) along with its officers, directors, agents, and advisors indemnified against all claims and liabilities, howsoever arising ((including without limitation (i) all costs, charges and expenses (including legal expenses on a solicitor and its own client, full indemnity basis), and (ii) any amount paid to settle an action or satisfy a judgment, reasonably incurred by the CRO in respect of any civil, criminal or administrative action or proceeding to which the CRO is made a party)) by reason of performing or having performed services under this Agreement unless the CRO is found to have been either grossly negligent or guilty of wilful misconduct by a court of competent jurisdiction;

(c) responsible for deducting, remitting, and paying all insurance, federal and provincial income tax, Canada Pension Plan deductions, Employment Insurance Premiums and Workers' Compensation coverage ("**Taxes**") for itself and any persons it employs;

(d) subject to the supervisory jurisdiction of the Court.

11. The CRO, the Debtors, the UCC, or the Monitor may apply to this Court from time to time for advice and directions concerning its powers and duties or any other relevant matter.

12. None of the CRO or Keith Prosser or any of the employees or consultants of the CRO shall be deemed to be a director of any of the Debtors.

VARIATION OF INITIAL ORDER

13. The phrase "Applicants or the Monitor" appearing in paragraphs 13 of the Order granted in this matter by Madam Justice B.E.C. Romaine on December 21, 2011 (the "Legacy Initial Order") and paragraph 13 of the Order granted in this matter by Madam Justice B.E.C. Romaine on March 21, 2012 (the "Foundation Initial Order") is hereby amended to the following:

"Applicants, the Chief Restructuring Officer ("CRO"), or the Monitor".

14. The phrase "Applicants or the Monitor" appearing in paragraphs 14 and 45 of the Legacy Initial Order and paragraph 14 and 46 of the Foundation Initial Order (collectively the "Initial Orders") is hereby amended to the following:

    "Applicants, the CRO, or the Monitor".

15. The phrase "to the Monitor" appearing in paragraph 15 Initial Orders is hereby amended to the following:

    "to the Monitor and the CRO".

16. The phrase "Applicants and the Monitor" appearing in paragraphs 16, 17, 35(b), 44, 49, and 50 of the Legacy Initial Order and paragraphs 16, 17, 35(b), 44, 50, and 51 of the Foundation Initial Order is hereby amended to the following:

    "Applicants, the CRO, and the Monitor".

17. The phrases "assist the Applicants" and "in its dissemination" appearing in paragraph 24(c) of the Initial Orders are hereby respectively amended to the following:

    "assist the Applicants and the CRO" and "in the dissemination".

18. The phrase "advise the Applicants in its" appearing in paragraphs 24(d) and (e) of the Initial Orders is hereby amended to the following:

    "advise the Applicants and the CRO in the".

19. The phrase "advise the Applicants, to the extent required by the Applicants" appearing in paragraph 24(f) of the Initial Orders is hereby amended to the following:

    "advise the Applicants and the CRO, to the extent required by the Applicants and the CRO".

20. The phrase "the Monitor, counsel to the Monitor and counsel to the Applicants" appearing in paragraph 28 of the Initial Orders is hereby amended to the following:

    "the Monitor, the CRO, counsel to the Monitor, and counsel to the Applicants".

21. Paragraph 29 of the Initial Orders is hereby replaced by the following:

    "The CRO, the Monitor, and the Monitor's legal counsel shall pass their accounts from time to time".

22. The phrases "the Monitor, counsel to the Monitor", "the Monitor and such counsel", and "the Monitor and counsel" appearing in paragraph 30 of the Initial Orders are hereby respectively amended to the following:

    "the CRO, the Monitor, counsel to the Monitor", "the CRO, the Monitor, and such counsel", and "the CRO, the Monitor, and counsel".

23. The phrase "consent of the Monitor" appearing in paragraph 40 of the Initial Orders is hereby amended to the following:

> "consent of the CRO and the Monitor".

24. The phrase "assistance to the Applicants and to the Monitor, as an officer of this Court" appearing in paragraph 48 of the Legacy Initial Order and paragraph 49 of the Foundation Initial Order is hereby amended to the following:

> "assistance to the Applicants and to the Monitor and CRO, as officers of this Court".

25. The phrase "grant representative status to the Monitor" appearing in paragraph 48 of the Legacy Initial Order and paragraph 49 of the Foundation Initial Order is hereby amended to the following:

> "grant representative status to the Monitor and the CRO".

B.E.C. ROMAINE
Justice of the Court of Queen's Bench of Alberta

EXHIBIT “E”

estate development; is that correct?
A. Correct.
Q. And you have worked with him before on other projects; is that correct?
A. That's correct.
Q. And, in fact, he is a director of some other companies you're associated with?
A. I'm not aware of any companies, but if you tell me the names of the companies, I may be able to...
Q. I believe he's a director of FM3, if you know what I'm referring to?
A. Yes, but that's not one of my -- I'm not associated with that company, so...
Q. Okay, but to your knowledge, Mr. Winter is a director?
A. Correct, yes.
Q. And you're not a director of that company?
A. No.
Q. Not an employee or an officer --
A. No.
Q. -- involved in the business of that company in any way?
A. No.
Q. Okay, but in any event, you've known Noel Winter for some time? You've worked with --
A. Yes.
Q. -- you've worked with him before?
A. Yes.

THIS IS EXHIBIT " E " referred to in the Affidavit of Kyle Brown
Sworn before me this 7 Day of May A.D. 2012
A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA
David LeGeyt
Barrister & Solicitor

EXHIBIT “F”

THIS IS EXHIBIT "F"
referred to in the Affidavit of
Kyle Brown
Sworn before me this 7
Day of May A.D. 2012
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
David LeGeyt
Barrister & Solicitor

Offering Memorandum

FOUNDATION MORTGAGE "3" CORPORATION

June 7, 2010

The Issuer:	Foundation Mortgage "3" Corporation	("FM3C", the "Corporation" or the "Issuer")
Address:	#18, 11410 - 27th Street SE Calgary, Alberta, T2Z 3R6	
Phone #:	(403) 253-8854	
Fax #:	(403) 253-5820	
Email:	info@foundationcapital.ca	

These securities do not trade on any exchange or market. The issuer is not a reporting issuer or a SEDAR filer.

The Offering

Securities Offered	9% Series A Mortgage Bonds ("9% Bonds") 10% Series A Mortgage Bonds ("10% Bonds") (referred to herein collectively as the "Bonds" the "bonds" or the "securities")
Price	$100 per $100 Principal Amount
Minimum Offering	$1,000,000
Maximum Offering	$15,000,000 (Maximum of $2,500,000 of 10% Bonds)
Minimum Individual Subscription	$10,000
Payment Terms	Payment in full by personal or certified cheque, trust cheque, or bank draft of the subscription price is to be made with the delivery of a duly executed and completed Subscription Agreement. **See Item 5.2 –"Subscription Procedure".**
Proposed Closing Date(s)	Closings will take place periodically at the Corporation's discretion with the closing of the Minimum Offering of $1,000,000 expected to occur on or before August 31, 2010.

Eligibility: The Bonds will be "eligible investments" for RRSP's and similar tax-deferred plans. See Item 6 – "Income Tax Consequences and RRSP Eligibility".

Selling Agents: The Corporation has retained Foundation Capital Corporation, of Calgary, Alberta ("FCC" or the "Agent"), as sales and marketing agent. See Item 7 – "Compensation Paid to Sellers and Finders".

Resale restrictions: You will be restricted from selling these securities for an indefinite period See Item 10 – "Resale Restrictions".

Purchaser's rights: You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11 - "Purchasers' Rights".

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 – "Risk Factors".

TABLE OF CONTENTS

SUMMARY

This is a summary of the more detailed information appearing elsewhere in this Offering Memorandum and is qualified by such information.

Offering:	Up to $15,000,000 principal amount of Series A Mortgage Bonds will be issued by the Corporation.
Eligibility:	The Bonds will be "eligible investments" for RRSP's and other registered plans under the Income Tax Act (Canada);
Price:	$100.00 per $100 principal amount. The Minimum Subscription is in an amount not less than $10,000.
Interest:	The 9% Series A Mortgage Bonds shall bear interest at a rate of 9 % per annum. The 10% Series A Mortgage Bonds shall bear interest at a rate of 10% per annum. Investors who subscribe for the first $2,500,000 of Bonds will receive 10% Series A Bonds. The Corporation reserves the right to change the subscription limits pertaining to the 10% Bonds as market conditions warrant. Subscribers are urged to confirm the interest rate on their Bonds at the time of their Subscription with the Agent or the Agent's representative.
Security:	The Bonds will be secured by mortgages on real estate in Canada with an aggregate appraised value, at the time of any issue of Bonds, of not less than the aggregate principal amount of the Bonds then being issued.
Maturity Date:	The outstanding principal and any accrued and unpaid interest will be repaid on June 30, 2013 (the "Maturity Date"), subject to extension by the Corporation. The Maturity Date may be extended at the Corporation's option to June 30, 2014 upon giving Bondholders 90 days written notice. The Corporation may prepay all or a portion of the outstanding principal at any time commencing 12 months after the Initial Closing, without penalty. The Bonds are not redeemable at the holder's option.
Business of the Issuer:	The principal business of the Corporation is the provision of loans to developers of residential subdivisions and builders of residential and recreational (single and multi-family) home(s), secured by mortgages on real estate in Canada. Upon the Initial Closing, the Corporation intends to enter into a loan agreement with Okko Homes Inc. ("Okko Homes") of Calgary, Alberta for the purposes of financing Okko Homes to acquire residential lots in a new subdivision development in Kimberley, British Columbia known as "Sullivan Landing", and funding the construction of housing units thereon. The Corporation also intends, if sufficient proceeds are available under the Offering, to enter into a substantially similar loan agreement with Harvest Group Limited Partnership ("HGLP") of Lethbridge, Alberta, for the purpose of financing or re-financing its ownership and servicing of a recreational and residential subdivision at Windmill Harbour, located on Lac St. Anne, Alberta and funding the construction of residential housing on these lots. Both of these Borrowers are related parties. See Item 3.4 – "Conflicts of Interest". The Corporation may also provided sufficient funds are available, make loans to other parties, who may or may not be related parties.

