

**TAB J**

*This is EXHIBIT “J” Referred to in the  
Affidavit of  
JAMES REITAN*

*Sworn the 24<sup>th</sup> day of October, 2013*

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

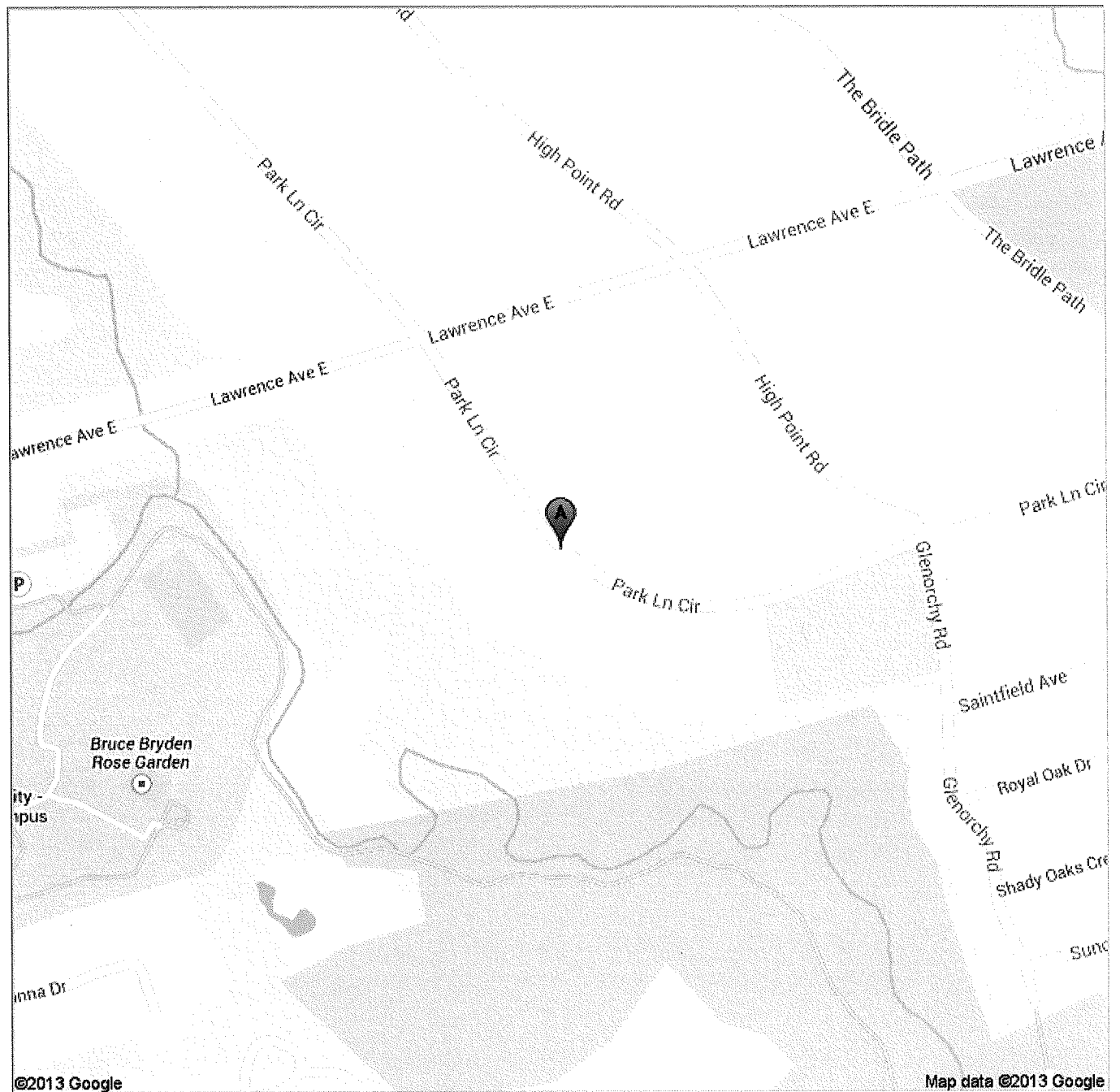
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*A Commissioner For Taking Affidavits (or as may be)  
Shara N. Roy*



Address **44 Park Ln Cir**  
**Toronto, ON M3B 1Z7**

324



10/22/13

44 Park Lane Circle, Toronto, ON - Google Maps

Google

Address **44 Park Ln Cir**  
**Toronto, ON M3B 1Z7**

325






**TAB K**

***This is EXHIBIT “K” Referred to in the  
Affidavit of  
JAMES REITAN***

***Sworn the 24<sup>th</sup> day of October, 2013***

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a horizontal line.

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***A Commissioner For Taking Affidavits (or as may be)  
Shara N. Roy***

## Tisdale entries "To reclass non Tisdale expenses"

Account/Sub-Acct	Tran	Entered/Last Modified	Last modified	Date	Num	Memo	Account	Amount
13200 - I/C Receivable - Rose & Thistle	5,558	10/21/2013 16:52:29	mario	09/30/2013	J12/13 - 15	To reclass non Tisdale expenses	13200 - I/C Receivable - Rose & Thistle	738,093.76
12600 - Construction in Progress	5,558	10/21/2013 16:52:29	mario	09/30/2013	J12/13 - 15	To reclass non Tisdale expenses	12600 - Construction in Progress	-738,093.76
13200 - I/C Receivable - Rose & Thistle	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	13200 - I/C Receivable - Rose & Thistle	432,571.66
5000 - Cost of Goods Sold	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	5000 - Cost of Goods Sold	-39,870.48
Construction in prog - Doors	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	Doors	-11,958.82
Construction in prog - Electrical	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	Electrical	-48,609.03
Construction in prog - Hardwood Floors & Installation	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	Hardwood Floors & Installation	-31,487.30
Construction in prog - Labour	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	Labour	-117,970.50
Construction in prog - Tiling	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	Tiling	-24,689.21
Construction in prog - Trailer Rental	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	Trailer Rental	-1,620.00
Construction in prog - Windows	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	Windows	-4,500.00
Construction in prog	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	Construction in prog	-22,994.18
Internet/E mail Expense	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	Internet/E mail Expense	-109.95
rental Fees	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	rental Fees	-9,991.96
WSIB Premiums	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	WSIB Premiums	-30.04
5840 - PST Expenses	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	5840 - PST Expenses	-1,024.48
60000 - Consulting Fees - 63004 - Enviromental	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	63004 - Enviromental	-4,500.00
60000 - Consulting Fees - 63010 - Landscape Architech	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	63010 - Landscape Architech	-8,389.75
60000 - Consulting Fees - 63012 - Consulting Fees - O.L.S.	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	63012 - Consulting Fees - O.L.S.	-5,507.95
60000 - Consulting Fees - 63544 - Architecture-Building Design	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	63544 - Architecture-Building Design	-25,000.00
62600 - Equipment Rental - 62600 - Equipment Rental	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	62600 - Equipment Rental	-681.78
63700 - Landscaping and Groundskeeping	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	63700 - Landscaping and Groundskeeping	-1,287.25
64032 - Permit-Other	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	64032 - Permit-Other	-26,247.00
66600 - Printing and Reproduction	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	66600 - Printing and Reproduction	-209.00
68001 - Servicing - On-Site	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	68001 - Servicing - On-Site	-172.90
68090 - Lakes-Harbour Construction	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	68090 - Lakes-Harbour Construction	5,000.00
70500 - Cleaning and Janitorial Expense - 70560 - Waste Removal	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	70560 - Waste Removal	-11,291.38
71000 - Repairs and Maintenance - 71120 - Locks and Keys	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	71120 - Locks and Keys	-163.00
72000 - Roads and Grounds - 72010 - Grounds Maintenance	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	72010 - Grounds Maintenance	-922.90
72000 - Roads and Grounds - 72040 - Snow Removal	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	72040 - Snow Removal	-1,000.00
72500 - Life Safety and Security - 72520 - Security	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	72520 - Security	-245.00
72500 - Life Safety and Security - 72530 - Fire and Alarm System	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	72530 - Fire and Alarm System	-1,705.00
75000 - Insurance - Property	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	Property	-12,805.00
84700 - Miscellaneous Expense	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	84700 - Miscellaneous Expense	-905.04
84900 - Office Supplies	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	84900 - Office Supplies	-260.07
86700 - Professional Fees - Appraisal	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	Appraisal	-20,050.00
86700 - Professional Fees - Legal	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	Legal	-1,059.00
88100 - Telephone Expense	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	88100 - Telephone Expense	-132.80
88400 - Travel Expense	5,559	10/21/2013 17:38:11	mario	08/31/2013	J08/13 - 16	To reclass non Tisdale expenses	88400 - Travel Expense	-179.89

# TAB L

***This is EXHIBIT “L” Referred to in the  
Affidavit of  
JAMES REITAN***

***Sworn the 24<sup>th</sup> day of October, 2013***

A handwritten signature in black ink, appearing to read 'Shara N. Roy', is written over a horizontal line.

***A Commissioner For Taking Affidavits (or as may be)  
Shara N. Roy***

**Shara N. Roy**

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**From:** Jim Reitan <Jim@drbdiet.com>  
**Sent:** Thursday, October 10, 2013 9:18 AM  
**To:** Norma Walton  
**Cc:** Dr. Stanley Bernstein  
**Subject:** RE: 140 Queen's Plate

Can you please provide today the reporting from the on-line banking month to date which will show all transactions (i.e.: mortgage proceeds, capital infusion, balance).

Thanks,  
 Jim

Jim Reitan  
 Director of Accounting & Finance  
 Dr. Bernstein Diet & Health Clinics  
 21 Kern Rd., Toronto, ON, M3B 1S9  
 ph: 416-447-3438 ext. 228  
 fax: 416-447-0750  
 email: jim@drbdiet.com

"You gain strength, courage and confidence by every experience in which you really stop to look fear in the face."  
 Eleanor Roosevelt

The information contained in this e-mail and any attachments is intended only for the personal and confidential use of the designated recipients named herein. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this documentation and its attachments in error, and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify the sender and return and delete the original message immediately.

-----Original Message-----

From: Norma Walton [mailto:nwalton@roseandthistle.ca]  
 Sent: Thursday, October 10, 2013 8:43 AM  
 To: Jim Reitan  
 Cc: Dr. Stanley Bernstein  
 Subject: RE: 140 Queen's Plate

Sorry, Jim, that was not how I interpreted your approval. I will provide a copy of the bank statement showing the infusion of \$80,000 by us.

Regards,  
 Norma

-----Original Message-----

From: Jim Reitan [mailto:Jim@drbdiet.com]  
 Sent: Thursday, October 10, 2013 7:54 AM  
 To: Norma Walton  
 Cc: Dr. Stanley Bernstein

Subject: RE: 140 Queen's Plate

Sorry, the new mortgage is \$3.35 million? When you say "stayed at \$3.35 million" it's a bit confusing. It was agreed to stay at \$3.27 million.

If the new mortgage is at \$3.35 million, what you're telling me is that both you and the new mortgage funded closing costs. Sounds like the Northern Dancer received "a little more than \$80,000" from you (verification of which is pending) and \$80k from the new mortgage. Closing costs were paid from the additional mortgage proceeds, not your infusion. I could go into details, but that would just be restating what is shown on the FUNDING STATEMENT. In this case, Northern Dancer's bank balance should be in excess of \$80k. Is that the case? Can you validate that for me?

My email was clear that the new mortgage was supposed to have a principal amount of \$3,270,000, with the closing costs being funded by you.

Am I wrong?

Thanks,  
Jim

Jim Reitan  
Director of Accounting & Finance  
Dr. Bernstein Diet & Health Clinics  
21 Kern Rd., Toronto, ON, M3B 1S9  
ph: 416-447-3438 ext. 228  
fax: 416-447-0750  
email: jim@drbdiet.com

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-----Original Message-----

From: Norma Walton [mailto:nwalton@roseandthistle.ca]  
Sent: Thursday, October 10, 2013 7:11 AM  
To: Jim Reitan  
Cc: Dr. Stanley Bernstein  
Subject: RE: 140 Queen's Plate

We infused a little more than \$80,000 into the account.

-----Original Message-----

From: Norma Walton  
Sent: Thursday, October 10, 2013 6:47 AM  
To: 'Jim Reitan'  
Cc: Dr. Stanley Bernstein  
Subject: RE: 140 Queen's Plate

Dear Jim,

The amount of the new mortgage stayed at \$3.35 million. We agreed at your request to fund the \$60,000 in mortgage placement fees plus legals which we did by depositing that money into the Northern Dancer account. The mortgage closed on that basis...?

Regards,  
Norma

-----Original Message-----

From: Jim Reitan [mailto:Jim@drbdiet.com]  
Sent: Thursday, October 10, 2013 6:32 AM  
To: Norma Walton  
Cc: Dr. Stanley Bernstein  
Subject: RE: 140 Queen's Plate

Thank you for the update, however, maybe you can clear up a discrepancy. The funding statement dated October 4 shows GROSS MORTGAGE PROCEEDS of \$3,350,000. The old mortgage (Carvest) had a principal amount of \$3,270,000. I've attached the email string dated October 2 where we agreed, the new mortgage was to be \$3,270,000.

Has the new mortgages closed, and in what amount?

Thanks,  
Jim

Jim Reitan  
Director of Accounting & Finance  
Dr. Bernstein Diet & Health Clinics  
21 Kern Rd., Toronto, ON, M3B 1S9  
ph: 416-447-3438 ext. 228  
fax: 416-447-0750  
email: jim@drbdiet.com

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Eleanor Roosevelt

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-----Original Message-----

From: Norma Walton [mailto:nwalton@roseandthistle.ca]  
Sent: Thursday, October 10, 2013 5:48 AM  
To: Jim Reitan  
Cc: Dr. Stanley Bernstein  
Subject: RE: 140 Queen's Plate

Dear Jim,



The mortgage registered on Friday, October 4th and Carevest was paid out on Monday, October 7th. Attached is the mortgage advance statement from Handelman along with Carevest's letter confirming they were not renewing. I do not yet have the Carevest discharge statement but as agreed we provided to the company the sum of approximately \$70,000 to facilitate the transaction.

Regards,  
Norma

-----Original Message-----

From: Jim Reitan [mailto:Jim@drbdiet.com]  
Sent: Wednesday, October 02, 2013 10:02 AM  
To: Norma Walton  
Cc: Dr. Stanley Bernstein  
Subject: RE: 140 Queen's Plate

Thank you for your confirmation. Dr. Bernstein has asked that I convey to you his approval to move forward with this refinancing.

Please provide us with the agreed documentation as soon as available, as well as the new mortgage document and closing statement.

Jim

Jim Reitan  
Director of Accounting & Finance  
Dr. Bernstein Diet & Health Clinics  
21 Kern Rd., Toronto, ON, M3B 1S9  
ph: 416-447-3438 ext. 228  
fax: 416-447-0750  
email: jim@drbdiet.com

\*\*\*\*\*

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---

From: Norma Walton [nwalton@roseandthistle.ca]  
Sent: Wednesday, October 02, 2013 8:50 AM  
To: Jim Reitan  
Cc: Dr. Stanley Bernstein  
Subject: RE: 140 Queen's Plate

Confirmed

-----Original Message-----

From: Jim Reitan [mailto:Jim@drbdiet.com]  
Sent: Wednesday, October 02, 2013 7:33 AM  
To: Norma Walton  
Cc: Dr. Stanley Bernstein

Subject: RE: 140 Queen's Plate

Just so there is no misunderstanding:

- 1) You will provide as equity to Northern Dancer, funds to cover any amounts needed at closing above the new mortgage of \$3,270,000, which is in the same amount as the current mortgage. This is estimated to be \$80k (MORTGAGE PLACEMENT FEES OF \$60,000 PLUS WE WILL HAVE DISBURSEMENTS OF HIS LAWYER AND OUR LAWYER).
- 2) Disbursement of proceeds (which should be minimal) from the closing agent's escrow will be credited to Northern Dancer's account.

Thank you for accommodating my restatement here. I looked back at the email chain and just wanted to make sure we are on the same page.

Please confirm.

Jim

Jim Reitan  
 Director of Accounting & Finance  
 Dr. Bernstein Diet & Health Clinics  
 21 Kern Rd., Toronto, ON, M3B 1S9  
 ph: 416-447-3438 ext. 228  
 fax: 416-447-0750  
 email: jim@drbdiet.com

"A word of encouragement during a failure is worth more than an hour of praise after success" ~Unknown

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-----Original Message-----

From: Norma Walton [mailto:nwalton@roseandthistle.ca]  
 Sent: Wednesday, October 02, 2013 7:18 AM  
 To: Jim Reitan  
 Cc: Dr. Stanley Bernstein  
 Subject: RE: 140 Queen's Plate

Dear Jim,

See my notes below.

Regards,  
 Norma

-----Original Message-----

From: Jim Reitan [mailto:Jim@drbdiet.com]  
 Sent: Monday, September 30, 2013 1:27 PM  
 To: Norma Walton  
 Cc: Dr. Stanley Bernstein

Subject: RE: 140 Queen's Plate

Norma:

We would like to confirm the following prior to Dr. Bernstein providing his approval for this financing:

- 1) You will advance funds to equity to cover the legal and broker fees (the extra amount of the mortgage proposed) and provide documentation of same; AGREED
- 2) None of the parties (mortgagor, broker, lawyer) are related to you, Ron or Rose & Thistle; THAT IS ACCURATE
- 3) The proceeds of the mortgage will be deposited into the owner company's account and will not be co-mingled with Rose & Thistle monies; THE BULK OF THE PROCEEDS WILL PAY OFF THE EXISTING MORTGAGE WITH BALANCE DEPOSITED TO NORTHERN DANCER'S ACCOUNT and
- 4) Dr. Bernstein will be consulted and his approval sought for any expenditures over \$50,000. AGREED

This request comes from Dr. Bernstein and myself.

Thanks,  
Jim

Jim Reitan  
Director of Accounting & Finance  
Dr. Bernstein Diet & Health Clinics  
21 Kern Rd., Toronto, ON, M3B 1S9  
ph: 416-447-3438 ext. 228  
fax: 416-447-0750  
email: jim@drbdiet.com

\*\*\*\*\*

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From: Norma Walton [nwalton@roseandthistle.ca]  
Sent: Monday, September 23, 2013 8:22 AM  
To: Dr. Stanley Bernstein  
Cc: Jim Reitan  
Subject: RE: 140 Queen's Plate

Dear Stan,

See my answers below.

Regards,  
Norma

From: Dr. Stanley Bernstein [mailto:drb@drbdiet.com]  
Sent: Monday, September 23, 2013 6:57 AM  
To: Norma Walton  
Cc: Jim Reitan  
Subject: RE: 140 Queen's Plate

Dear Norma,

Thank you for this information.

With respect to the refinancing, could you please confirm that the mortgage applies only to 140 Queen's Plate and not to 150 Queen's Plate. THE PROPERTIES ARE NOT YET SEVERED SO THE MORTGAGE IS AGAINST BOTH.

In order to approve the mortgage, could you please provide me with some additional information.

- Who is the ultimate lender? STEPHEN HANDELMAN AND HIS SYNDICATE
- Confirm why the proposed mortgage is higher than the mortgage to be discharged (\$80K or so). HE IS CHARGING MORTGAGE PLACEMENT FEES OF \$60,000 PLUS WE WILL HAVE DISBURSEMENTS OF HIS LAWYER AND OUR LAWYER.
- I also note that you and Ron are personal guarantors of the mortgage. That should not be necessary. I WOULD LOVE FOR IT NOT TO BE NECESSARY BUT HE, LIKE YOU IN THE PAST, ALWAYS INSISTS UPON A PERSONAL GUARANTEE.

You have signed this term sheet on behalf of Northern Dancer. I must insist that you comply with the terms of our agreement and obtain my approval for any decisions regarding refinancing of the properties, before the decisions are made and/or agreements signed (including term sheets). Please confirm that no mortgage will be registered on title without my approval. WE ARE UP AGAINST A DEADLINE SUCH THAT IF WE DO NOT REFINANCE, CAREVEST WILL CALL OUR LOAN. I HAVE BEEN WORKING HARD TO ARRANGE A REFINANCING AND INITIALLY WE TRIED TO GET BDC ON BOARD BUT THEY WON'T PROVIDE FUNDS WITHOUT SITE PLAN APPROVAL. HENCE I ARRANGED FOR STEPHEN TO PROVIDE THE MORTGAGE. I WOULD ASSUME THAT IS AGREEABLE GIVEN THE ALTERNATIVE IS CALLING THE LOAN, NO?

Regards,  
Stan

**TAB M**

***This is EXHIBIT “M” Referred to in the  
Affidavit of  
JAMES REITAN***

***Sworn the 24<sup>th</sup> day of October, 2013***

A handwritten signature in black ink, appearing to be 'S. Roy', written over a horizontal line.

---

***A Commissioner For Taking Affidavits (or as may be)  
Shara N. Roy***

---

**From:** Dr. Stanley Bernstein  
**Sent:** Friday, September 20, 2013 6:58 AM  
**To:** Jim Reitan; Warren Bernstein  
**Subject:** FW: 140 Queen's Plate, Newton Grove Presentation 19th Sept 2013.pptx

Thanks,  
Dr. Bernstein

**From:** Norma Walton [nwalton@roseandthistle.ca]  
**Sent:** September-20-13 6:18 AM  
**To:** Dr. Stanley Bernstein  
**Subject:** 140 Queen's Plate, Newton Grove Presentation 19th Sept 2013.pptx

Dear Stan,

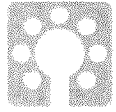
What follows is the update related to 140 Queens Plate:

1. We presented the attached last evening to the parents of MPS Etobicoke and it went really well. They are currently occupying 1 Cityview until their new school at 140 Queens Plate is built;
  2. We are in for site plan approval, second submission and are hopeful the second submission will be close to our final;
  3. The mayor's office has advised that while we are awaiting site plan approval, we can also apply for a building permit. That is an indulgence on their part because usually they make you wait until you have site plan approval in hand to make your building permit application. This is Doug Ford's riding and we have lobbied him hard to help us which he and the mayor are now doing;
  4. We will be ready to apply for permit in a couple of weeks;
  5. Given the mayor's help, we should have site plan approval and building permit in hand before year end;
  6. Assuming we have our building permit in hand by year end, MPS Etobicoke's school could be ready for their occupancy by year end 2014, which would complete the bulk of this project;
  7. The Fire Department is keen to purchase the balance of the site. I am attaching a site plan showing what they would buy. We are haggling over price and the round about right now. I suspect we may ink a deal at \$1.7 million. We'll see;
  8. Our mortgage is due end of this month in the amount of \$3.27 million. We have arranged through Stephen Handelman a new mortgage for \$3.35 million that should close between October 4<sup>th</sup> and 11<sup>th</sup>. Carevest is fine with that timing. The term sheet for that new mortgage is attached;
  9. We are meeting with the BDC to discuss them providing the land loan (\$3.35 million) plus part of the construction financing (another \$7.65 million) in the next few weeks, but they will not provide funding until we have site plan approval and building permit in hand; and
  10. You have invested approximately \$1.65 million and we have invested approximately \$800,000 to date if memory serves.
- If you wished to exit this project, the best time would be once the school is built as that is when the property will be worth the most. We expect that timing to be end of 2014.

Regards,  
 Norma





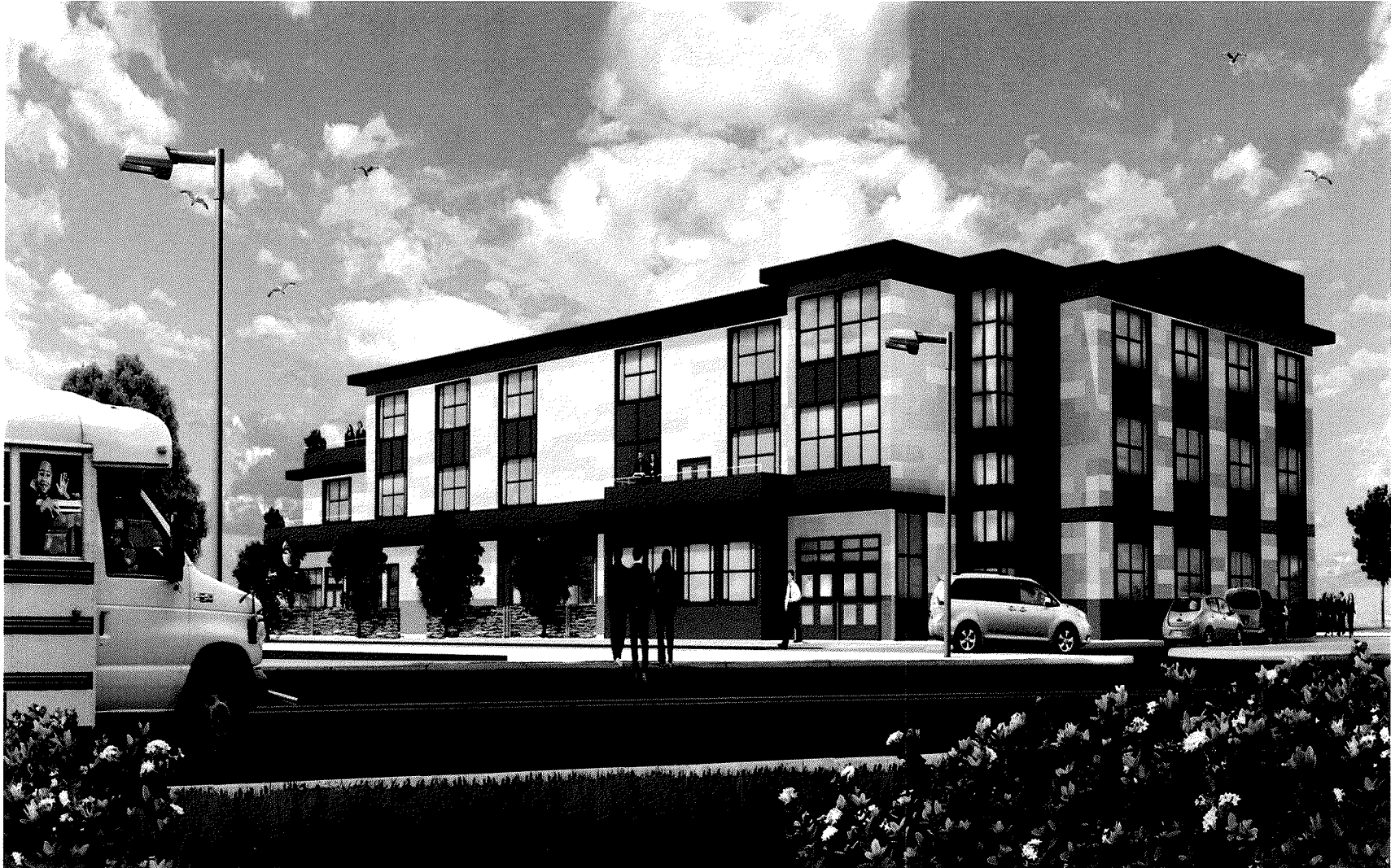


NEWTON'S  
GROVE  
SCHOOL

# Bright New Space for Bright Young Minds

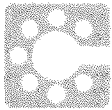


THE ROSE and THISTLE  
GROUP LTD  
LAND and INVESTMENTS





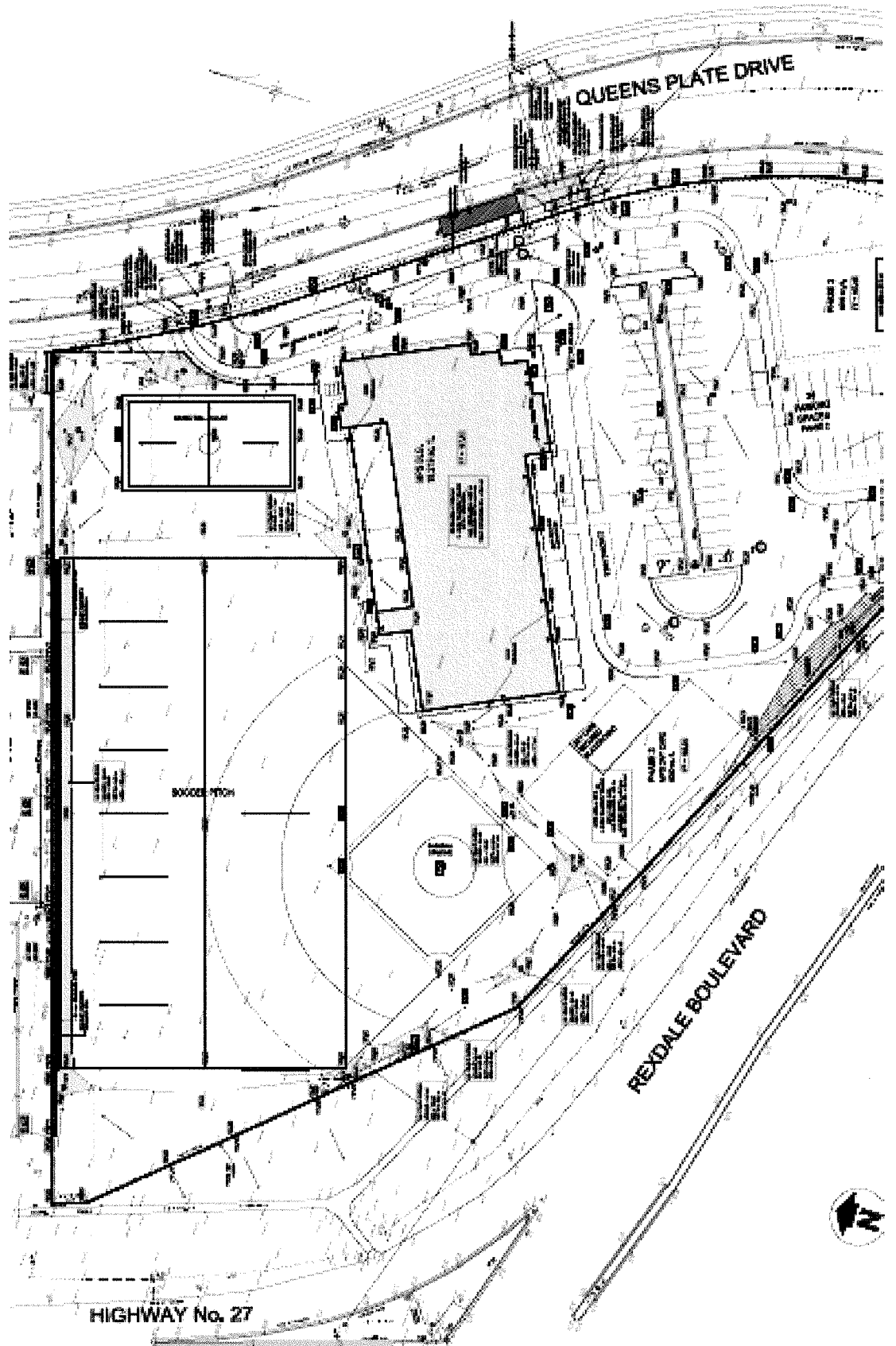
# The Site Plan



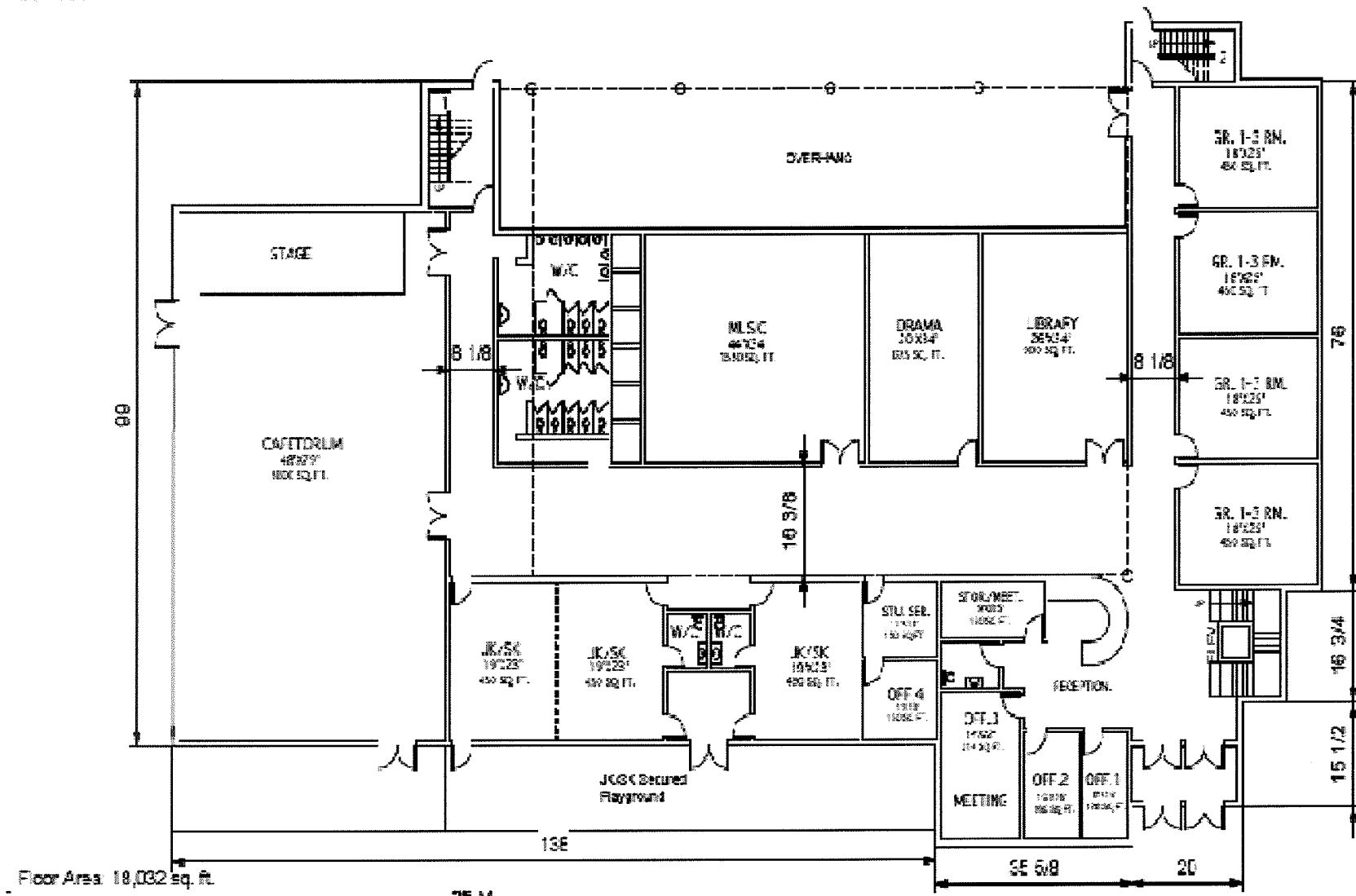
NEWTON'S  
GROVE  
SCHOOL

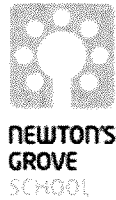


THE ROSE and THISTLE  
GROUP LTD  
LAND and INVESTMENTS



# Ground Floor Plan





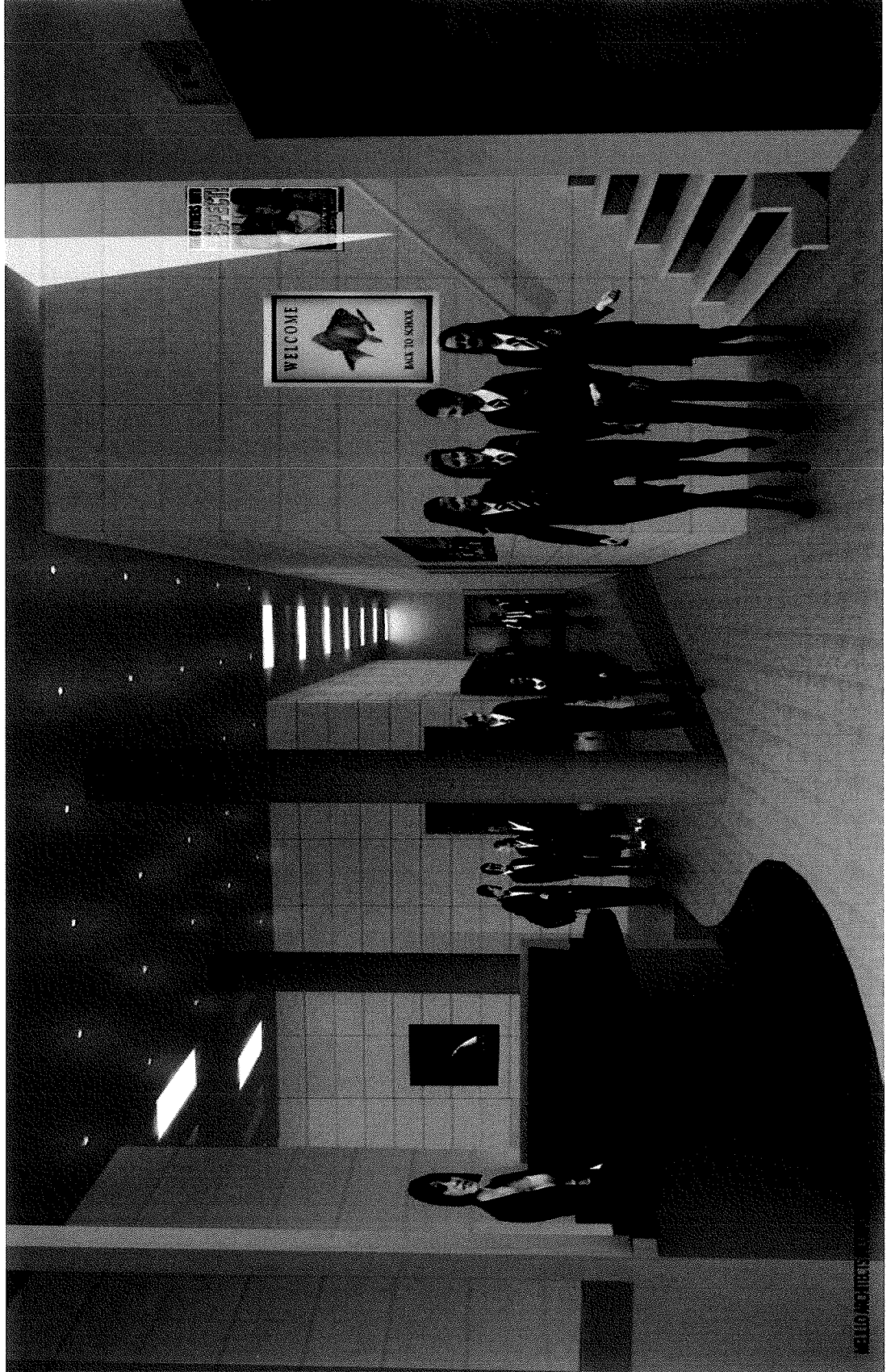
# Estimated Schedule

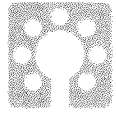


October 2013	Site Plan Approval, Site Servicing and Building Permit Application
Nov/Dec 2013	Digging begins for servicing and foundations. Pre-construction.
Jan 2014	Building construction. Building envelope completed in 27 days
March 2014	Interior fixturing
June 2014	Landscaping, road's & paving
September 2014	School Opens!



