

NO. S088739
VANCOUVER REGISTRY

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*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF OKANAGAN HILLS DEVELOPMENT CORPORATION,
VINEYARD HOMES AT THE RISE LTD., THE GOLF CLUB AT THE RISE LTD. and
Y-K PROJECTS LTD.

PETITIONERS

ORDER AUTHORIZING DIP LOAN

BEFORE THE HONOURABLE
MADAM JUSTICE DICKSON

FRIDAY, THE 20th DAY OF
FEBRUARY, 2009

THIS APPLICATION coming on for hearing at Vancouver, British Columbia on the 20th day of February, 2009 and on hearing Christopher J. Ramsay counsel for the Petitioners, Kelly A. Cairns, counsel for Arres Capital Inc., Western Arres Capital Inc. S 136 Ventures Ltd., 0760752 B.C. Ltd., and 0760738 B.C. Ltd., John Fiddick, counsel for Robert Lee Ltd., and Alan Brown, counsel for Business Development Bank of Canada ("BDC"), AND ON READING the pleadings and other materials filed herein; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985 c. C-36, as amended (the "CCAA"), and Rules 3, 10, 12, 13(1), 13(6), 14 and 44 of the Rules of Court and the equitable and inherent jurisdiction of this Honourable Court: THIS COURT ORDERS AND DECLARES

1. that the Petitioners are hereby authorized and empowered, with the consent of the Monitor, to obtain and borrow up to the sum of \$2,500,000 under a credit facility (the "DIP Facility") in order to finance the Petitioners' working capital requirements and other general

corporate purposes and capital expenditures. The Petitioners are hereby authorized to pay all expenditures as set out in the cash flow prepared by the Petitioners and filed in these proceedings as approved by the Monitor.

2. the DIP Facility shall be on substantially the same terms and conditions as set forth in the commitment letter between the Petitioners and Robert Lee Ltd (the "DIP Lender") dated as February 18th, 2009 (the "Commitment Letter"), filed as Appendix "A" to the 3rd Monitor's Report dated February 19, 2009. In the event the transaction does not close with Robert Lee Ltd, the Petitioners are authorized to enter into a DIP Facility with another lender on substantially the same terms as those contained in the Commitment Letter and this Order will apply accordingly.

3. the Petitioners are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "DIP Documents"), as may be reasonably required by the DIP Lender, and the Petitioners are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Documents as and when the same become due and are to be performed, notwithstanding any other provision of the Initial Order.

4. the DIP Lender shall be entitled to the benefits of, and is hereby granted, a priority charge (the "DIP Lender's Charge") on the Petitioner's property and any proceeds pertaining thereto as specifically listed in schedule "A" to this Order attached hereto (the "Property"). The DIP Lender's Charge shall constitute a charge on the Property and such charge shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances, statutory or otherwise in favour of any person except in the case of PID # 026-548-933 and PID # 026-548-941 the DIP Lender's Charge shall rank in second place behind HSBC Bank Canada but ahead of S 136 Ventures Ltd. and in the case of PID #026-327-007 the DIP Lender's Charge shall rank in second place behind BDC.

5. the DIP Lender's Charge shall not exceed the aggregate amount owed to the DIP Lender under the DIP Documents. The DIP Lender's Charge shall have the priority set out in Paragraphs 38 and 40 of the Initial Order, as amended herein.

6. notwithstanding any other provision of this Order or the Initial Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the DIP Documents;
- (b) upon the occurrence of an event of default under the DIP Documents or the DIP Lender's Charge, the DIP Lender, upon ten (10) days' notice to the Petitioners and the Monitor, may exercise any and all of its rights and remedies against the Petitioners or the Property under or pursuant to the DIP Facility, DIP Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Petitioners and set off and/or consolidate any amounts owing by the DIP Lender to the Petitioners against the obligations of the Petitioners to the DIP Lender under the DIP Facility, the DIP Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Petitioners and for the appointment of a trustee in bankruptcy of the Petitioners and, for greater certainty, upon the occurrence of an event of default under the terms of the DIP Documents, the DIP Lender shall be entitled to seize and retain proceeds from the sale of the Property and the cash flow of the Petitioners to repay amounts owing to the DIP Lender in accordance with the DIP Documents and the DIP Lender's Charge, but subject to the priorities as set out in paragraphs 38 and 40 of the Initial Order, as amended herein; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Petitioners or the Property.