ITEM 1 - USE OF AVAILABLE FUNDS

1.1 Funds

The following table discloses the net proceeds of this offering (the "Offering") and the funds available to the Corporation:

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised by this Offering	$1,000,000	$15,000,000
B	Selling commissions and corporate finance fee (1)	$70,000	$900,000
C	Estimated offering costs (eg legal, accounting, audit) (2)	$75,000	$125,000
D	Available Funds: D = A – (B + C)	$855,000	$13,975,000
E	Additional Sources of Funding Required	0	0
F	Working Capital Deficiency	0	0
G	Total G = (D+E) - F	$855,000	$13,975,000

(1) The Agent will be paid 5% of the gross proceeds of this Offering as selling commissions. In addition the Agent will be paid a corporate finance fee of 2% of the first $2,500,000 subscribed, plus $1,000 for each $125,000 subscribed in excess of $2,500,000.

(2) These costs include legal, consulting, accounting and marketing costs associated with this Offering.

(3) Borrowers will agree to reimburse the Corporation for the costs described in items B and C, with the result that the loans advanced by the Corporation will equal the gross proceeds.

1.2 Use of Available Funds

The following table provides a breakdown of how the Corporation will use its available funds in order of priority.

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
Loan to Okko Homes	$1,000,000	$6,200,000
Loan to HGLP	Nil	$6,200,000
Loans to other parties	Nil	$2,600,000
Total	$1,000,000	$15,000,000

1.3 Reallocation

The Corporation intends to use the available funds as stated. The Corporation will reallocate the available funds only for sound business reasons.

ITEM 2 - BUSINESS OF THE CORPORATION

2.1 Structure

The Corporation is a corporation incorporated under the Business Corporations Act (Alberta) pursuant to a Certificate of Incorporation dated January 13, 2009. The Corporation's head office is located at #18, 11410 – 27th Street SE, Calgary, Alberta, T2Z 3R6.

2.2 Our Business

The principal business of the Corporation is the provision of loans to developers of residential subdivisions and residential (single and multi-family) homebuilders, secured by mortgages on real estate located in Canada.

The focus of the Corporation's business will be the financing of development projects that are past the development approval and market validation phases of development, and which will provide stability of cash flow for interest payment purposes, with adequate security for the Corporation and its Bondholders to allow the Bonds to qualify for investment by RRSP's and similar tax-deferred plans. The Corporation does not intend to grant loans to finance raw, undeveloped land holdings.

Upon the Initial Closing being completed, the Corporation intends to enter into a loan agreement with Okko Homes (the "Okko Homes Loan Agreement") for the purposes of providing financing to Okko Homes to acquire up to 35 residential lots in the new residential subdivision development located in Kimberley, British Columbia, known as "Sullivan Landing" and to fund the construction of recreational and permanent housing units at Sullivan Landing in advance of sales (the "Sullivan Landing Project").

Provided sufficient additional proceeds above the Minimum Offering are available, the Corporation plans to enter into a loan agreement with HGLP (the "Windmill Loan Agreement") for the purposes of allowing HGLP to finance or re-finance its acquisition and servicing of residential/recreational lots at Windmill Harbour on Lac St. Anne, Alberta, and to fund the construction of recreational and permanent residential housing on the lots (the "Windmill Harbour Project").

The Okko Homes Loan Agreement and the Windmill Loan Agreement are sometimes collectively referred to as the "Loan Agreements".

The Corporation intends to advance funds under these Loan Agreements subject to the respective Borrowers satisfying the conditions precedent in the Loan Agreements, including providing the required security.

The Corporation may also make other loans to other Borrowers, under similar criteria or conditions. The other Borrowers may or may not be related parties.

Both Okko Homes and HGLP are related parties. See Item 3.4 – "Conflicts of Interest".

Terms of Loans

The Corporation intends to enter into the Okko Homes Loan Agreement and the Windmill Loan Agreement upon Closing of the Offering. Under each Loan Agreement, the Borrower will agree to borrow funds from time to time as such funds are available from the proceeds of this Offering. The principal amount of the Loans will be repayable on June 30, 2013. and may be repaid at any time after June 30, 2011 on 30 days notice without penalty. The Loans will bear interest at the rate of 12% per annum, payable quarterly. The Loan Agreements provide that the first 12 months' interest will be withheld by to the Corporation from the initial advances.

The Loans will be secured by mortgages to be granted to the Corporation by the Borrowers (and in some cases by guarantors of the obligations of the Borrowers) which will be assigned to the Trustee as security for the Bonds. Borrowers will be required to provide an independent appraisal of the mortgaged real estate from a qualified appraiser acceptable to the Corporation showing a value (the "Security Value") not less than the principal amount to be advanced under the Loan Agreement. The Borrowers will agree to pay all expenses of the Offering, including consulting, legal, accounting, audit, corporate finance fees and selling commissions of the Agent payable under the Offering, which will form part of the principal amount loaned.

The proceeds loaned to Borrowers will be used by them to finance or refinance the costs of acquisition and servicing of recreational and residential lots and the construction of homes on such lots owned or under agreement for purchase by the Borrowers.

The Loan Agreements will require the Borrowers to calculate the Security Value of the security pledged to the Corporation prior to each advance of a Loan and issue of Bonds.

The Borrowers shall be entitled to sell the property forming security for the Loan from time to time in the ordinary course of their business, provided that, if the Security Value would be reduced below the amount of the Loan outstanding, an amount equal to the Security Value of the property sold must be repaid, or the property sold must be replaced with other real property in Canada with a Security Value of equal or greater amount. In some cases the Corporation may accept additional pledges of security for loans from guarantors of the Borrowers' obligations.

Loan to Okko Homes

Okko Homes intends to use funds advanced by the Corporation to fund acquisitions of lots in the Sullivan Landing Project and to fund construction of housing units on those lots.

Sullivan Landing is a residential development being developed by Okko Communities Inc. ("Okko Communities") of Kimberley, British Columbia. Sullivan Landing is the first phase of "Sullivan", an 80 acre master-planned residential community. The Sullivan Landing site is located on the forest's edge, within walking distance of the town centre of Kimberley. Sullivan Landing will consist of two fee simple lots and 54 bare land strata title (condominium) lots with a total area of 16 acres (approximately 6.5 hectares).

The Sullivan Landing Project was commenced in 2008 with the purchase of 80 acres (32 hectares) of raw land in Kimberley, British Columbia by Okko Communities Inc. Development permit applications were filed and re-zoning of the Kimberley Lands was completed in 2009 with Okko Communities being granted subdivision approval in July of 2009. Sullivan Landing is the first phase of residential lots to be released by Okko Communities. In response to demand for housing product at Sullivan Landing, and as a result in the downturn of economics for Calgary-based production builders, who were no longer needing to pursue land inventories outside of Calgary to satisfy this demand, a new related corporation, Okko Homes Inc. was organized by the active principals of Okko Communities, Noel Winter and Wayne Tinker, to create housing products and arrange for the construction and delivery of housing units at Sullivan Landing. As of the date of this Offering Memorandum, Okko Communities has commenced the construction of a model showhome, a side-by-side adjoined duplex or villa home, expected to be competed in August of 2010, at a cost of $800,000. Okko Homes will acquire this property from Okko Communities and complete this showhome with proceeds of the Okko Homes Loan Agreement.

The rezoning approval from the City of Kimberley for Sullivan Landing allows higher density and introduction of rentable suites on private lots, such that Sullivan Landing now encompasses 5 different housing styles, reaching more demographic targets and providing numerous absorption points for the Sullivan Landing Project. These include single-family lots, adjoined homes or villas (also known as duplex housing), estate lots for larger homes, 2 Tri-plex or multi-family sites, and carriage home sites where developed space over garage areas can be constructed for use by the home owner as accommodation, home-based business space, or leased to third parties.

In June 2009, Okko Communities received Preliminary Layout Approval and a Development Permit from the City of Kimberley and site servicing, lot grading, road building and landscaping commenced at Sullivan Landing in August 2009. The Sullivan Landing site is approximately 50% serviced as of the date of this Offering Memorandum, under a fixed price, tendered bid for the construction work, managed by Okko Communities' civil engineering consultants.

A Disclosure Statement as required under the Real Estate Marketing Act (British Columbia) was filed in December 2009 and Okko Communities sold the first lot at Sullivan Landing to a local Kimberley family in February 2010.

The proceeds of the Offering loaned to Okko Homes will be used by it to acquire lots in Sullivan Landing from Okko Communities, a related corporation. Okko Communities will use the proceeds to repay and discharge a vendor take-back mortgage on the property which was used to finance part of the purchase price, and to repay loans from Harvest Capital Management Inc. ("HCM") and Foundation Mortgage "2" Corporation ("FM2C"), which were used to finance prior servicing and development activities. Prior to their being fully repaid, the security for the loans from HCM and FM2C will be subordinated to the Mortgage to the Corporation granted by Okko Homes under the Okko Homes Loan Agreement.

Okko Homes will enter into a Lot Purchase Agreement with Okko Communities to be dated the date of Initial Closing, (the "Sullivan Lot Purchase Agreement") which will provide that Okko Homes will acquire from Okko Communities up to 35 Lots in Sullivan Landing from time to time as funds are available from the proceeds of this Offering. The purchase price for each lot is set out in the Lot Purchase Agreement and represents an appraised value of the lot prior to construction of improvements on it, and the Security Value which will be attributed to the lot for purposes of the Okko Homes Loan Agreement. The total purchase price for all 35 lots to be acquired, if sufficient proceeds of the Offering are available, would be $3,915,000. As housing units are constructed on lots, those lots may be given an increased Security Value to recognize the increased appraised value arising from construction of the home.