# Main Lobby





NEWTON'S  
GROVE  
SCHOOL

# Main Corridor



THE ROSE and THISTLE  
GROUP LTD  
LAND and INVESTMENTS



MELLO ARCHITECTS INCORPORATED 2013



# The Lounge



Meillo Architects Incorporated 2013

# Double Gym



MELILLO ARCHITECTS INCORPORATED 2013

# Cafetorium for Lunch



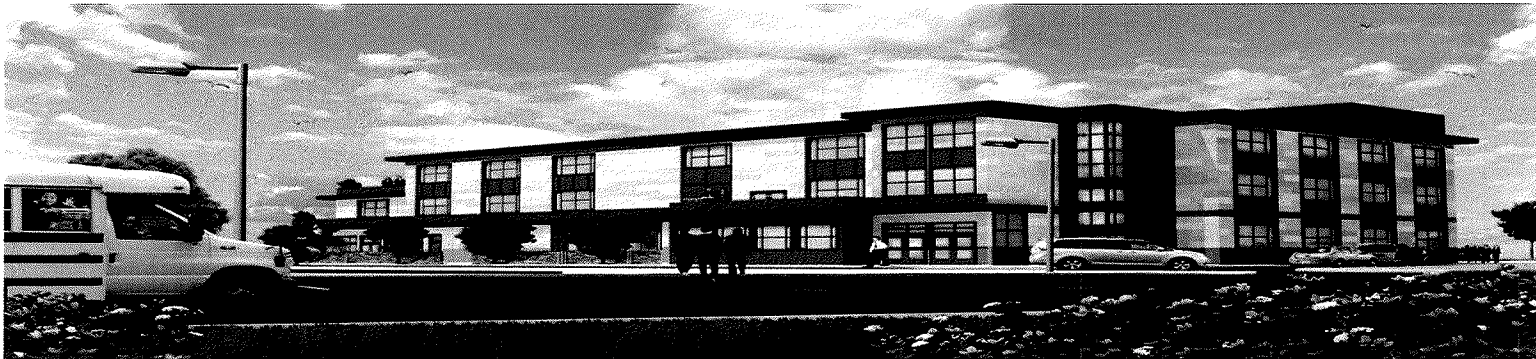
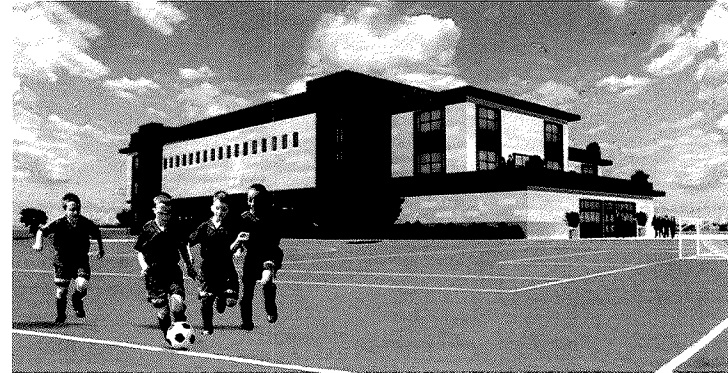
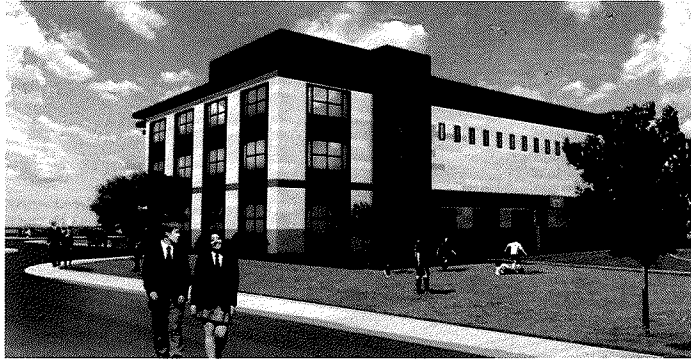


# Cafetorium with Stage





We are delighted to be  
part of this amazing project.  
Thank You!







September 18, 2013

Mr. Stephen Handelman  
c/o Larry Zimmerman  
Zimmerman Associates  
3338 Dufferin Street  
Toronto, ON M6A 3A4

Dear Stephen,

Re: First mortgage refinancing, 140 Queen's Plate Drive, Toronto

As discussed, we are proposing to arrange a loan with you on the following terms and conditions:

Lender:	Handelman in trust
Borrower:	Northern Dancer Lands Ltd.
Guarantors:	Ron and Norma Walton
Purpose of Loan:	Refinance 140 Queen's Plate Drive, Toronto, Ontario
Security:	First mortgage 140 Queen's Plate Drive
Closing Date:	October 4, 2013
Loan Amount:	\$3,350,000
Interest Rate:	9.5% per annum calculated and payable monthly (interest only), not in advance, before and after default
Term:	to October 31, 2014
Amortization:	0 years
Monthly Payments:	Interest of \$26,520.83 Payment shall be in the form of post-dated cheques

Mortgage Agent's  
Arrangement Fee: \$60,000

Other terms: Open on any payment date upon 30 days written notice; if paid off within the first six months, one month's bonus interest to be paid on discharge; to be paid in full upon sale of property

Survey: Satisfactory R Plan or survey to be provided to Lender's lawyer prior to closing

Interest Adjustment  
Date: Interest shall be adjusted to the 5th day of the month after the advance is made, and shall be payable on the 5th of each month thereafter.

Default: If Lender must send collection letters to Borrower due to default, a \$200 fee for each collection letter will apply. NSF cheques will attract a charge of \$150 per cheque.

Mortgage Statements: Borrower shall pay \$250 for preparation of each Mortgage Statement requested.

Legal Fees: Lender's lawyer: Lawrence Zimmerman  
\$5,025 plus disbursements and HST

All legal, survey, insurance, valuation and inspection costs and fees, and other costs and fees incurred in connection with this mortgage shall be paid by the Borrower unless otherwise stated. Borrower's counsel will prepare and register all documents and report to Lender's lawyer accordingly.


Standby fee: \$2,000 to be paid to Lawrence Zimmerman in trust

Title and Legal  
Requirements: Advance of funds shall be made subject to the Lender and its solicitors being satisfied with title to all property secured and all legal aspects required of the transaction.

The above terms are hereby agreed to by Northern Dancer Lands Ltd. and Ron and Norma Walton personally.

  
 \_\_\_\_\_  
 NORTHERN DANCER LANDS LTD.

  
 \_\_\_\_\_  
 NORMA WALTON

  
 \_\_\_\_\_  
 RON WALTON



The above terms are hereby agreed to by Handelman et al. in trust

---

HANDELMAN ET AL. IN TRUST

 Fee

**TAB N**

*This is EXHIBIT “N” Referred to in the*  
*Affidavit of*  
**JAMES REITAN**

*Sworn the 24<sup>th</sup> day of October, 2013*

A handwritten signature in black ink, appearing to read 'Shara N. Roy', is written over a horizontal line.

*A Commissioner For Taking Affidavits (or as may be)*  
**Shara N. Roy**

**From:** Norma Walton [nwalton@roseandthistle.ca]  
**Sent:** October-11-13 12:44 PM  
**To:** Dr. Stanley Bernstein  
**Subject:** RE: 355 Weston Road

Dear Stan,

You are welcome to take all the profits if that will make you feel like it was a better investment. That does not matter to me.

Thus far, we have been flogging Weston Road to find a tenant for a year and a quarter without success. I figured we'd have it leased by now pursuant to our pro forma, but on this project I am wrong. Also the vendor take back financing comes due at year's end.

We purchased on the same day last September Dupont, Weston and Cityview. Dupont is tracking to be a winner – a solid double hit. Cityview is tracking to be a winner – a solid double hit as well. Weston is more challenging.

**Hence when an offer to purchase comes in that will result in a good profit on equity, I will take it.** Some of our joint projects will be home runs and some will be singles. So far, fingers being crossed, we have not had any losers. This one, if we can sell for \$7 million, will be a solid single.

*[emphasis added].*

Also given the litigation between us I assumed you wanted to sell off the portfolio and reap your profits and move on?

Assuming they agree to \$7 million, you are welcome to all of the profits.

Regards,  
Norma

**From:** Dr. Stanley Bernstein [mailto:drb@drbdiet.com]  
**Sent:** Friday, October 11, 2013 12:32 PM  
**To:** Norma Walton  
**Subject:** RE: 355 Weston Road

Dear Norma,

You have sold this property for a bottom line profit of \$287,194.00 total.  
Not much after owning a \$5.18M dollar property for 1.5 years.  
My profit is half, not including my loan to the project.

You projected a value of \$10M after some construction - why not finish this and reap the larger rewards?  
I would have preferred discussing - as you suggested - this before you signed the offer back.

Stan

**From:** Norma Walton [nwalton@roseandthistle.ca]  
**Sent:** October-11-13 12:20 PM  
**To:** Dr. Stanley Bernstein  
**Subject:** RE: 355 Weston Road

Sorry, forgot the attachment

**From:** Norma Walton  
**Sent:** Friday, October 11, 2013 12:20 PM  
**To:** 'Dr. Stanley Bernstein'  
**Subject:** RE: 355 Weston Road

Dear Stan,

Attached is the APS sign back for \$7 million.

The purchase costs were \$5.18 million.

The mortgage carrying costs to date through to proposed closing of January 14, 2014 are \$315,000.

The property taxes through to closing are about \$127,500.

The utilities and maintenance through to closing are about \$225,000.

The insurance through to closing is \$45,000.

The environmental work done to date is \$175,000.

The partial demolition of the interior of the building is \$115,000.

Total approximate cost base:	\$6,182,500 (you \$2,135,375 and us \$47,925)
Sale price:	\$7,000,000
Less commission (3%):	<u>\$ 210,000</u>

Net proceeds:	\$ 607,500
---------------	------------

You are entitled to the first 10% on \$2,135,375 for 1.5 years, being \$320,306.

The balance is split between us, meaning \$287,194 divided by two = \$143,597

Hence you'll receive \$463,903 give or take, and we'll receive \$143,597 plus capital repayment for both of us. It works out to a 21.72% straight line return on your equity within 18 months, give or take.

Regards,  
Norma

### 355 Weston Road CAPITAL REQUIRED

#### Purchase Costs

Purchase Price	5,000,000
Mortgage fee	0
Lender's legal fee	10,000
Ontario Land Transfer Tax	75,000
Municipal Land Transfer Tax	75,000
Other fees and disbursements	20,000
for appraisal, reliance letters for environmental reports, municipal	

enquiries and fees, etc.			
<b>Total Purchase Price</b>			<b>\$ 5,180,000</b>
<b>New tenant improvement costs</b>			
Assume \$25 PSF x 75,000 SF plus \$5 PSF x 25,000	\$	2,000,000	
Project management fee	\$	200,000	
<b>Environmental Remediation costs</b>			
Assume soil removal and ground water treatment	\$	250,000	
Project management fee	\$	25,000	
<b>Total Tenant Improvement and Environmental Remediation Costs:</b>			<b>\$ 2,475,000</b>
<b>Carrying Costs, months 1 to 15</b>			
Property tax	\$	106,250	
Interest on mortgage	\$	284,500	
Utilities and maintenance	\$	187,500	
Insurance	\$	37,500	
<b>Total Net Carrying Costs:</b>			<b>\$ 615,750</b>
<b>Total Capital Required</b>			<b>\$ 8,270,750</b>
<b>Mortgage, Vendor Take Back:</b>	<b>48.36%</b>	<b>5.69%</b>	<b>\$ 4,000,000</b>
<b>Dr. Bernstein:</b>	<b>25.82%</b>		<b>\$ 2,135,375</b>
<b>Ron and Norma Walton:</b>	<b>25.82%</b>		<b>\$ 2,135,375</b>

**From:** Dr. Stanley Bernstein [mailto:drb@drbdiet.com]  
**Sent:** Friday, October 11, 2013 11:10 AM  
**To:** Norma Walton  
**Subject:** RE: 355 Weston Road

Please show me the numbers  
how much am I getting?  
how much are you getting?  
show me the details of how \$7M will be dispersed.  
what are the costs to date? details please.

I would like to make an informed decision.  
Telling me that I will receive about \$600,000 without the details is not appropriate

Stan

**From:** Norma Walton [nwalton@roseandthistle.ca]  
**Sent:** October-11-13 11:08 AM

**To:** Dr. Stanley Bernstein  
**Subject:** RE: 355 Weston Road

We are not getting \$600,000. You are getting much more because you fronted the money for the purchase.

**From:** Dr. Stanley Bernstein [mailto:drb@drbdiet.com]  
**Sent:** Friday, October 11, 2013 10:08 AM  
**To:** Norma Walton  
**Subject:** Re: 355 Weston Road

We paid just over \$5.1M  
 If I get \$600,000, and you get \$600,000, please show me where the remainder of about \$700,000 went on a \$7M sale.  
 This is why I need to see the books.

Thanks,  
 Stan

On Oct 11, 2013, at 10:00 AM, "Norma Walton" <[nwalton@roseandthistle.ca](mailto:nwalton@roseandthistle.ca)> wrote:

Dear Stan,

You have invested \$2,135,375; we have invested \$47,925; and the debt is \$4,000,000, coming due at year's end. Hence anything close to or around \$7 million would be of interest. \$7 million would return to you approximately \$600,000 being a better than 25% compounded annual return give or take.

Regards,  
 Norma

**From:** Dr. Stanley Bernstein [mailto:drb@drbdiet.com]  
**Sent:** Friday, October 11, 2013 8:52 AM  
**To:** Norma Walton  
**Subject:** RE: 355 Weston Road

Dear Norma,  
 You have not given Jim access to the bank statements / books for this property.  
 I do require the necessary numbers, costs to date, expenses to date, etc. to arrive at a reasonable sale price.  
 Please provide the above and also tell me what you think is an acceptable offer.

Regards,  
 Stan

---

**From:** Dr. Stanley Bernstein  
**Sent:** October-10-13 6:19 PM  
**To:** Norma Walton  
**Subject:** Re: 355 Weston Road

Dear Norma  
 I would like to be there tomorrow but I'm in Fla.  
 Please call me at 416-464-0181 if the offer sounds good.  
 What are our total costs to date and how much would you accept?

Thanks,

Dr. Bernstein

On Oct 10, 2013, at 5:36 PM, "Norma Walton" <[nwalton@roseandthistle.ca](mailto:nwalton@roseandthistle.ca)> wrote:

Dear Stan,

I am told Marina Bulman, one of the realtors with whom we work, has a prospective buyer for 355 Weston Road and that she has a signed offer she wants to deliver tomorrow. She is coming in tomorrow at 11 am. You are welcome to attend the meeting or I will advise you the proposed terms the moment I know and we can agree upon a sign back or I will call you to discuss if I think we should sign back on the spot.

Regards,  
Norma

---

**From:** Marina Bulman [<mailto:marina.bulman@gmail.com>]  
**Sent:** Thursday, October 10, 2013 5:25 PM  
**To:** Trudy Haalmeyer  
**Cc:** Norma Walton  
**Subject:** Re: 355 Weston Road

Thank you  
I'll see you at 11am  
Marina

On Thu, Oct 10, 2013 at 5:21 PM, Trudy Haalmeyer  
<[THaalmeyer@roseandthistle.ca](mailto:THaalmeyer@roseandthistle.ca)> wrote:  
Excellent! See you then.  
Thanks, Marina for turning this around so quickly.  
T

**From:** Marina Bulman [<mailto:marina.bulman@gmail.com>]  
**Sent:** Thursday, October 10, 2013 5:17 PM  
**To:** Norma Walton; Trudy Haalmeyer  
  
**Subject:** Re: 355 Weston Road

I have meeting 9am tomorrow morning so, let's say 11am would be great for me.  
Thanks  
Marina

On Thu, Oct 10, 2013 at 4:32 PM, Trudy Haalmeyer  
<[THaalmeyer@roseandthistle.ca](mailto:THaalmeyer@roseandthistle.ca)> wrote:

Norma is available between 11am and 3pm tomorrow.

**From:** Marina Bulman [<mailto:marina.bulman@gmail.com>]  
**Sent:** Thursday, October 10, 2013 3:49 PM  
**To:** Trudy Haalmeyer  
**Subject:** Re: 355 Weston Road



I've just signed it half an hour ago and wanted to arrange the meeting.  
Thanks

On Thu, Oct 10, 2013 at 1:50 PM, Trudy Haalmeyer  
<[THaalmeyer@roseandthistle.ca](mailto:THaalmeyer@roseandthistle.ca)> wrote:

| Can we expect an offer tomorrow?



October 15, 2013

Peter Griffin  
Direct line: 416-865-2921  
Direct fax: 416-865-3558  
Email: pgriffin@litigate.com

**SENT BY EMAIL**

Guillermo Schible  
Schible Law  
Suite 2200  
181 University Avenue  
Toronto, ON M5H 3M7

Dear Mr. Schible:

**RE: Dr. Stanley Bernstein and Norma Walton et al**  
**Our File No.: 44696**

I am writing further to the events of late last week and, in particular, your client's exchanges with Dr. Bernstein over the weekend and, most particularly, in respect to her email of Friday, October 11, 2013 in respect of the various properties, including 355 Weston Road.

We are going to have to establish a more robust protocol for addressing the various positions which your client is taking with respect to the properties, which includes full access to Mr. Reitan of the underlying documentation reflecting the support and justification for your client's declared equity positions, invoices charged and the movement of funds generally with respect to each of the properties. We also require immediately all of the original agreements of purchase and sale for all properties.

If there is to be a sale of any property or refinancing:

1. Dr. Bernstein is to authorize:
  - (a) Any listing;
  - (b) Any listing price;
  - (c) Any sign back of an agreement of purchase and sale;
  - (d) The completion of such transaction;
  - (e) Any mortgage or financing on or of the property;

Guillermo Schible  
Page 2

in writing with his signature attached. Short of that, your client will have no authority to deal with the properties unilaterally.

2. In addition:

- (a) The lawyer acting on the transaction for the Owner Company is to report to, and receive instructions from, both Dr. Bernstein and your client and no step is to be taken without written approval from each;
- (b) The proceeds of the sale of each property are to be deposited into an account under the control of the Inspector. No disbursement will take place from those accounts until approved of in writing by Dr. Bernstein, with copy to the Inspector, or by way of Court Order.

As to the specific properties:

1. **355 Weston Road**

The sale is to proceed at or over \$7 Million subject to the foregoing conditions.

Dr. Bernstein did not consent to the entering into of the Agreement of Purchase and Sale, so that we are clear. He is content, however, that the transaction proceed.

2. **1131A Leslie Street**

We cannot tell whether your client did or did not sign back an offer at \$8.4 Million. If she did, she did not have Dr. Bernstein's authority to do so.

Dr. Bernstein will accept a sale at or over \$8.4 Million, subject to the conditions above. There is to be no disbursement of any amounts from the Proceeds unless and until Mr. Reitan has full access to the books and records concerning the property, so as to determine the basis for your client's assertion that Rose & Thistle is owed \$488,000.00. Two weeks ago, Rose & Thistle owed the Owner Company \$80,000.00.

3. **18 Wynford Drive**

Dr. Bernstein will not agree to a mortgage payment of \$750,000.00. He has had no disclosure of any documents, including the mortgage documents, with respect to this property or the state of accounts in respect of it.

Unless and until he receives the appropriate disclosure, he will not consent to any disbursements.

In addition, Mr. Reitan has inquired as to various questions concerning the over budget position that your client claims, etc., all of which we need disclosure on. In addition, he has inquired about the \$350,000.00 HST receivable which seems to indicate that your client had not been filing HST returns for some time. We need information.

4. **1 Regalcrest/1 Royalgate**

Dr. Bernstein is not agreeable to a new mortgage being arranged on the property. There is no reason to increase the debt load on that property.

Dr. Bernstein will consider a listing for 1 Royalgate at a price at or over \$25 Million, subject to the conditions above with respect to approvals. He did not authorize the listing, but is prepared to live with it, subject to the conditions.

He will not confirm an amount of "profits" to be received unless and until he has full disclosure.

5. **1/9-11 City View Drive**

Dr. Bernstein will not authorize a new mortgage.

He requires full disclosure of the dealings with the property before any further steps may be taken.

6. **5770/5780 Highway 7 West, Vaughan**

Dr. Bernstein will only approve the listing if he receives it in advance and approves it subject to the conditions above.

Unless and until he receives proper disclosure, he will not authorize any distribution of the Proceeds.

7. **1185 Eglinton Avenue East**

Dr. Bernstein has not authorized the listing of the property for sale and will not do so unless and until he receives full disclosure.

8. **875-887 Queen Street East**

Dr. Bernstein has not authorized the listing of the property for sale and will not do so unless and until he receives full disclosure.

9. **241 Spadina**

Guillermo Schible  
Page 4

Dr. Bernstein has not authorized the listing of the property for sale and will not do so unless and until he receives full disclosure.

10. **1450/1500 Don Mills Road**

Dr. Bernstein has not and will not authorize any dealings with this property unless and until he has full disclosure, including the whereabouts of the \$6 Million in additional mortgage financing.

Please forward to me the contact name of the lawyer at Devry Smith & Frank LLP with whom we should be dealing.

If we are not able to have your confirmation of the foregoing conditions and dealings with the properties, we will be seeking an amendment to Justice Newbould's Order of October 4, 2013 accordingly.

Yours very truly,



Peter Griffin

PHG/jl

Cc: Peter Osborne  
Shara Roy



**Shara N. Roy**

---

**From:** Shara N. Roy  
**Sent:** Wednesday, October 16, 2013 9:31 AM  
**To:** guillermo@schiblelaw.com  
**Cc:** Peter Griffin; Peter J. Osborne  
**Subject:** RE: Walton and Bernstein

Mr, Schible,

I realize in my letter yesterday that there is a typo. "1/9-11 Seaview" should of course be "1/9-11 Cityview".

Shara

-----Original Message-----

**From:** Shara N. Roy  
**Sent:** Tuesday, October 15, 2013 4:36 PM  
**To:** [guillermo@schiblelaw.com](mailto:guillermo@schiblelaw.com)  
**Cc:** Peter Griffin; Peter J. Osborne  
**Subject:** Walton and Bernstein

Please see the attached correspondence.



**TAB 0**

*This is EXHIBIT “O” Referred to in the  
Affidavit of  
JAMES REITAN*

*Sworn the 24<sup>th</sup> day of October, 2013*

A handwritten signature in black ink, appearing to read 'S. Roy', enclosed within a faint, hand-drawn oval.

---

*A Commissioner For Taking Affidavits (or as may be)  
Shara N. Roy*

**Shara N. Roy**

---

**From:** Lorna Groves on behalf of Shara N. Roy  
**Sent:** Thursday, October 17, 2013 2:47 PM  
**To:** guillermo@schiblelaw.com  
**Cc:** nwalton@roseandthistle.ca; drb@drbdiet.com; dbernstein@wdblaw.ca; warren@drbdiet.com; jim@drbdiet.com; Peter Griffin; Peter J. Osborne; harlan@schonfeldinc.com; fmyers@goodmans.ca; Shara N. Roy  
**Subject:** Dr. Stanley Bernstein and Norma Walton, et al  
**Attachments:** Letter to G. Schible dated October 17, 2013\_3182974.PDF

Good afternoon,

Attached please find correspondence from Shara Roy dated October 17, 2013 to Guillermo Schible.

Thank you

**Lorna Groves**

Legal Assistant to Shara Roy  
T 416-865-9500 Ext. 364  
F 416-865-9010  
[lgroves@litigate.com](mailto:lgroves@litigate.com)

Lenczner Slaght  
130 Adelaide St W  
Suite 2600  
Toronto, ON  
Canada M5H 3P5  
[www.litigate.com](http://www.litigate.com)

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This e-mail may contain legally privileged or confidential information. This message is intended only for the recipient(s) named in the message. If you are not an intended recipient and this e-mail was received in error, please notify us by reply e-mail and delete the original message immediately. Thank you. Lenczner Slaght Royce Smith Griffin LLP.

October 17, 2013

Shara Roy  
Direct line: 416.865.2942  
Direct fax: 416.865.3973  
Email: [SRoy@litigate.com](mailto:SRoy@litigate.com)

**VIA EMAIL**

Mr. Guillermo Schible  
Schible Law  
Suite 2200  
181 University Avenue  
Toronto, ON M5H 3M7

Dear Mr. Schible:

RE: Dr. Stanley Bernstein and Norma Walton et al  
Our File No.: 44696

Further to our meeting today with the Inspector, at which you attended along with your client Norma Walton by telephone, we confirm that your client has agreed to the following:

- (a) there will be no payments or withdrawals out of the bank accounts belonging to the 31 Owner Company until further agreement or order of the Court;
- (b) Meridian Credit Union will be advised immediately that there is to be no activity in the Owner Company accounts until a co-signer is appointed. You will provide us with the contact information of the representative at Meridian Credit Union;
- (c) Jim Reitan is to be appointed as co-signer on all Owner Company bank accounts;
- (d) Dr. Bernstein or his appointee is to be given online access to all bank accounts of the 31 Owner Company;
- (e) further to our letter dated October 15, 2013, there is to be no listing, sale or refinancing of any property without the written authorization of Dr. Bernstein, with his signature attached;
- (f) any proceeds associated with the properties, including sale proceeds, lease proceeds and/or rental proceeds, are to be

Page 2

deposited in the relevant Owner Company account. Any deductions from those proceeds, including the discharge of mortgages, fees and/or disbursements of any kind, are to be approved by Dr. Bernstein in writing, with his signature attached;

- (g) the Inspector is to be provided today with the current books and records, including general ledgers and backup invoices, for the outstanding 11 companies; and
- (h) any and all requests for approvals and other communications are to be copied to counsel for Dr. Bernstein.

We will be considering what recommendations we may ask the Inspector in light of today's report, and in anticipation of their formal report to the Court next week.

Please provide written confirmation today of the above.

Yours very truly,



Shara Roy  
SNR/lg

cc: *Norma Walton*  
*Stanley Bernstein*  
*Daniel Bernstein*  
*Warren Bernstein*  
*Jim Reitan*  
*Peter Griffin*  
*Peter Osborne*  
*Harlan Schonfeld*  
*Fred Myers*

**TAB P**

*This is EXHIBIT “P” Referred to in the  
Affidavit of  
JAMES REITAN*

*Sworn the 24<sup>th</sup> day of October, 2013*

A handwritten signature in black ink, appearing to read 'Shara N. Roy', is written over a horizontal line.

*A Commissioner For Taking Affidavits (or as may be)  
Shara N. Roy*

**Shara N. Roy**

---

**From:** Shara N. Roy  
**Sent:** Thursday, October 17, 2013 4:25 PM  
**To:** 'guillermo@schiblelaw.com'  
**Cc:** 'nwalton@roseandthistle.ca'; 'DrB@drbdiet.com'; 'dbernstein@wdblaw.ca';  
 'Warren@DrBDiet.com'; 'jim@DrBDiet.com'; Peter Griffin; Peter J. Osborne;  
 'harlan@schonfeldinc.com'; 'fmyers@goodmans.ca'  
**Subject:** Re: Dr. Stanley Bernstein and Norma Walton, et al

Please provide me with the contact person at Meridian. Otherwise, we will write to the bank manager.

Shara N. Roy  
 Lenczner Slaght  
 2600-130 Adelaide Street West  
 Toronto, Ontario M5H 3P5  
 Tel: (416) 865-2942 Fax: (416) 865-9010  
[sroy@litigate.com](mailto:sroy@litigate.com) [www.litigate.com](http://www.litigate.com)

**From:** Shara N. Roy  
**Sent:** Thursday, October 17, 2013 02:46 PM  
**To:** [guillermo@schiblelaw.com](mailto:guillermo@schiblelaw.com) <[guillermo@schiblelaw.com](mailto:guillermo@schiblelaw.com)>  
**Cc:** [nwalton@roseandthistle.ca](mailto:nwalton@roseandthistle.ca) <[nwalton@roseandthistle.ca](mailto:nwalton@roseandthistle.ca)>; [drb@drbdiet.com](mailto:drb@drbdiet.com) <[drb@drbdiet.com](mailto:drb@drbdiet.com)>;  
[dbernstein@wdblaw.ca](mailto:dbernstein@wdblaw.ca) <[dbernstein@wdblaw.ca](mailto:dbernstein@wdblaw.ca)>; [warren@drbdiet.com](mailto:warren@drbdiet.com) <[warren@drbdiet.com](mailto:warren@drbdiet.com)>; [jim@drbdiet.com](mailto:jim@drbdiet.com)  
 <[jim@drbdiet.com](mailto:jim@drbdiet.com)>; Peter Griffin; Peter J. Osborne; [harlan@schonfeldinc.com](mailto:harlan@schonfeldinc.com) <[harlan@schonfeldinc.com](mailto:harlan@schonfeldinc.com)>;  
[fmyers@goodmans.ca](mailto:fmyers@goodmans.ca) <[fmyers@goodmans.ca](mailto:fmyers@goodmans.ca)>; Shara N. Roy  
**Subject:** Dr. Stanley Bernstein and Norma Walton, et al

Good afternoon,

Attached please find correspondence from Shara Roy dated October 17, 2013 to Guillermo Schible.

Thank you

**Lorna Groves**  
 Legal Assistant to Shara Roy  
 T 416-865-9500 Ext. 364  
 F 416-865-9010  
[lgroves@litigate.com](mailto:lgroves@litigate.com)

Lenczner Slaght  
 130 Adelaide St W  
 Suite 2600  
 Toronto, ON  
 Canada M5H 3P5  
[www.litigate.com](http://www.litigate.com)



**TAB Q**

*This is EXHIBIT “Q” Referred to in the  
Affidavit of  
JAMES REITAN*

*Sworn the 24<sup>th</sup> day of October, 2013*

A handwritten signature in black ink, consisting of a stylized, overlapping loop that forms a shape resembling a cursive 'S' or 'R'.

---

*A Commissioner For Taking Affidavits (or as may be)  
Shara N. Roy*



Lenczner  
Slaght

130 Adelaide St W  
Suite 2600  
Toronto, ON  
Canada M5H 3P5  
T 416-865-9500  
F 416-865-9010  
www.litigate.com

October 17, 2013

Shara Roy  
Direct line: 416-865-2942  
Direct fax: 416-865-9010  
Email: sroy@litigate.com

Mr. AJ Haig  
Meridian Credit Union  
Wellesley Branch  
56 Wellesley Street W., Suite 103  
Toronto Ontario, M5S 2S3  
416.928.6468

Dear Mr. Haig:

**RE: Order to Suspend Account Activity**  
**Our File No.: 44696**

Please be advised that we act for Dr. Stanley Bernstein, who is a 50% shareholder in the companies listed on Schedule A hereto. We understand that Meridian Credit Union has accounts for those entities, including those listed on Schedule B hereto.

Please be advised that no activity should take place in these accounts without the authorization of Dr. Bernstein or his designate, until further notice or order of the court. Please confirm your compliance in writing.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Shara Roy".

Shara Roy

SNR/lg

cc. Guillermo Schible  
Fred Myers  
Peter Goodman  
Peter Osbourne

AJ Haig  
October 17, 2013  
**Page 2**

**Schedule A**

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline – 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties Inc.
5. Liberty Village Lands Inc.
6. Riverdale Mansion Ltd.
7. Royal Agincourt Corp.
8. Hidden Gem Development Inc.
9. Ascalon Lands Ltd.
10. Tisdale Mews Inc.
11. Lesliebrook Holdings Ltd.
12. Lesliebrook Lands Ltd.
13. Fraser Properties Corp.
14. Fraser Lands Ltd.
15. Queen's Corner Corp.
16. Northern Dancer Lands Ltd.
17. Dupont Developments Ltd.
18. Red Door Developments Inc. and Red Door Lands Ltd.
19. Global Mills Inc.
20. Donalda Developments Ltd.
21. Salmon River Properties Ltd.
22. Cityview Industrial Ltd.
23. Weston Lands Ltd.
24. Double Rose Developments Ltd.
25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Dewhurst Developments Ltd.
29. Eddystone Place Inc.
30. Richmond Row Holdings Ltd.

AJ Haig  
 October 17, 2013  
 Page 3

**Schedule B**

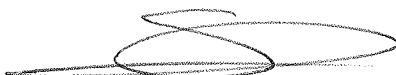
<b>Name</b>	<b>Account</b>
Ascalon Lands Ltd.	7311889
Bannockburn Lands Inc.	7311624
Cityview Industrial Ltd.	9695164
Dewhurst Developments Ltd.	2624021
Donalda Developments Ltd.	9695164
El-Ad (1500 Don Mills) Limited	4449146
Double Rose Developments Ltd.	9695115
Dupont Developments	9673955
Eddystone Place Ltd.	4458105
Fraser Lands Ltd.	7317928
Fraser Properties Corp.	7317936
Global Mills Inc.	9695206
Hidden Gem Development Inc.	7311855
Lesliebrook Holdings Ltd.	7317951
Lesliebrook Lands Ltd.	7317944
Liberty Village Lands Inc.	7311707
Liberty Village Properties Inc.	7311657
Northern Dancer Lands Ltd.	9645904
Queen's Corner Corp.	9669185
Red Door Developments Inc.	7311749
Red Door Lands Ltd.	9692179
165 Buthurst Inc	2704278
Richmond Row Holdings Ltd.	2659654
Riverdale Mansion Ltd.	7311715
Royal Agincourt Corp.	7311780
Royal Gate Holdings Ltd.	2642650
Salmon River Properties Ltd.	7294341
Skyway Holdings Ltd.	4452744
Tisdale Mews Inc.	7211574
Twin Dragons Corporation	7293335
West Mall Holdings Ltd.	9807470
Weston Lands Ltd.	9695198
Wynford Professional Centre Ltd.	7311632

3183259

**TAB R**

***This is EXHIBIT “R” Referred to in the  
Affidavit of  
JAMES REITAN***

***Sworn the 24<sup>th</sup> day of October, 2013***

A handwritten signature in black ink, appearing to be 'S. Roy', written over a horizontal line.

---

***A Commissioner For Taking Affidavits (or as may be)  
Shara N. Roy***

Oct. 21, 2013 10:32AM Meridian Bay St TO 4163630896  
 Meridian Credit Union  
 Greater Toronto Area  
 Commercial Business Centre

No. 3723 P. 1

375 Bay Street  
 Toronto, Ontario M5H 2V5  
 tel: 416-363-7282  
 fax: 416-363-0896  
 contact centre: 1-866-592-2226  
 meridiancu.ca

Your money. Your way. Imagine that.™



October 21, 2013

Ms. Shara Roy  
 Lenczner Slaught  
 130 Adelaide St. W.  
 Suite 2600  
 Toronto, Ontario  
 M5H 3P5

Dear Ms. Roy,

Re: Order to Suspend Account Activity

We have received your request to suspend account activity for a number of accounts where you list Dr. Stanley Bernstein as a 50% shareholder.

Please note that Dr. Bernstein is not a signing authority on any of the identified accounts. In the absence of a supporting court order, we are unable to comply with the request.

Regards,  
  
 Mike Bray  
 Commercial Account Manager



**TAB S**

***This is EXHIBIT “S” Referred to in the  
Affidavit of  
JAMES REITAN***

***Sworn the 24<sup>th</sup> day of October, 2013***

---

***A Commissioner For Taking Affidavits (or as may be)  
Shara N. Roy***

Fasken Martineau DuMoulin LLP  
Barristers and Solicitors  
Patent and Trade-mark Agents

www.fasken.com

333 Bay Street, Suite 2400  
Bay Adelaide Centre, Box 20  
Toronto, Ontario, Canada M5H 2T6

416 366 8381 Telephone  
416 364 7813 Facsimile  
1 800 268 8424 Toll free



John A. Campion  
Direct 416 865 4357  
jcampion@fasken.com

October 21, 2013

**VIA E-MAIL**

Ms. Shara Roy  
Lenczner Slaght  
130 Adelaide St. W.  
Suite 2600  
Toronto, ON M5H 3P5

Dear Ms. Roy:

**Re: *The Walton Group and the Bernstein Group*  
Your File No. 44696**

I have been asked to reply to your letter of October 17, 2013. The Walton Group does not agree with the characterizations of any agreement in your letter. The matters under discussion were and are substantial and necessarily require a written agreement between the parties so that there is no dispute as to the agreements made and the details of those agreements.

I am informed that the discussions during the call were made without prejudice to the Walton Group's primary position that every issue should be arbitrated and not the subject of a court proceeding. Certainly the details of operating the business and any disputes which might arise therein would appear to be properly the subject of arbitration under the outstanding agreements between the Bernstein Group and the Walton Group.

Let me deal with each one of your proposals in turn.

Regarding paragraph (a) of your letter, there was no such agreement as characterized in your letter. There was no discussion of any further orders of the court. The Walton Group did agree to a co-signature on each one of the 31 owner company accounts but that is subject to a proper process which I have set out in the attached Agreement.

Regarding paragraph (b) of your letter, there was no agreement that the Walton Group would stop all activity. The Walton Group has been issuing cheques in the normal course of business in a manner that complies with the court order of October 4, 2013. In any event, it would be unrealistic to cancel cheques or interfere with the business in a manner

that would bring it to a standstill. The attached Agreement represents an efficient process that permits the business to continue to operate while fully protecting the Bernstein Group.

With respect to paragraph (c) of your letter, the Walton Group agrees that Mr. Reitan be a co-signer on behalf of the Bernstein Group for the owner company bank accounts, subject to the terms of the Agreement attached. Your proposal would lead to a serious interference in the business if no dispute mechanism and no signing mechanism was in place.

With respect to paragraph (d) of your letter, the Walton Group agrees that the 31 owner company accounts can be viewed by a representative of the Bernstein Group if online access is a technical possibility at the present bank of the Walton Group. As you can see in the attached Agreement, it is proposed that all 31 owner company accounts be transferred to a bank that has online access. We have chosen the Bank of Montreal as a placeholder, subject to the Bernstein Group's agreement.

With respect to paragraph (e) of your letter, the Walton Group did not agree that a signature of Dr. Bernstein granting his approval is an appropriate mechanism for granting his consent to the listing, sale or re-financing of any property. To date, an e-mail from Dr. Bernstein or his designate consenting to such a transaction has sufficed. There has never been an agreement to a signature by Dr. Bernstein and no agreement that his counsel will be involved in the business on a day-by-day basis in this regard.

With respect to paragraph (f) of your letter, the Walton Group agreed to put sale proceeds into the owner company accounts, meaning net sale proceeds. A property cannot be sold without discharging outstanding mortgages and the payment of fees and disbursements. The Walton Group does commit to depositing the net proceeds of any sale in the appropriate bank account. Any disbursements must be co-signed by the Bernstein Group (subject to the dispute settlement mechanism contained in the attached Agreement). This is adequate protection for the Bernstein Group.

With respect to paragraph (g) of your letter, the Walton Group did not agree to deliver "back-up invoices" by the end of the day the letter was written. The Walton Group has provided access to quick books for all properties. To the extent that back-up invoices are needed, they can be made available at a later time.


With respect to paragraph (h) of your letter, the approval mechanism is set out in the attached Agreement. Communications in the normal course of business will be sent to the Bernstein Group. It was never agreed to include the Bernstein Group's lawyers in

that communication. The Bernstein Group can seek its own legal advice and send communication to its own lawyers as it deems appropriate.

As I indicated during our phone calls over the weekend, I remain of the view that your letter to the Meridian Credit Union is a wrongful interference in the banking relationship between the Walton Group and its bank. At no time were you authorized to send such a letter, by court order or otherwise. Neither I nor my clients and their other counsel have spoken to Meridian about how to answer your unauthorized letter to the bank.

It is hoped that the attached Agreement will provide a proper control mechanism to meet the requirements of the Bernstein Group.

Yours very truly,



John A. Campion

JAC:mg

c: Ron and Norma Walton and Respondents  
Peter Osborne  
Peter Griffin  
Guillermo Schible

**TAB I**

***This is EXHIBIT “T” Referred to in the  
Affidavit of  
JAMES REITAN***

***Sworn the 24<sup>th</sup> day of October, 2013***

A handwritten signature in black ink, appearing to be 'S. Roy', enclosed within a faint, hand-drawn oval.

---

***A Commissioner For Taking Affidavits (or as may be)  
Shara N. Roy***

## Summary of Activity in Accounts Exceeding \$50,000 since October 4, 2013

Company	General Ledger Account	Type	Date	Num	Name	Memo	Amount
Donalda	Total 10100 - Meridian Credit Union - 0969517	Bill Pmt -Cheque	10/05/2013	195	The NPD Group Canada Corp	NPD Group Canada Invoice G100000001	-50,040.00
Dupont Development	Total 10100 - 0967395 511- Meridian Crd Union	Bill Pmt -Cheque	10/05/2013	116	1782604 Ontario Limited Consulting Servic	1485 Dupont Street	-51,650.42
Richmond Row	Total 10100 - Bank	Bill Pmt -Cheque	10/05/2013	20	Colliers International	Invoice# CMNO-20207 - Re: 620 Richmond St W.	-81,925.00
Cityview	Total 10100 - Bank	Cheque	10/05/2013	110	Fox Contracting LTD		-210,789.75
Weston Lands	Total 10100 - Cash	Bill Pmt -Cheque	10/07/2013	70	Treasurer City of Toronto		-157,190.52
Dupont Development	Total 10100 - 0967395 511- Meridian Crd Union	Bill Pmt -Cheque	10/10/2013	236	Gentry Environmental Systems		-106,386.33
Cityview	Total 10100 - Bank	Bill Pmt -Cheque	10/15/2013	117	Treasure, City of Toronto		-169,722.98
Royal Gate	Total 10100 - Bank	Bill Pmt -Cheque	10/15/2013	69	Power Stream		-52,833.70
West Mall	Total 10100 - Meridian - 098074011	Bill Pmt -Cheque	10/21/2013	169	Treasurer, City of Toronto	2013 Property taxes	-277,677.80
Wynford	Total 10100 - Bank	Cheque	10/21/2013	1174	Treasurer, City of Toronto	19081012500171800006 18 Wynford Parking	-73,523.84



**TAB U**

***This is EXHIBIT “U” Referred to in the  
Affidavit of  
JAMES REITAN***

***Sworn the 24<sup>th</sup> day of October, 2013***

A handwritten signature in black ink, appearing to be 'S. Roy', written over a horizontal line.