7. that the DIP Lender, in respect of the advances under the DIP Facility and the DIP Documents, shall be treated as unaffected in any plan of arrangement or compromise filed by the Petitioners under the CCAA, or any proposal filed by the Petitioners under the BIA.

8. that the Initial Order be and the same as hereby as amended by deleting paragraph 38 and replacing it with the following:

"38. THIS COURT ORDERS that the priorities of the Administration Charge, the Directors' Charge and the DIP Lender's Charge, as amongst them, shall be as follows:

First - Administration Charge (to the maximum of \$300,000);

Second - Directors' Charge (to the maximum amount of \$75,000); and


Third - the DIP Lender's Charge

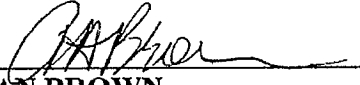
BY THE COURT


DEPUTY DISTRICT REGISTRAR

APPROVED AS TO FORM:

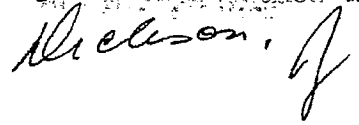

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Counsel for the Petitioners


KELLY A. CAIRNS
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Western Arres Capital Inc. S 136 Ventures Ltd.,
0760752 B.C. Ltd., and 0760738 B.C. Ltd.


ALAN BROWN
Counsel for BDC


JOHN FIDDICK
Counsel for Robert Lee Ltd.

- dispensed with
need for signature



Schedule "A"

PID	LEGAL DESCRIPTION	CIVIC ADDRESS
026-548-933	Lot 1 District Lot 62 Osoyoos Division Yale District Plan KAP79842	2640 Lakeshore Road, Vernon, BC
026-548-941	Lot 2 District Lot 62 Osoyoos Division Yale District Plan KAP79842	2640 Lakeshore Road, Vernon, BC
027-451-755	Lot B Section 6 Township 8 and Section 31 Township 9 Osoyoos Division Yale District Plan KAP86230	Bella Vista Road, Vernon, BC
027-508-293	Lot 1 Section 31 Township 9 Osoyoos Division Yale District Plan KAP86584	Bella Vista Road, Vernon, BC
027-677-681	Lot 1 Section 31 Township 9 Osoyoos Division Yale District Plan KAP87536	Okanagan Hills Blvd, Vernon, BC
026-469-014	Lot 1 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78317, Except Plans KAP78952, KAP81473 and KAP78953	Bella Vista Road, Vernon, BC
026-469-022	Lot 2 Section 6 Township 8 and Section 31 Township 9 Osoyoos Division Yale District Plan KAP78317, Except Plan KAP85528	7163 Bella Vista Road, Vernon, BC
026-469-561	Lot 5 Section 6 Township 8 and Section 31 Township 9 Osoyoos Division Yale District Plan KAP78317, Except Plans KAP78953, KAP81473 and KAP87703	Bella Vista Road, Vernon, BC
026-470-527	Lot 6 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78317, Except Plan KAP87703	8600 Rising View Way, Vernon, BC
026-470-535	Lot 7 Section 6 Township 8 Osoyoos Division Yale District Plan KAP78317	Bella Vista Road, Vernon, BC
026-470-543	Lot 8 Section 6 Township 8 Osoyoos Division Yale District Plan KAP78317	Bella Vista Road, Vernon, BC
027-330-087	Lot A Section 31 Township 9 Osoyoos Division Yale District Plan KAP85528	Bella Vista Road, Vernon, BC
026-472-341	Lot 13 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78952	144 Vineyard Way, Vernon, BC
026-472-350	Lot 14 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78952	148 Vineyard Way, Vernon, BC
026-472-376	Lot 16 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78952	156 Vineyard Way, Vernon, BC
026-472-651	Lot 44 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78952	343 Cordon Place, Vernon, BC
026-472-686	Lot 47 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78952	331 Cordon Place, Vernon, BC
026-472-694	Lot 48 Section 31 Township 9 Osoyoos Division Yale	327 Cordon Place, Vernon, BC