Under the Sullivan Lot Purchase Agreement, Okko Communities will agree to use some of the funds received to complete the servicing of the lots, obtain municipal and provincial consents and complete the Plan of Subdivision for Sullivan Landing, releasing good and marketable title to the lots under contract.

Okko Communities has agreed to guarantee the repayment of the loan to Okko Homes and will mortgage its interest in the lots to be sold to Okko Homes and, if necessary to satisfy the Security Value requirement stated above, its interest in other lots in Sullivan Landing, as security for the guarantee and the Okko Loan. The Sullivan Lot Purchase Agreement will provide that all property in each lot acquired will transfer to Okko Homes on payment of the purchase price for the lot, and Okko Communities will hold the lots in trust for Okko Homes until re-sold to a consumer or another builder.

Loan to HGLP

HGLP intends to use funds advanced by the Corporation to finance or refinance the costs of its acquisition and servicing of its interests in Windmill Harbour, located on Lac Ste. Anne, Alberta ("Windmill Loan"). Windmill Harbour is a permanent residential and recreational property development on the waterfront at Lac Ste. Anne, which is located approximately 45 minutes northwest of Edmonton.

The first phase of development consists of 40 lots, 20 of which have boat docks with access to Lac Ste. Anne through a man-made channel. The lots are ready for house construction. HGLP has acquired the land for the development and underground servicing for the first phase has been completed.

HGLP was formed on October 9, 2009 and is part of the Harvest Group, a private investment and real estate development group which commenced operations in 1994. Windmill Harbour has been in the planning process for about 5 years and HGLP acquired its interest in the development in May 2010 pursuant to an agreement dated September 25, 2008. The 40 lots in the first phase were subdivided and available for sale in 2009.

Interests of Insiders

Certain officers, directors and promoters of the Corporation have interests in the projects which the Corporation intends to finance. See Item 3.4 – "Conflicts of Interest."

2.3 Development of Business

The Corporation was incorporated in 2009 and to date has not carried on business.

2.4 Long Term Objectives

The Corporation's long term goal is to raise up to $15,000,000 to lend to developers of permanent residential and recreational subdivisions and to single and multi-family homebuilders, which may in some cases be the same entity, secured by mortgages on real estate in Canada.

2.5 Short Term Objectives and How the Corporation Intends to Achieve Them

The following outlines the Corporation's short term objectives and the methods and costs associated with the achievement thereof.

What we must do and how we will do it	Target completion date or, number of months to complete	Our cost to complete
- Advance a secured loan to Okko Homes	12 months	Up to $6,200,000
- Advance a secured loan to HGLP	12 months	Up to $6,200,000
- Advance secured loans to other parties	12 months	Up to $2,600,000

2.6 Material Agreements

The material agreements to which the Corporation, Okko Homes or HGLP are party are as listed below.

1. The Agency Agreement with Foundation Capital Corporation, dated June 1, 2010 described under Item 7 – "Compensation Paid to Sellers and Finders".

2. The Okko Homes Loan Agreement to be dated as at the Initial Closing described under Item 2.2 – "Our Business".

3. The Windmill Loan Agreement to be dated as at the Initial Closing or a later Closing, described under Item 2.2 – "Our Business".

4. The Sullivan Landing Lot Purchase Agreement to be dated as at the Initial Closing between Okko Homes and Okko Communities Inc. under Item 2.2 – "Our Business",

5. The Mortgage to be dated as at the Initial Closing granted by Okko Homes in favour of the Corporation described under Item 2.2 – "Our Business",

6. The Mortgage to be dated as at the Initial Closing or a later Closing granted by HGLP in favour of the Corporation described under Item 2.2 – "Our Business".

7. The Deed of Trust and Mortgage between the Corporation and Olympia Trust Company as Trustee, to be dated as at the Initial Closing, described under Item 5 - "Description of the Securities".

ITEM 3 - DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table provides specified information about each director, officer and promoter of the Corporation and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Corporation (a "Principal Holder"). The Corporation has paid no compensation since its inception.

Name and municipality of principal residence	Position held	Compensation anticipated to be paid in current financial year	Number, type and percentage of securities held after completion of the Minimum Offering	Number, type and percentage of securities held after completion of the Maximum Offering
Noel A. Winter Calgary, Alberta	Director, Chief Executive Officer, Promoter	Nil	15,000 Common Shares (15%)	15,000 Common Shares (15%)
Wayne M. Tinker Calgary, Alberta	Director, Promoter	Nil	15,000 Common Shares (15%)	15,000 Common Shares (15%)
Kenneth M. Aitkens Lethbridge, Alberta	Director	Nil	27,500 Common Shares (27.5 %)	27,500 Common Shares (27.5%)

Ronald J. Aitkens Lethbridge, Alberta	Promoter	Nil	27,500 Common Shares (27.5%)	27,500 Common Shares (27.5%)
Faron Belseck	Chief Financial Officer	Nil	15,000 Common Shares (15%)	15,000 Common Shares (15%)

3.2 Management Experience

The names and principal occupations of each of the directors and officers of the Corporation over the past five years are as follows:

Name	Principal occupations and related experience
Noel A. Winter Calgary, Alberta	Mr. Winter is the President and Director of Okko Homes since October 2009, and of Okko Communities since July 2008. Mr. Winter has through Winman Ltd. been an executive and a consultant to land owners, municipalities and developers since 1975.
Wayne M. Tinker Calgary, Alberta	Mr. Tinker is the Vice-President and Director of Okko Homes since October 2009, and the Okko Communities since July 2008. Mr. Tinker was a Vice President of Investicare Seniors Housing Corp. of Calgary, Alberta from 2004 to 2008, a developer of assisted living facilities in Western Canada. Wayne is also the President of Spinnaker Ventures Limited, a private corporate finance and consulting business and has done so since 1995. Wayne graduated the University of Saskatchewan with a B. Comm. in 1980 and a Law Degree in 1984. Between 1985 and 1991 Wayne practiced corporate commercial and securities law in Calgary. During the period 1991-1993 Wayne taught law and finance at the Haskayne School of Management at the University of Calgary.

Name	Principal occupations and related experience
Kenneth M. Aitkens Lethbridge, Alberta	Mr. Aitkens is the CEO and Director of The Ennovative Group since October 2008, and of Type Three Management Inc. since October 2009. The Ennovative Group focuses on building custom eco friendly homes through its division of Ennovative Homes Inc. Mr. Aitkens also manages and consults for various land development projects through Type Three Management Inc. Ken has been primarily involved in residential construction management since 2000.
Faron Belseck, CMA Calgary, Alberta	Faron is an experienced Senior Controller and Treasurer with more than 20 years service in industry. Mr. Belseck served as the Senior Controller for Sherritt International in 2009 and in a similar capacity with SMART Technologies of Calgary during 2007-2008. Prior thereto, Faron served as Controller/Treasurer for Torrent Energy of Portland Oregon (2006-2007) and Chief Financial Officer for Advanced Viper Petro-tech, of Calgary, Alberta (from 2002-2005). Mr. Belseck graduated from Nova Southeastern University in Ft. Lauderdale, Florida with a Masters degree in Business Administration and has also obtained a CMA professional accounting designation in Alberta. In addition to this he has completed the Canadian Securities Course and Canadian Investment Funds Course. Mr. Belseck has worked for such companies as Conoco Phillips, Talisman Energy, Nexen Inc., Shell Canada and NTG Clarity. He brings to the team experience in financial accounting, joint venture accounting, commercial analyst/advisory positions, financial/economic modeling and forecasting, financial/capital risk analysis, capital budgeting, operational and cost controls, management reporting and systems installations for a number of junior and senior Canadian oil and gas companies, service companies and telecom companies. In addition to being Chief Financial Officer of the Corporation, Faron currently serves as Chief Financial Officer for Foundation Resources Oil & Gas Trust, a private mutual funds trust engaged in the exploration and production of oil and natural gas assets.

3.3 Penalties, Sanctions and Bankruptcy

Ronald J. Aitkens is a director and shareholder and promoter of the Corporation and the President, majority shareholder and Director of Foundation Capital Corporation (the "Agent"). Ronald J. Aitkens and Foundation Capital have been the subject of certain sanctions and penalties as described below.

Spruce Ridge Estates Inc., Spruce Ridge Capital Inc., both of which are controlled by Ronald J. Aitkens, (collectively, "the Spruce Ridge companies"), Foundation Capital Corporation ("FCC"), Ronald J. Aitkens and others (collectively, the "Settlors") entered into a Settlement Agreement with the Alberta Securities Commission ("ASC") dated August 20, 2009 relating to a distribution of securities of the Spruce Ridge companies. In the Settlement Agreement, the Settlors admitted to, without any intention to mislead, making or authorizing or acquiescing in the making of statements which they knew or ought to have known could be misleading or untrue, because they omitted to state a fact or facts that were required to be stated or that were necessary into be stated in order for the statement or statements not to be misleading. The Spruce Ridge companies undertook to file a revised Offering Memorandum before distributing additional securities and to appoint qualified officers and directors to secure proper oversight and operation of their respective businesses. Mr. Aitkens agreed to pay $30,000 to settle the allegations and $15,000 towards the ASC's costs of the proceedings. FCC agreed to pay $100,000 to settle the allegations and $20,000 towards the costs of the proceedings. FCC also agreed to pay a minimum of $100,000 to fund internal sales agent training to improve compliance with Alberta securities laws, and to pay the ASC an additional $250,000 to fund the creation, development and delivery of an exempt market training module to be provided to market participants under the direction of the ASC.

FCC, Foundation Mortgage Corporation, Railside Industrial Park Inc., Railside Capital Inc., and Ronald J. Aitkens are subject to a cease trade order ("SKCTO") from the Saskatchewan Financial Services Commission dated July 8, 2009 for failure to file (a) copies of the offering memorandum used in connection with the distribution of securities under the offering memorandum exemption (the "OM Exemption") in section 2.9 of the National Instrument 45-106 Prospectus and Registration Exemptions ("NI 45-106"); and (b) reports of the distribution of their securities under the OM Exemption, on or before the 10th day after the distribution. At the time of the SKCTO, Mr. Aitkens was the president, director and owner of approximately 75% of the voting shares of FCC and was the sole officer and director of Foundation Mortgage Corporation, Railside Industrial Park Inc. and Railside Capital Inc.