---

***A Commissioner For Taking Affidavits (or as may be)  
Shara N. Roy***

---

**SOLICITOR'S FINAL REPORT ON TITLE**


---

Date: April 9, 2013

To: 368230 Ontario Limited

Re: Your mortgage loan to: CITYVIEW INDUSTRIAL LTD.

secured by:

(Brief Legal Description): PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T TB79879 ETOBICOKE, CITY OF TORONTO

(Civic Address): 1,9-11 City View Drive, Toronto, ON

(as more fully described in the mortgage/charge, the "Property")

Dear Sir:

The above-noted mortgage loan was completed and in this regard we wish to advise as follows:

<b>Mortgage details:</b>	<p>Mortgagor: Cityview Industrial Ltd.</p> <p>Guarantors: Ronauld Walton; Norma Walton</p> <p>Brief legal description: same as above</p> <p>Principal Amount: \$650,000.00</p> <p>Interest Rate: 11.0%</p> <p>Maturity Date: September 5, 2013</p>						
<b>Title:</b>	<p>We have investigated the title of the Mortgagor to the Property and certify that, at the time the mortgage funds were advanced, the Mortgagor had a good and marketable title in fee simple to the Property and that you had a good and valid first mortgage/charge thereon subject only to the encumbrances, leases, agreements for leases, restrictions, agreements, liens, assignments, easements, mortgages and charges set out in Schedule "A" attached hereto.</p>						
<b>Registration details:</b>	<p>The Mortgage/Charge is dated April 5, 2013, and was registered in the Registry Office for the Land Titles Division of Toronto (No. 80) as Number AT3271120 on April 5, 2013.</p> <p>The General Assignment of Rents is dated April 5, 2013, and was registered in the Registry Office for the Land Titles Division of Toronto (No. 80) as Number AT3271124 on April 5, 2013.</p>						
<b>Survey:</b>	There is no survey.						
<b>Realty Taxes:</b>	<p>All municipal taxes, school taxes, local improvement rates due and all special assessments payable with respect to the Property have been paid in full to April 5, 2013. Realty taxes for the year 2012 total \$73,594.72 (1 City View Drive) and \$101,563.16 (9-11 City View Drive). The realty tax assessment roll numbers are 19-19-03-8-210-00100-0000-04 (1 City View Drive) and 19-19-03-8-210-00200-0000-00 (9-11 City View Drive).</p>						
<b>Insurance:</b>	<p>We have verified that the Property is insured for the amounts and upon such other terms as are specified in the Mortgage Commitment and that you are shown under the policy as loss payee as first mortgagee. The details are as follows:</p> <table border="0" style="width: 100%;"> <tr> <td>Company: Intact Insurance Company</td> <td>Policy No.: INTACT1213</td> </tr> <tr> <td>Amount: \$6,048,000.00</td> <td>Expiry date: September 7, 2013</td> </tr> <tr> <td colspan="2">Agent: HUB International HKMB Limited</td> </tr> </table>	Company: Intact Insurance Company	Policy No.: INTACT1213	Amount: \$6,048,000.00	Expiry date: September 7, 2013	Agent: HUB International HKMB Limited	
Company: Intact Insurance Company	Policy No.: INTACT1213						
Amount: \$6,048,000.00	Expiry date: September 7, 2013						
Agent: HUB International HKMB Limited							
<b>Executions:</b>	On the date of advance of the funds, there were no executions/judgments affecting the Property.						
<b>Planning/Building des:</b>	We confirm that no building and zoning compliance report was obtained as coverage is provided by title insurance, and there has been full compliance with applicable land planning legislation.						
<b>Corporate mortgagor</b>	<p>We confirm that the Mortgagor has been duly incorporated and is validly subsisting under the laws of Ontario, with full powers and authority to hold, mortgage and otherwise deal in the Property or to guarantee the mortgage loan; that all necessary corporate action has been taken to authorize the borrowing of the principal sum stated in the mortgage with interest as therein provided and the giving of the mortgage security therefor. There is no provision of any constating document or by-laws of the Mortgagor or any statute or regulation of the governments of Canada or Ontario or any agreement or instrument (to the best of our knowledge) by which the Mortgagor is bound or to which it is a party which would be contravened or breached by the execution, delivery and performance of the obligations under the mortgage. The mortgage constitutes a legal, valid and binding obligation of the Mortgagor, enforceable in accordance with its terms, and those persons signing documents on behalf of the Mortgagor have authority to do so.</p>						

Title Insurance: This loan transaction is title insured by Chicago Title Insurance Company under Policy Number 09-04042013-373667. We have completed the search of title required by the title insurer. If you incur actual loss resulting from any title or other risks covered by this policy, it is understood and agreed that you will claim under this policy in lieu of claiming under any opinion, certification, verification, confirmation or assertion given by us in this report. We have not conducted any off title searches on the lands not required by the title insurer, unless otherwise indicated herein, and express no opinion with respect to any defects or irregularities which may be disclosed thereby.

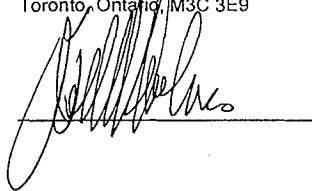
Enclosures: We herewith enclose the following for your records:

- Confirming Printout re electronic registration of Mortgage/Charge with registration number.
- Confirming Printout re electronic registration of Assignment of Rents with registration number.
- Acknowledgement and Direction re Electronic Registrations.
- Guarantee of Charge.
- Form 9D (Investment Authority).
- Form 9E (Report on the Investment).
- Clear Execution Certificate.
- Certificate of Insurance.
- Certified Directors' Resolution.
- Certificate of Corporate Authority.
- Funds Direction.
- Statutory Declaration re Title and Other Matters.
- Confirmations and Verifications of Identity (3).
- Conflict of Interest Acknowledgement.
- Commitment for Title Insurance from Chicago Title Insurance Company.

Law Firm: Devry Smith Frank LLP

Address: 95 Barber Green Road, Suite 100  
Toronto, Ontario, M3C 3E9

Signature of Solicitor:  
Per: J. Todd Holmes



SCHEDULE "A"

TITLE QUALIFICATIONS

Title to the Property is subject to the following:

- a) Transfer of easement in favour of Borough of Etobicoke registered as Instrument No. TB79879 re: sidewalks;
- b) Agreement re: sidewalk easement with City of Etobicoke registered as Instrument No. TB159922;
- c) Any discrepancies and up-to-date survey might reveal;
- d) Any defects, errors or omissions or any easements, encroachments or rights-of-way not disclosed by the registered title or by the plan of survey;
- e) Any liens, trusts, and encumbrances in favour of the various levels of governments, granted to them under taxing and other legislation;
- f) The provisions of the *Land Titles Act*, *Planning Act* and *Family Law Act*, and amendments thereto;
- g) Any right of expropriation, access or use, or any other right conferred upon or reserved to or vested in the Crown by or under the authority of any statute of Canada or the Province of Ontario;
- h) Airport zoning regulations;
- i) The building and zoning by-laws of the City of Toronto; and
- j) The reservations contained in the original grant from the Crown.

LRO # 80 Charge/Mortgage

Received as AT3271120 on 2013 04 05 at 14:04

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 13

**Properties**

PIN 07416 - 0021 LT Interest/Estate Fee Simple  
 Description PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T  
 TB79879 ETOBICOKE, CITY OF TORONTO  
 Address CITY VIEW DRIVE  
 TORONTO

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name CITYVIEW INDUSTRIAL LTD.  
 Address for Service c/o The Rose and Thistle Group Ltd.  
 30 Hazelton Avenue  
 Toronto, Ontario M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)**

Capacity

Share

Name 368230 ONTARIO LIMITED  
 Address for Service 21 Kern Road  
 Toronto, Ontario  
 M3B 1S9

**Statements**

Schedule: See Schedules

**Provisions**

Principal	\$ 650,000.00	Currency	CDN
Calculation Period	monthly, not in advance		
Balance Due Date	2013/09/05		
Interest Rate	11.0%		
Payments			
Interest Adjustment Date	2013 04 05		
Payment Date	5th day of every month		
First Payment Date	2013 05 05		
Last Payment Date	2013 09 05		
Standard Charge Terms			
Insurance Amount	full insurable value		
Guarantor	Ronauld and Norma Walton		

**Additional Provisions**

The Chargor may prepay the whole or any part or parts of the Principal at any time or times upon payment of one month's interest as a bonus upon the monies being prepaid.

Interest only shall be payable on the 5th day of each month on the balance of the principal outstanding from time to time, as well after as before maturity of the charge and both before and after default and judgment until paid.

The Chargor may from time to time obtain partial discharges of the land if each of the following conditions is satisfied:

1. The discharge will not contravene the provisions of the Planning Act, R.S.O. 1990, chapter P.13.
2. The Chargor pays the Chargee 90% of the net proceeds (the "Discharge Amount") from the sale of part of the land being discharged, being the balance due on closing less legal fees and real estate commission.
3. The Chargor pays the Chargee all accrued interest on the Discharge Amount.
4. The Chargor pays the Chargee's reasonable legal fee in connection with the execution and delivery of each partial discharge.

**Signed By**

Rafaela Paiva

100-95 Barber Greene Rd.  
Toronto  
M3C 3E9acting for  
Chargor(s)

Signed

2013 04 05

Tel 4164491400

Fax 4164497071

I have the authority to sign and register the document on behalf of the Chargor(s).

**Submitted By**

DEVRY, SMITH &amp; FRANK

100-95 Barber Greene Rd.  
Toronto  
M3C 3E9

2013 04 05

Tel 4164491400

Fax 4164497071

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

## SCHEDULE – ADDITIONAL PROVISIONS

"Charge" means the Charge prepared in the electronic format and registered electronically pursuant to Part III of the *Land Registration Reform Act* (Ontario) (the "LRRRA"), including this Schedule and any other schedules thereto.

Any reference to the "Computer Field" in the Charge means a computer data entry field in a charge registered pursuant to Part III of the LRRRA into which the terms and conditions of the Charge may be inserted.

### 1. PRINCIPAL AMOUNT SECURED

The amount of principal money secured by the Charge is the amount indicated in the Computer Field of the Charge which is entitled "Principal" (the "Principal Amount") and any additional principal amounts advanced by the Chargee to the Chargor from time to time under the Charge ("Additional Principal Amounts"). The Chargee and the Chargor acknowledge that at any one time the aggregate amount of the principal amounts advanced under and secured by the Charge (being the aggregate of the initial advance or advances made by the Chargee, less the principal amounts repaid by the Chargor, plus the Additional Principal Amounts, if any) may not exceed the Principal Amount.

### 2. CHARGE

The chargor or chargors indicated in the Computer Field of the Charge entitled "Chargor(s)" (the "Chargor") charges the lands and premises indicated in the Computer Field of the Charge entitled "Description" together with all buildings, fixtures, improvements and facilities whatsoever situate thereon at the time of delivery for registration of the Charge or thereafter constructed or placed thereon (the "Charged Premises") with the payment to the chargee indicated in the Computer Field of the Charge entitled "Chargee(s)" (the "Chargee") of the Principal Amount and interest thereon and any Additional Principal Amounts and interest thereon, and all other monies secured by the Charge upon the terms as set out in the Charge including this set of standard charge terms.

### 3. INTEREST

The rate of interest chargeable on the Principal Amount and any Additional Principal Amounts (the "Fixed Interest Rate") is the interest rate indicated in the Computer Field of the Charge entitled "Interest Rate" per annum, payable monthly, and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid. For the purposes of the Charge, the Fixed Interest Rate shall be hereinafter referred to as the "Charge Rate". Whenever reference is made to the "Charge Rate" it shall mean the rate of interest indicated in the Computer Field of the Charge which is entitled "Interest Rate", and shall be calculated and payable as set out in the Charge.

### 4. DEFEASANCE

- (a) The provisions relating to defeasance contained in subsection 6(2) of the LRRRA, shall be and are hereby expressly excluded from the terms of the Charge.
- (b) The Charge shall be void upon the Chargor paying to the Chargee in lawful money of Canada, the Principal Amount and any Additional Principal Amounts, with interest thereon computed from the date of advance thereof at the Charge Rate, which interest is payable monthly and calculated monthly, not in advance, as well after as before maturity and both before and after default and judgment until paid. Such interest shall be calculated as follows:

Interest at the Charge Rate on the amounts from time to time advanced, computed from the respective dates of such advances until the date indicated in the Computer Field of the Charge entitled "Interest Adjustment Date" (such date being hereinafter referred to as the "Interest Adjustment Date"), shall become due and be paid on the Interest Adjustment Date. Provided that the Chargee may require such interest at the Charge Rate on the principal amounts advanced from time to time, computed from the respective dates of such advances, to become due and payable in monthly instalments on a date in the month next following the first advance which date shall be the day of the month for payment indicated in the Computer Field of the Charge entitled "Payment Date", and on the same day of each and every month thereafter and the balance, if any, of the interest on such advances shall become due and be paid on the Interest Adjustment Date. At the option of the Chargee interest so due and payable may be deducted from such advances; and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions in the Charge.

### 5. NO PREPAYMENT

The Chargor shall have no right to prepay the loan secured by the Charge except as otherwise provided in the Charge.

### 6. ADDITIONAL ADVANCES

Upon repayment to the Chargee of the Principal Amount in whole or in part, the Chargor may from time to time, at the Chargee's option, borrow Additional Principal Amounts, in which event, the Charge will remain as security for all principal amounts, interest and other amounts owing by the Chargor to the Chargee whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, it being agreed that the Charge at any one time will secure only that portion of the Principal Amount then outstanding not exceeding the Principal Amount, together with any interest or compound interest accrued on the principal amount outstanding at such time at the Charge Rate.

### 7. APPLICATION OF PAYMENTS AND WITHHOLDING FROM PAYMENTS

- (a) Provided that if the Charge is repayable by blended instalments of principal and interest, the instalments payable under the Charge are to be applied firstly to bring into good standing any accounts in which funds are held pending payment to third parties or from which amounts are debited in respect of the Charge, including tax accounts, if any; secondly to interest calculated as provided in the Charge on the principal amounts from time to time outstanding (the "Outstanding Principal Amount"); and the balance of the said instalments shall be applied on account of the portion of the Principal Amount then outstanding; except, however, in the case of default by the Chargor, the Chargee may then apply any payments received during the period of default in whatever order it may elect as between principal, interest, taxes, repairs, insurance premiums or other advances made on behalf of the Chargor.
- (b) Withholdings from Payments: If the Chargor is required by law to make any deduction or withholding from any sum payable by the Chargor to the Chargee under the Charge, then the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Chargee receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or been required to be made; and the Chargor shall pay the full amount to be deducted or withheld to the relevant taxation or



other authority within the time allowed for such payment under applicable law and shall deliver to the Chargee within 30 days after the Chargor has made such payment to the applicable authority a receipt issued by such authority evidencing such payment.

#### 8. COMPOUND INTEREST

It is agreed that if default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and if the interest and compound interest are not paid on the next payment date after the date of default a rest shall be made and compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises.

#### 9. TAXES

With respect to municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the Charged Premises, it is mutually agreed between the parties to the Charge that:

- (a) The Chargee may deduct from any advance of the monies secured by the Charge an amount sufficient to pay the taxes which have become or will become due and payable at the Interest Adjustment Date in the Charge and are unpaid at the date of such advance.
- (b) The Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.
- (c) The Chargor shall, if directed by the Chargee, pay to the Chargee in monthly instalments on the dates on which instalments of principal and interest are payable under the Charge, sums which in the sole opinion of the Chargee will be sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof.
- (d) The Chargee agrees to apply the foregoing deduction and payments to the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge, but nothing contained in the Charge shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment of principal or interest as provided in the Charge, the Chargee may apply such sum or sums in or towards payment of the portion of the Principal Amount and/or interest in default. The Chargor shall transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Chargor.
- (e) The Chargee shall allow the Chargor interest on the average monthly balance standing in the Charge account from time to time to the credit of the Chargor for payment of taxes, at a rate per annum, and at such times, as the Chargee may determine in its sole discretion, and the Chargor shall be charged interest at the Charge Rate on the debit balance, if any, in the Charge account outstanding after payment of taxes by the Chargee until such debit balance is fully repaid.

#### 10. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(l) of the LRRRA shall be and are hereby expressly excluded from the terms of the Charge.

#### 11. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Chargor does hereby covenant, promise and agree to and with the Chargee as follows:

##### (a) To Pay and Observe Covenants

That the Chargor shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount with interest at the Charge Rate and any Additional Principal Amounts and interest thereon, at the times and in the manner limited for payment thereof in the Charge, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay and shall also pay all other sums as the Chargee may be entitled to under the Charge.

##### (b) For Good Title

That the Chargor, at the time of delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

##### (c) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee in the manner set out in the Charge.

##### (d) Quiet Possession on Default

That from and after default in the payment of the portion of the Principal Amount then outstanding or the interest thereon, or any part thereof, or of any other amounts payable under the Charge, or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances and of any other charges or encumbrances whatsoever.

##### (e) Further Assurances

That from and after default in the payment of the portion of the Principal Amount then outstanding, or the interest thereon, or any part thereof or any other amounts payable under the Charge or of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Chargor and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in to or out of the Charged Premises, by, from, under or in trust for the Chargor shall and will, from time to time, and at all times thereafter, make, do, suffer and execute, deliver, authorize and register or cause or procure to be made, done, suffered, executed, delivered, authorized and registered all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) Done No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the lands described in the Charge or intended so to be, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever. The Chargor further covenants and agrees that there will be no subsequent encumbrances on the Charged Premises other than those consented to in writing by the Chargee.

(g) Insurance

The Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire and such insurable perils as are covered by an "all risks" policy and such other perils as the Chargee may require, to the full extent of their replacement cost, each and every building comprised in the Charged Premises and which may hereafter be erected thereon, both during construction and thereafter, in lawful money of Canada, with an insurance company duly authorized to carry on business as such and under a policy or policies satisfactory in form and content to the Chargee; and the policy or policies of insurance shall not contain co-insurance clauses and the Chargor will forthwith deliver to the Chargee certified copies of the policy or policies of insurance and all renewal receipts thereto appertaining. Without limiting the foregoing, such policy or policies shall include the following Insurance coverage:

- (i) "All risks" of direct physical loss or damage with respect to the Charged Premises and any personal property located thereon on a replacement cost basis with loss under each policy payable to the Chargee pursuant to the standard mortgage clause approved by the Insurance Bureau of Canada or otherwise approved by the Chargee, with preference in its favour over any claim of any other person; permission shall be granted thereby for the improvements to be vacant or unoccupied for a period of at least 30 days and it shall provide for partial occupancy;
- (ii) Comprehensive broad form boiler and machinery insurance including unfired pressure vessels insurance and air-conditioning equipment, if any, including repair and full replacement cost for amounts satisfactory to the Chargee with loss payable first to the Chargee by way of a charge clause approved by the Chargee;
- (iii) Business interruption or rental loss insurance covering perils insured in paragraphs (i) and (ii) above acceptable to the Chargee for an indemnity period of not less than 12 months and with coverage of not less than 100% of the resulting loss of rents or loss of business income from the business conducted on the Charged Premises; and
- (iv) Commercial general liability insurance, including personal injury, products, and completed operations subject to a limit per occurrence of not less than \$2,000,000.00 or such amount as the Chargee shall reasonably require, inclusive of bodily injury, death or property damage.

All cancellation clauses in the above referenced policies, including those contained in the mortgage clauses, are to provide for at least 30 days' prior written notice to the Chargee of such cancellation.

Such policies shall also provide that the Chargee shall receive at least 30 days' prior written notice of any material alteration of such policy.

The Chargee shall be entitled to require coverage of such other risks and perils as the Chargee may from time to time consider advisable or desirable and in respect of which insurance coverage may be available. Should an insurer, at any time, cease to have the approval of the Chargee, the Chargor shall effect such new insurance as the Chargee may desire.

The Chargee is hereby irrevocably appointed by the Chargor as attorney of the Chargor to assign any policy of insurance in the event of the foreclosure of the Charge or other extinguishment of the indebtedness secured by the Charge.

The Chargor will not do or omit or cause or suffer anything to be done, omitted, caused or suffered whereby the policy or policies of insurance, as aforesaid, may be voided or become void; and the Chargor will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due and will deliver evidence of renewal to the Chargee at least 15 days prior to the expiration of any policy of insurance; and, in the event of any breach of the foregoing covenants respecting insurance, the Chargee, without prejudice to its other rights under the Charge, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Chargee, adequate to protect the Chargee's insurable interest and any amount paid therefor by the Chargee shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payment and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; provided that in no event shall the Chargee be liable for failure to have insurance placed or for any loss growing out of any defects in any policy, or for failure of an insurance company to pay for any loss or damage insured against.

Forthwith on the happening of any loss or damage, the Chargor will furnish at its own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a printed copy of the Charge shall be sufficient authority for the said insurance company to pay every such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee.

Any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the debt secured by the Charge or any part thereof whether due or not then due.

If the Charged Premises are part of a Condominium the insurance provisions set out in this paragraph (g) will not apply and the following will apply to the Charge:

The Chargor or the Condominium Corporation or both of them will forthwith insure and during the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, earthquake, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor or the Condominium Corporation will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policies and receipts or produce to the Chargee at least 15 days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policies of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on him by the *Condominium Act*, R.S.O. 1990, c.C.26, as amended or replaced (the "Condominium Act") and by the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(h) Compliance with Laws

That the Chargor will at all times observe and comply in all material respects with the provisions of all applicable laws, regulations, by-laws, ordinances and work orders of any lawful authority, whether federal, provincial, municipal or otherwise, including, without restriction, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, building construction, public health and safety, and of all private covenants and restrictions, affecting the Charged Premises or any portion thereof and will from time to time upon request of the Chargee, provide to the Chargee evidence of such observation and compliance.

(i) Compliance with Leases

That the Chargor will observe promptly, as lessor, the terms and conditions contained in any and all leases and/or subleases of any portion of the Charged Premises and that the Chargor will not accept any prepayment of rent or other monies payable under any such lease or proposed lease in excess of the first or final month's rent.

(j) Contiguous Property

That the Chargor will not acquire any real property which is contiguous to the Charged Premises without the written consent of the Chargee.

## 12. ASSIGNMENTS OF RENTS AND LEASES

The Chargor covenants and agrees to execute and deliver and to authorize and direct the registration in favour of the Chargee from time to time as and when required by the Chargee assignments of leases and assignments of rents (subject to no prior claim or assignment) with respect to any and all leases and offers to lease and agreements to lease of portions of the Charged Premises now or hereafter from time to time granted or entered into by the Chargor (the "Assigned Leases"), all of such assignments to be held by the Chargee as further security for the monies owing and secured under the Charge. The form and content of all leases and offers to lease and agreements to lease relating to the Charged Premises or any part thereof and all tenants thereof under leases must be expressly approved in writing by the Chargee. All of the Assigned Leases as and when required by the Chargee shall, at the option of the Chargee, be duly registered in such places and at such times as the Chargee may require from time to time.

The Chargor further covenants and agrees that, at the request of the Chargee, it shall cause any tenant or lessee in possession of the Charged Premises at the time of such request to execute and deliver and authorize and direct the registration in favour of the Chargee a postponement agreement in favour of the Chargee's interest in the Charged Premises.

## 13. RELEASE

And the Chargor has released, remised and forever quitted claim, and by these presents does release, remise, and for ever quit claim unto the Chargee, all right, title, interest, claim and demand whatsoever of, unto, in and out of the Charged Premises and every part thereof, so as that the Chargor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Charged Premises or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

## 14. FINANCIAL STATEMENTS

The Chargor further covenants with the Chargee, if requested by the Chargee to do, to provide annually to the Chargee detailed financial statements of the income and expenses of the Charged Premises, including a current rent roll, for each calendar year as applicable. Such statements shall be prepared by a chartered accountant and shall be provided to the Chargee within 60 days after the end of each calendar year or fiscal year of the Chargor, as applicable. In the event that the Chargor is a corporation, the Chargor shall provide to the Chargee accountant prepared financial statements within 120 days after each fiscal year-end of the Chargor for the duration of the term of the Charge. In the event that the Chargor is an individual, the Chargor shall provide to the Chargee a statement of net worth, a copy of current tax returns and a copy of Revenue Canada assessment notices, in each case by May 30 of each year during the term of the Charge.

## 15. ENTRY AFTER DEFAULT AND POWER OF SALE

Provided that the Chargee on default by the Chargor of payment of the portion of the Principal Amount then outstanding or the interest thereon or any part thereof as required by the Charge or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the Charged Premises or the lands and premises intended to be charged by the Charge and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it or they shall think fit, and also on 15 days' default as aforesaid and after giving at least 35 days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, R.S.O. 1990, c.M.40, as amended (the "Mortgages Act"), may sell the Charged Premises or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser thereof, or as the purchaser shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by

registered mail addressed to the Chargor at the Chargor's last known address and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges, and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured hereby otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for loss occasioned thereby, and in the case of a sale or lease under the Charge, the title of a purchaser or lessee created in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the Mortgages Act, or had been given improperly, but any person damnified by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the lands, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing contained in this section shall prejudice or diminish any other rights and remedies and powers of the Chargee or in the Charge contained or existing at law by virtue thereof. And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also in such event, at the request, cost and expense of the Chargor, transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge, that notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

#### 16. DISTRESS

Provided that and it is further stipulated, provided and agreed by and between the parties to the Charge that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

#### 17. PRINCIPAL DUE ON DEFAULT

It is agreed by the Chargor and the Chargee that if any default shall occur in the payment of the interest money secured by the Charge, or any part thereof, or in payment of any instalment of principal as the same matures or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Chargee in respect of or representing or securing the money secured by the Charge or any part thereof, or in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Charged Premises, then at the option of the Chargee, the portion of the Principal Amount then outstanding secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time in the Charge mentioned for payment of such principal amounts had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right so to call in the principal and shall not be therefore debarred from asserting and exercising its right to call in the principal upon the happening of any future default or breach.

#### 18. CHARGOR'S QUIET POSSESSION UNTIL DEFAULT

Provided and it is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same, or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor, peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

#### 19. BUILDINGS, ADVANCES AND COST OF SEARCH

It is the intention of the parties to the Charge that the building or buildings erected or to be erected on the Charged Premises form part of the security for the full amount of the monies secured by the Charge, and that all advances are to be made in such manner at such times and in such amounts up to the Principal Amount as the Chargee, in its sole discretion, may determine and subject always to the provision to which the Chargor hereby agrees that notwithstanding the Chargor's authorization of registration and the registration of the Charge or the advancement of any part of the Principal Amount, the Chargee is not bound to advance the full Principal Amount or any unadvanced portion thereof and the advance of the full Principal Amount and any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the Charge shall take effect forthwith upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum not being advanced, the same to be charged by the Chargee upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the Chargee's power of sale and all other remedies under the Charge or at law shall be exercisable.

#### 20. FIXTURES

It is mutually covenanted and agreed by and between the Chargor and the Chargee that all erections and improvements, fixed or otherwise either on the date of delivery for registration of the Charge or thereafter put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, paving, heating, piping, plumbing, aeries, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters, awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Charged Premises and shall be a portion of the security for the amounts secured by the Charge.

#### 21. PARTIAL RELEASE

The Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the monies secured by the Charge or may release the Chargor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for monies except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants contained in the Charge, it being especially agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the monies secured by the Charge and all legal and other expenses incurred by the Chargee in connection with such release or releases.

## 22. DEFAULT IN PRIOR CHARGES

It is hereby agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge, lien or other encumbrance to which the Charge is subject or subordinate, then and in that event the monies secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as therein provided.

## 23. LIENS AND CONSTRUCTION

Provided also that upon the registration of any lien against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of 10 days, the portion of the Principal Amount then outstanding and interest and all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. In the event that a construction lien is registered against the Charged Premises, the Chargee shall have the right, but not the obligation, to pay into court such amounts as may be required to remove the lien from title to the Charged Premises. Any amounts so paid by the Chargee, together with all expenses incurred by the Chargee in connection therewith, including all solicitor's charges or commissions, on a substantial indemnity basis, shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

## 24. WASTE, VACANCY AND REPAIR

The Chargor covenants and agrees with the Chargee that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the buildings or other improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee who, in accordance with section 25 hereof, may inspect, or may designate someone to inspect on the Chargee's behalf, the Charged Premises at any reasonable time or times to determine the status of repair and maintenance that may be required in respect of the Charged Premises, and will not permit or suffer them to become or remain vacant and that the Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

## 25. ACCESS TO PROPERTY AND INSPECTION

The Chargee, its agents, employees, and independent contractors shall have the right at any reasonable time to enter upon the Charged Premises to fully inspect the interior and exterior of the Charged Premises and the financial status of the operation thereof, and where deemed necessary and/or advisable by the Chargee, and notwithstanding section 18 hereof, to conduct investigations including intrusive testing and sampling on the Charged Premises for the purpose of determining the presence of or the potential for environmental contamination, and the reasonable cost of such inspection and investigations including any intrusive testing and sampling shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable by the Chargor to the Chargee forthwith on demand.

## 26. ALTERATIONS

The Chargor covenants and agrees with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Charged Premises without the prior written consent of the Chargee.

## 27. PARKING AREA

The Chargor covenants and agrees that, where there is a parking area associated with the Charged Premises, the parking area shall not be used for any purpose other than for the parking of motorized vehicles, except with the prior written approval of the Chargee.

## 28. RESIDENTIAL RENTAL PROPERTY

Notwithstanding anything contained in the Charge to the contrary, if the Charged Premises is residential rental property then the Chargor represents and warrants that with respect to the Charged Premises, except as permitted under laws applicable to residential housing:

- (a) no demolition, conversion, renovation, repair or severance has taken place with respect to any part of the Charged Premises;
- (b) there have been no increases in the rental charged for any residential rental unit or units on the Charged Premises except in accordance with laws applicable to residential housing; and, as provided in laws applicable to residential housing;
- (c) all rents charged with respect to the Charged Premises or any part thereof are lawful rents and all required rebates have been paid;
- (d) all required filings have been made and were timely, accurate and complete; and, pursuant to laws applicable to residential housing;
- (e) no applications, investigations or proceedings have been commenced or made; and
- (f) there are no outstanding orders or decisions made by any ministry, board or commission with respect to the Charged Premises or any residential rental unit or units on the Charged Premises.

Before the first advance the Chargor agrees to provide a statutory declaration by the Chargor or by an officer or director of the Chargor where the Chargor is a corporation, that the above representations and warranties are true and correct. The Chargor agrees to deliver to the Chargee before the first advance all documents required to establish the legality of rents on the Charged Premises.

The Chargor hereby authorizes all government ministries, boards or commissions having jurisdiction over residential housing to release to the Chargee or to its solicitors any and all information contained in their files.

The Chargor further agrees to comply with the provisions of all laws applicable to residential housing during the term of the Charge. In the event of a breach of this covenant or in the event that any of the representations and warranties contained in this provision are false, the then outstanding portion of the Principal Amount, any Additional Principal Amounts and any accrued interest thereon shall, at the option of the Chargee, become immediately due and payable.

#### 29. PROPERTY MANAGEMENT

The Chargor covenants and agrees that the Chargee may, at its option, require that the Chargor enter into an agreement with a professional independent property management firm (the "Property Management Firm") for the management of the Charged Premises. The selection of the Property Management Firm and the term of the agreement shall be subject to the approval of the Chargee. Where the Chargee has not instructed the Chargor to engage a Property Management Firm, the Chargor or, subject to the Chargee's approval, a corporation affiliated with the Chargor, shall manage the Charged Premises in accordance with the provisions of the Charge.

#### 30. NON-MERGER

Provided and it is agreed, that the taking of a judgment or judgments on any of the covenants contained in the Charge shall not operate as a merger of the said covenant or affect the Chargee's right to interest at the rate and times provided in the Charge, and further that said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the said judgment shall have been fully paid and satisfied.

#### 31. RIGHTS ON DEFAULT

And the Chargor covenants and agrees with the Chargee that in the event of default in the payment of any instalment of principal, interest or taxes secured by the Charge or any other monies payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement contained in the Charge after all or any part of the monies secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for remediation to bring the Charged Premises into compliance with recognized environmental standards, statutory or otherwise, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable by the Chargor to the Chargee, and shall be a charge upon the Charged Premises prior to all claims thereon subsequent to the Charge and shall bear interest at the Charge Rate until paid.

#### 32. OBLIGATIONS SURVIVE SALE

Provided further that no sale or other dealing by the Chargor with the Charged Premises or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies secured by the Charge.

#### 33. PRIOR ENCUMBRANCES

It is further stipulated, provided and agreed, that the Chargee may pay the amount of any encumbrance, lien or charge now existing or existing after the date of the Charge, or to arise or to be claimed upon the Charged Premises having priority over the Charge, including any taxes, utility charges or other rates on the Charged Premises or any of them, and may pay all costs, charges and expenses and all solicitors' charges or commissions, as between a solicitor and his client, which may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize the security of the Charge, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid under the Charge by the Chargee shall be added to the debt secured by the Charge and be a charge on the Charged Premises and shall bear interest at the Charge Rate, and shall be payable forthwith by the Chargor to the Chargee, and the non-payment of such amount shall be a default of payment within the meaning of those words in section 15 and shall entitle the Chargee to exercise the power of sale and all other remedies given by the Charge. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

#### 34. EXTENSIONS

It is agreed that no extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the monies secured by the Charge.

#### 35. RENEWAL

Without prejudice to any rights of the Chargee against the Chargor or any other persons liable for the payment of the monies secured by the Charge, the Charge may be renewed or extended by an agreement in writing at or before maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to register any such agreement in order to retain priority of the Charge so altered over any instrument registered subsequently to the Charge provided, however, that the Chargee may at any time, at its option, register a notice of such renewal or extension agreement and the Chargor shall execute any authorizations or further documents required in order to effect such registration. In the event a charge renewal or extension agreement is sent to the Chargor but the Chargor does not sign and return the charge renewal or extension agreement to the Chargee by the Balance Due Date of the Charge, the Charge may, at the option of the Chargee, be automatically renewed on the terms contained in the charge renewal or extension agreement. The *Interest Act*, R.S.C. 1985, c-l 5, as amended, permits the prepayment of charges with three months' further interest once five years have elapsed from the date of the Charge. For the purpose of this statutory right of prepayment only, the Chargor agrees that the date of the Charge if so renewed or extended will be the renewal date stipulated in the renewal or extension agreement. Nothing contained in this section shall confer any right of renewal or extension upon the Chargor.

#### 36. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the monies secured by the Charge within which to prepare and

register a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee and all legal and other expenses for the preparation and registration of such discharge and assignment shall be borne by the Chargor.

### 37. OTHER SECURITY

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge either concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon this or any other such security.

Without limiting the generality of the foregoing, the Charge is in addition to, and not in substitution for, any other charges now or hereafter held by the Chargee over the Charged Premises as security for monies secured under the Charge or any other monies due to the Chargee. It is understood and agreed that the aggregate of principal amounts secured by the Charge and any such other charges shall be the aggregate of the Principal Amount of the Charge and the principal amounts secured under any such other charges.

### 38. PLACE OF PAYMENT

Provided that all payments secured by the Charge shall be made at the branch or unit of the Chargee designated in the Charge, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada.

### 39. SPOUSAL CONSENT

The spouse of the Chargor, if so named in the Charge, hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

### 40. FAMILY LAW ACT

The Chargor covenants and agrees that forthwith after any change or happening affecting:

- (a) the spousal status of the Chargor; or
- (b) the qualification of the Charged Premises as a matrimonial home within the meaning of the *Family Law Act*, R.S.O. 1990, c.F.3, as amended (the "Family Law Act"); or
- (c) the ownership of the equity of redemption in the Charged Premises;

the Chargor will without request by the Chargee advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the Chargor and the owner or owners for the time being of the equity of redemption in the Charged Premises, and of any spouse who is not an owner but who has a right of possession in the Charged Premises by virtue of the Family Law Act. In addition, the Chargor covenants and agrees to promptly furnish the Chargee with such evidence of such change or happening as the Chargee may from time to time request.

### 41. SEVERABILITY OF ANY INVALID PROVISIONS

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or other applicable law, or would by reason of the provisions of any such statute or regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the advances secured by the Charge which it would otherwise be able to collect under such statute or regulation or other applicable law, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

### 42. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee, no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

### 43. SALE OF THE CHARGED PREMISES

The Chargor agrees that the Principal Amount, any Additional Principal Amounts and all accrued interest shall at the option of the Chargee become immediately due and payable in full if the Charged Premises or any part thereof or any interest therein is sold, transferred, conveyed, foreclosed, exchanged, assigned, mortgaged, leased or otherwise disposed of without the prior written consent of the Chargee, or if the Chargor enters into an agreement to effect any of the foregoing, whether for valuable or nominal consideration, without the prior written consent of the Chargee.

### 44. CHANGE OF CORPORATE CONTROL

Where the Chargor is a corporation the Chargor covenants and agrees that in the event that:

- (a) the Chargor fails to supply to the Chargee, in a form satisfactory to the Chargee, such information relating to the ownership of its shares as the Chargee may from time to time require; or
- (b) without the written consent of the Chargee first had and obtained,
  - (i) the Chargor issues or redeems any of its shares or transfers any of its shares,
  - (ii) there is a sale or sales of the shares of the Chargor which result in the transfer of the legal or beneficial interest of any of the shares of the Chargor, or
  - (iii) the Chargor amalgamates, merges or consolidates with any other corporation,

and the result of any of the foregoing is a change in the effective control of the majority of the voting shares of the Chargor, then all

monies secured by the Charge together with accrued interest thereon shall forthwith become due and payable at the option of the Chargee and the Chargee's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

#### 45. RECEIVERSHIP

Notwithstanding anything contained in the Charge, it is declared and agreed that any time and from time to time when there shall be default under the provisions of the Charge, the Chargee may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the Charged Premises as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority (which power and authority shall not be revoked by the Chargor) to:
  - (i) collect the rents and profits from tenancies whether created before or after these presents;
  - (ii) rent any portion of the Charged Premises which may be or become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;
  - (iii) complete the construction of any building or buildings or other erections or improvements on the Charged Premises left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including without limitation appliances and equipment necessary or desirable to render the Charged Premises operable or rentable and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and
  - (iv) manage, operate, repair, alter or extend the Charged Premises or any part thereof.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Charged Premises.

- (b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.
- (c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Charged Premises.
- (d) Every such receiver shall be deemed to be the agent or attorney of the Chargor and in no event the agent or attorney of the Chargee and the Chargee shall not be responsible for the receiver's acts or omissions.
- (e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Charged Premises
- (f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by the receiver in respect of the Charged Premises or any part thereof and out of such monies so received every such receiver shall in the following order pay:
  - (i) the remuneration of the receiver as aforesaid;
  - (ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authority hereby conferred;
  - (iii) interest, principal and other monies from time to time that may be or become charged upon the Charged Premises in priority to the Charge including taxes;
  - (iv) to the Chargee all interest, principal and other monies due under the Charge to be paid in such order as the Chargee in its discretion shall determine;
  - (v) and thereafter every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the Charge Rate.

- (g) Save as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature whether sounding in damages or not which may arise or be caused to the Chargor or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.
- (h) The Chargee may at any time and from time to time terminate any such receivership by notice in writing to the Chargor and to any such receiver.
- (i) The statutory declaration of an officer of the Chargee as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers provided for in the Charge and such dealing shall be deemed as regards such person to be valid and effectual.
- (j) The rights and powers conferred by the Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

#### 46. COMPLIANCE WITH THE LAW AND ENVIRONMENTAL COMPLIANCE

The Chargor hereby represents and warrants to the Chargee that:

- (a) there is not in, on or about the Charged Premises any product or substance, or condition (including, without restriction,



contaminants, wastes, moulds or hazardous or toxic materials), equipment or anything else which contravenes any statute, regulation, by-law, order, direction or equivalent relating to the protection of the environment or which is not being dealt with according to best recognized practices relating to the environment;

- (b) to the best of the knowledge of the Chargor, no circumstance has existed on the Charged Premises or exists or has existed on any land adjacent to the Charged Premises which constitutes or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment;
- (c) no claim or notice of any action, investigation or proceeding of any kind has been threatened, made or issued or is pending relating to an environmental condition on the Charged Premises; and
- (d) the Charged Premises are being used in compliance with all statutes, regulations, orders, by-laws, directions and equivalent relating to the protection of the environment.

The Chargor hereby covenants and agrees with the Chargee as follows:

- (a) the Chargor shall give to the Chargee immediate notice of any material change in circumstances in respect of the Charged Premises or adjacent land which would cause any of the representations and warranties contained in the immediately preceding paragraphs (a) to (d) inclusive to become untrue; and
- (b) the Chargor shall not permit or create, and shall not allow anyone else to permit or create, any circumstance on the Charged Premises which would constitute or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment.