PID	LEGAL DESCRIPTION	CIVIC ADDRESS
	District Plan KAP78952	
026-472-708	Lot 49 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78952	323 Cordon Place, Vernon, BC
026-472-716	Lot 50 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78952	319 Cordon Place, Vernon, BC
026-472-724	Lot 51 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78952	315 Cordon Place, Vernon, BC
026-472-732	Lot 52 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78952	311 Cordon Place, Vernon, BC
026-773-660	Lot 2 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78953	364 Cordon Lane, Vernon, BC
026-773-678	Lot 3 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78953	360 Cordon Lane, Vernon, BC
026-773-881	Lot 24 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78953	524 Balsam Court, Vernon, BC
026-774-119	Lot 47 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78953	495 Silversage Place, Vernon, BC
026-774-151	Lot 51 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78953	503 Silversage Place, Vernon, BC
026-774-160	Lot 52 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78953	507 Silversage Place, Vernon, BC
026-774-178	Lot 53 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78953	511 Silversage Place, Vernon, BC
026-774-186	Lot 54 Section 31 Township 9 Osoyoos Division Yale District Plan KAP78953	515 Silversage Place, Vernon, BC
026-988-585	Strata Lot 1 Section 31 Township 9 Osoyoos Division Yale District Strata Plan KAS3178 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V	144 Silversage Terrace, Vernon, BC
026-988-631	Strata Lot 6 Section 31 Township 9 Osoyoos Division Yale District Strata Plan KAS3178 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V	124 Silversage Terrace, Vernon, BC
026-988-640	Strata Lot 7 Section 31 Township 9 Osoyoos Division Yale District Strata Plan KAS3178 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V	120 Silversage Terrace, Vernon, BC
026-988-666	Strata Lot 9 Section 31 Township 9 Osoyoos Division Yale District Strata Plan KAS3178 together with an interest in the common property in proportion to the unit	112 Silversage Terrace, Vernon, BC

PID	LEGAL DESCRIPTION	CIVIC ADDRESS
	entitlement of the strata lot as shown on Form V	
026-988-674	Strata Lot 10 Section 31 Township 9 Osoyoos Division Yale District Strata Plan KAS3178 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V	108 Silversage Terrace, Vernon, BC
026-988-682	Strata Lot 11 Section 31 Township 9 Osoyoos Division Yale District Strata Plan KAS3178 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V	104 Silversage Terrace, Vernon, BC
026-990-326	Strata Lot 13 Section 31 Township 9 Osoyoos Division Yale District Strata Plan KAS3178 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V	300 Silversage Bluff Lane, Vernon, BC
026-990-334	Strata Lot 14 Section 31 Township 9 Osoyoos Division Yale District Strata Plan KAS3178 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V	304 Silversage Bluff Lane, Vernon, BC
027-271-838	Strata Lot 17 Section 31 Township 9 Osoyoos Division Yale District Strata Plan KAS3178 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V	200 Silversage Ridge Lane, Vernon, BC
027-271-846	Strata Lot 18 Section 31 Township 9 Osoyoos Division Yale District Strata Plan KAS3178 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V	204 Silversage Ridge Lane, Vernon, BC
027-271-854	Strata Lot 19 Section 31 Township 9 Osoyoos Division Yale District Strata Plan KAS3178 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V	208 Silversage Ridge Lane, Vernon, BC
027-271-862	Strata Lot 20 Section 31 Township 9 Osoyoos Division Yale District Strata Plan KAS3178 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V	212 Silversage Ridge Lane, Vernon, BC
027-272-117	Strata Lot 25 Section 31 Township 9 Osoyoos Division Yale District Strata Plan KAS3178 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form V	112 Silversage Lookout Court, Vernon, BC
027-777-197	Lot A Section 31 Township 9 Osoyoos Division Yale District Plan KAP88166	Okanagan Hills Blvd, Vernon, BC
027-684-041	Lot A Section 31 Township 9 Osoyoos Division Yale District Plan KAP87703	8500 Rising View Way, Vernon, BC
026-327-007	Lot 2 Section 31 Township 9 and Section 6 Township 8 Osoyoos Division Yale District Plan KAP78315	Bella Vista Road, Vernon, B.C.

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ORDER

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JS:kt
6137-537282-1