Legacy Communities Inc., of which Mr. Aitkens is one of the directors, is subject to a cease trade order from the British Columbia Securities Commission dated September 18, 2009, for distributing securities under an offering memorandum that did not adhere to the form requirements of the offering memorandum as required by section 2.9 of NI 45-106

No other director or officer has been the subject of any bankruptcy proceeding or criminal or regulatory penalty or sanctions over the past 10 years, or has been a director or officer of a corporation which has been the subject of any bankruptcy proceeding or criminal or regulatory penalty or sanctions over the past 10 years.

3.4 Conflicts of Interest

Certain officers, directors and promoters of the Corporation have interests in the projects that the Corporation will finance under the Loan Agreement(s).

Okko Homes is a corporation controlled by Wayne Tinker, and Noel Winter, who each own 50% of its equity shares. Messrs. Tinker and Winter also own 40% and 30%, respectively, of the equity shares of Okko Communities.

HCM is a joint venture partner with Okko Communities, which is the Vendor of the Lots in the Sullivan Landing Project and FM2C has provided financing for Okko Communities development to date of the Sullivan Landing lands, the proceeds of which will be repaid through this Offering. Ronald J. Aitkens is the controlling shareholder of HCM and an officer and director of FM2C.

The general partner of HGLP is Harvest Group GP Corporation, which is controlled by Ronald J. Aitkens. Mr. Aitkens also owns, indirectly, a majority equity interest in HGLP.

Ronald J. Aitkens is also the sole director, President and owner of the majority of equity (voting) shares of Foundation Capital Corporation, the Agent under the Offering. See Item 7 - "Compensation Paid to Sellers and Finders".

Kenneth M. Aitkens is the son of Ronald J. Aitkens.

ITEM 4 – CAPITAL STRUCTURE

4.1 Share Capital

Description of Security	Number authorized to be issued	Number outstanding as at June 1, 2010	Number outstanding assuming completion of Minimum Offering	Number outstanding assuming completion of Maximum Offering
Common Shares	Unlimited	100,000	100,000	100,000

4.2 Long Term Debt

Prior to the issue of the Bonds, the Corporation has no outstanding long term debt. In the event the Corporation is successful in raising funds pursuant to this Offering, it will have the following debt obligations:

Description of long term debt	Interest rate	Maturity Date	Amount outstanding at June 1, 2010
9% Series A Bonds	9%	June 30, 2013	None
10% Series A Bonds	10%	June 30, 2013	None

For a description of the terms of the Series A Bonds, see Item 5 – " Securities Offered".

4.3 Prior Sales

There have been no prior sales of Series A Bonds.

ITEM 5 - SECURITIES OFFERED

5.1 Terms of Securities

Issuer Foundation Mortgage "3" Corporation.

Offering: A maximum of $15,000,000 Series A Bonds, issuable in Series pursuant to a Trust Indenture (the "Indenture") to be entered into between the Corporation and Olympia Trust Company (the "Trustee"). The Bonds will be issued at par and available with a minimum subscription price of $10,000.

Interest: The 9% Series A Bonds shall bear interest at a rate of 9 % per annum.

The 10% Series A Bonds shall bear interest at a rate of 10% per annum.

Investors who subscribe for the first $2,500,000 of Series A Bonds will receive 10% Series A Bonds. The Corporation reserves the right to change the subscription limits pertaining to the 10% Bonds as market conditions warrant. Subscribers are urged to confirm the interest rate on their Bonds at the time of their Subscription.

Prior to any closing and issuance of Bonds, the Corporation will pay interest on subscription funds at Royal Bank of Canada Prime plus 1% from 10 business days after receipt of subscription funds to the date of issuance of Bonds.

Interest on the Bonds will be paid in cash quarterly in arrears on the last day of each March, June, September and December commencing September 30, 2010. In any partial payment period, interest will be adjusted for the number of days the Bond has been outstanding.

Maturity and Redemption: The Bonds shall mature on June 30, 2013 (the "Maturity Date"), provided that the Corporation may give written notice to the holders of Bonds at any time prior to March 31, 2013 that it desires to extend the Maturity Date by 12 months to June 30, 2014. If the Corporation gives such a notice, the Maturity Date shall be automatically extended to June 30, 2014 (the "Extended Maturity Date").

The Corporation may prepay all or a part of the principal amount of any Bonds at any time after June 30, 2011.

Redemption: The Corporation shall redeem the Bonds ("Redemption") at the Maturity Date(s) or the Extended Maturity Date, as applicable. The Redemption Price to be paid on Redemption will be equal to the principal outstanding on the Bonds to be redeemed at the time of Redemption. The Bonds are not redeemable at the holder's option.

Early Prepayment: The Corporation shall have the right to redeem all or any of the Bonds at any time in whole or in part without notice, penalty or bonus. The Corporation may apply redemption payments to all or certain Bonds selected by the Corporation.

Security: The Bonds will be secured by an assignment by the Corporation to the Trustee pursuant to the Trust Indenture of all security provided to it by the Borrowers as security for the Borrowers' Loans. Mortgages granted to the Corporation by the Borrower ("Mortgages") will be assigned to the Trustee as security for the Bonds.

The Trust Indenture will provide that the 9% Bonds and 10% Bonds shall rank equally, pari passu with each other with respect to their rights of realization.

Before a Bond can be issued by the Corporation, the Mortgages must be registered as a first charge against real property in Canada and the Security Value of the property in Canada must be equal to or more than the amount of the Bonds to be issued and outstanding after the issuance.

The Mortgages shall be registered as a first financial charge subject only to Permitted Encumbrances (as defined in the Indenture), which includes easements and utility rights of way. Certain prior mortgages may constitute Permitted Encumbrances if the Security Value of the property subject to the prior mortgages is reduced by the amount of the prior mortgages.

The Mortgages may also be subject to charges arising in subdivision approval, development permits and statutory or contractual building shares.

Events of Default

The following will be events of default for the Bonds:

- default in the payment of the principal amount on the Maturity Date (as the same may be adjusted);
- default in the payment of accrued and unpaid interest, if any, on the Bonds for 30 days;
- failure to comply with other covenants in the Bonds or the Trust Indenture, including a failure to rectify a shortfall in the required Security Value within the period described above, upon receipt of notice of such default by the Corporation from the Trustee, or to the Corporation and the Trustee from holders of not less than 25% in aggregate principal amount of the Bonds then outstanding, unless such default is cured or waived within 60 days after receipt of such notice;
- the acceleration of the maturity of any other indebtedness (other than "non-recourse indebtedness") of the Corporation or any of the Borrowers, at any one time, in an amount in excess of $5 million unless such acceleration is rescinded or annulled within a period of 60 days after written notice to the Corporation the Trustee or to the Corporation and the Trustee by the holders of at least 25% in aggregate principal of the Bonds; or
- certain events of bankruptcy, insolvency or reorganization affecting the Corporation or the Borrowers.

If an event of default shall have occurred and be continuing, either the Trustee or the holders of not less than 25% in aggregate principal amount of Bonds then outstanding may declare the principal amount of the Bonds plus accrued and unpaid interest, if any, on the Bonds to be immediately due and payable. In the case of certain events of bankruptcy, insolvency or reorganization, the principal amount of the Bonds plus accrued and unpaid interest, if any, shall automatically become and be immediately due and payable.

Modifications of the Trust Indenture

The Corporation and the Trustee may enter into supplemental indentures that add, change or eliminate provisions of the Trust Indenture or modify the rights of the holders of the Bonds with the consent of the holders of at least a majority in principal amount of the Bonds then outstanding.

Without the consent of the holders of the Bonds, the Corporation and the Trustee may enter into supplemental indentures for any of the following purposes:

- to evidence a successor to the Corporation and the assumption by that successor of the Corporation's obligations under the Trust Indenture and the Bonds;
- to provide for additional series of Bonds on terms determined by the Corporation not to be unduly prejudicial to the existing holders;
- to add to covenants for the benefit of the holders of the Bonds;
- to provide collateral security for the Bonds;
- to make any changes or modifications to the Trust Indenture necessary or desirable to comply with provisions of law.
- to cure any ambiguity or inconsistency in the Trust Indenture.

The holders of a majority in principal amount of the outstanding Bonds may, on behalf of the holders of all Bonds:

- waive compliance by the Corporation with restrictive provisions of the Indenture relating to the granting of security, the issuance of additional Mortgage Bonds, or the delivery of statements and reports; and
- waive any past default under the Indenture and its consequences.

The holders of a majority of 66 2/3% of the principal amount of Bonds represented and voting at a meeting of Bondholders may authorize any other amendment to the terms of the Bonds or the Trust Indenture, other than to reduce the majority required to approve amendments or, except during the continuance of an event of default, to reduce the principal amount of the Bonds.

Any such amendment which does not affect the terms of Bonds of any particular series may be approved by such a majority of the holders of Bonds of other series, and amendments which affect only one series of Bonds may be approved by the holders of the Bonds of that series.

5.2 Subscription Procedure

In order to subscribe for Bonds, a purchaser must complete, execute and deliver the following documentation to Foundation Mortgage "3" Corporation, in care of Foundation Capital Corporation, #18, 11410 – 27th Street SE, Calgary, Alberta, T2Z 3R6:

1. one (1) completed and signed copy of the Subscription Agreement (including any schedules attached thereto);
2. a personal or certified cheque, trust cheque, or bank draft in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to **Foundation Mortgage "3" Corporation**;

3. completed and executed copies of the appropriate investor qualification and Risk Acknowledgment form(s).

Subscriptions for Bonds will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Corporation to close the subscription books at any time, without notice. ***If a subscription for Bonds is not accepted, subscription funds will be promptly returned to the Subscriber without interest or deduction.***

Investors' cheques for subscription funds will be negotiated and the funds placed in trust before Closing.