The Chargor further covenants and agrees with the Chargee at all times promptly to observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders, regulations and equivalent of every government authority dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, contaminants, wastes, hazardous or toxic materials, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor shall from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance and pay immediately when due the cost of removal of any such contaminants, wastes and materials, and shall at its own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order, regulation, covenant or equivalent; and the Chargor shall cause its tenants, agents and invitees to comply with all the foregoing at their own expense.

The Chargor shall indemnify and hold harmless the Chargee (and its directors, officers, employees and agents) from and against all loss, cost, damage or expenses (including, without limitation, legal fees and costs incurred in the investigation, defense and settlement of any claim) due to the Chargor's failure to comply with any of the covenants and agreements in this section, or due to the presence of any contaminant, waste, mould or hazardous or toxic material referred to in this section, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of the Charge or the release from the Charge of part or all of the Charged Premises.

#### 47. CONDOMINIUMS

If the Charge is of a unit or units within a Condominium the following provisions shall apply:

- (a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, the by-laws, and the rules as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.
- (b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as an owner of the Charged Premises and in the event of default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the Charge Rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.
- (c) The Chargor hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:
  - (i) the Chargee may at any time or from time to time give notice in writing to the Chargor and the Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;
  - (ii) the Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor; and
  - (iii) the exercise of the right to vote or consent shall not constitute the Chargee a mortgagee in possession.
- (d) The Chargor covenants and agrees to advise the Condominium Corporation to send all notices to the Chargee and to notify the Chargee of any breaches by the Condominium Corporation that come to the attention of the Chargor, in order that the Chargee is kept fully informed.

#### 48. CHARGE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith and of any amendment, renewal or extension thereof and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable under the Charge including, without limiting the generality of the foregoing, all solicitors' fees on a substantial indemnity basis, costs and expenses and expenses in valuing the Charged Premises in connection with the foregoing and of anything done in connection with defending the validity or priority of the Charge against third parties. The Chargor further agrees that such amounts shall be paid

forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge.

#### 49. EXPROPRIATION

In the event of any expropriation affecting the whole or part of the Charged Premises, the Chargor agrees that the proceeds from the expropriation shall be paid to the Chargee in priority to the claims of any other party.

#### 50. TAX ON LOAN

The Chargor shall pay to the Chargee on demand the amount of any taxes (other than the Chargee's income taxes) which may be imposed upon or in respect of the principal of, or the interest on, the amounts secured by the Charge and which the Chargee may be called upon to pay, together with interest from the date on which such taxes are paid by the Chargee at the Charge Rate and compounded in the manner provided in section 8.

#### 51. COMMITMENT LETTER

The provisions set forth in any loan agreement or loan commitment between the Chargor and the Chargee in respect of the Charge will not merge with the Charge but shall survive the registration of the Charge unless otherwise expressly provided.

#### 52. INTERPRETATION

It is hereby agreed and declared that the expression "the Chargor" used in the Charge shall include the heirs, personal legal representatives, estate trustees, successors and assigns of each and every Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and (if the Charge affects a Condominium) the expression "Condominium Corporation" shall mean the Condominium Corporation referred to in the description and the expression "Declaration" shall mean the declaration registered in connection with the Condominium Corporation and words in the singular include the plural and words in the plural include the singular and words importing the masculine gender include the feminine and neuter genders where the context so requires and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, personal legal representatives, estate trustees, successors and assigns and that all such covenants, liabilities, advantages, privileges, immunities, powers and things hereby secured to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor herein contained or implied are and are to be construed as both joint and several.

#### 53. SECTION HEADINGS

The section headings in the Charge are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

#### 54. DATE OF CHARGE

The Charge shall be deemed to be dated as of the date of registration of the Charge.

#### 55. EFFECT OF DELIVERY

The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if the Charge were in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and any other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

**Properties**

PIN 07416 - 0021 LT  
 Description PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T  
 TB79879 ETOBICOKE, CITY OF TORONTO  
 Address CITYVIEW DRIVE  
 TORONTO

**Applicant(s)**

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name CITYVIEW INDUSTRIAL LTD.  
 Address for Service c/o The Rose and Thistle Group Ltd.  
 30 Hazelton Avenue  
 Toronto, Ontario M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Party To(s)	Capacity	Share
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Name	368230 ONTARIO LIMITED	
Address for Service	21 Kern Road Toronto, Ontario M3B 1S9	

**Statements**

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, AT3271120 registered on 2013/04/05 to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration no.(s)AT3271120

**Signed By**

Rafaela Paiva	100-95 Barber Greene Rd. Toronto M3C 3E9	acting for Applicant(s)	Signed	2013 04 05
Tel 4164491400				
Fax 4164497071				

I have the authority to sign and register the document on behalf of all parties to the document.

Rafaela Paiva	100-95 Barber Greene Rd. Toronto M3C 3E9	acting for Party To(s)	Signed	2013 04 05
Tel 4164491400				
Fax 4164497071				

I have the authority to sign and register the document on behalf of all parties to the document.

**Submitted By**

DEVRY, SMITH & FRANK	100-95 Barber Greene Rd. Toronto M3C 3E9		2013 04 05
Tel 4164491400			
Fax 4164497071			

LRO # 80 Notice Of Assignment Of Rents-General

Received as AT3271124 on 2013 04 05 at 14:07

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 4

**Fees/Taxes/Payment**

Statutory Registration Fee	\$60.00
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Total Paid	\$60.00
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## ASSIGNMENT OF RENTS

THIS INDENTURE made this 5 day of April, 2013.

BETWEEN:

CITYVIEW INDUSTRIAL LTD.  
hereinafter called the "Assignor"

OF THE FIRST PART

- and -

368230 ONTARIO LIMITED  
hereinafter called the "Assignee"

OF THE SECOND PART

WHEREAS, by a Charge/Mortgage dated April 5, 2013 and registered in the Land Registry Office for the Land Titles Division of Toronto (No. 80) as Instrument No. AT3271120 the Assignor herein did grant and mortgage unto the Assignee herein the lands and premises more particularly described in Schedule "A" hereto annexed (the "Charged Premises") which Charge/Mortgage secures payment of the sum of SIX HUNDRED AND FIFTY THOUSAND (\$650,000.00) DOLLARS and interest as therein mentioned and which Charge/Mortgage is hereinafter referred to as the "Mortgage". Whenever in this assignment reference is made to the Mortgage, it shall be deemed to include any renewals or extensions thereof, any amendments thereto, and any mortgage taken in substitution or replacement therefor either in whole or in part;

AND WHEREAS it is a condition of the lending of the monies secured or to be secured by the Mortgage, that the Assignor should assign to the Assignee the rents reserved and payable and/or intended to be reserved and payable under, and all advantages and benefits to be derived from the leases (the "Leases") of premises erected on the Charged Premises now or hereafter entered into by the Assignor as landlord with tenants thereof (the "Lessees") as additional security for the payment of the money secured by the Mortgage, and for the performance of the covenants contained therein;

AND WHEREAS it is agreed that notwithstanding anything in this assignment contained, the Assignee is not to be bound to advance the said mortgage monies or any unadvanced portion thereof;

NOW THEREFORE THIS ASSIGNMENT WITNESSES that the Assignor in consideration of the premises, the making of the Mortgage, and the sum of One (\$1.00) Dollar now paid by the Assignee to the Assignor (the receipt whereof is hereby acknowledged), doth covenant and agree with the Assignee as follows:

1. The Assignor hereby irrevocably transfers, assigns, and sets over to the Assignee all rents reserved and payable under the Leases and all benefits and advantages to be derived therefrom, to hold and receive the same unto the Assignee.
2. The Assignor covenants and agrees with the Assignee that the Assignor will not, without the consent in writing of the Assignee, permit any prepayment of rents payable under any of the Leases that will result in more than two months of such rents being prepaid under such Leases, or any material variation, cancellation or surrender of any of the Leases, or of any of the material terms, covenants, provisos or conditions thereof.
3. The Assignor covenants with the Assignee to perform and observe all the covenants, conditions and obligations binding upon it under the Leases.
4. The Assignor covenants and agrees irrevocably with the Assignee that the Assignee shall have the right to sue for payment and/or for enforcing anything in this assignment herein contained in any or all of the following ways:
  - (a) in its own name;
  - (b) in the name of the Assignor, and
  - (c) in the names of both the Assignor and the Assignee jointly.
5. The Assignor agrees to assign any of the Leases to the Assignee upon request should the Assignee deem such assignment advisable for the protection of the Assignee's security, such assignment to be on a form to be prepared by the Assignee's solicitors in such case.

6. PROVIDED, however, that until notified to the contrary in writing the Lessees shall pay the rent reserved under the Leases (but only to the extent that the same may be due and payable under the Leases) to the said Assignor and any notice to the contrary required by this proviso may be effectively given by sending the same by registered mail to any Lessee at its premises in the Charged Premises or by delivering the same personally to any Lessee, or an officer of such Lessee.

7. The Assignor does hereby declare that any direction or request from the Assignee to pay the rents reserved to the Assignee shall be sufficient warrant and authority to the Lessee to make such payments, and the payments of the said rents to the Assignee shall be and operate as a discharge of the said rents to the said Lessee.

8. The Assignor covenants and agrees with the Assignee not to renew nor extend any of the Leases at rentals reserved and payable of lesser amounts than are now reserved and payable under such Leases unless compelled to do so as the result of an arbitration award, or with the consent of the Assignee.

9. The Assignee covenants and agrees with the Assignor to release this assignment upon payment in full of the Mortgage in accordance with the terms thereof and that the Assignee will, at the request and cost of the Assignor, reassign any unmatured rents to the Assignor. In the absence of such a request the delivery to the Assignor of a discharge or cessation of the Mortgage shall operate as a release and reassignment of such rents.

10. The Assignor hereby covenants and agrees to and with the Assignee that this assignment and everything herein contained shall be irrevocable without the consent of the Assignee.

11. PROVIDED that nothing in this assignment contained shall be deemed to have the effect of making the Assignee responsible for the collection of rents or any part thereof or for the performance of any covenants, terms or conditions either by the Assignor or by the Lessees contained in any of the said Leases, and the Assignee shall not by virtue of this assignment be deemed a mortgagee in possession of the Charged Premises, and the Assignee shall not be liable to account for any monies other than those actually received by it by virtue of this assignment.

12. IT IS AGREED that waiver of or failure to enforce at any time or from time to time any of the rights of the Assignee under or by virtue of this assignment shall not prejudice the Assignee's rights in the event of the breach, default or other occasion for the exercise of such rights again occurring.

IT IS HEREBY DECLARED AND AGREED that this assignment and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and each of their respective heirs, personal legal representatives, estate trustees, successors and assigns.

SCHEDULE "A"  
DESCRIPTION OF PROPERTY

PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T TB79879  
ETOBICOKE , CITY OF TORONTO

PIN: 07416-0021 (LT)



ACKNOWLEDGEMENT AND DIRECTION

TO: All Lawyers within the Firm of Devry Smith Frank LLP

AND TO: Any and all designees of the above

RE: 368230 Ontario Limited second mortgage loan to Cityview Industrial Ltd.  
secured by 1, 9-11 City View Drive, Toronto, Ontario

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This will confirm that:

1. We have reviewed the information contained on the documents attached hereto and this information is accurate;
2. You are authorized and directed to sign and register electronically on our behalf the following document(s), a copy of which is attached hereto:

A Charge/Mortgage of the land described above

A Notice of Assignment of Rents – General derived from the land described above

3. The effect of the electronic documents described in this Acknowledgement and Direction has been fully explained to us and we understand that we are a party to and bound by the terms and provisions of these electronic documents to the same extent as if we had signed these documents;
4. We are in fact a party named in the electronic documents described in this Acknowledgement and Direction and we have not misrepresented our identity to you;
5. We hereby authorize Devry Smith Frank LLP to make any minor, non-material alterations that may be required by the Land Registry Office to effect certification of the electronic documents as described in this Acknowledgement and Direction by the Land Registry Office; and
6. We hereby confirm that the execution of the Acknowledgement and Direction by facsimile transmission shall be binding upon us and my successors and assigns and may be relied upon by you as if it were an original.

DATED this 5<sup>th</sup> day of April, 2013.

**CITYVIEW INDUSTRIAL LTD.**

Per: 

Norma Walton - President



LRO # 80 Charge/Mortgage

In preparation on 2013 04 04 at 15:30

This document has not been submitted and may be incomplete.

yyyy mm dd Page 1 of 2

**Properties**

*PIN* 07416 - 0021 LT *Interest/Estate* Fee Simple  
*Description* PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T  
 TB79879 ETOBICOKE, CITY OF TORONTO  
*Address* CITY VIEW DRIVE  
 TORONTO

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

*Name* CITYVIEW INDUSTRIAL LTD.  
 Acting as a company  
*Address for Service* c/o The Rose and Thistle Group Ltd.  
 30 Hazelton Avenue  
 Toronto, Ontario M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)***Capacity**Share*

*Name* 368230 ONTARIO LIMITED  
 Acting as a company  
*Address for Service* 21 Kern Road  
 Toronto, Ontario  
 M3B 1S9

**Statements**

Schedule: See Schedules

**Provisions**

<i>Principal</i>	\$ 650,000.00	<i>Currency</i>	CDN
<i>Calculation Period</i>	monthly, not in advance		
<i>Balance Due Date</i>	2013/09/05		
<i>Interest Rate</i>	11.0%		
<i>Payments</i>			
<i>Interest Adjustment Date</i>	2013 04 05		
<i>Payment Date</i>	5th day of every month		
<i>First Payment Date</i>	2013 05 05		
<i>Last Payment Date</i>	2013 09 05		
<i>Standard Charge Terms</i>			
<i>Insurance Amount</i>	full insurable value		
<i>Guarantor</i>	Ronald and Norma Walton		

This document has not been submitted and may be incomplete.

yyyy mm dd Page 2 of 2

**Additional Provisions**

The Chargor may prepay the whole or any part or parts of the Principal at any time or times upon payment of one month's interest as a bonus upon the monies being prepaid.

Interest only shall be payable on the 5th day of each month on the balance of the principal outstanding from time to time, as well after as before maturity of the charge and both before and after default and judgment until paid.

The Chargor may from time to time obtain partial discharges of the land if each of the following conditions is satisfied:

1. The discharge will not contravene the provisions of the Planning Act, R.S.O. 1990, chapter P.13.
2. The Chargor pays the Chargee 90% of the net proceeds (the "Discharge Amount") from the sale of part of the land being discharged, being the balance due on closing less legal fees and real estate commission.
3. The Chargor pays the Chargee all accrued interest on the Discharge Amount.
4. The Chargor pays the Chargee's reasonable legal fee in connection with the execution and delivery of each partial discharge.

**Signed By**

Rafaela Paiva

100-95 Barber Greene Rd.  
Toronto  
M3C 3E9

acting for  
Chargor(s)

Signed

2013 04 04

Tel 4164491400

Fax 4164497071

I have the authority to sign and register the document on behalf of the Chargor(s).

## SCHEDULE – ADDITIONAL PROVISIONS

"Charge" means the Charge prepared in the electronic format and registered electronically pursuant to Part III of the *Land Registration Reform Act* (Ontario) (the "LRRRA"), including this Schedule and any other schedules thereto.

Any reference to the "Computer Field" in the Charge means a computer data entry field in a charge registered pursuant to Part III of the LRRRA into which the terms and conditions of the Charge may be inserted.

### 1. PRINCIPAL AMOUNT SECURED

The amount of principal money secured by the Charge is the amount indicated in the Computer Field of the Charge which is entitled "Principal" (the "Principal Amount") and any additional principal amounts advanced by the Chargee to the Chargor from time to time under the Charge ("Additional Principal Amounts"). The Chargee and the Chargor acknowledge that at any one time the aggregate amount of the principal amounts advanced under and secured by the Charge (being the aggregate of the initial advance or advances made by the Chargee, less the principal amounts repaid by the Chargor, plus the Additional Principal Amounts, if any) may not exceed the Principal Amount.

### 2. CHARGE

The chargor or chargors indicated in the Computer Field of the Charge entitled "Chargor(s)" (the "Chargor") charges the lands and premises indicated in the Computer Field of the Charge entitled "Description" together with all buildings, fixtures, improvements and facilities whatsoever situate thereon at the time of delivery for registration of the Charge or thereafter constructed or placed thereon (the "Charged Premises") with the payment to the chargee indicated in the Computer Field of the Charge entitled "Chargee(s)" (the "Chargee") of the Principal Amount and interest thereon and any Additional Principal Amounts and interest thereon, and all other monies secured by the Charge upon the terms as set out in the Charge including this set of standard charge terms.

### 3. INTEREST

The rate of interest chargeable on the Principal Amount and any Additional Principal Amounts (the "Fixed Interest Rate") is the interest rate indicated in the Computer Field of the Charge entitled "Interest Rate" per annum, payable monthly, and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid. For the purposes of the Charge, the Fixed Interest Rate shall be hereinafter referred to as the "Charge Rate". Whenever reference is made to the "Charge Rate" it shall mean the rate of interest indicated in the Computer Field of the Charge which is entitled "Interest Rate", and shall be calculated and payable as set out in the Charge.

### 4. DEFEASANCE

- (a) The provisions relating to defeasance contained in subsection 6(2) of the LRRRA, shall be and are hereby expressly excluded from the terms of the Charge.
- (b) The Charge shall be void upon the Chargor paying to the Chargee in lawful money of Canada, the Principal Amount and any Additional Principal Amounts, with interest thereon computed from the date of advance thereof at the Charge Rate, which interest is payable monthly and calculated monthly, not in advance, as well after as before maturity and both before and after default and judgment until paid. Such interest shall be calculated as follows:

Interest at the Charge Rate on the amounts from time to time advanced, computed from the respective dates of such advances until the date indicated in the Computer Field of the Charge entitled "Interest Adjustment Date" (such date being hereinafter referred to as the "Interest Adjustment Date"), shall become due and be paid on the Interest Adjustment Date. Provided that the Chargee may require such interest at the Charge Rate on the principal amounts advanced from time to time, computed from the respective dates of such advances, to become due and payable in monthly instalments on a date in the month next following the first advance which date shall be the day of the month for payment indicated in the Computer Field of the Charge entitled "Payment Date", and on the same day of each and every month thereafter and the balance, if any, of the interest on such advances shall become due and be paid on the Interest Adjustment Date. At the option of the Chargee interest so due and payable may be deducted from such advances; and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions in the Charge.

### 5. NO PREPAYMENT

The Chargor shall have no right to prepay the loan secured by the Charge except as otherwise provided in the Charge.

### 6. ADDITIONAL ADVANCES

Upon repayment to the Chargee of the Principal Amount in whole or in part, the Chargor may from time to time, at the Chargee's option, borrow Additional Principal Amounts, in which event, the Charge will remain as security for all principal amounts, interest and other amounts owing by the Chargor to the Chargee whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, it being agreed that the Charge at any one time will secure only that portion of the Principal Amount then outstanding not exceeding the Principal Amount, together with any interest or compound interest accrued on the principal amount outstanding at such time at the Charge Rate.

### 7. APPLICATION OF PAYMENTS AND WITHHOLDING FROM PAYMENTS

- (a) Provided that if the Charge is repayable by blended instalments of principal and interest, the instalments payable under the Charge are to be applied firstly to bring into good standing any accounts in which funds are held pending payment to third parties or from which amounts are debited in respect of the Charge, including tax accounts, if any; secondly to interest calculated as provided in the Charge on the principal amounts from time to time outstanding (the "Outstanding Principal Amount"); and the balance of the said instalments shall be applied on account of the portion of the Principal Amount then outstanding; except, however, in the case of default by the Chargor, the Chargee may then apply any payments received during the period of default in whatever order it may elect as between principal, interest, taxes, repairs, insurance premiums or other advances made on behalf of the Chargor.
- (b) Withholdings from Payments: If the Chargor is required by law to make any deduction or withholding from any sum payable by the Chargor to the Chargee under the Charge, then the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Chargee receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or been required to be made; and the Chargor shall pay the full amount to be deducted or withheld to the relevant taxation or

other authority within the time allowed for such payment under applicable law and shall deliver to the Chargee within 30 days after the Chargor has made such payment to the applicable authority a receipt issued by such authority evidencing such payment.

#### 8. COMPOUND INTEREST

It is agreed that if default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and if the interest and compound interest are not paid on the next payment date after the date of default a rest shall be made and compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises.

#### 9. TAXES

With respect to municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the Charged Premises, it is mutually agreed between the parties to the Charge that:

- (a) The Chargee may deduct from any advance of the monies secured by the Charge an amount sufficient to pay the taxes which have become or will become due and payable at the Interest Adjustment Date in the Charge and are unpaid at the date of such advance.
- (b) The Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.
- (c) The Chargor shall, if directed by the Chargee, pay to the Chargee in monthly instalments on the dates on which instalments of principal and interest are payable under the Charge, sums which in the sole opinion of the Chargee will be sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof.
- (d) The Chargee agrees to apply the foregoing deduction and payments to the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge, but nothing contained in the Charge shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment of principal or interest as provided in the Charge, the Chargee may apply such sum or sums in or towards payment of the portion of the Principal Amount and/or interest in default. The Chargor shall transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Chargor.
- (e) The Chargee shall allow the Chargor interest on the average monthly balance standing in the Charge account from time to time to the credit of the Chargor for payment of taxes, at a rate per annum, and at such times, as the Chargee may determine in its sole discretion, and the Chargor shall be charged interest at the Charge Rate on the debit balance, if any, in the Charge account outstanding after payment of taxes by the Chargee until such debit balance is fully repaid.

#### 10. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(l) of the LRRRA shall be and are hereby expressly excluded from the terms of the Charge.

#### 11. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Chargor does hereby covenant, promise and agree to and with the Chargee as follows:

##### (a) To Pay and Observe Covenants

That the Chargor shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount with interest at the Charge Rate and any Additional Principal Amounts and interest thereon, at the times and in the manner limited for payment thereof in the Charge, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay and shall also pay all other sums as the Chargee may be entitled to under the Charge.

##### (b) For Good Title

That the Chargor, at the time of delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

##### (c) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee in the manner set out in the Charge.

##### (d) Quiet Possession on Default

That from and after default in the payment of the portion of the Principal Amount then outstanding or the interest thereon, or any part thereof, or of any other amounts payable under the Charge, or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances and of any other charges or encumbrances whatsoever.

##### (e) Further Assurances

That from and after default in the payment of the portion of the Principal Amount then outstanding, or the interest thereon, or any part thereof of any other amounts payable under the Charge or of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Chargor and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in to or out of the Charged Premises, by, from, under or in trust for the Chargor shall and will, from time to time, and at all times thereafter, make, do, suffer and execute, deliver, authorize and register or cause or procure to be made, done, suffered, executed, delivered, authorized and registered all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) Done No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the lands described in the Charge or intended so to be, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever. The Chargor further covenants and agrees that there will be no subsequent encumbrances on the Charged Premises other than those consented to in writing by the Chargee.

(g) Insurance

The Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire and such insurable perils as are covered by an "all risks" policy and such other perils as the Chargee may require, to the full extent of their replacement cost, each and every building comprised in the Charged Premises and which may hereafter be erected thereon, both during construction and thereafter, in lawful money of Canada, with an insurance company duly authorized to carry on business as such and under a policy or policies satisfactory in form and content to the Chargee; and the policy or policies of insurance shall not contain co-insurance clauses and the Chargor will forthwith deliver to the Chargee certified copies of the policy or policies of insurance and all renewal receipts thereto appertaining. Without limiting the foregoing, such policy or policies shall include the following insurance coverage:

- (i) "All risks" of direct physical loss or damage with respect to the Charged Premises and any personal property located thereon on a replacement cost basis with loss under each policy payable to the Chargee pursuant to the standard mortgage clause approved by the Insurance Bureau of Canada or otherwise approved by the Chargee, with preference in its favour over any claim of any other person; permission shall be granted thereby for the improvements to be vacant or unoccupied for a period of at least 30 days and it shall provide for partial occupancy;
- (ii) Comprehensive broad form boiler and machinery insurance including unfired pressure vessels insurance and air-conditioning equipment, if any, including repair and full replacement cost for amounts satisfactory to the Chargee with loss payable first to the Chargee by way of a charge clause approved by the Chargee;
- (iii) Business interruption or rental loss insurance covering perils insured in paragraphs (i) and (ii) above acceptable to the Chargee for an indemnity period of not less than 12 months and with coverage of not less than 100% of the resulting loss of rents or loss of business income from the business conducted on the Charged Premises; and
- (iv) Commercial general liability insurance, including personal injury, products, and completed operations subject to a limit per occurrence of not less than \$2,000,000.00 or such amount as the Chargee shall reasonably require, inclusive of bodily injury, death or property damage.

All cancellation clauses in the above referenced policies, including those contained in the mortgage clauses, are to provide for at least 30 days' prior written notice to the Chargee of such cancellation.

Such policies shall also provide that the Chargee shall receive at least 30 days' prior written notice of any material alteration of such policy.

The Chargee shall be entitled to require coverage of such other risks and perils as the Chargee may from time to time consider advisable or desirable and in respect of which insurance coverage may be available. Should an insurer, at any time, cease to have the approval of the Chargee, the Chargor shall effect such new insurance as the Chargee may desire.

The Chargee is hereby irrevocably appointed by the Chargor as attorney of the Chargor to assign any policy of insurance in the event of the foreclosure of the Charge or other extinguishment of the indebtedness secured by the Charge.

The Chargor will not do or omit or cause or suffer anything to be done, omitted, caused or suffered whereby the policy or policies of insurance, as aforesaid, may be voided or become void; and the Chargor will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due and will deliver evidence of renewal to the Chargee at least 15 days prior to the expiration of any policy of insurance; and, in the event of any breach of the foregoing covenants respecting insurance, the Chargee, without prejudice to its other rights under the Charge, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Chargee, adequate to protect the Chargee's insurable interest and any amount paid therefor by the Chargee shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payment and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; provided that in no event shall the Chargee be liable for failure to have insurance placed or for any loss growing out of any defects in any policy, or for failure of an insurance company to pay for any loss or damage insured against.

Forthwith on the happening of any loss or damage, the Chargor will furnish at its own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a printed copy of the Charge shall be sufficient authority for the said insurance company to pay every such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee.

Any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the debt secured by the Charge or any part thereof whether due or not then due.

If the Charged Premises are part of a Condominium the Insurance provisions set out in this paragraph (g) will not apply and the following will apply to the Charge:

The Chargor or the Condominium Corporation or both of them will forthwith insure and during the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, earthquake, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor or the Condominium Corporation will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policies and receipts or produce to the Chargee at least 15 days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policies of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on him by the *Condominium Act*, R.S.O. 1990, c.C.26, as amended or replaced (the "Condominium Act") and by the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(h) Compliance with Laws

That the Chargor will at all times observe and comply in all material respects with the provisions of all applicable laws, regulations, by-laws, ordinances and work orders of any lawful authority, whether federal, provincial, municipal or otherwise, including, without restriction, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, building construction, public health and safety, and of all private covenants and restrictions, affecting the Charged Premises or any portion thereof and will from time to time upon request of the Chargee, provide to the Chargee evidence of such observation and compliance.

(i) Compliance with Leases

That the Chargor will observe promptly, as lessor, the terms and conditions contained in any and all leases and/or subleases of any portion of the Charged Premises and that the Chargor will not accept any prepayment of rent or other monies payable under any such lease or proposed lease in excess of the first or final month's rent.

(j) Contiguous Property

That the Chargor will not acquire any real property which is contiguous to the Charged Premises without the written consent of the Chargee.

## 12. ASSIGNMENTS OF RENTS AND LEASES

The Chargor covenants and agrees to execute and deliver and to authorize and direct the registration in favour of the Chargee from time to time as and when required by the Chargee assignments of leases and assignments of rents (subject to no prior claim or assignment) with respect to any and all leases and offers to lease and agreements to lease of portions of the Charged Premises now or hereafter from time to time granted or entered into by the Chargor (the "Assigned Leases"), all of such assignments to be held by the Chargee as further security for the monies owing and secured under the Charge. The form and content of all leases and offers to lease and agreements to lease relating to the Charged Premises or any part thereof and all tenants thereof under leases must be expressly approved in writing by the Chargee. All of the Assigned Leases as and when required by the Chargee shall, at the option of the Chargee, be duly registered in such places and at such times as the Chargee may require from time to time.

The Chargor further covenants and agrees that, at the request of the Chargee, it shall cause any tenant or lessee in possession of the Charged Premises at the time of such request to execute and deliver and authorize and direct the registration in favour of the Chargee a postponement agreement in favour of the Chargee's interest in the Charged Premises.

## 13. RELEASE

And the Chargor has released, remised and forever quitted claim, and by these presents does release, remise, and for ever quit claim unto the Chargee, all right, title, interest, claim and demand whatsoever of, unto, in and out of the Charged Premises and every part thereof, so as that the Chargor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Charged Premises or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

## 14. FINANCIAL STATEMENTS

The Chargor further covenants with the Chargee, if requested by the Chargee to do, to provide annually to the Chargee detailed financial statements of the income and expenses of the Charged Premises, including a current rent roll, for each calendar year as applicable. Such statements shall be prepared by a chartered accountant and shall be provided to the Chargee within 60 days after the end of each calendar year or fiscal year of the Chargor, as applicable. In the event that the Chargor is a corporation, the Chargor shall provide to the Chargee accountant prepared financial statements within 120 days after each fiscal year-end of the Chargor for the duration of the term of the Charge. In the event that the Chargor is an individual, the Chargor shall provide to the Chargee a statement of net worth, a copy of current tax returns and a copy of Revenue Canada assessment notices, in each case by May 30 of each year during the term of the Charge.

## 15. ENTRY AFTER DEFAULT AND POWER OF SALE

Provided that the Chargee on default by the Chargor of payment of the portion of the Principal Amount then outstanding or the interest thereon or any part thereof as required by the Charge or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the Charged Premises or the lands and premises intended to be charged by the Charge and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it or they shall think fit, and also on 15 days' default as aforesaid and after giving at least 35 days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, R.S.O. 1990, c.M.40, as amended (the "Mortgages Act"), may sell the Charged Premises or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser thereof, or as the purchaser shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by

registered mail addressed to the Chargor at the Chargor's last known address and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges, and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured hereby otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for loss occasioned thereby, and in the case of a sale or lease under the Charge, the title of a purchaser or lessee created in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the Mortgages Act, or had been given improperly, but any person damnified by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the lands, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing contained in this section shall prejudice or diminish any other rights and remedies and powers of the Chargee or in the Charge contained or existing at law by virtue thereof. And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also in such event, at the request, cost and expense of the Chargor, transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge, that notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

#### 16. DISTRESS

Provided that and it is further stipulated, provided and agreed by and between the parties to the Charge that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

#### 17. PRINCIPAL DUE ON DEFAULT

It is agreed by the Chargor and the Chargee that if any default shall occur in the payment of the interest money secured by the Charge, or any part thereof, or in payment of any instalment of principal as the same matures or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Chargee in respect of or representing or securing the money secured by the Charge or any part thereof, or in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Charged Premises, then at the option of the Chargee, the portion of the Principal Amount then outstanding secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time in the Charge mentioned for payment of such principal amounts had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right so to call in the principal and shall not be therefore debarred from asserting and exercising its right to call in the principal upon the happening of any future default or breach.

#### 18. CHARGOR'S QUIET POSSESSION UNTIL DEFAULT

Provided and it is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same, or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor, peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

#### 19. BUILDINGS, ADVANCES AND COST OF SEARCH

It is the intention of the parties to the Charge that the building or buildings erected or to be erected on the Charged Premises form part of the security for the full amount of the monies secured by the Charge, and that all advances are to be made in such manner at such times and in such amounts up to the Principal Amount as the Chargee, in its sole discretion, may determine and subject always to the provision to which the Chargor hereby agrees that notwithstanding the Chargor's authorization of registration and the registration of the Charge or the advancement of any part of the Principal Amount, the Chargee is not bound to advance the full Principal Amount or any unadvanced portion thereof and the advance of the full Principal Amount and any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the Charge shall take effect forthwith upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum not being advanced, the same to be charged by the Charge upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the Chargee's power of sale and all other remedies under the Charge or at law shall be exercisable.

#### 20. FIXTURES

It is mutually covenanted and agreed by and between the Chargor and the Chargee that all erections and improvements, fixed or otherwise either on the date of delivery for registration of the Charge or thereafter put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, paving, heating, piping, plumbing, aerials, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters, awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Charged Premises and shall be a portion of the security for the amounts secured by the Charge.

#### 21. PARTIAL RELEASE

The Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the monies secured by the Charge or may release the Chargor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for monies except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants contained in the Charge, it being especially agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the monies secured by the Charge and all legal and other expenses incurred by the Chargee in connection with such release or releases.

## **22. DEFAULT IN PRIOR CHARGES**

It is hereby agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge, lien or other encumbrance to which the Charge is subject or subordinate, then and in that event the monies secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as therein provided.

## **23. LIENS AND CONSTRUCTION**

Provided also that upon the registration of any lien against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of 10 days, the portion of the Principal Amount then outstanding and interest and all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. In the event that a construction lien is registered against the Charged Premises, the Chargee shall have the right, but not the obligation, to pay into court such amounts as may be required to remove the lien from title to the Charged Premises. Any amounts so paid by the Chargee, together with all expenses incurred by the Chargee in connection therewith, including all solicitor's charges or commissions, on a substantial indemnity basis, shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

## **24. WASTE, VACANCY AND REPAIR**

The Chargor covenants and agrees with the Chargee that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the buildings or other improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee who, in accordance with section 25 hereof, may inspect, or may designate someone to inspect on the Chargee's behalf, the Charged Premises at any reasonable time or times to determine the status of repair and maintenance that may be required in respect of the Charged Premises, and will not permit or suffer them to become or remain vacant and that the Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

## **25. ACCESS TO PROPERTY AND INSPECTION**

The Chargee, its agents, employees, and independent contractors shall have the right at any reasonable time to enter upon the Charged Premises to fully inspect the interior and exterior of the Charged Premises and the financial status of the operation thereof, and where deemed necessary and/or advisable by the Chargee, and notwithstanding section 18 hereof, to conduct investigations including intrusive testing and sampling on the Charged Premises for the purpose of determining the presence of or the potential for environmental contamination, and the reasonable cost of such inspection and investigations including any intrusive testing and sampling shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable by the Chargor to the Chargee forthwith on demand.

## **26. ALTERATIONS**

The Chargor covenants and agrees with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Charged Premises without the prior written consent of the Chargee.

## **27. PARKING AREA**

The Chargor covenants and agrees that, where there is a parking area associated with the Charged Premises, the parking area shall not be used for any purpose other than for the parking of motorized vehicles, except with the prior written approval of the Chargee.

## **28. RESIDENTIAL RENTAL PROPERTY**

Notwithstanding anything contained in the Charge to the contrary, if the Charged Premises is residential rental property then the Chargor represents and warrants that with respect to the Charged Premises, except as permitted under laws applicable to residential housing:

- (a) no demolition, conversion, renovation, repair or severance has taken place with respect to any part of the Charged Premises;
- (b) there have been no increases in the rental charged for any residential rental unit or units on the Charged Premises except in accordance with laws applicable to residential housing; and, as provided in laws applicable to residential housing;
- (c) all rents charged with respect to the Charged Premises or any part thereof are lawful rents and all required rebates have been paid;
- (d) all required filings have been made and were timely, accurate and complete; and, pursuant to laws applicable to residential housing;
- (e) no applications, investigations or proceedings have been commenced or made; and
- (f) there are no outstanding orders or decisions made by any ministry, board or commission with respect to the Charged Premises or any residential rental unit or units on the Charged Premises.

Before the first advance the Chargor agrees to provide a statutory declaration by the Chargor or by an officer or director of the Chargor where the Chargor is a corporation, that the above representations and warranties are true and correct. The Chargor agrees to deliver to the Chargee before the first advance all documents required to establish the legality of rents on the Charged Premises.



The Chargor hereby authorizes all government ministries, boards or commissions having jurisdiction over residential housing to release to the Chargee or to its solicitors any and all information contained in their files.

The Chargor further agrees to comply with the provisions of all laws applicable to residential housing during the term of the Charge. In the event of a breach of this covenant or in the event that any of the representations and warranties contained in this provision are false, the then outstanding portion of the Principal Amount, any Additional Principal Amounts and any accrued interest thereon shall, at the option of the Chargee, become immediately due and payable.

#### 29. PROPERTY MANAGEMENT

The Chargor covenants and agrees that the Chargee may, at its option, require that the Chargor enter into an agreement with a professional independent property management firm (the "Property Management Firm") for the management of the Charged Premises. The selection of the Property Management Firm and the term of the agreement shall be subject to the approval of the Chargee. Where the Chargee has not instructed the Chargor to engage a Property Management Firm, the Chargor or, subject to the Chargee's approval, a corporation affiliated with the Chargor, shall manage the Charged Premises in accordance with the provisions of the Charge.

#### 30. NON-MERGER

Provided and it is agreed, that the taking of a judgment or judgments on any of the covenants contained in the Charge shall not operate as a merger of the said covenant or affect the Chargee's right to interest at the rate and times provided in the Charge, and further that said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the said judgment shall have been fully paid and satisfied.

#### 31. RIGHTS ON DEFAULT

And the Chargor covenants and agrees with the Chargee that in the event of default in the payment of any instalment of principal, interest or taxes secured by the Charge or any other monies payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement contained in the Charge after all or any part of the monies secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for remediation to bring the Charged Premises into compliance with recognized environmental standards, statutory or otherwise, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable by the Chargor to the Chargee, and shall be a charge upon the Charged Premises prior to all claims thereon subsequent to the Charge and shall bear interest at the Charge Rate until paid.

#### 32. OBLIGATIONS SURVIVE SALE

Provided further that no sale or other dealing by the Chargor with the Charged Premises or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies secured by the Charge.

#### 33. PRIOR ENCUMBRANCES

It is further stipulated, provided and agreed, that the Chargee may pay the amount of any encumbrance, lien or charge now existing or existing after the date of the Charge, or to arise or to be claimed upon the Charged Premises having priority over the Charge, including any taxes, utility charges or other rates on the Charged Premises or any of them, and may pay all costs, charges and expenses and all solicitors' charges or commissions, as between a solicitor and his client, which may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize the security of the Charge, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid under the Charge by the Chargee shall be added to the debt secured by the Charge and be a charge on the Charged Premises and shall bear interest at the Charge Rate, and shall be payable forthwith by the Chargor to the Chargee, and the non-payment of such amount shall be a default of payment within the meaning of those words in section 15 and shall entitle the Chargee to exercise the power of sale and all other remedies given by the Charge. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

#### 34. EXTENSIONS

It is agreed that no extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the monies secured by the Charge.

#### 35. RENEWAL

Without prejudice to any rights of the Chargee against the Chargor or any other persons liable for the payment of the monies secured by the Charge, the Charge may be renewed or extended by an agreement in writing at or before maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to register any such agreement in order to retain priority of the Charge so altered over any instrument registered subsequently to the Charge provided, however, that the Chargee may at any time, at its option, register a notice of such renewal or extension agreement and the Chargor shall execute any authorizations or further documents required in order to effect such registration. In the event a charge renewal or extension agreement is sent to the Chargor but the Chargor does not sign and return the charge renewal or extension agreement to the Chargee by the Balance Due Date of the Charge, the Chargee may, at the option of the Chargee, be automatically renewed on the terms contained in the charge renewal or extension agreement. The *Interest Act*, R.S.C. 1985, c-l-5, as amended, permits the prepayment of charges with three months' further interest once five years have elapsed from the date of the Charge. For the purpose of this statutory right of prepayment only, the Chargor agrees that the date of the Charge if so renewed or extended will be the renewal date stipulated in the renewal or extension agreement. Nothing contained in this section shall confer any right of renewal or extension upon the Chargor.

#### 36. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the monies secured by the Charge within which to prepare and

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register a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee and all legal and other expenses for the preparation and registration of such discharge and assignment shall be borne by the Chargor.

#### 37. OTHER SECURITY

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge either concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon this or any other such security.

Without limiting the generality of the foregoing, the Charge is in addition to, and not in substitution for, any other charges now or hereafter held by the Chargee over the Charged Premises as security for monies secured under the Charge or any other monies due to the Chargee. It is understood and agreed that the aggregate of principal amounts secured by the Charge and any such other charges shall be the aggregate of the Principal Amount of the Charge and the principal amounts secured under any such other charges.

#### 38. PLACE OF PAYMENT

Provided that all payments secured by the Charge shall be made at the branch or unit of the Chargee designated in the Charge, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada.