The Initial Closing is scheduled to occur on or before August 31, 2010. There will be multiple closings of the Offering. It is expected that Certificates representing the Bonds will be available for delivery within a reasonable period of time after the relevant Closing Date(s). If the Minimum Offering amount is not met prior to September 30, 2010, collected subscription funds will be returned to the respective parties without interest or deduction.

If the Minimum Offering is achieved, subscribers will receive Subscription Interest from 10 business days after receipt of subscription funds to the date of issuance of the Bonds therefor.

The subscription funds will be held until midnight of the second business day subsequent to the date that each Subscription Agreement is signed by a Subscriber.

ITEM 6 - INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

6.1 Income Tax Consequences

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

6.2 Eligibility for Investment by Deferred Income Plans

The income tax information in this section was reviewed by Meyers Norris Penny LLP, Chartered Accountants, of Calgary, Alberta ("**MNP**") and is based on the current provisions of the Income Tax Act (Canada) (the "Tax Act") and the regulations thereunder and the known administrative practices of the Canada Revenue Agency. MNP has reviewed and relied on certain information provided to them by management of the Corporation, and has not made any independent verification of the facts.

In order for the Bonds to be qualified investments for deferred income plans, which include trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("RRIFs"), registered education savings plans ("RESP") and deferred profit sharing plans ("DPSP"), the Bonds must be fully secured by a mortgage in respect of real or immovable property situated in Canada and the Corporation and any person or partnership that does not deal at arm's length with the Corporation are neither an annuitant, a beneficiary, and employer or a subscriber under, nor a holder of, the governing plan.

Management has made representation in a certificate of the Corporation stating that the Bonds are or will be at the time of issue, fully secured by mortgages in respect of real or immovable property situated in Canada with a value not less than the aggregate of the principal amount of the Bonds and any prior ranking mortgage. Therefore, the Bonds should qualify for investment in deferred plans.

An investor could contribute all or a portion of the investor's Bonds which constitute qualified investments for RRSPs (collectively referred to as the "Qualifying Securities") to the investor's RRSP or to a spousal RRSP and thereby become entitled to a deduction in computing income equal to the fair market value of the Qualifying Securities at the time they are so contributed within the limits set out in the Tax Act for deductions for contributions to RRSPs. An investor who contributes the Qualifying Securities to an RRSP will be deemed to have disposed of the Qualifying Securities for proceeds of disposition equal to the fair market value thereof at that time. Any losses incurred on such a disposition would not be allowed under the Tax Act. Alternatively, an investor could acquire the Bonds directly using registered funds already held in a deferred income plan. In this scenario, as the investor is not contributing property to a deferred income plan (e.g.. RRSP) there would be no contribution or deduction available to be claimed by the investor.

Investors who wish to contribute all or a portion of the Bonds to an RRSP should consult their own tax advisors as to the tax consequences of such a contribution. Investors, may be subject to a penalty tax if the Bonds are "prohibited investments" within the meaning of the Tax Act for a tax-free savings account and should consult their own tax advisors in this regard.

ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS

The Corporation has retained Foundation Capital Corporation, of Calgary, Alberta ("FCC" or the "Agent"), as sales and marketing agent to help effect sales of the Bonds, pursuant to an Agency Agreement dated June 1, 2010 (the "Agency Agreement").

The Agency Agreement provides that:

(a) The Agent will promote and market the sale of the Bonds on a "best efforts" basis, in Alberta, British Columbia and elsewhere as the Agent may determine appropriate;

(b) The Agent will be paid a Commission of 5% on all sales of Bonds, delivered and accepted by the Corporation, on the closing of each such sale of Bonds;

(c) The Agent will be paid a Corporate Finance Fee of 2% of the first $2,500,000 subscribed, increasing by $1,000 for each $125,000 subscribed in excess of $2,500,000, to a maximum of $150,000 if the Maximum Offering is subscribed, as compensation for the costs associated with reviewing the Offering Memorandum and producing marketing summaries and collateral materials and conducting sales information seminars for prospective investors;

(d) The Agent will receive $5,000 per Closing as compensation for administrative services.

Under the Agency Agreement the Agent has advanced certain sums to pay fees of the Trustee, which will be repaid to the Agent at the Initial Closing.

Foundation Capital Corporation is an unregistered exempt market dealer owned and controlled by Ronald J. Aitkens, who has an interest in several parties which will benefit from the Loans. See Item 2.2 – "Our Business" and Item 3.4 - "Conflicts of Interest".

ITEM 8 - RISK FACTORS

An investment in the Securities offered hereby should be considered speculative. In particular, the following risk factors should be considered.

(a) **All real estate development is subject to significant risk arising from rapidly changing market conditions and other factors.** Factors which could result in a change in conditions include regulatory matters, taxes, general economic conditions, local competition from other projects, competition from projects in other areas, and many other factors. Other risks in land development include: failure to obtain all necessary permits, licenses, consents, zoning and other like matters from the responsible municipalities and regional districts; natural and man-made disasters; unforeseen contingencies; and lack of market demand for the land. Any of these could result in a significant decrease in the value of the Borrowers' developments and therefore in their ability to repay the Loans and in the ability of the Corporation to pay interest on and repay principal of the Bonds.

(b) **Conflicts of Interest**. Some of the promoters, directors and officers of the Corporation are directors, officers and/or shareholders in one or more of the Borrowers. As a result there may be an inherent conflict of interest with respect to the Officers and Directors of the Corporation in the advance of the Loans and in the event of a default by a Borrower under a Loan.

(c) **There is no market for the Bonds**. No market is expected to develop in the future. The Bonds are not redeemable at the option of the holder. You may not be able to liquidate your investment.

(d) **The Corporation's ability to pay the interest and principal of the Bonds depends on the ability of the Borrowers to make the required payments on the Loans.** This cannot be assured. The Borrowers are private corporations and Bondholders will not have access to financial statements or other financial information of the Borrowers, and must rely on management of the Corporation to make and administer the Loans prudently.

(e) **Insufficiency of Security**. Loans by the Corporation to the Borrowers will be secured by a mortgage on real estate in Canada. In the event that the Borrower defaults in obligations under a Loan, the Corporation will have to enforce its security against the Borrower's assets. There may be other interests of third parties that may stand in priority to the Corporation's security which may prevent the Corporation from realizing on or enforcing some or all of its security against the assets. There may be legal or practical factors that may prevent the Corporation from enforcing some or all of its security. The assets of the Borrower may not have a sufficient value to satisfy any outstanding debt obligations to the Corporation.

(f) **Management Team**. The success of the Corporation is dependent upon the efforts and abilities of the management team of the Corporation. The loss of any member of the management team could have a material adverse effect upon the Corporation. The directors and officers of the Corporation will not be devoting all of their time to the affairs of the Corporation, but will be devoting such time as required to effectively manage the business of the Corporation.

(g) **No History**. The Corporation has no operational history and no history of earnings. The development projects on which the Corporation intends to secure the Loans have no or only a limited history of sales. Accordingly, there is no operating history upon which to base an evaluation of the Corporation and its business and prospects. There is no assurance that the Corporation's or the Borrowers' business activities will be successful.

(h) **Additional Financing May be Required**. The Corporation or the Borrowers may find it necessary in the future to obtain additional debt or equity to support ongoing operations. There can be no assurance that additional financing will be available when needed or on terms acceptable to the Corporation or the Borrowers.

(i) **Borrowers' Investment Not Liquid**. Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and for the perceived desirability of, the investment. Such illiquidity may tend to limit the Borrowers' ability to vary their business promptly in response to changing economic or investment conditions. If a Borrower were required to liquidate its real property investments, the proceeds to the Borrower might be significantly less than the total value of its investment or the amount of its debt to the Corporation.

(j) **Environmental Matters** Under various environmental laws, ordinances and regulations, the current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in such property. Such laws could impose liability whether or not the Affiliates knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to remove or remediate such substances, if any, could adversely affect the Affiliates' ability to sell such the Lands or to borrow using the Lands as collateral and could potentially also result in claims against the Affiliates.

ITEM 9 - REPORTING OBLIGATIONS

9.1 Reporting to Bondholders

The Corporation is not a reporting issuer in any jurisdiction. It is therefore not required to disclose material changes which occur in its business and affairs, nor is it required to file with the securities regulatory authorities or provide to bondholders audited interim financial statements or audited year end financial statements.

The Corporation will provide to the Bondholders a report within 90 days of the end of each calendar quarter a report containing a description of the activities of the Corporation and the activities of the Borrower(s), accompanied by unaudited comparative financial statements for the period.

Financial or other information relating to the Corporation and provided to you in the future may not by itself be sufficient for you to assess the performance of your investment.

ITEM 10 - RESALE RESTRICTIONS

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada.

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless

(a) the Corporation has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or

(b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

The Corporation has no intention of becoming a reporting issuer in any province or territory of Canada.

ITEM 11 - PURCHASERS' RIGHTS

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer.

Two-Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

Statutory Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this offering memorandum, you have a statutory right to sue:

(a) the Corporation to cancel the subscription agreement to buy the securities, or

(b) for damages against the Corporation, the directors of the Corporation, the officers who signed this offering memorandum and the promoter.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that subscribers have a right to sue. In particular, they have a defence if you knew of the misrepresentation when such subscribers purchased the securities.

If you intend to rely on the rights described in (a) or (b) above you must do so within strict time limitations. You must commence your action to cancel the subscription agreement within 180 days from the purchase of the Securities. You must commence your action for damages within the earlier of (i) 180 days from the day that you had knowledge of facts giving rise to an action for damages, and (ii) two years (in the case of subscribers in Manitoba), three years (in the case of subscribers in British Columbia or Alberta), or six years (in the case of subscribers in Saskatchewan) from the day that you purchased the Securities.

ITEM 12 - GLOSSARY

The following are certain terms that appear in this Offering Memorandum.

Borrower means Okko Homes and any other entity which borrows funds from the Corporation.

HCM means Harvest Capital Management Inc., of Lethbridge, Alberta, a company owned and controlled by Ronald J. Aitkens, also of Lethbridge, Alberta.