#### 39. SPOUSAL CONSENT

The spouse of the Chargor, if so named in the Charge, hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

#### 40. FAMILY LAW ACT

The Chargor covenants and agrees that forthwith after any change or happening affecting:

- (a) the spousal status of the Chargor; or
- (b) the qualification of the Charged Premises as a matrimonial home within the meaning of the *Family Law Act*, R.S.O. 1990, c.F.3, as amended (the "Family Law Act"); or
- (c) the ownership of the equity of redemption in the Charged Premises;

the Chargor will without request by the Chargee advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the Chargor and the owner or owners for the time being of the equity of redemption in the Charged Premises, and of any spouse who is not an owner but who has a right of possession in the Charged Premises by virtue of the Family Law Act. In addition, the Chargor covenants and agrees to promptly furnish the Chargee with such evidence of such change or happening as the Chargee may from time to time request.

#### 41. SEVERABILITY OF ANY INVALID PROVISIONS

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or other applicable law, or would by reason of the provisions of any such statute or regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the advances secured by the Charge which it would otherwise be able to collect under such statute or regulation or other applicable law, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

#### 42. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee, no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

#### 43. SALE OF THE CHARGED PREMISES

The Chargor agrees that the Principal Amount, any Additional Principal Amounts and all accrued interest shall at the option of the Chargee become immediately due and payable in full if the Charged Premises or any part thereof or any interest therein is sold, transferred, conveyed, foreclosed, exchanged, assigned, mortgaged, leased or otherwise disposed of without the prior written consent of the Chargee, or if the Chargor enters into an agreement to effect any of the foregoing, whether for valuable or nominal consideration, without the prior written consent of the Chargee.

#### 44. CHANGE OF CORPORATE CONTROL

Where the Chargor is a corporation the Chargor covenants and agrees that in the event that:

- (a) the Chargor fails to supply to the Chargee, in a form satisfactory to the Chargee, such information relating to the ownership of its shares as the Chargee may from time to time require; or
- (b) without the written consent of the Chargee first had and obtained,
  - (i) the Chargor issues or redeems any of its shares or transfers any of its shares,
  - (ii) there is a sale or sales of the shares of the Chargor which result in the transfer of the legal or beneficial interest of any of the shares of the Chargor, or
  - (iii) the Chargor amalgamates, merges or consolidates with any other corporation,

and the result of any of the foregoing is a change in the effective control of the majority of the voting shares of the Chargor, then all

monies secured by the Charge together with accrued interest thereon shall forthwith become due and payable at the option of the Chargee and the Chargee's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

#### 45. RECEIVERSHIP

Notwithstanding anything contained in the Charge, it is declared and agreed that any time and from time to time when there shall be default under the provisions of the Charge, the Chargee may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the Charged Premises as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority (which power and authority shall not be revoked by the Chargor) to:
  - (i) collect the rents and profits from tenancies whether created before or after these presents;
  - (ii) rent any portion of the Charged Premises which may be or become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;
  - (iii) complete the construction of any building or buildings or other erections or improvements on the Charged Premises left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including without limitation appliances and equipment necessary or desirable to render the Charged Premises operable or rentable and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and
  - (iv) manage, operate, repair, alter or extend the Charged Premises or any part thereof.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Charged Premises.

- (b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.
- (c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Charged Premises.
- (d) Every such receiver shall be deemed to be the agent or attorney of the Chargor and in no event the agent or attorney of the Chargee and the Chargee shall not be responsible for the receiver's acts or omissions.
- (e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Charged Premises.
- (f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by the receiver in respect of the Charged Premises or any part thereof and out of such monies so received every such receiver shall in the following order pay:
  - (i) the remuneration of the receiver as aforesaid;
  - (ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authority hereby conferred;
  - (iii) interest, principal and other monies from time to time that may be or become charged upon the Charged Premises in priority to the Charge including taxes;
  - (iv) to the Chargee all interest, principal and other monies due under the Charge to be paid in such order as the Chargee in its discretion shall determine;
  - (v) and thereafter every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the Charge Rate.

- (g) Save as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature whether sounding in damages or not which may arise or be caused to the Chargor or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.
- (h) The Chargee may at any time and from time to time terminate any such receivership by notice in writing to the Chargor and to any such receiver.
- (i) The statutory declaration of an officer of the Chargee as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers provided for in the Charge and such dealing shall be deemed as regards such person to be valid and effectual.
- (j) The rights and powers conferred by the Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

#### 46. COMPLIANCE WITH THE LAW AND ENVIRONMENTAL COMPLIANCE

The Chargor hereby represents and warrants to the Chargee that:

- (a) there is not in, on or about the Charged Premises any product or substance, or condition (including, without restriction,

contaminants, wastes, moulds or hazardous or toxic materials), equipment or anything else which contravenes any statute, regulation, by-law, order, direction or equivalent relating to the protection of the environment or which is not being dealt with according to best recognized practices relating to the environment;

- (b) to the best of the knowledge of the Chargor, no circumstance has existed on the Charged Premises or exists or has existed on any land adjacent to the Charged Premises which constitutes or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment;
- (c) no claim or notice of any action, investigation or proceeding of any kind has been threatened, made or issued or is pending relating to an environmental condition on the Charged Premises; and
- (d) the Charged Premises are being used in compliance with all statutes, regulations, orders, by-laws, directions and equivalent relating to the protection of the environment.

The Chargor hereby covenants and agrees with the Chargee as follows:

- (a) the Chargor shall give to the Chargee immediate notice of any material change in circumstances in respect of the Charged Premises or adjacent land which would cause any of the representations and warranties contained in the immediately preceding paragraphs (a) to (d) inclusive to become untrue; and
- (b) the Chargor shall not permit or create, and shall not allow anyone else to permit or create, any circumstance on the Charged Premises which would constitute or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment.

The Chargor further covenants and agrees with the Chargee at all times promptly to observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders, regulations and equivalent of every government authority dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, contaminants, wastes, hazardous or toxic materials, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor shall from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance and pay immediately when due the cost of removal of any such contaminants, wastes and materials, and shall at its own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order, regulation, covenant or equivalent; and the Chargor shall cause its tenants, agents and invitees to comply with all the foregoing at their own expense.

The Chargor shall indemnify and hold harmless the Chargee (and its directors, officers, employees and agents) from and against all loss, cost, damage or expenses (including, without limitation, legal fees and costs incurred in the investigation, defense and settlement of any claim) due to the Chargor's failure to comply with any of the covenants and agreements in this section, or due to the presence of any contaminant, waste, mould or hazardous or toxic material referred to in this section, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of the Charge or the release from the Charge of part or all of the Charged Premises.

#### 47. CONDOMINIUMS

If the Charge is of a unit or units within a Condominium the following provisions shall apply:

- (a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, the by-laws, and the rules as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.
- (b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as an owner of the Charged Premises and in the event of default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the Charge Rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.
- (c) The Chargor hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:
  - (i) the Chargee may at any time or from time to time give notice in writing to the Chargor and the Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;
  - (ii) the Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor; and
  - (iii) the exercise of the right to vote or consent shall not constitute the Chargee a mortgagee in possession.
- (d) The Chargor covenants and agrees to advise the Condominium Corporation to send all notices to the Chargee and to notify the Chargee of any breaches by the Condominium Corporation that come to the attention of the Chargor, in order that the Chargee is kept fully informed.

#### 48. CHARGE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith and of any amendment, renewal or extension thereof and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable under the Charge including, without limiting the generality of the foregoing, all solicitors' fees on a substantial indemnity basis, costs and expenses and expenses in valuing the Charged Premises in connection with the foregoing and of anything done in connection with defending the validity or priority of the Charge against third parties. The Chargor further agrees that such amounts shall be paid

forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge.

#### **49. EXPROPRIATION**

In the event of any expropriation affecting the whole or part of the Charged Premises, the Chargor agrees that the proceeds from the expropriation shall be paid to the Chargee in priority to the claims of any other party.

#### **50. TAX ON LOAN**

The Chargor shall pay to the Chargee on demand the amount of any taxes (other than the Chargee's income taxes) which may be imposed upon or in respect of the principal of, or the interest on, the amounts secured by the Charge and which the Chargee may be called upon to pay, together with interest from the date on which such taxes are paid by the Chargee at the Charge Rate and compounded in the manner provided in section 8.

#### **51. COMMITMENT LETTER**

The provisions set forth in any loan agreement or loan commitment between the Chargor and the Chargee in respect of the Charge will not merge with the Charge but shall survive the registration of the Charge unless otherwise expressly provided.

#### **52. INTERPRETATION**

It is hereby agreed and declared that the expression "the Chargor" used in the Charge shall include the heirs, personal legal representatives, estate trustees, successors and assigns of each and every Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and (if the Charge affects a Condominium) the expression "Condominium Corporation" shall mean the Condominium Corporation referred to in the description and the expression "Declaration" shall mean the declaration registered in connection with the Condominium Corporation and words in the singular include the plural and words in the plural include the singular and words importing the masculine gender include the feminine and neuter genders where the context so requires and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, personal legal representatives, estate trustees, successors and assigns and that all such covenants, liabilities, advantages, privileges, immunities, powers and things hereby secured to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor herein contained or implied are and are to be construed as both joint and several.

#### **53. SECTION HEADINGS**

The section headings in the Charge are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

#### **54. DATE OF CHARGE**

The Charge shall be deemed to be dated as of the date of registration of the Charge.

#### **55. EFFECT OF DELIVERY**

The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if the Charge were in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and any other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

**Properties**

**PIN** 07416 - 0021 LT  
**Description** PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T  
TB79879 ETOBICOKE , CITY OF TORONTO  
**Address** CITY VIEW DRIVE  
TORONTO

**Applicant(s)**

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

**Name** CITYVIEW INDUSTRIAL LTD.  
Acting as a company  
**Address for Service** c/o The Rose and Thistle Group Ltd.  
30 Hazelton Avenue  
Toronto, Ontario M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Party To(s)***Capacity**Share*

**Name** 368230 ONTARIO LIMITED  
Acting as a company  
**Address for Service** 21 Kern Road  
Toronto, Ontario  
M3B 1S9

**Statements**

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, CHARGE to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration no.(s)Charge

ASSIGNMENT OF RENTS

THIS INDENTURE made this \_\_\_\_ day of April, 2013.

BETWEEN:

CITYVIEW INDUSTRIAL LTD.  
hereinafter called the "Assignor"

OF THE FIRST PART

- and -

368230 ONTARIO LIMITED  
hereinafter called the "Assignee"

OF THE SECOND PART

WHEREAS, by a Charge/Mortgage dated April \_\_\_\_, 2013 and registered in the Land Registry Office for the Land Titles Division of Toronto (No. 80) as Instrument No. AT \_\_\_\_\_ the Assignor herein did grant and mortgage unto the Assignee herein the lands and premises more particularly described in Schedule "A" hereto annexed (the "Charged Premises") which Charge/Mortgage secures payment of the sum of SIX HUNDRED AND FIFTY THOUSAND (\$650,000.00) DOLLARS and interest as therein mentioned and which Charge/Mortgage is hereinafter referred to as the "Mortgage". Whenever in this assignment reference is made to the Mortgage, it shall be deemed to include any renewals or extensions thereof, any amendments thereto, and any mortgage taken in substitution or replacement therefor either in whole or in part;

AND WHEREAS it is a condition of the lending of the monies secured or to be secured by the Mortgage, that the Assignor should assign to the Assignee the rents reserved and payable and/or intended to be reserved and payable under, and all advantages and benefits to be derived from the leases (the "Leases") of premises erected on the Charged Premises now or hereafter entered into by the Assignor as landlord with tenants thereof (the "Lessees") as additional security for the payment of the money secured by the Mortgage, and for the performance of the covenants contained therein;

AND WHEREAS it is agreed that notwithstanding anything in this assignment contained, the Assignee is not to be bound to advance the said mortgage monies or any unadvanced portion thereof;

NOW THEREFORE THIS ASSIGNMENT WITNESSES that the Assignor in consideration of the premises, the making of the Mortgage, and the sum of One (\$1.00) Dollar now paid by the Assignee to the Assignor (the receipt whereof is hereby acknowledged), doth covenant and agree with the Assignee as follows:

1. The Assignor hereby irrevocably transfers, assigns, and sets over to the Assignee all rents reserved and payable under the Leases and all benefits and advantages to be derived therefrom, to hold and receive the same unto the Assignee.
2. The Assignor covenants and agrees with the Assignee that the Assignor will not, without the consent in writing of the Assignee, permit any prepayment of rents payable under any of the Leases that will result in more than two months of such rents being prepaid under such Leases, or any material variation, cancellation or surrender of any of the Leases, or of any of the material terms, covenants, provisos or conditions thereof.
3. The Assignor covenants with the Assignee to perform and observe all the covenants, conditions and obligations binding upon it under the Leases.
4. The Assignor covenants and agrees irrevocably with the Assignee that the Assignee shall have the right to sue for payment and/or for enforcing anything in this assignment herein contained in any or all of the following ways:
  - (a) in its own name;
  - (b) in the name of the Assignor, and
  - (c) in the names of both the Assignor and the Assignee jointly.
5. The Assignor agrees to assign any of the Leases to the Assignee upon request should the Assignee deem such assignment advisable for the protection of the Assignee's security, such assignment to be on a form to be prepared by the Assignee's solicitors in such case.

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6. PROVIDED, however, that until notified to the contrary in writing the Lessees shall pay the rent reserved under the Leases (but only to the extent that the same may be due and payable under the Leases) to the said Assignor and any notice to the contrary required by this proviso may be effectively given by sending the same by registered mail to any Lessee at its premises in the Charged Premises or by delivering the same personally to any Lessee, or an officer of such Lessee.

7. The Assignor does hereby declare that any direction or request from the Assignee to pay the rents reserved to the Assignee shall be sufficient warrant and authority to the Lessee to make such payments, and the payments of the said rents to the Assignee shall be and operate as a discharge of the said rents to the said Lessee.

8. The Assignor covenants and agrees with the Assignee not to renew nor extend any of the Leases at rentals reserved and payable of lesser amounts than are now reserved and payable under such Leases unless compelled to do so as the result of an arbitration award, or with the consent of the Assignee.

9. The Assignee covenants and agrees with the Assignor to release this assignment upon payment in full of the Mortgage in accordance with the terms thereof and that the Assignee will, at the request and cost of the Assignor, reassign any unmatured rents to the Assignor. In the absence of such a request the delivery to the Assignor of a discharge or cessation of the Mortgage shall operate as a release and reassignment of such rents.

10. The Assignor hereby covenants and agrees to and with the Assignee that this assignment and everything herein contained shall be irrevocable without the consent of the Assignee.

11. PROVIDED that nothing in this assignment contained shall be deemed to have the effect of making the Assignee responsible for the collection of rents or any part thereof or for the performance of any covenants, terms or conditions either by the Assignor or by the Lessees contained in any of the said Leases, and the Assignee shall not by virtue of this assignment be deemed a mortgagee in possession of the Charged Premises, and the Assignee shall not be liable to account for any monies other than those actually received by it by virtue of this assignment.

12. IT IS AGREED that waiver of or failure to enforce at any time or from time to time any of the rights of the Assignee under or by virtue of this assignment shall not prejudice the Assignee's rights in the event of the breach, default or other occasion for the exercise of such rights again occurring.

IT IS HEREBY DECLARED AND AGREED that this assignment and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and each of their respective heirs, personal legal representatives, estate trustees, successors and assigns.

SCHEDULE "A"  
DESCRIPTION OF PROPERTY

PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T TB79879  
ETOBICOKE , CITY OF TORONTO

PIN: 07416-0021 (LT)



## GUARANTEE OF CHARGE

IN CONSIDERATION of 368230 ONTARIO LIMITED (the "Chargee") making loans, advances or other extensions of credit (collectively, a "Loan") to CITYVIEW HOLDINGS LTD. (individually or collectively, as the context may require, the "Chargor") secured by a second charge the particulars of which are set out in Schedule "A" hereto (as the same may be amended, supplemented, modified, varied, extended, renewed or replaced at any time and from time to time, the "Charge") charging the lands and premises more particularly described in the Charge (the "Charged Premises"), and for other good and valuable consideration, each of the undersigned (each, a "Guarantor") hereby agrees with the Chargee as follows.

**1. Guarantee and Covenant.** Each Guarantor hereby:

- (a) guarantees the payment by the Chargor to the Chargee of all debts and liabilities of the Chargor secured by or payable under the Charge and/or under any other agreement or instrument, if any, evidencing a Loan (each, a "Loan Document"), present or future, direct or indirect, absolute or contingent, matured or not, including without limitation principal, interest, taxes, fees and expenses, as and when the same are due and payable under the Charge, (the "Guaranteed Amounts"); and
- (b) covenants and agrees to observe and perform all other covenants and obligations of the Chargor under the Charge as and when the same are required to be observed or performed under the Charge (the "Guaranteed Covenants");

in each case without any demand required to be made. The obligations of the Chargor to pay the Guaranteed Amounts and perform and observe the Guaranteed Covenants are hereinafter collectively referred to as the "Guaranteed Obligations."

- 2. Obligations Joint and Several.** If there is more than one Guarantor, the obligations of the Guarantors hereunder shall be joint and several; and any reference herein to the "Guarantor" is to each and every such Guarantor.
- 3. Principal Debtor.** If any moneys or amounts expressed to be owing or payable under this Guarantee by the Guarantor are not recoverable from the Guarantor or any of them on the footing of a guarantee for any reason whatever, such moneys or amounts may be recovered from the Guarantor or any of them as a primary obligor and principal debtor in respect of such moneys or amounts regardless of whether such moneys or amounts are recoverable from the Chargor or would be payable by the Chargor to the Chargee. For greater certainty, but without restricting the generality of the foregoing, if the Chargee is prevented or restricted from exercising its rights or remedies with respect to any of the Guaranteed Obligations including without limitation the right of acceleration, the right to be paid interest at the rate or rates agreed to by the Chargor in respect of the Guaranteed Obligations or the right to enforce or exercise any other right or remedy with respect to the Guaranteed Obligations, the Guarantor agrees to pay the amount that would otherwise have been due and payable had the Chargee been permitted to exercise such rights and remedies in accordance with the terms agreed to between the Chargor and the Chargee. Provided however that the foregoing characterization of the liability of the Guarantor as that of a primary obligor and principal debtor is not intended

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and shall not be interpreted to confer on the Guarantor or any of them any right, benefit or advantage that the Guarantor would not otherwise have in the absence of such characterization.

4. **Right to Prepay.** The *Interest Act* (Canada) and the *Mortgages Act* (Ontario) each permits the prepayment of charges with three months' further interest once five years have elapsed from the date of the charge. Each Guarantor acknowledges and agrees that:
  - (1) the Guarantor, if an individual, waives such statutory rights and agrees that he or she shall not be considered a "person liable to pay or entitled to redeem" the Charge within the meaning of subsection 10(1) of the *Interest Act* (Canada) or subsection 18(1) of the *Mortgages Act* (Ontario); and
  - (2) if it is determined by a court of competent jurisdiction that notwithstanding subsection (a) the Guarantor is entitled to exercise these statutory rights, then for purposes of these statutory rights only, the date of the Charge, if renewed or extended, will be the renewal or extension date stipulated in the applicable renewal or extension agreement relating to the most recent renewal or extension of the Charge and not the original date of the Charge or some other earlier date.
5. **Actions Not to Affect Liability.** Without giving notice to or obtaining the consent or concurrence of any Guarantor, the Chargee may:
  - (1) grant any time, indulgences, waivers or extensions of time for payment or performance of any of the Guaranteed Obligations;
  - (2) grant any renewals or extensions of the Charge, with or without a change in the rate of interest or in any other term or condition of the Charge and whether by express agreement signed by the Chargor or otherwise (including without limitation by way of an automatic renewal or extension);
  - (3) change the rate or rates of interest provided in the Charge, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such rate is calculated or determined, change from a fixed rate to a variable or floating rate or from a variable or floating rate to a fixed rate, or otherwise;
  - (4) shorten or lengthen the amortization period of the Charge;
  - (5) otherwise amend, supplement, modify, vary, or otherwise change any of the terms or conditions of the Charge in any manner whatever;
  - (6) release or discharge from the mortgage or charge constituted by the Charge the whole or any part of the Charged Premises or any other security for the Loan;
  - (7) advance additional principal amounts to the Chargor pursuant to any provision of the Charge or any Loan Document that permits the Chargor to borrow such additional principal amounts from the Chargee;

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- (8) permit the Chargor to prepay the Loan in whole or in part or to skip one or more scheduled instalments of principal and interest or to pay more than one such scheduled instalment on a scheduled payment date under the Charge, whether pursuant to a provision of the Charge or Loan Document that permits such prepayment, skipping or multiple payments or otherwise;
- (9) accept compositions, compromises or proposals from the Chargor or otherwise deal with the Chargor or any other person (including without limitation the Guarantor or any other guarantor of the Guaranteed Obligations), any security (including without limitation the Charge) or the Charged Premises or any security as the Chargee sees fit, including without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Loan;
- (10) release or discharge any Guarantor or any other co-covenantors or guarantors or chargors in respect of the Charge, whether under this Guarantee or otherwise; or
- (11) release any subsequent legal or beneficial owner of the Charged Premises from any liability for the Guaranteed Obligations or any of them or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Guarantor under this Guarantee, regardless of whether any such action has the effect of amending or varying the Charge or increasing, expanding or otherwise altering the nature, effect, term extent or scope of the Guaranteed Obligations. The Guaranteed Obligations and the liability of each Guarantor hereunder shall extend to and include the obligations of the Chargor under the Charge as so amended, renewed, extended or varied and the Guaranteed Obligations as so increased, expanded or altered without further action on the part of the Chargee or the consent or concurrence of any Guarantor; and for greater certainty and without limiting the foregoing, if any rate of interest provided in the Charge is increased or otherwise altered, the Guaranteed Obligations and the liability of each Guarantor hereunder shall be extend to and include the obligation of the Chargor to pay interest at such increased or altered rate.

**6. Obligations Unaffected.** The obligations of the Guarantor hereunder shall be unaffected by:

- (1) any lack or limitation of status or power, disability, incapacity, death, dissolution or other circumstances relating to the Chargor or any Guarantor or any other party;
- (2) any irregularity, defect, unenforceability or invalidity in respect of the Loan or the Charge or any indebtedness, liability or other obligation of the Chargor or any other party, including without limitation any defect in title to the Charged Premises;
- (3) any release or discharge of the Guaranteed Obligations except by reason of their irrevocable payment and satisfaction in full;

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- (4) any judgment obtained against the Chargor, or the taking, enforcing, exercising or realizing on, or refusing or neglecting to take, enforce, exercise or realize on, or negligence in taking, enforcing, exercising or realizing on, any security (including without limitation the Charge and any money on deposit and any guarantee) or any right or remedy, from or against the Chargor or any other party or their respective assets or releasing or discharging, or failing, refusing or neglecting to maintain, protect, renew or perfect any security (including without limitation any money on deposit or any guarantee) or any right or remedy;
- (5) any change in the name, control, objects, business, assets, capital structure, or constitution of the Chargor or any Guarantor or any merger or amalgamation of the Chargor or any Guarantor with any party or parties, any continuance of the Chargor or any Guarantor under the laws of a jurisdiction other than the jurisdiction under which the Chargor or Guarantor was originally formed, or any change in the membership of the Chargor or any Guarantor, if a partnership, through the death, retirement or introduction of one or more partners, or otherwise; and each reference to the "Chargor" or the "Guarantor" in this Guarantee will be deemed to include each corporation and each partnership resulting from any of the foregoing;
- (6) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of the Charge or this Guarantee or the Chargor or any Guarantor;
- (7) any failure on the part of the Chargee to perfect, maintain or enforce its rights whether due to its default, negligence or otherwise on the part of the Chargee with respect to the Charge, or any other security granted to the Chargee relating to the Charge or the Loan; and
- (8) any other circumstances whatsoever (with or without notice to or the knowledge of the Guarantor) which may or might in any manner or to any extent vary the risk of the Guarantor hereunder, or might otherwise constitute a legal or equitable discharge of a surety or guarantor;

it being the purpose and intent of each Guarantor that the liabilities and obligations of each Guarantor under this Guarantee shall be absolute and unconditional under any and all circumstances.

- 7. **Waiver of Subrogation.** Unless and until all the Guaranteed Obligations have been irrevocably paid and satisfied in full, the Guarantor shall not be subrogated to any of the rights or claims of the Chargee in respect of any of the Guaranteed Obligations, or under any security agreement or guarantee or other instrument which may at any time be held by or on behalf of the Chargee, and the Guarantor shall not seek any reimbursement from the Chargor.
- 8. **Continued Effectiveness and Reinstatement of Obligations.** The obligations of the Guarantor under this Guarantee shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of the Guarantor or any of them under this Guarantee (whether such

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payment shall have been made by or on behalf of the Chargor or the Guarantor or any of them) is rescinded, or is reclaimed from the Chargee, upon the insolvency, bankruptcy, liquidation, dissolution or reorganization of the Chargor or the Guarantor or any of them, or for any other reason.

9. **No Obligation to Enforce.** The Chargee shall have no obligation to enforce any rights or remedies or security or guarantees or to take any other steps against the Chargor or any other party or any assets of the Chargor (including without limitation the Charged Premises) or of any other party before being entitled to demand payment or performance by any Guarantor of his obligations under this Guarantee.
10. **Indemnity.** Each Guarantor shall indemnify and save harmless the Chargee from and against all losses, damages, costs and expenses which the Chargee may sustain, incur or become liable for by reason of:
  - (1) the failure, for any reason whatever, of the Chargor to pay any amounts expressed to be payable pursuant to the provisions of the Charge or any Loan Document, regardless of whether the Chargor's obligation to pay such amounts is valid or enforceable against the Chargor;
  - (2) the failure, for any reason whatever of the Chargor to perform any other obligation under the Charge, any Loan Document or any other security for the Loan; or
  - (3) any act, action or proceeding of or by the Chargee for or in connection with the recovery of such amounts or the performance of such obligations.
11. **Non-Execution by Other Parties.** This Guarantee shall be operative and binding upon every signatory hereto upon its execution and delivery by such signatory regardless of whether it has been executed by any other proposed signatory or signatories.
12. **Successors and Assigns.** This Guarantee shall extend to and enure to the benefit of the Chargee and his heirs, estate trustees, personal legal representatives, successors and assigns and shall be binding upon each Guarantor and his heirs, estate trustees, personal legal representatives, successors and assigns.
13. **Choice of Law and Submission to Jurisdiction.** This Guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario. Each Guarantor irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.
14. **Severability.** If any provision of this Guarantee is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Guarantee, or the legality, validity or enforceability of that provision in any other jurisdiction.


- 6 -

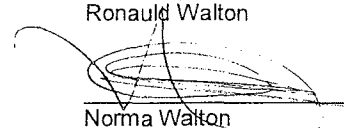
15. **Headings.** The division of this Guarantee into sections and the insertion of headings are for convenience of reference only and are not to affect the construction or interpretation of this Guarantee. Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders.
16. **Receipt of Copy.** Each Guarantor hereby acknowledges receipt of a copy of this Guarantee and the Charge.

IN WITNESS WHEREOF each Guarantor has executed this Guarantee under seal on  
April 5<sup>th</sup>, 2013.

Witness:   
J. Todd Holmes

Witness: J. Todd Holmes

  
Ronald Walton

  
Norma Walton

- 7 -

**Schedule "A"**  
Description of Charge

*Note: The following is a summary of the terms of the Charge as of the date of this Guarantee. These terms may be amended or modified without notice to the Guarantor without affecting the obligations of the Guarantor under this Guarantee, as is more particularly provided in the Guarantee. The definition of "Charge" in the Guarantee includes any such amendments or modifications.*

Chargee: 368230 Ontario Limited

Chargor(s): Cityview Industrial Ltd.

Principal amount: \$650,000.00

Initial Term: 1 year

Interest rate (Charge Rate): Fixed, at 11% per annum

Charged Premises: Municipal address: 1, 9-11 Cityview Drive, Toronto, Ontario

Legal description: PT LT 22 CON 2 FRONTING THE HUMBER, AS  
IN TB80921, S/T TB159922 S/T TB79879  
ETOBICOKE, CITY OF TORONTO

PIN: 07416-0021 (LT)





**Form 9D****Investment Authority**

*(Note to lawyer: This form is required in a private mortgage transaction whether or not the mortgage was arranged by you. Please have your client complete every point on this form, with "n/a" being noted if the point is not applicable. This form may be entered on a word processor. For the definition of mortgage broker and other terms found in the clause of the Lawyers' Professional Indemnity Company Policy found at the bottom of this form, please refer to the policy.)*

To: J. Todd Holmes  
Devry Smith Frank LLP

I, **Stanley Bernstein, President of 368230 Ontario Limited** instruct you to act on my (or our) behalf, on my (or our) mortgage investment (or investments) of **\$650,000.00**, the details, conditions and disclosures of which are set out below.

A. Details about the investment:

1. Name and address of borrower (or borrowers): *(specify)*

**Cityview Industrial Ltd.  
30 Hazelton Avenue  
Toronto, Ontario  
M5R 2E2**

2. Name and address of guarantor (or guarantors) *(if any)*: *(specify)*

**Ronauld & Norma Walton  
92 Truman Road  
Toronto, Ontario  
M2L 2L6**

3. Legal description and municipal address of real property: *(specify)*

**1, 9-11 Cityview Drive, Toronto**

**Legal: PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T  
TB159922 S/T TB79879 ETOBICOKE , CITY OF TORONTO  
PIN: 07416-0021 (LT)**

4. Type of property: *(specify, e.g., residence, vacant land, etc.)*

**Commercial**

5. (a) Principal amount of mortgage or charge: *(specify)*

**\$650,000.00**

5. (b) Amount of loan to be advanced by me *(or us)*: *(specify)*

**\$650,000.00**

6. Rank of mortgage or charge is first *(or specify other rank)*.

**Second**

7. My *(or our)* investment of \$ **\$650,000.00** *(specify amount)* represents **100%** *(specify percentage)* of the total loan to the borrower *(or borrowers)*.

8. (a) I am *(or we are)* satisfied that the approximate value of the property is **\$5,000,000.00** *(specify amount)*.

8. (b) I *(or we)* used the following means to determine the approximate value of the property: *(specify)*. **Agreement of purchase and sale dated May 31, 2012**

8. (c) Including my *(or our)* mortgage amount, the percentage of the value of the property that is mortgaged *(or /encumbered)* is **93%** *(specify percentage)*.

9. (a) The term of loan is *(specify term of loan in months, years, etc.)*.

**5 months**

9. (b) The due date of loan is *(specify date)*.

~~April 5<sup>th</sup>, 2014~~ **SEPTEMBER 5, 2013**

9. (c) The loan is amortized over *(specify number of years)*.

**N/A**

10. The interest rate is **11.0%** *(specify interest rate)* calculated monthly, not in advance *(or specify how interest rate is calculated)*.

11. Particulars of amounts and due dates *(monthly, quarterly, etc.)* of payments of principal and interest: *(specify)* **monthly, interest only**



12. Particulars and amounts of any bonus or holdback or any other special terms:  
(specify) **2.0% bonus interest**

13. (a) The mortgage is to be registered in the name (or names) of (specify name or names).

**368230 Ontario Limited**

13. (b) After completion of the mortgage transaction, a collection or administration fee of (specify amount) per instalment is payable by the investor (or investors) (or borrower) (or borrowers) to (specify recipient of fee). **n/a**

13. (c) If the mortgage is held in trust, the dates on which payments are to be made by the trustee (if applicable) to me (or us) are: (specify dates) **n/a**

14. Particulars of disbursements made for legal, brokerage or other fees or commissions in connection with the placement of the loan, including the names of recipients and amounts paid, are: (specify) **See 12 above**

**B. Conditions:**

1. (Instructions: Clauses (a) and (b) below refer to information which each investor may require from the lawyer. If you require the information referred to in a clause, initial the clause.)

The information which I (or we) require from you as my (or our) lawyer before you complete the transaction and make the advance is as follows:

(a) If my (or our) investment will be in a position other than a first mortgage or charge, details, including amounts, of all existing encumbrances outstanding.

(b) If the mortgage or charge is a syndicated mortgage, and a prospectus is necessary, a copy of the prospectus. We acknowledge and accept that you as my (or our) lawyer express no opinion as to the necessity for or validity of a prospectus.

2. (Instructions: Each investor to complete and initial clause (a) and, if clause (a) is answered in the affirmative, to complete (if necessary) and initial clause (b) and to initial clause (c).)

(a) I (or we) instruct you to obtain a current and independent appraisal of the subject property and provide it to me (or us) before you complete this mortgage transaction. (Specify yes or no.) **No.**



(b) The appraisal is to be paid by me (or us) or (specify name of person who is to pay for appraisal). **N/A**

(SR)

(c) I (or we) have been advised and accept that you as my (or our) lawyer do not express an opinion as to the validity of the appraisal.

C. Disclosure:

1. I (or we) acknowledge being advised by you as my (or our) lawyer that you do not have any direct or indirect interest in the borrower (or borrowers). *(Specify yes or no and indicate the date on which the lawyer advised you that he or she has no direct or indirect interest in the borrower or borrowers.)* Yes. April 4, 2013.

*(If the lawyer has an interest in the borrower or borrowers, he or she is unable to act for you on this loan (Rule 2.06 of the Rules of Professional Conduct).*

(Warning:

1. You are cautioned that the responsibility for assessing the financial merits of the mortgage investment rests with the investor or investors at all times. The lawyer's responsibility is limited to ensuring the mortgage is legally registered on title in accordance with the investor's or investors' instructions. The lawyer is not permitted to personally guarantee the obligations of the borrower or borrowers nor the suitability of the property as security for the mortgage investment.

2. Any loss you may suffer on this mortgage investment will not be insured under the lawyer's professional liability policy if the lawyer has acted as a mortgage broker or has helped to arrange it. \*)

I (or we) hereby acknowledge receipt of a copy of this form prior to the advance of funds to or on behalf of the borrower (or borrowers). I (or we) further acknowledge having read and understood the above warnings.

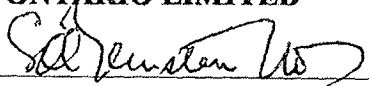
Investor (or Investors):

**368230 Ontario Limited  
21 Kern Road  
Toronto, Ontario  
M3B 1S9**

*(Specify full name of the investor (or full names of the investors) and specify the investor's (or each investor's) address.)*

**368230 ONTARIO LIMITED**

Per:

  
Stanley Bernstein - President



*(Signature of the investor (or of each investor))*

April 4, 2013

*(Date of signature)*

*\*(Pursuant to clause (g) of Part III of the Professional Liability Insurance Policy for Lawyers, the policy does not apply "to any CLAIM directly or indirectly arising as a result of the INSURED acting as a MORTGAGE BROKER or as an intermediary arranging any financial transaction usual to mortgage lending; or to any CLAIM arising from circumstances where the INSURED has provided PROFESSIONAL SERVICES in conjunction with the above".)*



**Form 9E****Report On The Investment**

*(Note to lawyer: In all private mortgage transactions, whether or not the mortgage was arranged by you, you must complete this form, or, alternatively, you must complete a reporting letter which includes responses to all numbered items in this form. If you complete this form, you must complete every numbered item on this form, with "n/a" being entered if the numbered item is not applicable. If you complete a reporting letter, you must respond to all numbered items in this form in your reporting letter. If a numbered item is not applicable, you must include it in your reporting letter and indicate that it is not applicable. After completion, an original of this form, or the reporting letter, must be delivered forthwith to each lender. This form may be entered on a word processor. For the definition of mortgage broker and other terms found in the clause of the Lawyers' Professional Indemnity Company Policy found at the bottom of this form, please refer to the policy.)*

To: **368230 Ontario Limited**  
**21 Kern Road**  
**Toronto, Ontario**  
**M3B 1S9**

A. Details about the investment:

1. Name and address of borrower (or borrowers): *(specify)*

**Cityview Industrial Ltd.**  
**30 Hazelton Avenue**  
**Toronto, Ontario**  
**M5R 2E2**

2. Name and address of guarantor (or guarantors):

**Norma Walton**  
**Ronauld Walton**  
**92 Truman Road**  
**Toronto, Ontario M2L 2L6**

3. Legal description and municipal address of real property: *(specify)*

**1, 9-11 Cityview Drive, Toronto**

**Legal: PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T**  
**TB159922 S/T TB79879 ETOBICOKE , CITY OF TORONTO**  
**PIN: 07416-0021 (LT)**

4. Type of property: *(specify, e.g., residence, vacant land, etc.)*

**Commercial**

5. (a) Principal amount of mortgage or charge: *(specify)*

**\$650,000.00**

5. (b) Amount of loan advanced by you: *(specify)*

**\$650,000.00**

6. Rank of mortgage or charge is *(or specify other rank)*.

**Second**

7. Your investment of **\$650,000.00** represents **100%** of the total of this loan to the borrower *(or borrowers)*.

8. Date principal advanced: *(specify)*

**April 5, 2013**

9. (a) The term of loan is *(specify term of loan in months, years, etc.)*.

**5 months**

9. (b) The due date of the loan is *(specify date)*.

**September 5<sup>th</sup>, 2013**

9. (c) The loan is amortized over *(specify number of years)* **N/A**.

10. The interest rate is **11.00%** monthly, not in advance.

11. Particulars of amounts and due dates *(monthly, quarterly, etc.)* of payments of principal and interest: **5<sup>th</sup> day of every month, interest only payments**

12. Particulars and amounts of any bonus or holdback or any other special terms:

**2.0% bonus interest**

13. Details of any existing encumbrances, including rank on title, balances outstanding, mortgagee name and maturity dates: **N/A**

14. In those instances in which the mortgage or charge is a collateral security, or if the mortgage or charge is collaterally secured, the details of other security are: **N/A**

15. (a) Particulars of disbursements made for legal, brokerage or other fees or commissions in connection with the placement of the loan, including the names of recipients and amounts paid, are:

**N/A**

15. (b) Alternatively, I have advised I cannot confirm what independent commissions or fees are being charged to the borrower.

16. Registration number, date of registration and land registry office location:

**Charge electronically registered as AT3271120 in the Land Registry Office for the City of Toronto (LRO 80).**

17. Insurance particulars:

<b>Broker:</b>	<b>Hub International HKMB Limited</b>
<b>Company:</b>	<b>Intact Insurance Company</b>
<b>Policy No.:</b>	<b>501295828</b>
<b>Expiry Date:</b>	<b>September 17, 2013</b>
<b>Coverage:</b>	<b>\$10,000,000.00</b>

#### **B. Conditions And Disclosure:**

In accordance with your Form 9D [Investment Authority] request for information and disclosures prior to the advance of your money, I advise that I have previously provided you with the requested information and disclosures as follows: **N/A**

1. Particulars of existing encumbrances outstanding: **N/A**

2. In the case of a syndicated mortgage where a prospectus was required, a copy of the prospectus: **N/A**

I advised and you acknowledged that I gave no opinion as to the necessity or validity of a prospectus.

3. Independent appraisal: **N/A**

I advised and you acknowledged that I gave no opinion as to the necessity or validity of an appraisal.

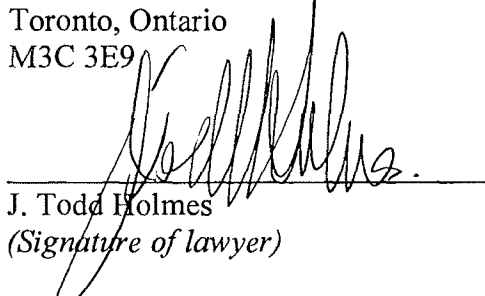


4. Any loss you may suffer on this mortgage investment will not be insured under the lawyers' professional liability policy if the lawyer has acted as a mortgage broker or has helped to arrange it.\*

I advised and you acknowledged having read and understood this warning.

*(Warning: You are cautioned that the responsibility for assessing the financial merits of the mortgage investment rests with the investor at all times. The lawyer's responsibility is limited to ensuring the mortgage is legally registered on title in accordance with the investor's instructions. The lawyer is not permitted to personally guarantee the obligations of the borrower or borrowers nor the suitability of the property as security for the mortgage investment.)*

Devry Smith Frank LLP  
95 Barber Greene Road, Suite 100  
Toronto, Ontario  
M3C 3E9

  
\_\_\_\_\_  
J. Todd Holmes  
(Signature of lawyer)

April 9, 2013

*\*(Pursuant to clause (g) of Part III of the Professional Liability Insurance Policy for Lawyers, the policy does not apply "to any CLAIM directly or indirectly arising as a result of the INSURED acting as a MORTGAGE BROKER or as an intermediary arranging any financial transaction usual to mortgage lending; or to any CLAIM arising from circumstances where the INSURED has provided PROFESSIONAL SERVICES in conjunction with the above".)*

## CLEAR CERTIFICATE / CERTIFICAT LIBRE

434

SHERIFF OF /  
SHERIF DE: CITY OF TORONTO (TORONTO)

DATE OF CERTIFICATE /  
DATE DU CERTIFICAT: 2013-04-05

THIS CERTIFIES THAT THERE ARE NO WRITS OF EXECUTION, EXTENT OR  
CERTIFICATES OF LIEN IN MY HANDS AT THE TIME OF SEARCHING AGAINST THE REAL  
AND PERSONAL PROPERTY OF:

JE CERTIFIE, PAR LA PRESENTE, NE PAS AVOIR DE BREF D'EXECUTION, NI DE  
CERTIFICAT DE PRIVILEGE, NI D'ORDONNANCE EN MA POSSESSION AU MOMENT DE LA  
RECHERCHE VISANT LES BIENS MEUBLES OU IMMEUBLES DE:

	SURNAME / NOM	GIVEN NAME(S) / PRENOM(S)
(COMPANY/SOCIETE)	CITYVIEW INDUSTRIAL LTD.	

CAUTION TO PARTY REQUESTING SEARCH:  
ENSURE THAT THE ABOVE INDICATED NAME IS THE SAME AS THE NAME SEARCHED.  
THIS NAME WILL REMAIN CLEAR UNTIL THE CLOSE OF BUSINESS THIS DATE.

AVERTISSEMENT A LA PARTIE QUI DEMANDE LA RECHERCHE:  
ASSUREZ-VOUS QUE LE NOM INDIQUE CI-DESSUS EST LE MEME QUE CELUI QUI EST  
RECHERCHE. CE NOM DEMEURERA VALIDE JUSQU'A LA FIN DE LA JOURNEE DE TRAVAIL.

CHARGE FOR THIS CERTIFICATE /  
FRAIS POUR CE CERTIFICAT: \$11.00

SEARCHER REFERENCE /  
REFERENCE CONCERNANT L'AUTEUR DE LA DEMANDE: WALT0003

**RESOLUTION OF THE DIRECTORS  
OF  
CITYVIEW INDUSTRIAL LTD.  
(the "Corporation")**


**WHEREAS** the directors of the Corporation are authorized from time to time to borrow money, to enter into and authorize agreements and issue securities of the Corporation and it is in the interests of the Corporation that the directors exercise such authority;

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Corporation execute and deliver a second charge/mortgage of land (the "**Charge**") in favour of the Chargee in the principal amount of \$650,000.00 securing 1, 9-11 City View Drive, Toronto, Ontario (the "**Property**"), substantially in the form of the draft charge/mortgage submitted to the directors.
2. The Corporation execute and deliver an assignment of the rents derived from the Property (the "**Assignment of Rents**") in favour of the Chargee as security for the indebtedness, liabilities and obligations of the Corporation to the Chargee pursuant to the Charge, substantially in the form of the draft assignment submitted to the directors.
3. The President is hereby authorized for and on behalf of the Corporation to execute and deliver to the Chargee the Charge, the Assignment of Rents and any other security or other documents with such alterations, additions, amendments and deletions as may be approved by the President, whose signature shall be conclusive evidence of such approval.
4. The President is hereby authorized for and in the name of the Corporation to execute and deliver all such other documents and to do all such other acts and things as may be necessary or desirable to give effect to this resolution or as may be reasonably required by the Chargee.

I HEREBY CERTIFY that the foregoing is a duplicate original resolution of the directors of the Corporation consented to by all the directors of the Corporation in pursuance of the *Business Corporations Act* and that the said resolution is still in full force and effect unamended.

**WITNESS** my hand this 5<sup>th</sup> day of April, 2013.


  
\_\_\_\_\_  
Norma Walton - Secretary

## CERTIFICATE OF CORPORATE AUTHORITY

TO: 368230 Ontario Limited (the “Chargee”)

AND TO: Devry Smith Frank LLP, its solicitors

Cityview Industrial Ltd. (the “Corporation”) hereby certifies as follows:

1. The Corporation was incorporated under the laws of the Province of Ontario by certificate and articles of incorporation effective on July 20, 2012. The constating documents of the Corporation are in full force and effect and no proceedings have been taken or are pending to amend, surrender or cancel the same.
2. The officer of the Corporation is:  
  
Norma Walton - President; Secretary; Treasurer
3. The directors of the Corporation are:  
  
Norma Walton  
Ronauld Walton
4. The following is the specimen signature of the specially designated authorized signing officer of the Corporation executing and delivering any documentation on its behalf to the Chargee:  
  
Norma Walton 
5. The Corporation is up to date in the filing of all returns and other documents required by the *Corporations Information Act*, and no notice of any proceedings to cancel its constating documents or otherwise terminate its existence has been received by it.
6. No winding-up, liquidation, dissolution, insolvency, bankruptcy or amalgamation proceedings have been commenced or are contemplated by the Corporation, its shareholders, directors or officers, and no such proceeding has been commenced in respect of the Corporation by any other party.
7. The Corporation has not been served with notice of any litigation or other legal proceedings, and no action or other litigation proceeding is pending or has been threatened against the Corporation.
8. The Corporation has been duly organized and is validly subsisting and in good standing under the laws of the Province of Ontario; it has the power to own or lease its property and to carry on its business as now conducted by it; it is conducting its business in compliance with all applicable rules, laws and regulations of the Province of Ontario and is duly licensed, registered and qualified to do business and is in good standing in the Province of Ontario; and all such licences, registrations and qualifications are valid and subsisting and in good standing.
9. No person, firm or corporation has any agreement or option or any right or privilege capable of becoming an agreement for the purchase of any properties or assets of the Corporation

- 2 -

out of the ordinary course of business.

10. The Corporation has the capacity, full power, legal right and authority to provide the security required to be provided by the Corporation to the Chargee.
11. The execution, issuance and delivery of the security to the Chargee by the Corporation have been duly authorized by all necessary corporate action on the part of the Corporation, and such security, when duly executed and delivered by the Corporation, will constitute valid and legally binding obligations of the Corporation enforceable against it in accordance with the terms thereof.
12. The Corporation is not aware, after due inquiry, of any material adverse default or breach, or of any state of affairs which after notice or lapse of time or both would constitute a default or breach of any contract or any other instrument to which the Corporation is a party or by which it may be bound.
13. The execution and delivery to the Chargee of the security by the Corporation will not conflict with, result in a breach of or constitute a default under the constating documents or by-laws of the Corporation, or any agreement or instrument to which the Corporation is a party or is otherwise bound, and no other consents or approvals are required in connection with such matters from any other party or any governmental body, agency or authority.

This certificate shall remain in force and be binding upon the Corporation and may be acted upon by the Chargee at any time.

DATED this 5<sup>th</sup> day of April, 2013.

**CITYVIEW INDUSTRIAL LTD.**

Per: 

Norma Walton - President



DIRECTION

TO: 368230 Ontario Limited

**Re: 368230 Ontario Limited second mortgage loan of  
\$650,000 to Cityview Industrial Ltd. secured by  
1, 9-11 City View Drive, Toronto, Ontario**

The undersigned hereby authorizes and directs you to pay the initial advance under the above-referenced loan to *Devry Smith Frank LLP, in trust*, or as they may otherwise direct, and this shall be your good and sufficient authority for so doing.

DATED this 5<sup>th</sup> day of April, 2013.

CITYVIEW INDUSTRIAL LTD.

Per: 

Norma Walton - President

# STATUTORY DECLARATION

CANADA	)	IN THE MATTER OF the land and
	)	premises municipally known as 1, 9-11
PROVINCE OF ONTARIO	)	City View Drive, Toronto, Ontario, more
	)	particularly described in Schedule "A"
	)	attached hereto (the " <b>Property</b> ") and the
	)	second charge/mortgage thereof by
	)	Cityview Industrial Ltd. (the
TO WIT:	)	" <b>Corporation</b> ") in favour of 368230
		Ontario Limited

I, NORMA WALTON, do solemnly declare that:

1. I am the President of the Corporation and as such have knowledge of the matters hereinafter deposed to.
2. The Corporation is the absolute owner of the Property and either personally or by its tenants has been in the actual, peaceable, continuous, exclusive, open, undisturbed and undisputed possession and occupation thereof and of the buildings used in connection therewith (the "**Buildings**") from September 7, 2012.
3. Except as may be disclosed by the registered title, there is no encumbrance or easement whatsoever affecting the Property.
4. I am not aware of any person having any claim or interest in the Property inconsistent with the Corporation's title and I am positive that no such claim or interest exists.
5. The Corporation's possession and occupation of the Property has been undisturbed throughout by any action, suit or other proceeding, adverse possession or otherwise on the part of any person, and during such possession and occupation no payment has ever been made or acknowledgement of title given by the Corporation or, so far as I know, by anyone else to any person in respect of any right, title, interest or claim in, to or upon the Property.
6. This declaration and the registered title fully and fairly disclose all facts material to the title claimed by the Corporation.
7. The title deeds, evidences of title and other papers which have been produced by me are all the title deeds, evidences of title and other papers relating to the Corporation's title to the Property in my possession, and such title deeds, evidences of title and other papers produced and this declaration and the registered title fairly disclose all facts material to the title claimed by the Corporation and all contracts and dealings which affect the same or any part thereof.
8. The Buildings are situated wholly within the limits of the Property, there is no dispute as to the boundaries of the Property, and I have never heard of any claim of easement affecting the Property, either for light, drainage, right-of-way or otherwise, save as may be disclosed by the registered title.
9. There are no executions affecting the Property.



- AND I MAKE THIS SOLEMN DECLARATION conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath.

A Commissioner, etc.

Norma Walton

SCHEDULE "A"  
LEGAL DESCRIPTION OF PROPERTY

PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T TB79879  
ETOBICOKE , CITY OF TORONTO

PIN: 07416-0021 (LT)

CONFLICT OF INTEREST ACKNOWLEDGEMENT

TO: Devry Smith Frank LLP

Re: 368230 Ontario Limited second mortgage loan of \$650,000.00 to Cityview Industrial Ltd.  
secured by 1, 9-11 City View Drive, Toronto, Ontario

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We, the undersigned, hereby acknowledge that the law firm of Devry Smith Frank LLP is acting on behalf of 368230 Ontario Limited, as lender, in connection with the above-noted transaction. We have agreed to Devry Smith Frank LLP acting on behalf of 368230 Ontario Limited. We understand that if any dispute should arise which cannot be resolved between 368230 Ontario Limited and us, we are required to retain independent solicitors and, in such an event, Devry Smith Frank LLP will not be able to act for us. In addition, we understand that no information received by Devry Smith Frank LLP from us or from 368230 Ontario Limited can be treated as confidential insofar as the other is concerned.

Notwithstanding the foregoing, we consent to Devry Smith Frank LLP acting solely on behalf of 368230 Ontario Limited, and we do not wish to obtain independent legal advice in connection with the above-noted transaction.


DATED this 5<sup>th</sup> day of April, 2013

CITYVIEW INDUSTRIAL LTD.

Per: 

Norma Walton -- President

  
Norma Walton

  
Ronauld Walton

CONFIRMATION AND VERIFICATION OF IDENTITY

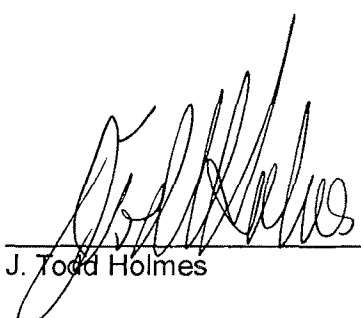
TO: 368230 Ontario Limited

AND TO: Devry Smith Frank LLP, its solicitors

**Re: 368230 Ontario Limited (the "Lender") second mortgage loan to Cityview Industrial Ltd. (the "Borrower") secured by 1, 9-11 City View Drive, Toronto, Ontario**

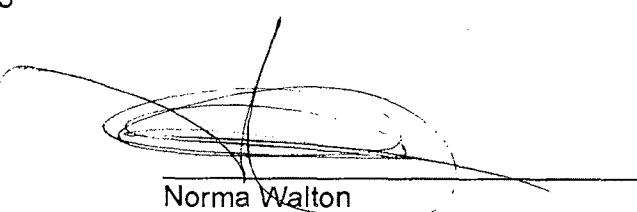
I am a solicitor in good standing with the Law Society of Upper Canada. I acknowledge that the Lender is relying on me for confirmation as to the identity of Norma Walton, President of the Borrower. To this end, I confirm that I have examined the identification of Norma Walton. Based on this identification, I confirm to you that the party appearing before me purporting to be Norma Walton, who executed loan and security documents as President of the Borrower is, to the best of my knowledge and belief, Norma Walton.

DATED this 5<sup>th</sup> day of April, 2013

  
\_\_\_\_\_  
J. Todd Holmes

I, Norma Walton, confirm that and verify that I am the person so appearing and the identification produced is my true identity.

DATED this 5<sup>th</sup> day of April, 2013

  
\_\_\_\_\_  
Norma Walton

**CONFIRMATION AND VERIFICATION OF IDENTITY**

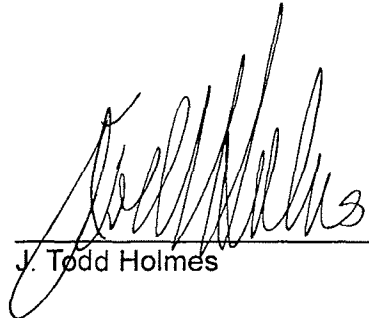
TO: 368230 Ontario Limited

AND TO: Devry Smith Frank LLP, its solicitors

***Re: 368230 Ontario Limited (the "Lender") second mortgage loan to Cityview Industrial Ltd. ; secured by 1, 9-11 City View Drive, Toronto, Ontario***

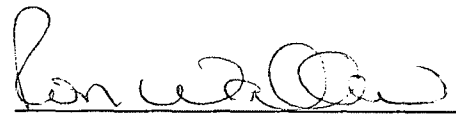
I am a solicitor in good standing with the Law Society of Upper Canada. I acknowledge that the Lender is relying on me for confirmation as to the identity of Ronauld Walton. To this end, I confirm that I have examined the identification of Ronauld Walton. Based on this identification, I confirm to you that the party appearing before me purporting to be Ronauld Walton, who executed loan and security documents is, to the best of my knowledge and belief, Ronauld Walton.

DATED this 5<sup>th</sup> day of April, 2013

  
J. Todd Holmes

I, Ronauld Walton, confirm that and verify that I am the person so appearing and the identification produced is my true identity.

DATED this 5<sup>th</sup> day of April, 2013

  
Ronauld Walton

CONFIRMATION AND VERIFICATION OF IDENTITY

TO: 368230 Ontario Limited

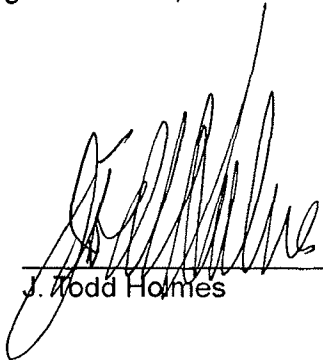
AND TO: Devry Smith Frank LLP, its solicitors

**Re: 368230 Ontario Limited (the "Lender") mortgage loan to Cityview Industrial Ltd.  
secured by 1, 9-11 City View Drive, Toronto, Ontario**

---

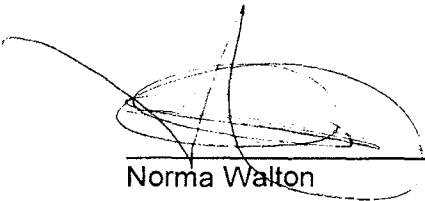
I am a solicitor in good standing with the Law Society of Upper Canada. I acknowledge that the Lender is relying on me for confirmation as to the identity of Norma Walton. To this end, I confirm that I have examined the identification of Norma Walton. Based on this identification, I confirm to you that the party appearing before me purporting to be Norma Walton, who executed loan and security documents is, to the best of my knowledge and belief, Norma Walton.

DATED this 5<sup>th</sup> day of April, 2012

  
\_\_\_\_\_  
J. Todd Holmes

I, Norma Walton, confirm that and verify that I am the person so appearing and the identification produced is my true identity.

DATED this 5<sup>th</sup> day of April, 2012

  
\_\_\_\_\_  
Norma Walton

# CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)  
04/10/2013

**BROKER**


**HUB International HKMB Limited**  
595 Bay Street, Ste 900  
Toronto, ON M5G 2E3  
PHONE: 416-597-0008 FAX: 416-597-2313

This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the policies below.

Company A	Intact Insurance Company
Company B	
Company C	
Company D	
Company E	

**INSURED'S FULL NAME AND MAILING ADDRESS**

Cityview Industrial Ltd.  
30 Hazelton Avenue  
Toronto, ON M5R 2E2

## COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated, notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies. Limits shown may have been reduced by paid claims.

TYPE OF INSURANCE	CO LTR	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)	
<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE	A	501295828	09/17/2012	09/17/2013	EACH OCCURRENCE GENERAL AGGREGATE PRODUCTS - COMP/OP AGGREGATE PERSONAL INJURY EMPLOYER'S LIABILITY TENANT'S LEGAL LIABILITY NON-OWNED AUTOMOBILE HIRED AUTOMOBILE	\$ 10,000,000 \$ \$ 10,000,000 \$ 10,000,000 \$ 10,000,000 \$ 1,000,000 \$ 10,000,000 \$ 75,000
<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> DESCRIBED AUTOMOBILES <input type="checkbox"/> ALL OWNED AUTOMOBILES <input type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <small>**ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE</small>					BODILY INJURY PROPERTY DAMAGE COMBINED BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE	\$ \$ \$ \$
<b>EXCESS LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM					EACH OCCURRENCE AGGREGATE	\$ \$
<b>OTHER (SPECIFY)</b>	A	501295828	09/17/2012	09/17/2013	Property Rental Equipment Business Interruption Boiler & Machinery	\$ \$ \$ \$

**DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS/ ADDITIONAL INSURED**

All Risks including Flood, Earthquake, Sewer Back-up, By-laws. Stated Amount Co-Insurance, Replacement Cost Valuation, Increased Cost of Construction due to By-Laws, Business Interruption (Rental Income) - 24 Month Idemnity Period - Actual Loss Sustained.

Commercial General Liability - Unlimited Aggregate  
Employee Benefit Liability - \$2,000,000

(continued next page)

**CERTIFICATE HOLDER**

368230 Ontario Ltd  
21 Kern Road  
Toronto, ON M3B 1S9

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOUR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Per: \_\_\_\_\_

Page 1 of 2

AGENCY CUSTOMER ID: \_\_\_\_\_

LOC #: \_\_\_\_\_

**ADDITIONAL REMARKS SCHEDULE**

Page 2 of 2

<b>PRODUCER</b> HUB International HKMB Limited		<b>INSURED</b> Cityview Industrial Ltd.
<b>POLICY NUMBER</b>		
<b>CARRIER</b>	<b>NAIC CODE</b>	<b>ISSUE DATE:</b> 04/10/2013

**ADDITIONAL REMARKS**

(continued from previous page)

Named Insured: Cityview Industrial Ltd.  
Location Address: 1 City View Drive, Toronto ON, M9W 5A5  
Building: \$ 2,000,000  
Boiler & Machinery: \$2,000,000

Named Insured: Cityview Industrial Ltd.  
Location Address: 9-11 City View Drive, Toronto ON, M9W 5A5  
Building: \$ 4,048,000  
Business Interruption: \$ 360,000  
Boiler & Machinery: \$ 4,408,000

368230 Ontario Limited is added as 1st and 2nd Mortgagee but only with respect to their interest in the Building as indicated above.



## Title Insurance

## Commitment

Canada Loan Form (10/07)



# Chicago Title Insurance Company

*Providing Title Related Services Since 1847*



## COMMITMENT FOR TITLE INSURANCE

CHICAGO TITLE INSURANCE COMPANY, a corporation of Nebraska, herein called the Company, for a valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favour of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor; all subject to the provisions of Schedules A and B and to the Conditions and Stipulations which are hereby incorporated by reference and are made a part of the Commitment.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by subsequent endorsement.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six (6) months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

IN WITNESS WHEREOF, Chicago Title Insurance Company has caused this Commitment to be signed and sealed as of the effective date of Commitment shown in Schedule A, the Commitment to become valid when countersigned by an authorized signatory.

Issued By:

CHICAGO TITLE INSURANCE COMPANY

By

Chicago Title Insurance Company  
55 Superior Blvd.  
Mississauga, Ontario L5T 2X9  
CANADA

President

Attest

Secretary

(289) 562-5216 Fax (289) 562-2478

Countersigned



Authorized Signatory

Commitment No.: 09-04042013-373667

**Title Insurance****Conditions and Stipulations**

Canada Loan Form (10/07)

**Conditions and Stipulations**

1. The term "Mortgage," when used herein, shall include charge, mortgage, hypothec, deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquires actual Knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or Mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such Knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such Knowledge. If the proposed Insured shall disclose such Knowledge to the Company, or if the Company otherwise acquires actual Knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or Mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions, the Exclusions from Coverage and the Conditions of the form of policy or policies committed for in favour of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.

Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the Title to the estate or interest or the status of the Mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.

Gap Coverage:

Coverage under the policy or policies committed for shall include any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 13 in the Policy Jacket that has been created or attached or has been filed or registered in the Public Records subsequent to Date of Policy and prior to the registration of the Insured Mortgage in the Public Records, provided: (a) the document(s) required for such registration have been signed by the requisite parties on or before Date of Policy and are submitted for such registration in a timely manner; and (b) a sub-search/search of title is made on Date of Policy and any new liens, encumbrances or other adverse interest so revealed are disclosed to the Company.

**Commitment No.:** **09-04042013-373667**

*Issued By:***CHICAGO TITLE INSURANCE COMPANY****Schedule A****COMMITMENT FOR TITLE INSURANCE****Policy No:** **09-04042013-373667**

CANADA LOAN FORM (10/07)

Date of Policy: April 5, 2013

Amount of Insurance: \$650,000.00

1. Name of Insured:  
368230 Ontario Limited
2. The estate or interest in the Land which is covered by this policy is:  
Fee Simple
3. Title to the estate or interest in the Land is held by:  
Cityview Industriail Ltd.
4. The Insured Mortgage and assignments thereof, if any, are described as follows:  
Second Mortgage in favour of 368230 Ontario Limited registered on      as Instrument No.  
securing the principal sum of \$650,000.00.
5. The Land is described as follows:  
Municipal Address: 1, 9-11 Cityview Drive, Toronto ON  
Legal Description: PIN: 07416-0021 (LT)  
Part Lot 22, Concession 2 Fronting The Humber  
As in Instrument No. TB80921; Etobicoke  
City of Toronto

This Policy valid only if Schedule B is attached.

*For purposes of the Insurance Companies Act (Canada), this document was made in the course of Chicago Title Insurance Company's business in Canada*

Issued By:

**CHICAGO TITLE INSURANCE COMPANY**

**Schedule B, Section 1**

**COMMITMENT FOR TITLE INSURANCE**

**Policy No: 09-04042013-373667**

CANADA LOAN FORM (10/07)

**EXCEPTIONS FROM COVERAGE**

Except as specifically provided in the following provisions, this policy does not insure against loss or damage (and the Company will not pay costs, legal fees or expenses) which arise by reason of the matters set forth below:

Exception 1. Native land claims.

Exception 2. Covenants, conditions and restrictions, if any, appearing in the Public Records.

Notwithstanding the foregoing exception, this policy insures that such covenants, conditions and restrictions have not been violated and any future violation will not result in a forfeiture or reversion of title and that there are no provisions under which the charge against title to the Insured Mortgage can be extinguished, subordinated or impaired. In addition, this policy insures that any document containing covenants, conditions or restrictions does not (i) provide a lien for liquidated damages, (ii) provide for a private charge or assessment, or (iii) provide for an option to purchase, a right of first refusal or the prior approval of a future purchaser or occupant.

Exception 3. Any easements appearing in the Public Records.

Notwithstanding the foregoing exception, this policy insures that none of the improvements encroach upon the easements and that any use of the easements for the purposes granted or reserved will not interfere with or damage the improvements, including lawns, shrubbery and trees.

Exception 4. Any lease, grant, exception or reservation of minerals or mineral rights appearing in the Public Records.

Notwithstanding the foregoing exception, this policy insures that the use of the Land is not, and will not be, affected or impaired by reason of any lease, grant, exception or reservation of minerals or mineral rights appearing in the Public Records and this policy insures against damage to existing improvements, including lawns, shrubbery and trees, resulting from the future exercise of any right to use the surface of the Land for the extraction or development of the minerals or mineral rights so leased, granted, excepted or reserved. Nothing herein shall insure against loss or damage resulting from subsidence.

Exception 5. First Mortgage in favour of 368230 Ontario Limited registered as Instrument No. AT3123206 securing the principal sum of \$4,000,000.00.

Exception 6. Notice Assignment of Rents-General registered as Instrument No. AT3123219.

*Issued By:***CHICAGO TITLE INSURANCE COMPANY****Schedule B, Section 1****COMMITMENT FOR TITLE INSURANCE****Policy No:** **09-04042013-373667**

CANADA LOAN FORM (10/07)

Page 2

**AFFIRMATIVE COVERAGES**

1. This policy insures against loss or damage by reason of:
  - (a) the failure of the use of the Land at Date of Policy to be a permitted use under applicable zoning bylaws;
  - (b) any governmental or quasi-governmental work orders outstanding against the Land on the Date of Policy or any such work order subsequently issued with respect to compliance with fire safety regulations where such work order arises as a result of the existence on the Date of Policy of any state or condition of the improvements on the Land;
  - (c) any Order reducing or ordering a rebate of any portion of the rents charged under any of the leases to tenants of the Land during the period of one year prior to the Date of Policy;
  - (d) the lack of a building permit or occupancy permit for any buildings or improvements presently on the Land.

Nothing herein provides coverage for matters relating to environmental protection and conservation as described in exclusion 1(a) of the policy jacket.

2. Unless expressly excepted, this policy insures against loss or damage as a result of the existence of any unregistered easements that affect the Land.

Issued By:

**CHICAGO TITLE INSURANCE COMPANY**

**Signature Page**

**COMMITMENT FOR TITLE INSURANCE**

CANADA LOAN FORM (10/07)

**Policy No:** **09-04042013-373667**

Countersigned

A handwritten signature in black ink, appearing to read "B. Blauz", with a horizontal line extending from the end of the signature.

\_\_\_\_\_  
Authorized Signature

*Issued By:*

**CHICAGO TITLE INSURANCE COMPANY**

**Endorsement**

**Zoning 3.1 (Completed Structure)**

1. The Company insures the owner of the Indebtedness secured by the Insured Mortgage against loss or damage sustained by reason of:

- (a) the failure of the use of the Land at Date of Policy to be a permitted use under applicable zoning bylaws.

There shall be no liability under this paragraph if the use or uses are not allowed as a result of any lack of compliance with any conditions, restrictions, or requirements contained in the zoning by-law, including but not limited to the failure to secure necessary consents or authorizations as a prerequisite to the use or uses.

2. Notwithstanding the Exclusions from Coverage, the Company further insures against loss or damage arising from a final judgment or order of a court of competent jurisdiction:

- (a) prohibiting the use of the Land, with any structure presently located thereon, as specified in paragraph 1(a); or
  - (b) requiring the removal or alteration of the structure on the basis that, at Date of Policy, the by-laws and amendments thereto have been violated with respect to any of the following matters:
    - (i) Area, width or depth of the Land as a building site for the structure;
    - (ii) Floor space area of the structure;
    - (iii) Setback of the structure from the property lines of the Land
    - (iv) Height of the structure; or
    - (v) Number of parking spaces.

There shall be no liability under this endorsement based on the invalidity of the by-laws and amendments thereto mentioned above until after a final judgment or order of a court of competent jurisdiction adjudicating the invalidity, the effect of which is to prohibit the use or uses.

*Issued By:***CHICAGO TITLE INSURANCE COMPANY****Endorsement****Zoning 3.1 (Completed Structure)**

Page 2

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated:

**CHICAGO TITLE INSURANCE COMPANY****Policy No:** **09-04042013-373667**

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*Authorized Signatory*

*Note: This endorsement shall not be valid or binding  
until countersigned by an authorized signatory.*







DEVRY SMITH FRANK LLP  
Lawyers & Mediators

rafaela.paiva@devrylaw.ca  
416-446-5860

October 1, 2012

**DELIVERED BY COURIER**

368230 Ontario Limited  
21 Kern Road,  
Toronto, ON  
M3B 1S9

Attention: Dr. Stanley Bernstein

Dear Sir:

**Re: 368230 Ontario Limited mortgage loan to Cityview Industrial Ltd.  
secured by 1, 9-11 Cityview Drive, Toronto, Ontario**

We enclose herewith Solicitor's Final Report on Title together with relevant documentation with respect to the above-referenced loan.

If you have any questions or concerns please do not hesitate to contact the undersigned.

Yours truly,  
**DEVRY SMITH FRANK LLP**  
Per:

Rafaela Paiva  
Financial Services Law Clerk

Encl.

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**SOLICITOR'S FINAL REPORT ON TITLE**


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Date: October 1, 2012

To: 368230 Ontario Limited

Re: Your mortgage loan to: CITYVIEW INDUSTRIAL LTD.

secured by:  
 (Brief Legal Description): PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T TB79879 ETOBICOKE, CITY OF TORONTO

(Civic Address): 1,9-11 City View Drive, Toronto, ON

(as more fully described in the mortgage/charge, the "Property")

Dear Sir:

The above-noted mortgage loan was completed and in this regard we wish to advise as follows:

<b>Mortgage details:</b>	Mortgagor: Cityview Industrial Ltd. Guarantors: Ronauld Walton; Norma Walton Brief legal description: same as above Principal Amount: \$4,000,000.00 Interest Rate: 8.0% Maturity Date: September 7, 2013						
<b>Title:</b>	We have investigated the title of the Mortgagor to the Property and certify that, at the time the mortgage funds were advanced, the Mortgagor had a good and marketable title in fee simple to the Property and that you had a good and valid first mortgage/charge thereon subject only to the encumbrances, leases, agreements for leases, restrictions, agreements, liens, assignments, easements, mortgages and charges set out in Schedule "A" attached hereto.						
<b>Registration details:</b>	The Mortgage/Charge is dated September 7, 2012, and was registered in the Registry Office for the Land Titles Division of Toronto (No. 80) as Number AT3123206 on September 7, 2012.  The General Assignment of Rents is dated September 7, 2012, and was registered in the Registry Office for the Land Titles Division of Toronto (No. 80) as Number AT3123219 on September 7, 2012, and a financing statement was filed to perfect your security interest pursuant to the <i>Personal Property Security Act</i> (Ontario) as Filing Number 681209496 on September 5, 2012.						
<b>Survey:</b>	There is no survey.						
<b>Realty Taxes:</b>	All municipal taxes, school taxes, local improvement rates due and all special assessments payable with respect to the Property have been paid in full to December 31, 2012. Realty taxes for the year 2012 total \$73,594.72 (1 City View Drive) and \$101,563.16 (9-11 City View Drive). The realty tax assessment roll numbers are 19-19-03-8-210-00100-0000-04 (1 City View Drive) and 19-19-03-8-210-00200-0000-00 (9-11 City View Drive).						
<b>Insurance:</b>	We have verified that the Property is insured for the amounts and upon such other terms as are specified in the Mortgage Commitment and that you are shown under the policy as loss payee as first mortgagee. The details are as follows:  <table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Company: Intact Insurance Company</td> <td>Policy No.: INTACT1213</td> </tr> <tr> <td>Amount: \$6,048,000.00</td> <td>Expiry date: September 7, 2013</td> </tr> <tr> <td colspan="2">Agent: HUB International HKMB Limited</td> </tr> </table>	Company: Intact Insurance Company	Policy No.: INTACT1213	Amount: \$6,048,000.00	Expiry date: September 7, 2013	Agent: HUB International HKMB Limited	
Company: Intact Insurance Company	Policy No.: INTACT1213						
Amount: \$6,048,000.00	Expiry date: September 7, 2013						
Agent: HUB International HKMB Limited							
<b>Executions:</b>	On the date of advance of the funds, there were no executions/judgments affecting the Property.						
<b>Planning/Building codes:</b>	We confirm that no building and zoning compliance report was obtained as coverage is provided by title insurance, and there has been full compliance with applicable land planning legislation.						
<b>Corporate mortgagor</b>	We confirm that the Mortgagor has been duly incorporated and is validly subsisting under the laws of Ontario, with full powers and authority to hold, mortgage and otherwise deal in the Property or to guarantee the mortgage loan; that all necessary corporate action has been taken to authorize the borrowing of the principal sum stated in the mortgage with interest as therein provided and the giving of the mortgage security therefor. There is no provision of any constating document or by-laws of the Mortgagor or any statute or regulation of the governments of Canada or Ontario or any agreement or instrument (to the best of our knowledge) by which the Mortgagor is bound or to which it is a party which would be contravened or breached by the execution, delivery and performance of the obligations under the mortgage. The mortgage constitutes a legal, valid and binding obligation of the Mortgagor, enforceable in accordance with its terms, and those persons signing documents on behalf of the Mortgagor have authority to do so.						

**Personal  
Property:**

We have conducted a search of the Mortgagor under the Personal Property Security Act and our searches disclosed no registrations or filings affecting the personal property of the Mortgagor in which you have been granted a security interest, except as set out in the enclosed P.P.S.A. search (File Currency September 30, 2012).

**Title  
Insurance:**

This loan transaction is title insured by Chicago Title Insurance Company under Policy Number 09-06092012-355738. We have completed the search of title required by the title insurer. If you incur actual loss resulting from any title or other risks covered by this policy, it is understood and agreed that you will claim under this policy in lieu of claiming under any opinion, certification, verification, confirmation or assertion given by us in this report. We have not conducted any off title searches on the lands not required by the title insurer, unless otherwise indicated herein, and express no opinion with respect to any defects or irregularities which may be disclosed thereby.

**Enclosures:**

We herewith enclose the following for your records:

- Confirming Printout re electronic registration of Mortgage/Charge with registration number.
- Confirming Printout re electronic registration of Assignment of Rents with registration number.
- Acknowledgement and Direction re Electronic Registrations.
- Guarantee of Charge.
- Form 9D (Investment Authority).
- Form 9E (Report on the Investment).
- Acknowledgement of Receipt of P.P.S.A. Registration Statement
- Verification Statement and/or Financing Statement under personal property security legislation.
- Clear Execution Certificate.
- Certificate of Insurance.
- Certificate and Articles of Incorporation.
- Certified Director's Resolution.
- Certificate of Corporate Authority.
- Funds Directions (2).
- Statutory Declaration of Possession.
- Confirmations and Verifications of Identity (2).
- Conflict of Interest.
- Commitment for Title Insurance from Chicago Title Insurance Company.
- Tax Certificates (2).
- Certificate of Status.
- P.P.S.A. search.

Law Firm:

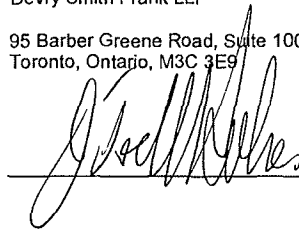
Devry Smith Frank LLP

Address:

95 Barber Greene Road, Suite 100  
Toronto, Ontario, M3C 3E9

Signature of Solicitor:

Per: J. Todd Holmes



**SCHEDULE "A"**

**TITLE QUALIFICATIONS**

Title to the Property is subject to the following:

- a) Transfer of easement in favour of Borough of Etobicoke, Litton Systems Canada Ltd., registered as Instrument No. TB79879 re: sidewalks;
- b) Agreement re: sidewalk easement with City of Etobicoke registered as Instrument No. TB159922;
- c) Any discrepancies and up-to-date survey might reveal;
- d) Any defects, errors or omissions or any easements, encroachments or rights-of-way not disclosed by the registered title or by the plan of survey;
- e) Any liens, trusts, and encumbrances in favour of the various levels of governments, granted to them under taxing and other legislation;
- f) The provisions of the *Land Titles Act*, *Planning Act* and *Family Law Act*, and amendments thereto;
- g) Any right of expropriation, access or use, or any other right conferred upon or reserved to or vested in the Crown by or under the authority of any statute of Canada or the Province of Ontario;
- h) Airport zoning regulations;
- i) The building and zoning by-laws of the City of Toronto; and
- j) The reservations contained in the original grant from the Crown.

LRO # 80 Charge/Mortgage

Received as AT3123206 on 2012 09 07 at 16:34

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 13

**Properties**

PIN 07416 - 0021 LT Interest/Estate Fee Simple  
 Description PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T  
 TB79879 ETOBICOKE, CITY OF TORONTO  
 Address 1, 9-11 CITY VIEW DRIVE  
 ETOBICOKE

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name CITYVIEW INDUSTRIAL LTD.  
 Address for Service c/o The Rose and Thistle Group Ltd.  
 30 Hazelton Avenue  
 Toronto, Ontario  
 M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)**

Capacity

Share

Name 368230 ONTARIO LIMITED  
 Address for Service 21 Kern Road  
 Toronto, Ontario  
 M3B 1S9

**Statements**

Schedule: See Schedules

**Provisions**

Principal	\$ 4,000,000.00	Currency	CDN
Calculation Period	monthly, not in advance		
Balance Due Date	2013/09/07		
Interest Rate	8.0%		
Payments			
Interest Adjustment Date	2012 10 05		
Payment Date	5th day of each month		
First Payment Date	2012 11 05		
Last Payment Date	2013 09 05		
Standard Charge Terms			
Insurance Amount	full insurable value		
Guarantor	Ronald Walton; Norma Walton		

LRO # 80 Charge/Mortgage

Received as AT3123206 on 2012 09 07 at 16:34

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 13

**Additional Provisions**

The Chargor may prepay the whole or any part or parts of the Principal at any time or times upon payment of one month's interest as a bonus upon the monies being prepaid.

Interest only shall be payable on the 5th day of each month on the balance of the principal outstanding from time to time, as well after as before maturity of the charge and both before and after default and judgment until paid.

The Chargor may from time to time obtain partial discharges of the land if each of the following conditions is satisfied:

1. The discharge will not contravene the provisions of the Planning Act, R.S.O. 1990, chapter P.13.
2. The Chargor pays to the Chargee 90% of the net proceeds (the "Discharge Amount") from the sale of part of the land being discharged, being the balance due on closing less legal fees and real estate commission.
3. The Chargor pays to the Chargee all accrued interest on the Discharge Amount.
4. The Chargor pays the Chargee's reasonable legal fee in connection with the execution and delivery of each partial discharge.

**Signed By**

John Todd Holmes

100-95 Barber Greene Rd.  
Toronto  
M3C 3E9acting for  
Chargor(s)

Signed

2012 09 07

Tel 4164491400

Fax 4164497071

I have the authority to sign and register the document on behalf of the Chargor(s).

**Submitted By**

DEVRY, SMITH &amp; FRANK

100-95 Barber Greene Rd.  
Toronto  
M3C 3E9

2012 09 07

Tel 4164491400

Fax 4164497071

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

## SCHEDULE – ADDITIONAL PROVISIONS

"Charge" means the Charge prepared in the electronic format and registered electronically pursuant to Part III of the *Land Registration Reform Act* (Ontario) (the "LRRRA"), including this Schedule and any other schedules thereto.

Any reference to the "Computer Field" in the Charge means a computer data entry field in a charge registered pursuant to Part III of the LRRRA into which the terms and conditions of the Charge may be inserted.

### 1. PRINCIPAL AMOUNT SECURED

The amount of principal money secured by the Charge is the amount indicated in the Computer Field of the Charge which is entitled "Principal" (the "Principal Amount") and any additional principal amounts advanced by the Chargee to the Chargor from time to time under the Charge ("Additional Principal Amounts"). The Chargee and the Chargor acknowledge that at any one time the aggregate amount of the principal amounts advanced under and secured by the Charge (being the aggregate of the initial advance or advances made by the Chargee, less the principal amounts repaid by the Chargor, plus the Additional Principal Amounts, if any) may not exceed the Principal Amount.

### 2. CHARGE

The chargor or chargors indicated in the Computer Field of the Charge entitled "Chargor(s)" (the "Chargor") charges the lands and premises indicated in the Computer Field of the Charge entitled "Description" together with all buildings, fixtures, improvements and facilities whatsoever situate thereon at the time of delivery for registration of the Charge or thereafter constructed or placed thereon (the "Charged Premises") with the payment to the chargee indicated in the Computer Field of the Charge entitled "Chargee(s)" (the "Chargee") of the Principal Amount and interest thereon and any Additional Principal Amounts and interest thereon, and all other monies secured by the Charge upon the terms as set out in the Charge including this set of standard charge terms.

### 3. INTEREST

The rate of interest chargeable on the Principal Amount and any Additional Principal Amounts (the "Fixed Interest Rate") is the interest rate indicated in the Computer Field of the Charge entitled "Interest Rate" per annum, payable monthly, and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid. For the purposes of the Charge, the Fixed Interest Rate shall be hereinafter referred to as the "Charge Rate". Whenever reference is made to the "Charge Rate" it shall mean the rate of interest indicated in the Computer Field of the Charge which is entitled "Interest Rate", and shall be calculated and payable as set out in the Charge.