Initial Closing	means the first Closing of the issue and sale of Bonds pursuant to this Offering Memorandum, which is expected to occur on or before August 31, 2010.
Kimberley Lands	means the lands in Kimberley B.C. on which the Sullivan Landing Project is to be developed, being legally described as District Lot 9876, Kootenay District, British Columbia, excepting thereout all mines and minerals.
Okko Communities	means Okko Communities Inc., a private Alberta corporation, based in Calgary, Alberta. Okko Communities is a related party to Okko Homes and FM3C.
Okko Homes	means Okko Homes Inc., a private Alberta corporation, based in Calgary, Alberta and Kimberley, BC, the borrower under the Okko Homes Loan Agreement. Okko Homes is a related party to Okko Communities and FM3C.
Okko Loan Agreement	means the loan agreement with Okko Homes relating to the financing of the Sullivan Landing Project.
Maturity Date	means June 30, 2013. The Maturity Date may be extended at the Corporation's option by an additional 12 months to June 30, 2014, upon 90 days notice.
Offering	means this offering of 9% Series A Mortgage Bonds and 10% Series A Mortgage Bonds.
Sullivan Landing Project	means the residential housing development consisting of a total of 56 lots, located in Kimberley, British Columbia, known as Sullivan Landing.
Security Value	means the value attributed to collateral mortgaged to the Corporation by a Borrower for the purposes of calculating the Borrower's compliance with the security requirement under a Loan Agreement.
Subscription Agreement	means the subscription agreement (and its appendices), which shall be provided by the Corporation, that forms the contract between the Corporation and interested parties indicating their desire to purchase Bonds.
Subscription Interest	means interest at the rate of the Prime Rate of the Royal Bank of Canada, plus 1%, to be paid on subscription proceeds from 10 business days after receipt of subscription funds to the date of the issuance of Bonds therefor.
Subscription Price	means $100 per $100 principal amount. The minimum subscription is in an amount not less than $10,000.
Trust Indenture	means the Deed of Trust and Mortgage between the Corporation and the Trustee, to be dated on or before the Initial Closing, pursuant to which the Bonds are created and the security for the Bonds is mortgaged to the Trustee.
Trustee or Olympia Trust	means Olympia Trust Company of Canada, a Trust Company with an office in Calgary, Alberta.
Windmill Harbour	means the project to develop recreational and residential property lots at Windmill

Project	Harbour on Lac Ste. Anne, Alberta.
Windmill Loan Agreement	Means the Loan Agreement to be entered into by the Corporation with HGLP relating to the financing of the Windmill Harbour Project.
HGLP	means Harvest Group Limited Partnership, of Lethbridge, Alberta

ITEM 13 - FINANCIAL STATEMENTS

FOUNDATION MORTGAGE "3" CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2010

To the Shareholders of:
Foundation Mortgage "3" Corporation

We have audited the balance sheet of Foundation Mortgage "3" Corporation (the "Corporation") as at March 31, 2010 and the statements of income and deficit and cash flows for the period January 13, 2009 (date of incorporation) to March 31, 2010. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and the results of its operations and its cash flows for the fifteen month period then ended in accordance with Canadian generally accepted accounting principles.

(Signed) *"Meyers Norris Penney LLP"*
Chartered Accountants

Calgary, Alberta
May 11, 2010

Foundation Mortgage "3" Corporation
Balance Sheet
As at March 31, 2010

Current Assets		
Current		
Cash	$	2,763
GST receivable		125
	$	**2,888**
Current Liabilities		
Due to related party *(Note 3)*		800
Due to shareholder ***(Note 4)***		4,600
		5,400
Shareholders' Equity (Deficiency)		
Share capital (Note 5)		1,000
Deficit		(3,512)
		(2,512)
	$	**2,888**

(signed) *Noel A. Winter*
Director

(signed) *Ronald J. Aitkens*
Director

See accompanying notes to the financial statements

Foundation Mortgage "3" Corporation
Statement of Income and Deficit
From Incorporation to March 31, 2010

Revenue	$	-
		-
Expenses		
Bank charges		212
Administration		2,500
Incorporation costs		800
Net Loss and Deficit, end of year	$	(3,512)

See accompanying notes to the financial statements

Foundation Mortgage "3" Corporation
Statement of Cash Flows
From Incorporation to March 31, 2010

Cash Provided By:	
Operating activities	
Net loss	$ (3,512)
Add: changes in non-cash working capital	675
Cash used in operations	(2,837)
Financing activities	
Shares issued	1,000
Advance from Shareholder	4,600
Cash from financing	5,600
Cash, beginning of period	-
Cash, end of period	**$ 2,763**

See accompanying notes to the financial statements

1. General

Foundation Mortgage "3" Corporation (the "Corporation") was incorporated on January 13, 2009 under the laws of the Province of Alberta.

To date the Corporation has minimal operations consisting primarily of re-organizing its share capital and commencing an offering of mortgage-backed bonds.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Future change in accounting policies

In February 2008, the CICA announced that Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Enterprises will be required to provide IFRS comparative information for the previous fiscal year. The Corporation is currently assessing the impacts of adoption.

3. Due to related party

The amount due to the related party is on account of incorporation costs. It is unsecured, non-interest bearing and due or demand.

4. Due to Shareholder

The amount due to shareholder is non-interest bearing, unsecured and due on demand. As the shareholder has agreed to waive payment for the next 12 months, the balance has been presented as a long-term liability.

5. Share capital

(a) Authorized
  (i) Unlimited Class A Preferred Voting Shares
  (ii) Unlimited Class B Non-Voting Common Shares

The Preferred Shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

(b) Issued	**Amount**
100,000 Class A Preferred Shares	**$1,000**

6. Subsequent event

Subsequent to the year end the corporation amended its Articles of Incorporation to reclassify the Class A Preferred Voting shares as Common Shares and eliminate the Class B Non-Voting Common Shares. There was no change in the number issued and outstanding and no change in shareholder's equity or paid up capital as a result of this amendment.

ITEM 14 - DATE AND CERTIFICATE

Dated: June 1, 2010

This Offering Memorandum does not contain a misrepresentation.

(Signed) "*Noel A. Winter*"
Chief Executive Officer

(Signed) "*Faron Belseck*"
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) "*Wayne M. Tinker*"
Director

(Signed) "*Kenneth M. Aitkens*"
Director

PROMOTERS

(Signed) "*Noel A. Winter*"

(Signed) "*Wayne M. Tinker*"

(Signed) "*Ronald J. Aitkens*"

EXHIBIT “G”

Alberta Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2012/05/07
Time of Search: 08:23 AM
Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD

Service Request Number: 17951233
Customer Reference Number:

Corporate Access Number: 2014468827
Legal Entity Name: FOUNDATION MORTGAGE "3" CORPORATION

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2009/01/13 YYYY/MM/DD

Registered Office:
Street: #1900, 520 - 3RD AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 0R3

Records Address:
Street: #1900, 520 - 3RD AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 0R3

Directors:

Last Name: AITKENS
First Name: KENNETH
Middle Name: M.
Street/Box Number: #18, 11410 - 27TH STREET SE
City: CALGARY

THIS IS EXHIBIT "G"
referred to in the Affidavit of
Kyle Brown
Sworn before me this 7
Day of May A.D. 2012
David LeGeyt
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

David LeGeyt
Barrister & Solicitor

Province: ALBERTA
Postal Code: T2Z 3R6

Last Name: TINKER
First Name: WAYNE
Middle Name: M.
Street/Box Number: 124 JOSEPH MARQUIS CRESCENT SW
City: CALGARY
Province: ALBERTA
Postal Code: T3E 7S4

Last Name: WINTER
First Name: NOEL
Middle Name: A.
Street/Box Number: #230, 6125 - 11TH STREET SE
City: CALGARY
Province: ALBERTA
Postal Code: T2H 2L6

Voting Shareholders:

Last Name: AITKENS
First Name: RONALD
Middle Name: J.
Street: #18, 11410 - 27TH STREET SE
City: CALGARY
Province: ALBERTA
Postal Code: T2Z 3R6
Percent Of Voting Shares: 27.5

Last Name: AITKENS
First Name: KENNETH
Middle Name: M.
Street: #18, 11410 - 27TH STREET SE
City: CALGARY
Province: ALBERTA
Postal Code: T2Z 3R6
Percent Of Voting Shares: 27.5

Last Name: BELSECK
First Name: FARON

Street:	168 WEST MEADOWS ESTATES ROAD
City:	CALGARY
Province:	ALBERTA
Postal Code:	T3Z 1M5
Percent Of Voting Shares:	15

Last Name:	TINKER
First Name:	WAYNE
Middle Name:	M.
Street:	124 JOSEPH MARQUIS CRESCENT SW
City:	CALGARY
Province:	ALBERTA
Postal Code:	T3E 7S4
Percent Of Voting Shares:	15

Last Name:	WINTER
First Name:	NOEL
Middle Name:	A.
Street:	#230, 6125 - 11TH STREET SE
City:	CALGARY
Province:	ALBERTA
Postal Code:	T2H 2L6
Percent Of Voting Shares:	15

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	SEE SCHEDULE "A" ATTACHED HERETO
Share Transfers Restrictions:	NO SHARE SHALL BE TRANSFERRED WITHOUT THE APPROVAL THE DIRECTORS OF THE CORPORATION.
Min Number Of Directors:	1
Max Number Of Directors:	11
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	SEE SCHEDULE "B" ATTACHED HERETO

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2011	2011/05/17

Outstanding Returns:

Annual returns are outstanding for the 2012 file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2009/01/13	Incorporate Alberta Corporation
2010/05/20	Name/Structure Change Alberta Corporation
2010/12/10	Change Director / Shareholder
2011/01/12	Change Address
2011/01/12	Service Provider Correct Legal Entity
2011/05/17	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2009/01/13
Other Rules or Provisions	ELECTRONIC	2009/01/13
Share Structure	ELECTRONIC	2010/05/20

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.