### 4. DEFEASANCE

- (a) The provisions relating to defeasance contained in subsection 6(2) of the LRRRA, shall be and are hereby expressly excluded from the terms of the Charge.
- (b) The Charge shall be void upon the Chargor paying to the Chargee in lawful money of Canada, the Principal Amount and any Additional Principal Amounts, with interest thereon computed from the date of advance thereof at the Charge Rate, which interest is payable monthly and calculated monthly, not in advance, as well after as before maturity and both before and after default and judgment until paid. Such interest shall be calculated as follows:

Interest at the Charge Rate on the amounts from time to time advanced, computed from the respective dates of such advances until the date indicated in the Computer Field of the Charge entitled "Interest Adjustment Date" (such date being hereinafter referred to as the "Interest Adjustment Date"), shall become due and be paid on the Interest Adjustment Date. Provided that the Chargee may require such interest at the Charge Rate on the principal amounts advanced from time to time, computed from the respective dates of such advances, to become due and payable in monthly instalments on a date in the month next following the first advance which date shall be the day of the month for payment indicated in the Computer Field of the Charge entitled "Payment Date", and on the same day of each and every month thereafter and the balance, if any, of the interest on such advances shall become due and be paid on the Interest Adjustment Date. At the option of the Chargee interest so due and payable may be deducted from such advances; and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions in the Charge.

### 5. NO PREPAYMENT

The Chargor shall have no right to prepay the loan secured by the Charge except as otherwise provided in the Charge.

### 6. ADDITIONAL ADVANCES

Upon repayment to the Chargee of the Principal Amount in whole or in part, the Chargor may from time to time, at the Chargee's option, borrow Additional Principal Amounts, in which event, the Charge will remain as security for all principal amounts, interest and other amounts owing by the Chargor to the Chargee whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, it being agreed that the Charge at any one time will secure only that portion of the Principal Amount then outstanding not exceeding the Principal Amount, together with any interest or compound interest accrued on the principal amount outstanding at such time at the Charge Rate.

### 7. APPLICATION OF PAYMENTS AND WITHHOLDING FROM PAYMENTS

- (a) Provided that if the Charge is repayable by blended instalments of principal and interest, the instalments payable under the Charge are to be applied firstly to bring into good standing any accounts in which funds are held pending payment to third parties or from which amounts are debited in respect of the Charge, including tax accounts, if any; secondly to interest calculated as provided in the Charge on the principal amounts from time to time outstanding (the "Outstanding Principal Amount"); and the balance of the said instalments shall be applied on account of the portion of the Principal Amount then outstanding; except, however, in the case of default by the Chargor, the Chargee may then apply any payments received during the period of default in whatever order it may elect as between principal, interest, taxes, repairs, insurance premiums or other advances made on behalf of the Chargor.
- (b) Withholdings from Payments: If the Chargor is required by law to make any deduction or withholding from any sum payable by the Chargor to the Chargee under the Charge, then the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Chargee receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or been required to be made; and the Chargor shall pay the full amount to be deducted or withheld to the relevant taxation or



other authority within the time allowed for such payment under applicable law and shall deliver to the Chargee within 30 days after the Chargor has made such payment to the applicable authority a receipt issued by such authority evidencing such payment.

#### 8. COMPOUND INTEREST

It is agreed that if default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and if the interest and compound interest are not paid on the next payment date after the date of default a rest shall be made and compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises.

#### 9. TAXES

With respect to municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the Charged Premises, it is mutually agreed between the parties to the Charge that:

- (a) The Chargee may deduct from any advance of the monies secured by the Charge an amount sufficient to pay the taxes which have become or will become due and payable at the Interest Adjustment Date in the Charge and are unpaid at the date of such advance.
- (b) The Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.
- (c) The Chargor shall, if directed by the Chargee, pay to the Chargee in monthly instalments on the dates on which instalments of principal and interest are payable under the Charge, sums which in the sole opinion of the Chargee will be sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof.
- (d) The Chargee agrees to apply the foregoing deduction and payments to the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge, but nothing contained in the Charge shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment of principal or interest as provided in the Charge, the Chargee may apply such sum or sums in or towards payment of the portion of the Principal Amount and/or interest in default. The Chargor shall transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Chargor.
- (e) The Chargee shall allow the Chargor interest on the average monthly balance standing in the Charge account from time to time to the credit of the Chargor for payment of taxes, at a rate per annum, and at such times, as the Chargee may determine in its sole discretion, and the Chargor shall be charged interest at the Charge Rate on the debit balance, if any, in the Charge account outstanding after payment of taxes by the Chargee until such debit balance is fully repaid.

#### 10. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(l) of the LRRA shall be and are hereby expressly excluded from the terms of the Charge.

#### 11. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Chargor does hereby covenant, promise and agree to and with the Chargee as follows:

##### (a) To Pay and Observe Covenants

That the Chargor shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount with interest at the Charge Rate and any Additional Principal Amounts and interest thereon, at the times and in the manner limited for payment thereof in the Charge, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay and shall also pay all other sums as the Chargee may be entitled to under the Charge.

##### (b) For Good Title

That the Chargor, at the time of delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

##### (c) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee in the manner set out in the Charge.

##### (d) Quiet Possession on Default

That from and after default in the payment of the portion of the Principal Amount then outstanding or the interest thereon, or any part thereof, or of any other amounts payable under the Charge, or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances and of any other charges or encumbrances whatsoever.

##### (e) Further Assurances

That from and after default in the payment of the portion of the Principal Amount then outstanding, or the interest thereon, or any part thereof of any other amounts payable under the Charge or of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Chargor and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in to or out of the Charged Premises, by, from, under or in trust for the Chargor shall and will, from time to time, and at all times thereafter, make, do, suffer and execute, deliver, authorize and register or cause or procure to be made, done, suffered, executed, delivered, authorized and registered all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) Done No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the lands described in the Charge or intended so to be, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever. The Chargor further covenants and agrees that there will be no subsequent encumbrances on the Charged Premises other than those consented to in writing by the Chargee.

(g) Insurance

The Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire and such insurable perils as are covered by an "all risks" policy and such other perils as the Chargee may require, to the full extent of their replacement cost, each and every building comprised in the Charged Premises and which may hereafter be erected thereon, both during construction and thereafter, in lawful money of Canada, with an insurance company duly authorized to carry on business as such and under a policy or policies satisfactory in form and content to the Chargee; and the policy or policies of insurance shall not contain co-insurance clauses and the Chargor will forthwith deliver to the Chargee certified copies of the policy or policies of insurance and all renewal receipts thereto appertaining. Without limiting the foregoing, such policy or policies shall include the following insurance coverage:

- (i) "All risks" of direct physical loss or damage with respect to the Charged Premises and any personal property located thereon on a replacement cost basis with loss under each policy payable to the Chargee pursuant to the standard mortgage clause approved by the Insurance Bureau of Canada or otherwise approved by the Chargee, with preference in its favour over any claim of any other person; permission shall be granted thereby for the improvements to be vacant or unoccupied for a period of at least 30 days and it shall provide for partial occupancy;
- (ii) Comprehensive broad form boiler and machinery insurance including unfired pressure vessels insurance and air-conditioning equipment, if any, including repair and full replacement cost for amounts satisfactory to the Chargee with loss payable first to the Chargee by way of a charge clause approved by the Chargee;
- (iii) Business interruption or rental loss insurance covering perils insured in paragraphs (i) and (ii) above acceptable to the Chargee for an indemnity period of not less than 12 months and with coverage of not less than 100% of the resulting loss of rents or loss of business income from the business conducted on the Charged Premises; and
- (iv) Commercial general liability insurance, including personal injury, products, and completed operations subject to a limit per occurrence of not less than \$2,000,000.00 or such amount as the Chargee shall reasonably require, inclusive of bodily injury, death or property damage.

All cancellation clauses in the above referenced policies, including those contained in the mortgage clauses, are to provide for at least 30 days' prior written notice to the Chargee of such cancellation.

Such policies shall also provide that the Chargee shall receive at least 30 days' prior written notice of any material alteration of such policy.

The Chargee shall be entitled to require coverage of such other risks and perils as the Chargee may from time to time consider advisable or desirable and in respect of which insurance coverage may be available. Should an insurer, at any time, cease to have the approval of the Chargee, the Chargor shall effect such new insurance as the Chargee may desire.

The Chargee is hereby irrevocably appointed by the Chargor as attorney of the Chargor to assign any policy of insurance in the event of the foreclosure of the Charge or other extinguishment of the indebtedness secured by the Charge.

The Chargor will not do or omit or cause or suffer anything to be done, omitted, caused or suffered whereby the policy or policies of insurance, as aforesaid, may be voided or become void; and the Chargor will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due and will deliver evidence of renewal to the Chargee at least 15 days prior to the expiration of any policy of insurance; and, in the event of any breach of the foregoing covenants respecting insurance, the Chargee, without prejudice to its other rights under the Charge, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Chargee, adequate to protect the Chargee's insurable interest and any amount paid therefor by the Chargee shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payment and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; provided that in no event shall the Chargee be liable for failure to have insurance placed or for any loss growing out of any defects in any policy, or for failure of an insurance company to pay for any loss or damage insured against.

Forthwith on the happening of any loss or damage, the Chargor will furnish at its own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a printed copy of the Charge shall be sufficient authority for the said insurance company to pay every such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee.

Any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the debt secured by the Charge or any part thereof whether due or not then due.

If the Charged Premises are part of a Condominium the insurance provisions set out in this paragraph (g) will not apply and the following will apply to the Charge:

The Chargor or the Condominium Corporation or both of them will forthwith insure and during the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, earthquake, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor or the Condominium Corporation will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policies and receipts or produce to the Chargee at least 15 days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policies of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on him by the *Condominium Act*, R.S.O. 1990, c.C.26, as amended or replaced (the "Condominium Act") and by the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(h) Compliance with Laws

That the Chargor will at all times observe and comply in all material respects with the provisions of all applicable laws, regulations, by-laws, ordinances and work orders of any lawful authority, whether federal, provincial, municipal or otherwise, including, without restriction, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, building construction, public health and safety, and of all private covenants and restrictions, affecting the Charged Premises or any portion thereof and will from time to time upon request of the Chargee, provide to the Chargee evidence of such observation and compliance.

(i) Compliance with Leases

That the Chargor will observe promptly, as lessor, the terms and conditions contained in any and all leases and/or subleases of any portion of the Charged Premises and that the Chargor will not accept any prepayment of rent or other monies payable under any such lease or proposed lease in excess of the first or final month's rent.

(j) Contiguous Property

That the Chargor will not acquire any real property which is contiguous to the Charged Premises without the written consent of the Chargee.

## 12. ASSIGNMENTS OF RENTS AND LEASES

The Chargor covenants and agrees to execute and deliver and to authorize and direct the registration in favour of the Chargee from time to time as and when required by the Chargee assignments of leases and assignments of rents (subject to no prior claim or assignment) with respect to any and all leases and offers to lease and agreements to lease of portions of the Charged Premises now or hereafter from time to time granted or entered into by the Chargor (the "Assigned Leases"), all of such assignments to be held by the Chargee as further security for the monies owing and secured under the Charge. The form and content of all leases and offers to lease and agreements to lease relating to the Charged Premises or any part thereof and all tenants thereof under leases must be expressly approved in writing by the Chargee. All of the Assigned Leases as and when required by the Chargee shall, at the option of the Chargee, be duly registered in such places and at such times as the Chargee may require from time to time.

The Chargor further covenants and agrees that, at the request of the Chargee, it shall cause any tenant or lessee in possession of the Charged Premises at the time of such request to execute and deliver and authorize and direct the registration in favour of the Chargee a postponement agreement in favour of the Chargee's interest in the Charged Premises.

## 13. RELEASE

And the Chargor has released, remised and forever quitted claim, and by these presents does release, remise, and for ever quit claim unto the Chargee, all right, title, interest, claim and demand whatsoever of, unto, in and out of the Charged Premises and every part thereof, so as that the Chargor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Charged Premises or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

## 14. FINANCIAL STATEMENTS

The Chargor further covenants with the Chargee, if requested by the Chargee to do, to provide annually to the Chargee detailed financial statements of the income and expenses of the Charged Premises, including a current rent roll, for each calendar year as applicable. Such statements shall be prepared by a chartered accountant and shall be provided to the Chargee within 60 days after the end of each calendar year or fiscal year of the Chargor, as applicable. In the event that the Chargor is a corporation, the Chargor shall provide to the Chargee accountant prepared financial statements within 120 days after each fiscal year-end of the Chargor for the duration of the term of the Charge. In the event that the Chargor is an individual, the Chargor shall provide to the Chargee a statement of net worth, a copy of current tax returns and a copy of Revenue Canada assessment notices, in each case by May 30 of each year during the term of the Charge.

## 15. ENTRY AFTER DEFAULT AND POWER OF SALE

Provided that the Chargee on default by the Chargor of payment of the portion of the Principal Amount then outstanding or the interest thereon or any part thereof as required by the Charge or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the Charged Premises or the lands and premises intended to be charged by the Charge and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it or they shall think fit, and also on 15 days' default as aforesaid and after giving at least 35 days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, R.S.O. 1990, c.M.40, as amended (the "Mortgages Act"), may sell the Charged Premises or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser thereof, or as the purchaser shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by

registered mail addressed to the Chargor at the Chargor's last known address and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges, and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured hereby otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for loss occasioned thereby, and in the case of a sale or lease under the Charge, the title of a purchaser or lessee created in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the Mortgages Act, or had been given improperly, but any person damaged by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the lands, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing contained in this section shall prejudice or diminish any other rights and remedies and powers of the Chargee or in the Charge contained or existing at law by virtue thereof. And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding, fifthly in payment of any subsequent encumbrances according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also in such event, at the request, cost and expense of the Chargor, transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge, that notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

#### 16. DISTRESS

Provided that and it is further stipulated, provided and agreed by and between the parties to the Charge that the Chargee may distress for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distress for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

#### 17. PRINCIPAL DUE ON DEFAULT

It is agreed by the Chargor and the Chargee that if any default shall occur in the payment of the interest money secured by the Charge, or any part thereof, or in payment of any instalment of principal as the same matures or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Chargee in respect of or representing or securing the money secured by the Charge or any part thereof, or in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Charged Premises, then at the option of the Chargee, the portion of the Principal Amount then outstanding secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time in the Charge mentioned for payment of such principal amounts had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right so to call in the principal and shall not be therefore debarred from asserting and exercising its right to call in the principal upon the happening of any future default or breach.

#### 18. CHARGOR'S QUIET POSSESSION UNTIL DEFAULT

Provided and it is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same, or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor, peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

#### 19. BUILDINGS, ADVANCES AND COST OF SEARCH

It is the intention of the parties to the Charge that the building or buildings erected or to be erected on the Charged Premises form part of the security for the full amount of the monies secured by the Charge, and that all advances are to be made in such manner at such times and in such amounts up to the Principal Amount as the Chargee, in its sole discretion, may determine and subject always to the provision to which the Chargor hereby agrees that notwithstanding the Chargor's authorization of registration and the registration of the Charge or the advancement of any part of the Principal Amount, the Chargee is not bound to advance the full Principal Amount or any unadvanced portion thereof and the advance of the full Principal Amount and any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the Charge shall take effect forthwith upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum not being advanced, the same to be charged by the Charge upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the Chargee's power of sale and all other remedies under the Charge or at law shall be exercisable.

#### 20. FIXTURES

It is mutually covenanted and agreed by and between the Chargor and the Chargee that all erections and improvements, fixed or otherwise either on the date of delivery for registration of the Charge or thereafter put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, paving, heating, piping, plumbing, aerials, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters, awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Charged Premises and shall be a portion of the security for the amounts secured by the Charge.

#### 21. PARTIAL RELEASE

The Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the monies secured by the Charge or may release the Chargor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for monies except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants contained in the Charge, it being especially agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the monies secured by the Charge and all legal and other expenses incurred by the Chargee in connection with such release or releases.

## 22. DEFAULT IN PRIOR CHARGES

It is hereby agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge, lien or other encumbrance to which the Charge is subject or subordinate, then and in that event the monies secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as therein provided.

## 23. LIENS AND CONSTRUCTION

Provided also that upon the registration of any lien against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of 10 days, the portion of the Principal Amount then outstanding and interest and all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. In the event that a construction lien is registered against the Charged Premises, the Chargee shall have the right, but not the obligation, to pay into court such amounts as may be required to remove the lien from title to the Charged Premises. Any amounts so paid by the Chargee, together with all expenses incurred by the Chargee in connection therewith, including all solicitor's charges or commissions, on a substantial indemnity basis, shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

## 24. WASTE, VACANCY AND REPAIR

The Chargor covenants and agrees with the Chargee that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the buildings or other improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee who, in accordance with section 25 hereof, may inspect, or may designate someone to inspect on the Chargee's behalf, the Charged Premises at any reasonable time or times to determine the status of repair and maintenance that may be required in respect of the Charged Premises, and will not permit or suffer them to become or remain vacant and that the Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

## 25. ACCESS TO PROPERTY AND INSPECTION

The Chargee, its agents, employees, and independent contractors shall have the right at any reasonable time to enter upon the Charged Premises to fully inspect the interior and exterior of the Charged Premises and the financial status of the operation thereof, and where deemed necessary and/or advisable by the Chargee, and notwithstanding section 18 hereof, to conduct investigations including intrusive testing and sampling on the Charged Premises for the purpose of determining the presence of or the potential for environmental contamination, and the reasonable cost of such inspection and investigations including any intrusive testing and sampling shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable by the Chargor to the Chargee forthwith on demand.

## 26. ALTERATIONS

The Chargor covenants and agrees with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Charged Premises without the prior written consent of the Chargee.

## 27. PARKING AREA

The Chargor covenants and agrees that, where there is a parking area associated with the Charged Premises, the parking area shall not be used for any purpose other than for the parking of motorized vehicles, except with the prior written approval of the Chargee.

## 28. RESIDENTIAL RENTAL PROPERTY

Notwithstanding anything contained in the Charge to the contrary, if the Charged Premises is residential rental property then the Chargor represents and warrants that with respect to the Charged Premises, except as permitted under laws applicable to residential housing:

- (a) no demolition, conversion, renovation, repair or severance has taken place with respect to any part of the Charged Premises;
- (b) there have been no increases in the rental charged for any residential rental unit or units on the Charged Premises except in accordance with laws applicable to residential housing; and, as provided in laws applicable to residential housing:
- (c) all rents charged with respect to the Charged Premises or any part thereof are lawful rents and all required rebates have been paid;
- (d) all required filings have been made and were timely, accurate and complete; and, pursuant to laws applicable to residential housing:
- (e) no applications, investigations or proceedings have been commenced or made; and
- (f) there are no outstanding orders or decisions made by any ministry, board or commission with respect to the Charged Premises or any residential rental unit or units on the Charged Premises.

Before the first advance the Chargor agrees to provide a statutory declaration by the Chargor or by an officer or director of the Chargor where the Chargor is a corporation, that the above representations and warranties are true and correct. The Chargor agrees to deliver to the Chargee before the first advance all documents required to establish the legality of rents on the Charged Premises.

The Chargor hereby authorizes all government ministries, boards or commissions having jurisdiction over residential housing to release to the Chargee or to its solicitors any and all information contained in their files.

The Chargor further agrees to comply with the provisions of all laws applicable to residential housing during the term of the Charge. In the event of a breach of this covenant or in the event that any of the representations and warranties contained in this provision are false, the then outstanding portion of the Principal Amount, any Additional Principal Amounts and any accrued interest thereon shall, at the option of the Chargee, become immediately due and payable.

#### 29. PROPERTY MANAGEMENT

The Chargor covenants and agrees that the Chargee may, at its option, require that the Chargor enter into an agreement with a professional independent property management firm (the "Property Management Firm") for the management of the Charged Premises. The selection of the Property Management Firm and the term of the agreement shall be subject to the approval of the Chargee. Where the Chargee has not instructed the Chargor to engage a Property Management Firm, the Chargor or, subject to the Chargee's approval, a corporation affiliated with the Chargor, shall manage the Charged Premises in accordance with the provisions of the Charge.

#### 30. NON-MERGER

Provided and it is agreed, that the taking of a judgment or judgments on any of the covenants contained in the Charge shall not operate as a merger of the said covenant or affect the Chargee's right to interest at the rate and times provided in the Charge, and further that said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the said judgment shall have been fully paid and satisfied.

#### 31. RIGHTS ON DEFAULT

And the Chargor covenants and agrees with the Chargee that in the event of default in the payment of any instalment of principal, interest or taxes secured by the Charge or any other monies payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement contained in the Charge after all or any part of the monies secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for remediation to bring the Charged Premises into compliance with recognized environmental standards, statutory or otherwise, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable by the Chargor to the Chargee, and shall be a charge upon the Charged Premises prior to all claims thereon subsequent to the Charge and shall bear interest at the Charge Rate until paid.

#### 32. OBLIGATIONS SURVIVE SALE

Provided further that no sale or other dealing by the Chargor with the Charged Premises or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies secured by the Charge.

#### 33. PRIOR ENCUMBRANCES

It is further stipulated, provided and agreed, that the Chargee may pay the amount of any encumbrance, lien or charge now existing or existing after the date of the Charge, or to arise or to be claimed upon the Charged Premises having priority over the Charge, including any taxes, utility charges or other rates on the Charged Premises or any of them, and may pay all costs, charges and expenses and all solicitors' charges or commissions, as between a solicitor and his client, which may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize the security of the Charge, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid under the Charge by the Chargee shall be added to the debt secured by the Charge and be a charge on the Charged Premises and shall bear interest at the Charge Rate, and shall be payable forthwith by the Chargor to the Chargee, and the non-payment of such amount shall be a default of payment within the meaning of those words in section 15 and shall entitle the Chargee to exercise the power of sale and all other remedies given by the Charge. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

#### 34. EXTENSIONS

It is agreed that no extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the monies secured by the Charge.

#### 35. RENEWAL

Without prejudice to any rights of the Chargee against the Chargor or any other persons liable for the payment of the monies secured by the Charge, the Charge may be renewed or extended by an agreement in writing at or before maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to register any such agreement in order to retain priority of the Charge so altered over any instrument registered subsequently to the Charge provided, however, that the Chargee may at any time, at its option, register a notice of such renewal or extension agreement and the Chargor shall execute any authorizations or further documents required in order to effect such registration. In the event a charge renewal or extension agreement is sent to the Chargor but the Chargor does not sign and return the charge renewal or extension agreement to the Chargee by the Balance Due Date of the Charge, the Charge may, at the option of the Chargee, be automatically renewed on the terms contained in the charge renewal or extension agreement. The *Interest Act*, R.S.C. 1985, c.I-5, as amended, permits the prepayment of charges with three months' further interest once five years have elapsed from the date of the Charge. For the purpose of this statutory right of prepayment only, the Chargor agrees that the date of the Charge if so renewed or extended will be the renewal date stipulated in the renewal or extension agreement. Nothing contained in this section shall confer any right of renewal or extension upon the Chargor.

#### 36. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the monies secured by the Charge within which to prepare and

register a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee and all legal and other expenses for the preparation and registration of such discharge and assignment shall be borne by the Chargor.

### 37. OTHER SECURITY

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge either concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon this or any other such security.

Without limiting the generality of the foregoing, the Charge is in addition to, and not in substitution for, any other charges now or hereafter held by the Chargee over the Charged Premises as security for monies secured under the Charge or any other monies due to the Chargee. It is understood and agreed that the aggregate of principal amounts secured by the Charge and any such other charges shall be the aggregate of the Principal Amount of the Charge and the principal amounts secured under any such other charges.

### 38. PLACE OF PAYMENT

Provided that all payments secured by the Charge shall be made at the branch or unit of the Chargee designated in the Charge, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada.

### 39. SPOUSAL CONSENT

The spouse of the Chargor, if so named in the Charge, hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

### 40. FAMILY LAW ACT

The Chargor covenants and agrees that forthwith after any change or happening affecting:

- (a) the spousal status of the Chargor; or
- (b) the qualification of the Charged Premises as a matrimonial home within the meaning of the *Family Law Act*, R.S.O. 1990, c.F.3, as amended (the "Family Law Act"); or
- (c) the ownership of the equity of redemption in the Charged Premises;

the Chargor will without request by the Chargee advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the Chargor and the owner or owners for the time being of the equity of redemption in the Charged Premises, and of any spouse who is not an owner but who has a right of possession in the Charged Premises by virtue of the Family Law Act. In addition, the Chargor covenants and agrees to promptly furnish the Chargee with such evidence of such change or happening as the Chargee may from time to time request.

### 41. SEVERABILITY OF ANY INVALID PROVISIONS

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or other applicable law, or would by reason of the provisions of any such statute or regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the advances secured by the Charge which it would otherwise be able to collect under such statute or regulation or other applicable law, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

### 42. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee, no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

### 43. SALE OF THE CHARGED PREMISES

The Chargor agrees that the Principal Amount, any Additional Principal Amounts and all accrued interest shall at the option of the Chargee become immediately due and payable in full if the Charged Premises or any part thereof or any interest therein is sold, transferred, conveyed, foreclosed, exchanged, assigned, mortgaged, leased or otherwise disposed of without the prior written consent of the Chargee, or if the Chargor enters into an agreement to effect any of the foregoing, whether for valuable or nominal consideration, without the prior written consent of the Chargee.

### 44. CHANGE OF CORPORATE CONTROL

Where the Chargor is a corporation the Chargor covenants and agrees that in the event that:

- (a) the Chargor fails to supply to the Chargee, in a form satisfactory to the Chargee, such information relating to the ownership of its shares as the Chargee may from time to time require; or
- (b) without the written consent of the Chargee first had and obtained,
  - (i) the Chargor issues or redeems any of its shares or transfers any of its shares,
  - (ii) there is a sale or sales of the shares of the Chargor which result in the transfer of the legal or beneficial interest of any of the shares of the Chargor, or
  - (iii) the Chargor amalgamates, merges or consolidates with any other corporation,

and the result of any of the foregoing is a change in the effective control of the majority of the voting shares of the Chargor, then all

monies secured by the Charge together with accrued interest thereon shall forthwith become due and payable at the option of the Chargee and the Chargee's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

#### 45. RECEIVERSHIP

Notwithstanding anything contained in the Charge, it is declared and agreed that any time and from time to time when there shall be default under the provisions of the Charge, the Chargee may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the Charged Premises as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority (which power and authority shall not be revoked by the Chargor) to:

- (i) collect the rents and profits from tenancies whether created before or after these presents;
- (ii) rent any portion of the Charged Premises which may be or become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;
- (iii) complete the construction of any building or buildings or other erections or improvements on the Charged Premises left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including without limitation appliances and equipment necessary or desirable to render the Charged Premises operable or rentable and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and
- (iv) manage, operate, repair, alter or extend the Charged Premises or any part thereof.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Charged Premises.

- (b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.
- (c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Charged Premises.
- (d) Every such receiver shall be deemed to be the agent or attorney of the Chargor and in no event the agent or attorney of the Chargee and the Chargee shall not be responsible for the receiver's acts or omissions.
- (e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Charged Premises
- (f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by the receiver in respect of the Charged Premises or any part thereof and out of such monies so received every such receiver shall in the following order pay:
  - (i) the remuneration of the receiver as aforesaid;
  - (ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authority hereby conferred;
  - (iii) interest, principal and other monies from time to time that may be or become charged upon the Charged Premises in priority to the Charge including taxes;
  - (iv) to the Chargee all interest, principal and other monies due under the Charge to be paid in such order as the Chargee in its discretion shall determine;
  - (v) and thereafter every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the Charge Rate.

- (g) Save as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature whether sounding in damages or not which may arise or be caused to the Chargor or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.
- (h) The Chargee may at any time and from time to time terminate any such receivership by notice in writing to the Chargor and to any such receiver.
- (i) The statutory declaration of an officer of the Chargee as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers provided for in the Charge and such dealing shall be deemed as regards such person to be valid and effectual.
- (j) The rights and powers conferred by the Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

#### 46. COMPLIANCE WITH THE LAW AND ENVIRONMENTAL COMPLIANCE

The Chargor hereby represents and warrants to the Chargee that:

- (a) there is not in, on or about the Charged Premises any product or substance, or condition (including, without restriction,



contaminants, wastes, moulds or hazardous or toxic materials), equipment or anything else which contravenes any statute, regulation, by-law, order, direction or equivalent relating to the protection of the environment or which is not being dealt with according to best recognized practices relating to the environment;

- (b) to the best of the knowledge of the Chargor, no circumstance has existed on the Charged Premises or exists or has existed on any land adjacent to the Charged Premises which constitutes or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment;
- (c) no claim or notice of any action, investigation or proceeding of any kind has been threatened, made or issued or is pending relating to an environmental condition on the Charged Premises; and
- (d) the Charged Premises are being used in compliance with all statutes, regulations, orders, by-laws, directions and equivalent relating to the protection of the environment.

The Chargor hereby covenants and agrees with the Chargee as follows:

- (a) the Chargor shall give to the Chargee immediate notice of any material change in circumstances in respect of the Charged Premises or adjacent land which would cause any of the representations and warranties contained in the immediately preceding paragraphs (a) to (d) inclusive to become untrue; and
- (b) the Chargor shall not permit or create, and shall not allow anyone else to permit or create, any circumstance on the Charged Premises which would constitute or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment.

The Chargor further covenants and agrees with the Chargee at all times promptly to observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders, regulations and equivalent of every government authority dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, contaminants, wastes, hazardous or toxic materials, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor shall from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance and pay immediately when due the cost of removal of any such contaminants, wastes and materials, and shall at its own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order, regulation, covenant or equivalent; and the Chargor shall cause its tenants, agents and invitees to comply with all the foregoing at their own expense.

The Chargor shall indemnify and hold harmless the Chargee (and its directors, officers, employees and agents) from and against all loss, cost, damage or expenses (including, without limitation, legal fees and costs incurred in the investigation, defense and settlement of any claim) due to the Chargor's failure to comply with any of the covenants and agreements in this section, or due to the presence of any contaminant, waste, mould or hazardous or toxic material referred to in this section, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of the Charge or the release from the Charge of part or all of the Charged Premises.

#### 47. CONDOMINIUMS

If the Charge is of a unit or units within a Condominium the following provisions shall apply:

- (a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, the by-laws, and the rules as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.
- (b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as an owner of the Charged Premises and in the event of default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the Charge Rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.
- (c) The Chargor hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:
  - (i) the Chargee may at any time or from time to time give notice in writing to the Chargor and the Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;
  - (ii) the Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor; and
  - (iii) the exercise of the right to vote or consent shall not constitute the Chargee a mortgagee in possession.
- (d) The Chargor covenants and agrees to advise the Condominium Corporation to send all notices to the Chargee and to notify the Chargee of any breaches by the Condominium Corporation that come to the attention of the Chargor, in order that the Chargee is kept fully informed.

#### 48. CHARGE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith and of any amendment, renewal or extension thereof and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable under the Charge including, without limiting the generality of the foregoing, all solicitors' fees on a substantial indemnity basis, costs and expenses and expenses in valuing the Charged Premises in connection with the foregoing and of anything done in connection with defending the validity or priority of the Charge against third parties. The Chargor further agrees that such amounts shall be paid

forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge.

#### **49. EXPROPRIATION**

In the event of any expropriation affecting the whole or part of the Charged Premises, the Chargor agrees that the proceeds from the expropriation shall be paid to the Chargee in priority to the claims of any other party.

#### **50. TAX ON LOAN**

The Chargor shall pay to the Chargee on demand the amount of any taxes (other than the Chargee's income taxes) which may be imposed upon or in respect of the principal of, or the interest on, the amounts secured by the Charge and which the Chargee may be called upon to pay, together with interest from the date on which such taxes are paid by the Chargee at the Charge Rate and compounded in the manner provided in section 8.

#### **51. COMMITMENT LETTER**

The provisions set forth in any loan agreement or loan commitment between the Chargor and the Chargee in respect of the Charge will not merge with the Charge but shall survive the registration of the Charge unless otherwise expressly provided.

#### **52. INTERPRETATION**

It is hereby agreed and declared that the expression "the Chargor" used in the Charge shall include the heirs, personal legal representatives, estate trustees, successors and assigns of each and every Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and (if the Charge affects a Condominium) the expression "Condominium Corporation" shall mean the Condominium Corporation referred to in the description and the expression "Declaration" shall mean the declaration registered in connection with the Condominium Corporation and words in the singular include the plural and words in the plural include the singular and words importing the masculine gender include the feminine and neuter genders where the context so requires and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, personal legal representatives, estate trustees, successors and assigns and that all such covenants, liabilities, advantages, privileges, immunities, powers and things hereby secured to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor herein contained or implied are and are to be construed as both joint and several.

#### **53. SECTION HEADINGS**

The section headings in the Charge are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

#### **54. DATE OF CHARGE**

The Charge shall be deemed to be dated as of the date of registration of the Charge.

#### **55. EFFECT OF DELIVERY**

The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if the Charge were in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and any other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

**Properties**

PIN 07416 - 0021 LT  
 Description PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T  
 TB79879 ETOBICOKE , CITY OF TORONTO  
 Address 1, 9-11 CITY VIEW DRIVE  
 ETOBICOKE

**Applicant(s)**

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name CITYVIEW INDUSTRIAL LTD.  
 Address for Service c/o The Rose and Thistle Group Ltd.  
 30 Hazelton Avenue  
 Toronto, Ontario  
 M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Party To(s)	Capacity	Share
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Name	368230 ONTARIO LIMITED
Address for Service	21 Kern Road Toronto, Ontario M3B 1S9

**Statements**

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, AT3123206 registered on 2012/09/07 to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration no.(s)AT3123206

**Signed By**

John Todd Holmes	100-95 Barber Greene Rd. Toronto M3C 3E9	acting for Applicant(s)	Signed	2012 09 07
Tel	4164491400			
Fax	4164497071			

I have the authority to sign and register the document on behalf of all parties to the document.

John Todd Holmes	100-95 Barber Greene Rd. Toronto M3C 3E9	acting for Party To(s)	Signed	2012 09 07
Tel	4164491400			
Fax	4164497071			

I have the authority to sign and register the document on behalf of all parties to the document.

**Submitted By**

DEVRY, SMITH & FRANK	100-95 Barber Greene Rd. Toronto M3C 3E9	2012 09 07
Tel	4164491400	
Fax	4164497071	

LRO # 80 Notice Of Assignment Of Rents-General

Received as AT3123219 on 2012 09 07 at 16:38

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 4

**Fees/Taxes/Payment***Statutory Registration Fee* \$60.00*Total Paid* \$60.00

E-FORM 760 (2000/03)

## ASSIGNMENT OF RENTS

THIS INDENTURE made this 7th day of September, 2012.

BETWEEN:

CITYVIEW INDUSTRIAL LTD.  
hereinafter called the "Assignor"

OF THE FIRST PART

- and -

368230 ONTARIO LIMITED  
hereinafter called the "Assignee"

OF THE SECOND PART

WHEREAS, by a Charge/Mortgage dated September 7, 2012 and registered in the Land Registry Office for the Land Titles Division of Toronto (No. 80) as Instrument No. AT3123206 the Assignor herein did grant and mortgage unto the Assignee herein the lands and premises more particularly described in Schedule "A" hereto annexed (the "Charged Premises") which Charge/Mortgage secures payment of the sum of FOUR MILLION (\$4,000,000.00) DOLLARS and interest as therein mentioned and which Charge/Mortgage is hereinafter referred to as the "Mortgage". Whenever in this assignment reference is made to the Mortgage, it shall be deemed to include any renewals or extensions thereof, any amendments thereto, and any mortgage taken in substitution or replacement therefor either in whole or in part;

AND WHEREAS it is a condition of the lending of the monies secured or to be secured by the Mortgage, that the Assignor should assign to the Assignee the rents reserved and payable and/or intended to be reserved and payable under, and all advantages and benefits to be derived from the leases (the "Leases") of premises erected on the Charged Premises now or hereafter entered into by the Assignor as landlord with tenants thereof (the "Lessees") as additional security for the payment of the money secured by the Mortgage, and for the performance of the covenants contained therein;

AND WHEREAS it is agreed that notwithstanding anything in this assignment contained, the Assignee is not to be bound to advance the said mortgage monies or any unadvanced portion thereof;

NOW THEREFORE THIS ASSIGNMENT WITNESSES that the Assignor in consideration of the premises, the making of the Mortgage, and the sum of One (\$1.00) Dollar now paid by the Assignee to the Assignor (the receipt whereof is hereby acknowledged), doth covenant and agree with the Assignee as follows:

1. The Assignor hereby irrevocably transfers, assigns, and sets over to the Assignee all rents reserved and payable under the Leases and all benefits and advantages to be derived therefrom, to hold and receive the same unto the Assignee.
2. The Assignor covenants and agrees with the Assignee that the Assignor will not, without the consent in writing of the Assignee, permit any prepayment of rents payable under any of the Leases that will result in more than two months of such rents being prepaid under such Leases, or any material variation, cancellation or surrender of any of the Leases, or of any of the material terms, covenants, provisos or conditions thereof.
3. The Assignor covenants with the Assignee to perform and observe all the covenants, conditions and obligations binding upon it under the Leases.
4. The Assignor covenants and agrees irrevocably with the Assignee that the Assignee shall have the right to sue for payment and/or for enforcing anything in this assignment herein contained in any or all of the following ways:
  - (a) in its own name;
  - (b) in the name of the Assignor, and
  - (c) in the names of both the Assignor and the Assignee jointly.
5. The Assignor agrees to assign any of the Leases to the Assignee upon request should the Assignee deem such assignment advisable for the protection of the Assignee's security, such assignment to be on a form to be prepared by the Assignee's solicitors in such case.

6. PROVIDED, however, that until notified to the contrary in writing the Lessees shall pay the rent reserved under the Leases (but only to the extent that the same may be due and payable under the Leases) to the said Assignor and any notice to the contrary required by this proviso may be effectively given by sending the same by registered mail to any Lessee at its premises in the Charged Premises or by delivering the same personally to any Lessee, or an officer of such Lessee.

7. The Assignor does hereby declare that any direction or request from the Assignee to pay the rents reserved to the Assignee shall be sufficient warrant and authority to the Lessee to make such payments, and the payments of the said rents to the Assignee shall be and operate as a discharge of the said rents to the said Lessee.

8. The Assignor covenants and agrees with the Assignee not to renew nor extend any of the Leases at rentals reserved and payable of lesser amounts than are now reserved and payable under such Leases unless compelled to do so as the result of an arbitration award, or with the consent of the Assignee.

9. The Assignee covenants and agrees with the Assignor to release this assignment upon payment in full of the Mortgage in accordance with the terms thereof and that the Assignee will, at the request and cost of the Assignor, reassign any unmatured rents to the Assignor. In the absence of such a request the delivery to the Assignor of a discharge or cessation of the Mortgage shall operate as a release and reassignment of such rents.

10. The Assignor hereby covenants and agrees to and with the Assignee that this assignment and everything herein contained shall be irrevocable without the consent of the Assignee.

11. PROVIDED that nothing in this assignment contained shall be deemed to have the effect of making the Assignee responsible for the collection of rents or any part thereof or for the performance of any covenants, terms or conditions either by the Assignor or by the Lessees contained in any of the said Leases, and the Assignee shall not by virtue of this assignment be deemed a mortgagee in possession of the Charged Premises, and the Assignee shall not be liable to account for any monies other than those actually received by it by virtue of this assignment.

12. IT IS AGREED that waiver of or failure to enforce at any time or from time to time any of the rights of the Assignee under or by virtue of this assignment shall not prejudice the Assignee's rights in the event of the breach, default or other occasion for the exercise of such rights again occurring.

IT IS HEREBY DECLARED AND AGREED that this assignment and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and each of their respective heirs, personal legal representatives, estate trustees, successors and assigns.

SCHEDULE "A"  
DESCRIPTION OF PROPERTY

PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T TB79879  
ETOBICOKE, CITY OF TORONTO

PIN: 07416-0021 (LT)



ACKNOWLEDGEMENT AND DIRECTION

TO: All Lawyers within the Firm of Devry Smith Frank LLP

AND TO: Any and all designees of the above

RE: 368230 Ontario Limited mortgage loan to Cityview Industrial Ltd.  
secured by 1, 9-11 City View Drive, Toronto, Ontario

---

This will confirm that:

1. We have reviewed the information contained on the documents attached hereto and this information is accurate;
2. You are authorized and directed to sign and register electronically on our behalf the following document(s), a copy of which is attached hereto:

A Charge/Mortgage of the land described above

A Notice of Assignment of Rents – General derived from the land described above

3. The effect of the electronic documents described in this Acknowledgement and Direction has been fully explained to us and we understand that we are a party to and bound by the terms and provisions of these electronic documents to the same extent as if we had signed these documents;
4. We are in fact a party named in the electronic documents described in this Acknowledgement and Direction and we have not misrepresented our identity to you;
5. We hereby authorize Devry Smith Frank LLP to make any minor, non-material alterations that may be required by the Land Registry Office to effect certification of the electronic documents as described in this Acknowledgement and Direction by the Land Registry Office; and
6. We hereby confirm that the execution of the Acknowledgement and Direction by facsimile transmission shall be binding upon us and my successors and assigns and may be relied upon by you as if it were an original.