REGISTRAR OF CORPORATIONS

EXHIBIT "H"

THIS IS EXHIBIT "H"
referred to in the Affidavit of
Kyle Brown
Sworn before me this 17
Day of May A.D. 2012

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
David LeGeyt
Barrister & Solicitor

e-mail addresses --

A. Okay.

MR. LeGEYT: -- and so if multiple people receive the same e-mail, I just want to see the text of the e-mail.

A. I gotcha.

MR. LeGEYT: Okay.

A. It would have been the same -- the same e-mail. It would have been the same --

MR. LeGEYT: Okay.

A. -- both times. There may have -- there may have been three go out, but no more than three, so two or three go out, but I'll -- I'll...

MR. LeGEYT: I'll amend the previous undertaking to provide them all, counsel, if there are more than two.

MS. GUROFSKY: We can provide that.

UNDERTAKING NO. 4 - To produce copies of the text of all e-mails (if more than two) sent to investors in respect of the CRO proxies (with redaction of e-mail addresses)

Q. MR. LeGEYT: Sir, you and the debtors also have relationships with a number of individuals who I will refer to as the agents, and those are the individuals who sold bonds or the investments to investors. You're aware of who I'm referring to there?

A. Yes.

Q. And those people received a commission of 10 percent for all the bonds they sold; is that correct?

A. That's correct.

Q. And a number of those individuals are loyal to yourself and the debtors. Is that a fair statement?

A. Well, I would say they're loyal to their investors, probably No. 1. To say they're loyal to me, I don't know if that's accurate, as much as they are loyal to their investors.

Q. Okay. Do you know, have the debtors used those agents to solicit proxies against the appointment of a CRO?

A. No. We've -- we have -- we really haven't -- we really haven't included the agents in the meetings or anything at all. They -- some of them have attended, but we haven't used them to -- we have used e-mail and then the -- the two meetings, though the Red Deer meeting and the Calgary meeting, we didn't -- we didn't even talk about the UCC or a CRO in Edmonton at all.

Q. Okay, but that wasn't quite my question. I asked you whether the debtors were using the agents to solicit proxies against a CRO.

A. Not to my knowledge. Yeah, not to my knowledge. Now, that doesn't mean that some of them haven't been, but we didn't instruct them to.

Q. Okay.

A. I can say, just in -- in that, that there have been

some former agents who -- who I know have contacted their clients 'cause we got a list of, I think, five or six people who were contacted by one agent, but other than that, I don't know of anybody else, so...
Q. Okay. Did you or anyone that you're aware of on behalf of the debtors advise these agents that part of the CRO's remuneration would be a 3 percent fee?
A. I don't -- I don't know. We didn't -- we haven't -- the agents don't work for us anymore, so we don't -- we don't really communicate very frequently with them. Could they have heard that? They could have heard it, but I don't know -- that's not something where we called a meeting and informed them, that's for sure, so...
Q. Okay. If you would turn to Exhibit H of Mr. Brown's affidavit, please. This is an e-mail sent on February 6th by our office to the debtors' legal counsel, and it contains a number of information requests. The first of those in particular set out at subparagraph (a), there's a request that all documentation regarding investments by the debtors, Panama, Liberty Crossing, et cetera, be provided. Do you see that, sir?
A. Yes.
Q. That information has never been provided to UCC or its legal counsel, has it?
A. I'm not aware if it has or not.
Q. Okay, but you're ultimately the person responsible for all of the debtor companies, correct?

EXHIBIT "I"

LeGeyt, David

From: Kyle Brown [brownke@shaw.ca]
Sent: Tuesday, January 31, 2012 3:32 PM
To: LeGeyt, David; 'Nicole Shurko'; Mann, David; 'Lucille Gans'
Subject: Notes on Monday meeting.

Ok so here are the notes from Monday's meetings:

FCC Attendees: Ron Aitkens, Noel Winters, Dave Murphy
Reps:Simone, Ryan Caldwell, Dick, Brad, Rick Skauge, Ricky, Roy, few others didn't catch their names.
Phone:Kent, Darvin Gerber, and Andy Robson
UCC: Kyle Brown

THIS IS EXHIBIT "I" referred to in the Affidavit of Kyle Brown Sworn before me this 7 Day of May A.D. 2012
A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

David LeGeyt
Barrister & Solicitor

Topics: Airdrie, Legacy, Ron Q&A

Biggest Issues: Panama, No communication from FCC

Legacy
-Best Land Assemblies in the greater Calgary Area
-Approx 296 Acres owned the balance is under options
-Pointen Family still lives on Land and has options on land
-Qualico, Western Securities, Hamdon, VIP, Harvest bought entire highway 8 area
-RockyView county asked them to start
-Process can take 2-5 years to get ASP through
-Due to municipal election they cancelled the highway 8 ASP.
-All developers were left high and Dry, all work put on hold.
-Will be publishing a document Jan 31, 2012 showing the activity in Legacy
-As of Sept 11, 2012 county came out of it's shell and start circulation on Highway 8
-Western Securities most active in Highway 8 right now.
-Western told to go ahead to submit Garden Ranch
-Noel went to county with a team got a non-conflict agreement to use ERW planning/shepherd Andrew (working on several harvest projects)
-Have asked for and been granted preliminary approval to circulate concept plan so they will be equal to Western Securities
-March 1 will submit concept plan from ERW/Shepherd the same time WS will submit theirs
-12-18 month circulation of that plan within county will yield land use zoning for the site from the approved concept plan you go into subdivision.
-Noel's opinion is we will receive a rapid increase in land value as we see the circulation of the concept plan. (He mentioned the appraisal they got in was $14 million, but he thinks it is higher)
-Council has reversed their position and signalling they want fair intensive urban development in that highway 8 corridor.
-Outstanding issues remain primarily utilities, sewer and water were biggest issues. Legacy purchased rights from Bob Allen license they have tied up 500 acre ft of water. Not been transferred from Bob Allen to legacy due to Alberta license very slow, had application since 2007.
-Each developer has to find their own license and sanitation solution for their individual site
-EPCOR has come forward to put in a larger system for not just highway 8 but for all of west Calgary.
-In Summary 2.5 year delay was nobody's fault all political decision, now behind everybody, plan approval in 12-18 months.
-City of Calgary increased Levies to $100,000 an acre, which makes our land more desirable, as there is no levies for RockyView, so big developers will be looking there.
-Highway 8 will be expanding to 4 lanes all the way to 782 moved up 2 years.

-Publishing on the internet today showing land owner maps and land use, zoning, road transportation systems, etc.

Airdrie

-In 2007 Airdrie East was brought to RockyView by a bunch of developers including Harvest.
-Another complication City of Airdrie made a large 50 year annexation request that will go through in the next few weeks.
-We are on Boundary of Balsac East ASP, Noel major proponent of it.
-Noel represents a # of clients in Balsac East ASP.
-Had a meeting a week ago about getting into ASP, they have asked them to come forward with a concept plan.
-Hopewell residential is our neighbour, and Hopewell will join them to expand Balsac East.
-He says he push the Balsac east ASP by a mile for industrial and now it is in development.
-In the last 18 months RockyView has finished waterline connecting up Western irrigation district, Gram lake treatment plant, and put it on South Boundary of our property.
-They think they will extend the Balsac East ASP by September. Then they will be in a position to submit a concept plan.
-Favours 2 acre lots for country residential. With plan overlay to take it down to 1/2 acre sides.
-About 18 months away to having land use were we can subdivide and develop.
-Developers set their gun sites on land that is being approved and will approach these companies like Airdrie Country Estates with their view to outright purchase or joint venture.
-Wouldn't recommend we become a developer.
-Noel says there will be 10,000 jobs in that area, which will create a new demand for residential.
-RockyView has no business tax, so you only pay property tax, so that is why so many distribution centers are getting setup out there.
-Huge tax saving in RockyView 48% of what is in Calgary so that is why so many industrial
-Rona, Lowes, Target, Wal-Mart all setting up distribution center.
-CP Rail has setup new rail yard just south of there.
-North sector hottest industrial development in Canada.
-Application will be made March 1st or sooner.
-Murray asked how country residential 2 acre lots will be good for people who work at Cross Iron mills.
-18 months to get all of our zoning approvals to get subdivision.
-Most developers are gearing up for high density low cost homes.
-RockyView is still keen on Acreages, nodes of development permitted in Highway 8, but want 2-4 acrea country residential.

Sour Gas on Airdrie

-Nexen runs these gas wells, you have to buy these gas wells. Nexen gas plant closed in May. We will be in position to buy out Gas well in Airdrie.
-Very Marginal gas well, 60 year old sour gas well.
-Real cost is the abandonment of the sub-surface and reclamation of the surface. You do ERCB for wellbore and then Alberta Environment for the soil. Expensive Process, Nexen responsibility when they abandon it. But Nexen in no hurry to abandon these.
-Producing Sour Gas well, Nexen is taking their entire gas field and redirecting it to the crossfield gas plant.
-Difficulty is Nexen will hold on to these wells as marginal producers instead of paying the cost to abandon them. That for us is a challenge. Paid for Cross iron mills $3.9 million dollars.
-Not cost effective to do it for Country residential, the government wants them to abandon that field
-Noel sees it to be something we can work with.
-Brad asked if it was disclosed on the OM
-Ron Aitkens said the Sour Gas well was in the OM, I said that it wasn't and they were going to check. He said he remembered when Roy was out doing Seminars that it was definitely discussed it. Brad said discussed and disclosed are two different things, so if it was disclosed in the OM please show us so that would be great.
-Noel winters came up after the meeting and said it wasn't in the OM so he said FCC might have to take more accountability for that one. And if that was the case he might not spend too much time on Airdrie. (Very interesting...)

Ron Q&A

-Started saying in the last few months, there were people from Harvest doing beyond the bond
-He has been out of it for 1 year, and didn't know what was happening until people came to him.
-They bought legacy not to develop it, but they saw it great long term as a buy and hold, if they were to develop lots it would be a good bonus.
-With all of information seminars going on, Ron realized there was a planned attack against the investors from somebody within
-When he became aware of what was going on he stepped back in.
-Said the beyond the bond did a lot of damage, they are going to be regularly communicating with investors
-Said it wasn't accurate that land was worth $0.10 on the dollar like they were saying.
-Said we need time to get these projects up.
-Want to push a conversion from Debt to Equity
-Said the Legacy land has a first right of refusal to 2022 so not worried about the timeline.
-Said the money for Panama was put in a Lawyers trust account but moved without permission.
-Said we are going to make $2.5 million on that money
-He looked shaken when talking about panama and red faced, he was repeating sentences.
-Murray asked Rick Skauge if Olympia had any obligation with them moving money from Legacy to Panama, Rick said it is up to the investors to read their OMs and he was just there for his 1/2 point.
-The Island is the Isla Del Rey in Panama
-He would get 70% of return on the profit from Panama investors get 30% he said he was doing same as the OM
-Said there was going to be problem for people in RIFs due to the timeline. That is why turning debt to equity was the best move..... for him... not for us.
-Someone asked about the next ones to fall Foundation Place and Railside, they said they were just starting to look at those.
-Someone asked about Benchmark, Ron Aitkens said that Harvest inherited Benchmark, and it wasn't harvest fault. Said that he put $2 million of Harvest money to keep it from going under.
-Said they should be out of CCAA in 3 months.
-Talked about FROG, said the meeting was a little preliminary and that is why it was cancelled. Said they are getting it re-evaluated and hinted that it was evaluated low by Frank's ground in order to shake the investors.

There was more, but that is all the important stuff and this has taken me forever to get out, but my job keeps getting in the way. :)

Kyle.

EXHIBIT "J"

LeGeyt, David

From:	Nicole Shurko [savefccinvestors@gmail.com]
Sent:	Monday, May 07, 2012 11:46 AM
To:	LeGeyt, David; Wheatley, Gail
Subject:	Fwd: FW: Open House: Airdrie Country Estates and Legacy Communities Information Night

---------- Forwarded message ----------
From: **Nicole Shurko** <savefccinvestors@gmail.com>
Date: Sun, May 6, 2012 at 3:31 PM
Subject: Re: FW: Open House: Airdrie Country Estates and Legacy Communities Information Night
To: Angie Gurney CFP <agurney@tfsgroup.ca>
Cc: Kyle Brown <brownke@shaw.ca>

Thank you. It is very helpful.

On Sun, May 6, 2012 at 12:41 PM, Angie Gurney CFP <agurney@tfsgroup.ca> wrote:

Hi Nicole,

THIS IS EXHIBIT "J"
referred to in the Affidavit of
Kyle Brown
Sworn before me this 7
Day of May A.D. 2012

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
David LeGeyt
Barrister & Solicitor

Here you go….

Thanks,

***Angie D. Gurney,* CFP**
Raintree Financial Solutions
5351 - 75 Street
Edmonton, AB. T6E 0W4
Phone (780)909-6307
Fax (780)437-1144
www.raintreesolutions.net
"Life is ten percent what happens to you and ninety percent how you respond to it."
- Lou Holtz

From: Investor Communications [mailto:InvestorCommunicatons@theharvestgroup.ca]
Sent: Monday, March 19, 2012 6:57 PM
To: Angie Gurney
Subject: Open House: Airdrie Country Estates and Legacy Communities Information Night

Dear Angie,

On Dec. 21/11, Legacy Communities Inc., Airdrie Country Estates and Airdrie Capital Corp. were granted court protection under the Companies Creditors Arrangement Act (CCAA).

During the past 90 days, a new Consultant Team has worked to ensure that the assets of these companies are protected. Importantly, a development strategy is being prepared. This strategy is designed to provide maximum return for the Investors.

Please join us for a presentation by the Consultant Team on **Wednesday, March 21 2012** where we will be discussing:

Project status

Project strategy

CCAA process

Q&A

Wednesday's meeting is for agents and former agents. Within two weeks we will be hosting regular meetings of similar nature which are open to all investors.

Date: **March 21 2012**

Time: **7pm**

Location: **Harvest's Calgary Office; #18, 11410 27th Street SE,Calgary, AB T2Z 3R6**

please RSVP Harvest to ensure you have a place

Regards,

David Murphy

Noel Winter

HARVEST Group of Companies

#18, 11410 27th Street SE

Calgary, AB T2Z 3R6

(403) 253-5822

(866) 312-8720

www.theharvestgroup.ca

--
Thank you for your response.

Nicole Shurko, CFP, FMA, CSWP
Investor Relations / Committee Chair
Unsecured Creditor Committee (UCC)
(780) 455-3641
savefccinvestors@gmail.com
Twitter... @FoundationUCC

... Sign up for updates at www.foundationinvestorsucc.com

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Thank you for your response.

Nicole Shurko, CFP, FMA, CSWP
Investor Relations / Committee Chair
Unsecured Creditor Committee (UCC)
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EXHIBIT "K"

LeGeyt, David

From: Nicole Shurko [savefccinvestors@gmail.com]
Sent: Sunday, May 06, 2012 10:15 PM
To: LeGeyt, David; Mann, David
Subject: Re: FW: Information on CCAA

Very important ... Read below.

On Sunday, May 6, 2012, Brian wrote:

Not sure if you received a copy of this communication but I thought I would forward it to you.

Sincerely,

Brian Kilbank

THIS IS EXHIBIT "K"
referred to in the Affidavit of
Kyle Brown
Sworn before me this 7
Day of May A.D. 2012
David LeGeyt
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

David LeGeyt
Barrister & Solicitor

From: Investor Communications [mailto:InvestorCommunications@theharvestgroup.ca]
Sent: May-06-12 3:01 PM
Subject: Information on CCAA

Dear Agents,

The following is a letter from the management of **Legacy Communities, Railside Industrial, Airdrie Country Estates and Foundation Place.**

EMAIL InvestorCommunications@theharvestgroup.ca
PHONE 403 . 253 . 5822 ext. 2684 **TOLL FREE** 1 . 866 . 312 . 8720
ADDRESS 18, 11410 - 27th Street SE, Calgary AB T2Z 3R6
WEBSITE www.theharvestgroup.ca

HARVEST

Dear Agents,

During the past several months the process of putting the projects into creditor protection and then trying to move them through the process has been more challenging than we were first lead to believe. When we conferred with the legal professionals and the monitors, the plan that was first conceived was that the projects would be 'dipped' into CCAA for a corporate restructuring that would last for only several months and then exit CCAA and be managed mainly by investor lead directors.

During the time frame that the companies have been in CCAA, a great deal has been accomplished. To some extent, the real estate markets have helped, because the plan for creating value is clearer now than what it even was in December. The market for future development land was virtually non-existent, as there were so many foreclosure properties available such that the market was severely depressed. It was only in the month of January that the market starting showing signs of life.

For most of the life of these projects, they have been severely impacted by 3.5 years of a deep recession. It is so easy to ask, why hasn't anything been done on the projects? But that is evidence of someone who has not been in touch with the reality of the economic and real estate world since 2008.

On Legacy Communities, Dr. Bruce Jank, has tirelessly attended meeting after meeting, trying to bring a solution to the water and sewer issues. It was only in March of this year, 2012,that he has been able to report that he has a Memorandum of Understanding with a large utility service provider to provide services to the lands west of Calgary. This has taken over 5 years of work on Bruce's part. When you couple the political indecision, the recession and lack of servicing capability, the news is absolutely huge for this project.

Airdrie Country Estates, Railside Industrial and Foundation Place have all felt the effects of a non-existent market created by the recession and lack of political will. Also on these projects, there now exists an optimism that has they have not had for several years. For instance, Airdrie Country Estates now looks like it may be able to be included in the East Balzac ASP. Rockyview County would not look at this when we asked to have this done 2 years ago, until the Airdrie annexation was completed. Railside Industrial is now receiving a good amount of land sale enquiries, something which the depressed market stopped from happening. In regards to Foundation Place, we were successful in securing a Development Permit, but the market stopped it from being built in 2008. It is now felt that there may be a good time to rethink the project, as we had an extensive marketing study of the project in the fall of 2011.

The purpose of this brief update is to ask you to continue to support the "NO CRO" initiative for several reasons.

1. In 2 or 3 weeks there will an EXIT PLAN mailed out to investors with a plan to have a vote on the plan and a vote for a Board of Directors for the Legacy and Airdrie projects.

2. The PLAN will include several items of importance to the investors, including the repayment plan from 1252064 to Legacy. It will also include a Trust Indenture that will change the structure of the investment, so that investors will have a voting mechanism that the present structure does not include.

3. The goal is to be out of CCAA on Legacy and Airdrie by the end of June.

4. If a CRO is installed at this extremely late day, it is virtually impossible that the projects would exit CCAA by the end of June.

5. The present state of confusion that started when only one side of the story was presented has created the `perfect storm` for speculators wanting top quality land for a good deal. This is in fact, the way that Keith Prosser, was introduced to the company. He represented a foreign investor, who was interested in purchasing our portfolio of projects.

6. The UCC and their counsel have denied large investors, the right to represent the projects in which they are the largest investor. This is causing even more confusion for investors, as this is in direct contravention of the UCC`s own bylaws that were approved by the Court.

7. The legal costs that are being incurred are huge for what should a relatively simple

Corporate Restructuring. Investors have only seen the amounts to the end of March. Investors will be surprised at the magnitude of the bills in April. The costs and delays will add so significantly to the projects that they will be put in even worse peril. The goal of CCAA was to protect the investors.

It is impossible to run these projects for only $20,000 a month. Yesterday there was an email sent from UCC that stated that they are volunteers and will work for free. To our knowledge there is no one who is qualified to do the jobs necessary to complete these projects.

We are asking that, if you are in agreement with this, please ask your clients to support the NO CRO initiative and ask them to sign our forms and send them back the office by fax or by email.

Thank you,

Legacy Communities **Railside Industrial**

Airdrie Country Estates **Foundation Place**

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Thank you for your response.

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