DATED this 6<sup>th</sup> day of September, 2012.

  
CITYVIEW INDUSTRIAL LTD.

Per: \_\_\_\_\_

Norma Walton – President



LRO # 80 Charge/Mortgage

In preparation on 2012 09 05 at 16:02

This document has not been submitted and may be incomplete.

yyyy mm dd Page 1 of 2

**Properties**

PIN 07416 - 0021 LT Interest/Estate Fee Simple

Description PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T TB79879 ETOBICOKE, CITY OF TORONTO

Address 1, 9-11 CITY VIEW DRIVE  
ETOBICOKE

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name CITYVIEW INDUSTRIAL LTD.  
Acting as a company

Address for Service c/o The Rose and Thistle Group Ltd.  
30 Hazelton Avenue  
Toronto, Ontario  
M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)**

Capacity

Share

Name 368230 ONTARIO LIMITED  
Acting as a company

Address for Service 21 Kern Road  
Toronto, Ontario  
M3B 1S9

**Statements**

Schedule: See Schedules

**Provisions**

Principal \$ 4,000,000.00 Currency CDN

Calculation Period monthly, not in advance

Balance Due Date 2013/09/07

Interest Rate 8.0%

Payments

Interest Adjustment Date 2012 10 05

Payment Date 5th day of each month

First Payment Date 2012 11 05

Last Payment Date 2013 09 05

Standard Charge Terms

Insurance Amount full insurable value

Guarantor Ronauld Walton; Norma Walton

**Additional Provisions**

The Chargor may prepay the whole or any part or parts of the Principal at any time or times upon payment of one month's interest as a bonus upon the monies being prepaid.

Interest only shall be payable on the 5th day of each month on the balance of the principal outstanding from time to time, as well after as before maturity of the charge and both before and after default and judgment until paid.

The Chargor may from time to time obtain partial discharges of the land if each of the following conditions is satisfied:

1. The discharge will not contravene the provisions of the Planning Act, R.S.O. 1990, chapter P.13.
2. The Chargor pays to the Chargee 90% of the net proceeds (the "Discharge Amount") from the sale of part of the land being discharged, being the balance due on closing less legal fees and real estate commission.
3. The Chargor pays to the Chargee all accrued interest on the Discharge Amount.
4. The Chargor pays the Chargee's reasonable legal fee in connection with the execution and delivery of each partial discharge.

## SCHEDULE – ADDITIONAL PROVISIONS

"Charge" means the Charge prepared in the electronic format and registered electronically pursuant to Part III of the *Land Registration Reform Act* (Ontario) (the "LRRRA"), including this Schedule and any other schedules thereto.

Any reference to the "Computer Field" in the Charge means a computer data entry field in a charge registered pursuant to Part III of the LRRRA into which the terms and conditions of the Charge may be inserted.

### 1. PRINCIPAL AMOUNT SECURED

The amount of principal money secured by the Charge is the amount indicated in the Computer Field of the Charge which is entitled "Principal" (the "Principal Amount") and any additional principal amounts advanced by the Chargee to the Chargor from time to time under the Charge ("Additional Principal Amounts"). The Chargee and the Chargor acknowledge that at any one time the aggregate amount of the principal amounts advanced under and secured by the Charge (being the aggregate of the initial advance or advances made by the Chargee, less the principal amounts repaid by the Chargor, plus the Additional Principal Amounts, if any) may not exceed the Principal Amount.

### 2. CHARGE

The chargor or chargors indicated in the Computer Field of the Charge entitled "Chargor(s)" (the "Chargor") charges the lands and premises indicated in the Computer Field of the Charge entitled "Description" together with all buildings, fixtures, improvements and facilities whatsoever situate thereon at the time of delivery for registration of the Charge or thereafter constructed or placed thereon (the "Charged Premises") with the payment to the chargee indicated in the Computer Field of the Charge entitled "Chargee(s)" (the "Chargee") of the Principal Amount and interest thereon and any Additional Principal Amounts and interest thereon, and all other monies secured by the Charge upon the terms as set out in the Charge including this set of standard charge terms.

### 3. INTEREST

The rate of interest chargeable on the Principal Amount and any Additional Principal Amounts (the "Fixed Interest Rate") is the interest rate indicated in the Computer Field of the Charge entitled "Interest Rate" per annum, payable monthly, and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid. For the purposes of the Charge, the Fixed Interest Rate shall be hereinafter referred to as the "Charge Rate". Whenever reference is made to the "Charge Rate" it shall mean the rate of interest indicated in the Computer Field of the Charge which is entitled "Interest Rate", and shall be calculated and payable as set out in the Charge.

### 4. DEFEASANCE

- (a) The provisions relating to defeasance contained in subsection 6(2) of the LRRRA, shall be and are hereby expressly excluded from the terms of the Charge.
- (b) The Charge shall be void upon the Chargor paying to the Chargee in lawful money of Canada, the Principal Amount and any Additional Principal Amounts, with interest thereon computed from the date of advance thereof at the Charge Rate, which interest is payable monthly and calculated monthly, not in advance, as well after as before maturity and both before and after default and judgment until paid. Such interest shall be calculated as follows:

Interest at the Charge Rate on the amounts from time to time advanced, computed from the respective dates of such advances until the date indicated in the Computer Field of the Charge entitled "Interest Adjustment Date" (such date being hereinafter referred to as the "Interest Adjustment Date"), shall become due and be paid on the Interest Adjustment Date. Provided that the Chargee may require such interest at the Charge Rate on the principal amounts advanced from time to time, computed from the respective dates of such advances, to become due and payable in monthly instalments on a date in the month next following the first advance which date shall be the day of the month for payment indicated in the Computer Field of the Charge entitled "Payment Date", and on the same day of each and every month thereafter and the balance, if any, of the interest on such advances shall become due and be paid on the Interest Adjustment Date. At the option of the Chargee interest so due and payable may be deducted from such advances; and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions in the Charge.

### 5. NO PREPAYMENT

The Chargor shall have no right to prepay the loan secured by the Charge except as otherwise provided in the Charge.

### 6. ADDITIONAL ADVANCES

Upon repayment to the Chargee of the Principal Amount in whole or in part, the Chargor may from time to time, at the Chargee's option, borrow Additional Principal Amounts, in which event, the Charge will remain as security for all principal amounts, interest and other amounts owing by the Chargor to the Chargee whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, it being agreed that the Charge at any one time will secure only that portion of the Principal Amount then outstanding not exceeding the Principal Amount, together with any interest or compound interest accrued on the principal amount outstanding at such time at the Charge Rate.

### 7. APPLICATION OF PAYMENTS AND WITHHOLDING FROM PAYMENTS

- (a) Provided that if the Charge is repayable by blended instalments of principal and interest, the instalments payable under the Charge are to be applied firstly to bring into good standing any accounts in which funds are held pending payment to third parties or from which amounts are debited in respect of the Charge, including tax accounts, if any; secondly to interest calculated as provided in the Charge on the principal amounts from time to time outstanding (the "Outstanding Principal Amount"); and the balance of the said instalments shall be applied on account of the portion of the Principal Amount then outstanding: except, however, in the case of default by the Chargor, the Chargee may then apply any payments received during the period of default in whatever order it may elect as between principal, interest, taxes, repairs, insurance premiums or other advances made on behalf of the Chargor.
- (b) Withholdings from Payments: If the Chargor is required by law to make any deduction or withholding from any sum payable by the Chargor to the Chargee under the Charge, then the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Chargee receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or been required to be made, and the Chargor shall pay the full amount to be deducted or withheld to the relevant taxation or

other authority within the time allowed for such payment under applicable law and shall deliver to the Chargee within 30 days after the Chargor has made such payment to the applicable authority a receipt issued by such authority evidencing such payment.

#### 8. COMPOUND INTEREST

It is agreed that if default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and if the interest and compound interest are not paid on the next payment date after the date of default a rest shall be made and compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises

#### 9. TAXES

With respect to municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the Charged Premises, it is mutually agreed between the parties to the Charge that:

- (a) The Chargee may deduct from any advance of the monies secured by the Charge an amount sufficient to pay the taxes which have become or will become due and payable at the Interest Adjustment Date in the Charge and are unpaid at the date of such advance.
- (b) The Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.
- (c) The Chargor shall, if directed by the Chargee, pay to the Chargee in monthly instalments on the dates on which instalments of principal and interest are payable under the Charge, sums which in the sole opinion of the Chargee will be sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof.
- (d) The Chargee agrees to apply the foregoing deduction and payments to the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge, but nothing contained in the Charge shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment of principal or interest as provided in the Charge, the Chargee may apply such sum or sums in or towards payment of the portion of the Principal Amount and/or interest in default. The Chargor shall transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Chargor.
- (e) The Chargee shall allow the Chargor interest on the average monthly balance standing in the Charge account from time to time to the credit of the Chargor for payment of taxes, at a rate per annum, and at such times, as the Chargee may determine in its sole discretion, and the Chargor shall be charged interest at the Charge Rate on the debit balance, if any, in the Charge account outstanding after payment of taxes by the Chargee until such debit balance is fully repaid.

#### 10. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(l) of the LRRRA shall be and are hereby expressly excluded from the terms of the Charge.

#### 11. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Chargor does hereby covenant, promise and agree to and with the Chargee as follows:

##### (a) To Pay and Observe Covenants

That the Chargor shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount with interest at the Charge Rate and any Additional Principal Amounts and interest thereon, at the times and in the manner limited for payment thereof in the Charge, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay and shall also pay all other sums as the Chargee may be entitled to under the Charge.

##### (b) For Good Title

That the Chargor, at the time of delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

##### (c) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee in the manner set out in the Charge.

##### (d) Quiet Possession on Default

That from and after default in the payment of the portion of the Principal Amount then outstanding or the interest thereon, or any part thereof, or of any other amounts payable under the Charge, or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances and of any other charges or encumbrances whatsoever.

##### (e) Further Assurances

That from and after default in the payment of the portion of the Principal Amount then outstanding, or the interest thereon, or any part thereof of any other amounts payable under the Charge or of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Chargor and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in to or out of the Charged Premises, by, from, under or in trust for the Chargor shall and will, from time to time, and at all times thereafter, make, do, suffer and execute, deliver, authorize and register or cause or procure to be made, done, suffered, executed, delivered, authorized and registered all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) Done No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the lands described in the Charge or intended so to be, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever. The Chargor further covenants and agrees that there will be no subsequent encumbrances on the Charged Premises other than those consented to in writing by the Chargee.

(g) Insurance

The Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire and such insurable perils as are covered by an "all risks" policy and such other perils as the Chargee may require, to the full extent of their replacement cost, each and every building comprised in the Charged Premises and which may hereafter be erected thereon, both during construction and thereafter, in lawful money of Canada, with an insurance company duly authorized to carry on business as such and under a policy or policies satisfactory in form and content to the Chargee; and the policy or policies of insurance shall not contain co-insurance clauses and the Chargor will forthwith deliver to the Chargee certified copies of the policy or policies of insurance and all renewal receipts thereto appertaining. Without limiting the foregoing, such policy or policies shall include the following insurance coverage:

- (i) "All risks" of direct physical loss or damage with respect to the Charged Premises and any personal property located thereon on a replacement cost basis with loss under each policy payable to the Chargee pursuant to the standard mortgage clause approved by the Insurance Bureau of Canada or otherwise approved by the Chargee, with preference in its favour over any claim of any other person; permission shall be granted thereby for the improvements to be vacant or unoccupied for a period of at least 30 days and it shall provide for partial occupancy;
- (ii) Comprehensive broad form boiler and machinery insurance including unfired pressure vessels insurance and air-conditioning equipment, if any, including repair and full replacement cost for amounts satisfactory to the Chargee with loss payable first to the Chargee by way of a charge clause approved by the Chargee;
- (iii) Business interruption or rental loss insurance covering perils insured in paragraphs (i) and (ii) above acceptable to the Chargee for an indemnity period of not less than 12 months and with coverage of not less than 100% of the resulting loss of rents or loss of business income from the business conducted on the Charged Premises; and
- (iv) Commercial general liability insurance, including personal injury, products, and completed operations subject to a limit per occurrence of not less than \$2,000,000.00 or such amount as the Chargee shall reasonably require, inclusive of bodily injury, death or property damage.

All cancellation clauses in the above referenced policies, including those contained in the mortgage clauses, are to provide for at least 30 days' prior written notice to the Chargee of such cancellation.

Such policies shall also provide that the Chargee shall receive at least 30 days' prior written notice of any material alteration of such policy.

The Chargee shall be entitled to require coverage of such other risks and perils as the Chargee may from time to time consider advisable or desirable and in respect of which insurance coverage may be available. Should an insurer, at any time, cease to have the approval of the Chargee, the Chargor shall effect such new insurance as the Chargee may desire.

The Chargee is hereby irrevocably appointed by the Chargor as attorney of the Chargor to assign any policy of insurance in the event of the foreclosure of the Charge or other extinguishment of the indebtedness secured by the Charge.

The Chargor will not do or omit or cause or suffer anything to be done, omitted, caused or suffered whereby the policy or policies of insurance, as aforesaid, may be voided or become void; and the Chargor will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due and will deliver evidence of renewal to the Chargee at least 15 days prior to the expiration of any policy of insurance; and, in the event of any breach of the foregoing covenants respecting insurance, the Chargee, without prejudice to its other rights under the Charge, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Chargee, adequate to protect the Chargee's insurable interest and any amount paid therefor by the Chargee shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payment and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; provided that in no event shall the Chargee be liable for failure to have insurance placed or for any loss growing out of any defects in any policy, or for failure of an insurance company to pay for any loss or damage insured against.

Forthwith on the happening of any loss or damage, the Chargor will furnish at its own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a printed copy of the Charge shall be sufficient authority for the said insurance company to pay every such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee.

Any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the debt secured by the Charge or any part thereof whether due or not then due.

If the Charged Premises are part of a Condominium the insurance provisions set out in this paragraph (g) will not apply and the following will apply to the Charge:

The Chargor or the Condominium Corporation or both of them will forthwith insure and during the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, earthquake, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor or the Condominium Corporation will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policies and receipts or produce to the Chargee at least 15 days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policies of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on him by the *Condominium Act*, R.S.O. 1990, c.C.26, as amended or replaced (the "Condominium Act") and by the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(h) Compliance with Laws

That the Chargor will at all times observe and comply in all material respects with the provisions of all applicable laws, regulations, by-laws, ordinances and work orders of any lawful authority, whether federal, provincial, municipal or otherwise, including, without restriction, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, building construction, public health and safety, and of all private covenants and restrictions, affecting the Charged Premises or any portion thereof and will from time to time upon request of the Chargee, provide to the Chargee evidence of such observation and compliance.

(i) Compliance with Leases

That the Chargor will observe promptly, as lessor, the terms and conditions contained in any and all leases and/or subleases of any portion of the Charged Premises and that the Chargor will not accept any prepayment of rent or other monies payable under any such lease or proposed lease in excess of the first or final month's rent.

(j) Contiguous Property

That the Chargor will not acquire any real property which is contiguous to the Charged Premises without the written consent of the Chargee.

## 12. ASSIGNMENTS OF RENTS AND LEASES

The Chargor covenants and agrees to execute and deliver and to authorize and direct the registration in favour of the Chargee from time to time as and when required by the Chargee assignments of leases and assignments of rents (subject to no prior claim or assignment) with respect to any and all leases and offers to lease and agreements to lease of portions of the Charged Premises now or hereafter from time to time granted or entered into by the Chargor (the "Assigned Leases"), all of such assignments to be held by the Chargee as further security for the monies owing and secured under the Charge. The form and content of all leases and offers to lease and agreements to lease relating to the Charged Premises or any part thereof and all tenants thereof under leases must be expressly approved in writing by the Chargee. All of the Assigned Leases as and when required by the Chargee shall, at the option of the Chargee, be duly registered in such places and at such times as the Chargee may require from time to time.

The Chargor further covenants and agrees that, at the request of the Chargee, it shall cause any tenant or lessee in possession of the Charged Premises at the time of such request to execute and deliver and authorize and direct the registration in favour of the Chargee a postponement agreement in favour of the Chargee's interest in the Charged Premises.

## 13. RELEASE

And the Chargor has released, remised and forever quitted claim, and by these presents does release, remise, and for ever quit claim unto the Chargee, all right, title, interest, claim and demand whatsoever of, unto, in and out of the Charged Premises and every part thereof, so as that the Chargor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Charged Premises or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

## 14. FINANCIAL STATEMENTS

The Chargor further covenants with the Chargee, if requested by the Chargee to do, to provide annually to the Chargee detailed financial statements of the income and expenses of the Charged Premises, including a current rent roll, for each calendar year as applicable. Such statements shall be prepared by a chartered accountant and shall be provided to the Chargee within 60 days after the end of each calendar year or fiscal year of the Chargor, as applicable. In the event that the Chargor is a corporation, the Chargor shall provide to the Chargee accountant prepared financial statements within 120 days after each fiscal year-end of the Chargor for the duration of the term of the Charge. In the event that the Chargor is an individual, the Chargor shall provide to the Chargee a statement of net worth, a copy of current tax returns and a copy of Revenue Canada assessment notices, in each case by May 30 of each year during the term of the Charge.

## 15. ENTRY AFTER DEFAULT AND POWER OF SALE

Provided that the Chargee on default by the Chargor of payment of the portion of the Principal Amount then outstanding or the interest thereon or any part thereof as required by the Charge or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the Charged Premises or the lands and premises intended to be charged by the Charge and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it or they shall think fit, and also on 15 days' default as aforesaid and after giving at least 35 days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, R.S.O. 1990, c.M.40, as amended (the "Mortgages Act"), may sell the Charged Premises or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser thereof, or as the purchaser shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by

registered mail addressed to the Chargor at the Chargor's last known address and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges, and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured hereby otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for loss occasioned thereby, and in the case of a sale or lease under the Charge, the title of a purchaser or lessee created in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the Mortgages Act, or had been given improperly, but any person damaged by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the lands, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing contained in this section shall prejudice or diminish any other rights and remedies and powers of the Chargee or in the Charge contained or existing at law by virtue thereof. And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also in such event, at the request, cost and expense of the Chargor, transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge, that notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

#### 16. DISTRESS

Provided that and it is further stipulated, provided and agreed by and between the parties to the Charge that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

#### 17. PRINCIPAL DUE ON DEFAULT

It is agreed by the Chargor and the Chargee that if any default shall occur in the payment of the interest money secured by the Charge, or any part thereof, or in payment of any instalment of principal as the same matures or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Chargee in respect of or representing or securing the money secured by the Charge or any part thereof, or in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Charged Premises, then at the option of the Chargee, the portion of the Principal Amount then outstanding secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time in the Charge mentioned for payment of such principal amounts had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right so to call in the principal and shall not be therefore debarred from asserting and exercising its right to call in the principal upon the happening of any future default or breach.

#### 18. CHARGOR'S QUIET POSSESSION UNTIL DEFAULT

Provided and it is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same, or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor, peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

#### 19. BUILDINGS, ADVANCES AND COST OF SEARCH

It is the intention of the parties to the Charge that the building or buildings erected or to be erected on the Charged Premises form part of the security for the full amount of the monies secured by the Charge, and that all advances are to be made in such manner at such times and in such amounts up to the Principal Amount as the Chargee, in its sole discretion, may determine and subject always to the provision to which the Chargor hereby agrees that notwithstanding the Chargor's authorization of registration and the registration of the Charge or the advancement of any part of the Principal Amount, the Chargee is not bound to advance the full Principal Amount or any unadvanced portion thereof and the advance of the full Principal Amount and any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the Charge shall take effect forthwith upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum not being advanced, the same to be charged by the Charge upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the Chargee's power of sale and all other remedies under the Charge or at law shall be exercisable.

#### 20. FIXTURES

It is mutually covenanted and agreed by and between the Chargor and the Chargee that all erections and improvements, fixed or otherwise either on the date of delivery for registration of the Charge or thereafter put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, paving, heating, piping, plumbing, aereals, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters, awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Charged Premises and shall be a portion of the security for the amounts secured by the Charge.

#### 21. PARTIAL RELEASE

The Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the monies secured by the Charge or may release the Chargor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for monies except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants contained in the Charge, it being especially agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the monies secured by the Charge and all legal and other expenses incurred by the Chargee in connection with such release or releases.

## 22. DEFAULT IN PRIOR CHARGES

It is hereby agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge, lien or other encumbrance to which the Charge is subject or subordinate, then and in that event the monies secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as therein provided.

## 23. LIENS AND CONSTRUCTION

Provided also that upon the registration of any lien against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of 10 days, the portion of the Principal Amount then outstanding and interest and all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. In the event that a construction lien is registered against the Charged Premises, the Chargee shall have the right, but not the obligation, to pay into court such amounts as may be required to remove the lien from title to the Charged Premises. Any amounts so paid by the Chargee, together with all expenses incurred by the Chargee in connection therewith, including all solicitor's charges or commissions, on a substantial indemnity basis, shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

## 24. WASTE, VACANCY AND REPAIR

The Chargor covenants and agrees with the Chargee that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the buildings or other improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee who, in accordance with section 25 hereof, may inspect, or may designate someone to inspect on the Chargee's behalf, the Charged Premises at any reasonable time or times to determine the status of repair and maintenance that may be required in respect of the Charged Premises, and will not permit or suffer them to become or remain vacant and that the Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

## 25. ACCESS TO PROPERTY AND INSPECTION

The Chargee, its agents, employees, and independent contractors shall have the right at any reasonable time to enter upon the Charged Premises to fully inspect the interior and exterior of the Charged Premises and the financial status of the operation thereof, and where deemed necessary and/or advisable by the Chargee, and notwithstanding section 18 hereof, to conduct investigations including intrusive testing and sampling on the Charged Premises for the purpose of determining the presence of or the potential for environmental contamination, and the reasonable cost of such inspection and investigations including any intrusive testing and sampling shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable by the Chargor to the Chargee forthwith on demand.

## 26. ALTERATIONS

The Chargor covenants and agrees with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Charged Premises without the prior written consent of the Chargee.

## 27. PARKING AREA

The Chargor covenants and agrees that, where there is a parking area associated with the Charged Premises, the parking area shall not be used for any purpose other than for the parking of motorized vehicles, except with the prior written approval of the Chargee.

## 28. RESIDENTIAL RENTAL PROPERTY

Notwithstanding anything contained in the Charge to the contrary, if the Charged Premises is residential rental property then the Chargor represents and warrants that with respect to the Charged Premises, except as permitted under laws applicable to residential housing:

- (a) no demolition, conversion, renovation, repair or severance has taken place with respect to any part of the Charged Premises;
- (b) there have been no increases in the rental charged for any residential rental unit or units on the Charged Premises except in accordance with laws applicable to residential housing; and, as provided in laws applicable to residential housing;
- (c) all rents charged with respect to the Charged Premises or any part thereof are lawful rents and all required rebates have been paid;
- (d) all required filings have been made and were timely, accurate and complete; and, pursuant to laws applicable to residential housing;
- (e) no applications, investigations or proceedings have been commenced or made; and
- (f) there are no outstanding orders or decisions made by any ministry, board or commission with respect to the Charged Premises or any residential rental unit or units on the Charged Premises.

Before the first advance the Chargor agrees to provide a statutory declaration by the Chargor or by an officer or director of the Chargor where the Chargor is a corporation, that the above representations and warranties are true and correct. The Chargor agrees to deliver to the Chargee before the first advance all documents required to establish the legality of rents on the Charged Premises.



The Chargor hereby authorizes all government ministries, boards or commissions having jurisdiction over residential housing to release to the Chargee or to its solicitors any and all information contained in their files.

The Chargor further agrees to comply with the provisions of all laws applicable to residential housing during the term of the Charge. In the event of a breach of this covenant or in the event that any of the representations and warranties contained in this provision are false, the then outstanding portion of the Principal Amount, any Additional Principal Amounts and any accrued interest thereon shall, at the option of the Chargee, become immediately due and payable.

#### 29. PROPERTY MANAGEMENT

The Chargor covenants and agrees that the Chargee may, at its option, require that the Chargor enter into an agreement with a professional independent property management firm (the "Property Management Firm") for the management of the Charged Premises. The selection of the Property Management Firm and the term of the agreement shall be subject to the approval of the Chargee. Where the Chargee has not instructed the Chargor to engage a Property Management Firm, the Chargor or, subject to the Chargee's approval, a corporation affiliated with the Chargor, shall manage the Charged Premises in accordance with the provisions of the Charge.

#### 30. NON-MERGER

Provided and it is agreed, that the taking of a judgment or judgments on any of the covenants contained in the Charge shall not operate as a merger of the said covenant or affect the Chargee's right to interest at the rate and times provided in the Charge, and further that said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the said judgment shall have been fully paid and satisfied.

#### 31. RIGHTS ON DEFAULT

And the Chargor covenants and agrees with the Chargee that in the event of default in the payment of any instalment of principal, interest or taxes secured by the Charge or any other monies payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement contained in the Charge after all or any part of the monies secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for remediation to bring the Charged Premises into compliance with recognized environmental standards, statutory or otherwise, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable by the Chargor to the Chargee, and shall be a charge upon the Charged Premises prior to all claims thereon subsequent to the Charge and shall bear interest at the Charge Rate until paid.

#### 32. OBLIGATIONS SURVIVE SALE

Provided further that no sale or other dealing by the Chargor with the Charged Premises or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies secured by the Charge.

#### 33. PRIOR ENCUMBRANCES

It is further stipulated, provided and agreed, that the Chargee may pay the amount of any encumbrance, lien or charge now existing or existing after the date of the Charge, or to arise or to be claimed upon the Charged Premises having priority over the Charge, including any taxes, utility charges or other rates on the Charged Premises or any of them, and may pay all costs, charges and expenses and all solicitors' charges or commissions, as between a solicitor and his client, which may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize the security of the Charge, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid under the Charge by the Chargee shall be added to the debt secured by the Charge and be a charge on the Charged Premises and shall bear interest at the Charge Rate, and shall be payable forthwith by the Chargor to the Chargee, and the non-payment of such amount shall be a default of payment within the meaning of those words in section 15 and shall entitle the Chargee to exercise the power of sale and all other remedies given by the Charge. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

#### 34. EXTENSIONS

It is agreed that no extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the monies secured by the Charge.

#### 35. RENEWAL

Without prejudice to any rights of the Chargee against the Chargor or any other persons liable for the payment of the monies secured by the Charge, the Charge may be renewed or extended by an agreement in writing at or before maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to register any such agreement in order to retain priority of the Charge so altered over any instrument registered subsequently to the Charge provided, however, that the Chargee may at any time, at its option, register a notice of such renewal or extension agreement and the Chargor shall execute any authorizations or further documents required in order to effect such registration. In the event a charge renewal or extension agreement is sent to the Chargor but the Chargor does not sign and return the charge renewal or extension agreement to the Chargee by the Balance Due Date of the Charge, the Charge may, at the option of the Chargee, be automatically renewed on the terms contained in the charge renewal or extension agreement. The *Interest Act*, R.S.C. 1985, c-l-5, as amended, permits the prepayment of charges with three months' further interest once five years have elapsed from the date of the Charge. For the purpose of this statutory right of prepayment only, the Chargor agrees that the date of the Charge if so renewed or extended will be the renewal date stipulated in the renewal or extension agreement. Nothing contained in this section shall confer any right of renewal or extension upon the Chargor.

#### 36. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the monies secured by the Charge within which to prepare and

register a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee and all legal and other expenses for the preparation and registration of such discharge and assignment shall be borne by the Chargor.

### 37. OTHER SECURITY

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge either concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon this or any other such security.

Without limiting the generality of the foregoing, the Charge is in addition to, and not in substitution for, any other charges now or hereafter held by the Chargee over the Charged Premises as security for monies secured under the Charge or any other monies due to the Chargee. It is understood and agreed that the aggregate of principal amounts secured by the Charge and any such other charges shall be the aggregate of the Principal Amount of the Charge and the principal amounts secured under any such other charges.

### 38. PLACE OF PAYMENT

Provided that all payments secured by the Charge shall be made at the branch or unit of the Chargee designated in the Charge, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada.

### 39. SPOUSAL CONSENT

The spouse of the Chargor, if so named in the Charge, hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

### 40. FAMILY LAW ACT

The Chargor covenants and agrees that forthwith after any change or happening affecting:

- (a) the spousal status of the Chargor; or
- (b) the qualification of the Charged Premises as a matrimonial home within the meaning of the *Family Law Act*, R.S.O. 1990, c.F.3, as amended (the "Family Law Act"); or
- (c) the ownership of the equity of redemption in the Charged Premises;

the Chargor will without request by the Chargee advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the Chargor and the owner or owners for the time being of the equity of redemption in the Charged Premises, and of any spouse who is not an owner but who has a right of possession in the Charged Premises by virtue of the Family Law Act. In addition, the Chargor covenants and agrees to promptly furnish the Chargee with such evidence of such change or happening as the Chargee may from time to time request.

### 41. SEVERABILITY OF ANY INVALID PROVISIONS

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or other applicable law, or would by reason of the provisions of any such statute or regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the advances secured by the Charge which it would otherwise be able to collect under such statute or regulation or other applicable law, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

### 42. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee, no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

### 43. SALE OF THE CHARGED PREMISES

The Chargor agrees that the Principal Amount, any Additional Principal Amounts and all accrued interest shall at the option of the Chargee become immediately due and payable in full if the Charged Premises or any part thereof or any interest therein is sold, transferred, conveyed, foreclosed, exchanged, assigned, mortgaged, leased or otherwise disposed of without the prior written consent of the Chargee, or if the Chargor enters into an agreement to effect any of the foregoing, whether for valuable or nominal consideration, without the prior written consent of the Chargee.

### 44. CHANGE OF CORPORATE CONTROL

Where the Chargor is a corporation the Chargor covenants and agrees that in the event that:

- (a) the Chargor fails to supply to the Chargee, in a form satisfactory to the Chargee, such information relating to the ownership of its shares as the Chargee may from time to time require; or
- (b) without the written consent of the Chargee first had and obtained,
  - (i) the Chargor issues or redeems any of its shares or transfers any of its shares,
  - (ii) there is a sale or sales of the shares of the Chargor which result in the transfer of the legal or beneficial interest of any of the shares of the Chargor, or
  - (iii) the Chargor amalgamates, merges or consolidates with any other corporation,

and the result of any of the foregoing is a change in the effective control of the majority of the voting shares of the Chargor, then all

monies secured by the Charge together with accrued interest thereon shall forthwith become due and payable at the option of the Chargee and the Chargee's powers of sale hereby given and all other remedies for enforcement shall be exercisable.

#### 45. RECEIVERSHIP

Notwithstanding anything contained in the Charge, it is declared and agreed that any time and from time to time when there shall be default under the provisions of the Charge, the Chargee may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

- (a) Every such receiver shall have unlimited access to the Charged Premises as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority (which power and authority shall not be revoked by the Chargor) to:
  - (i) collect the rents and profits from tenancies whether created before or after these presents;
  - (ii) rent any portion of the Charged Premises which may be or become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;
  - (iii) complete the construction of any building or buildings or other erections or improvements on the Charged Premises left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including without limitation appliances and equipment necessary or desirable to render the Charged Premises operable or rentable and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and
  - (iv) manage, operate, repair, alter or extend the Charged Premises or any part thereof.
- The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Charged Premises.
- (b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.
- (c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Charged Premises.
- (d) Every such receiver shall be deemed to be the agent or attorney of the Chargor and in no event the agent or attorney of the Chargee and the Chargee shall not be responsible for the receiver's acts or omissions.
- (e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Charged Premises
- (f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by the receiver, in respect of the Charged Premises or any part thereof and out of such monies so received every such receiver shall in the following order pay:
  - (i) the remuneration of the receiver as aforesaid;
  - (ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authority hereby conferred;
  - (iii) interest, principal and other monies from time to time that may be or become charged upon the Charged Premises in priority to the Charge including taxes;
  - (iv) to the Chargee all interest, principal and other monies due under the Charge to be paid in such order as the Chargee in its discretion shall determine;
  - (v) and thereafter every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the Charge Rate.

- (g) Save as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature whether sounding in damages or not which may arise or be caused to the Chargor or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.
- (h) The Chargee may at any time and from time to time terminate any such receivership by notice in writing to the Chargor and to any such receiver.
- (i) The statutory declaration of an officer of the Chargee as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers provided for in the Charge and such dealing shall be deemed as regards such person to be valid and effectual.
- (j) The rights and powers conferred by the Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

#### 46. COMPLIANCE WITH THE LAW AND ENVIRONMENTAL COMPLIANCE

The Chargor hereby represents and warrants to the Chargee that:

- (a) there is not in, on or about the Charged Premises any product or substance, or condition (including, without restriction,

contaminants, wastes, moulds or hazardous or toxic materials), equipment or anything else which contravenes any statute, regulation, by-law, order, direction or equivalent relating to the protection of the environment or which is not being dealt with according to best recognized practices relating to the environment;

- (b) to the best of the knowledge of the Chargor, no circumstance has existed on the Charged Premises or exists or has existed, on any land adjacent to the Charged Premises which constitutes or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment;
- (c) no claim or notice of any action, investigation or proceeding of any kind has been threatened, made or issued or is pending relating to an environmental condition on the Charged Premises; and
- (d) the Charged Premises are being used in compliance with all statutes, regulations, orders, by-laws, directions and equivalent relating to the protection of the environment.

The Chargor hereby covenants and agrees with the Chargee as follows:

- (a) the Chargor shall give to the Chargee immediate notice of any material change in circumstances in respect of the Charged Premises or adjacent land which would cause any of the representations and warranties contained in the immediately preceding paragraphs (a) to (d) inclusive to become untrue; and
- (b) the Chargor shall not permit or create, and shall not allow anyone else to permit or create, any circumstance on the Charged Premises which would constitute or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment.

The Chargor further covenants and agrees with the Chargee at all times promptly to observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders, regulations and equivalent of every government authority dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, contaminants, wastes, hazardous or toxic materials, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor shall from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance and pay immediately when due the cost of removal of any such contaminants, wastes and materials, and shall at its own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order, regulation, covenant or equivalent; and the Chargor shall cause its tenants, agents and invitees to comply with all the foregoing at their own expense.

The Chargor shall indemnify and hold harmless the Chargee (and its directors, officers, employees and agents) from and against all loss, cost, damage or expenses (including, without limitation, legal fees and costs incurred in the investigation, defense and settlement of any claim) due to the Chargor's failure to comply with any of the covenants and agreements in this section, or due to the presence of any contaminant, waste, mould or hazardous or toxic material referred to in this section, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of the Charge or the release from the Charge of part or all of the Charged Premises.

#### 47. CONDOMINIUMS

If the Charge is of a unit or units within a Condominium the following provisions shall apply:

- (a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, the by-laws, and the rules as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.
- (b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as an owner of the Charged Premises and in the event of default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the Charge Rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.
- (c) The Chargor hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:
  - (i) the Chargee may at any time or from time to time give notice in writing to the Chargor and the Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;
  - (ii) the Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor; and
  - (iii) the exercise of the right to vote or consent shall not constitute the Chargee a mortgagee in possession.
- (d) The Chargor covenants and agrees to advise the Condominium Corporation to send all notices to the Chargee and to notify the Chargee of any breaches by the Condominium Corporation that come to the attention of the Chargor, in order that the Chargee is kept fully informed.

#### 48. CHARGE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith and of any amendment, renewal or extension thereof and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable under the Charge including, without limiting the generality of the foregoing, all solicitors' fees on a substantial indemnity basis, costs and expenses and expenses in valuing the Charged Premises in connection with the foregoing and of anything done in connection with defending the validity or priority of the Charge against third parties. The Chargor further agrees that such amounts shall be paid

forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge.

#### 49. EXPROPRIATION

In the event of any expropriation affecting the whole or part of the Charged Premises, the Chargor agrees that the proceeds from the expropriation shall be paid to the Chargee in priority to the claims of any other party.

#### 50. TAX ON LOAN

The Chargor shall pay to the Chargee on demand the amount of any taxes (other than the Chargee's income taxes) which may be imposed upon or in respect of the principal of, or the interest on, the amounts secured by the Charge and which the Chargee may be called upon to pay, together with interest from the date on which such taxes are paid by the Chargee at the Charge Rate and compounded in the manner provided in section 8.

#### 51. COMMITMENT LETTER

The provisions set forth in any loan agreement or loan commitment between the Chargor and the Chargee in respect of the Charge will not merge with the Charge but shall survive the registration of the Charge unless otherwise expressly provided.

#### 52. INTERPRETATION

It is hereby agreed and declared that the expression "the Chargor" used in the Charge shall include the heirs, personal legal representatives, estate trustees, successors and assigns of each and every Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and (if the Charge affects a Condominium) the expression "Condominium Corporation" shall mean the Condominium Corporation referred to in the description and the expression "Declaration" shall mean the declaration registered in connection with the Condominium Corporation and words in the singular include the plural and words in the plural include the singular and words importing the masculine gender include the feminine and neuter genders where the context so requires and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, personal legal representatives, estate trustees, successors and assigns and that all such covenants, liabilities, advantages, privileges, immunities, powers and things hereby secured to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor herein contained or implied are and are to be construed as both joint and several.

#### 53. SECTION HEADINGS

The section headings in the Charge are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

#### 54. DATE OF CHARGE

The Charge shall be deemed to be dated as of the date of registration of the Charge.

#### 55. EFFECT OF DELIVERY

The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if the Charge were in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and any other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

This document has not been submitted and may be incomplete.

yyyy mm dd Page 1 of 3

**Properties**

**PIN** 07416 - 0021 LT  
**Description** PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T  
TB79879 ETOBICOKE, CITY OF TORONTO  
**Address** 1, 9-11 CITY VIEW ORIVE  
ETOBICOKE

**Applicant(s)**

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

**Name** CITYVIEW INDUSTRIAL LTO.  
Acting as a company  
**Address for Service** c/o The Rose and Thistle Group Ltd.  
30 Hazelton Avenue  
Toronto, Ontario  
M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Party To(s)***Capacity**Share*

**Name** 368230 ONTARIO LIMITEO  
Acting as a company  
**Address for Service** 21 Kern Road  
Toronto, Ontario  
M3B 1S9

**Statements**

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration no.(s)

E-FORM 760 (2000/03)

## ASSIGNMENT OF RENTS

THIS INDENTURE made this \_\_\_\_\_ day of September, 2012.

BETWEEN:

CITYVIEW INDUSTRIAL LTD.  
hereinafter called the "Assignor"

OF THE FIRST PART

- and -

368230 ONTARIO LIMITED  
hereinafter called the "Assignee"

OF THE SECOND PART

WHEREAS, by a Charge/Mortgage dated September \_\_\_\_\_, 2012 and registered in the Land Registry Office for the Land Titles Division of Toronto (No. 80) as Instrument No. \_\_\_\_\_ the Assignor herein did grant and mortgage unto the Assignee herein the lands and premises more particularly described in Schedule "A" hereto annexed (the "Charged Premises") which Charge/Mortgage secures payment of the sum of FOUR MILLION (\$4,000,000.00) DOLLARS and interest as therein mentioned and which Charge/Mortgage is hereinafter referred to as the "Mortgage". Whenever in this assignment reference is made to the Mortgage, it shall be deemed to include any renewals or extensions thereof, any amendments thereto, and any mortgage taken in substitution or replacement therefor either in whole or in part;

AND WHEREAS it is a condition of the lending of the monies secured or to be secured by the Mortgage, that the Assignor should assign to the Assignee the rents reserved and payable and/or intended to be reserved and payable under, and all advantages and benefits to be derived from the leases (the "Leases") of premises erected on the Charged Premises now or hereafter entered into by the Assignor as landlord with tenants thereof (the "Lessees") as additional security for the payment of the money secured by the Mortgage, and for the performance of the covenants contained therein;

AND WHEREAS it is agreed that notwithstanding anything in this assignment contained, the Assignee is not to be bound to advance the said mortgage monies or any unadvanced portion thereof;

NOW THEREFORE THIS ASSIGNMENT WITNESSES that the Assignor in consideration of the premises, the making of the Mortgage, and the sum of One (\$1.00) Dollar now paid by the Assignee to the Assignor (the receipt whereof is hereby acknowledged), doth covenant and agree with the Assignee as follows:

1. The Assignor hereby irrevocably transfers, assigns, and sets over to the Assignee all rents reserved and payable under the Leases and all benefits and advantages to be derived therefrom, to hold and receive the same unto the Assignee.
2. The Assignor covenants and agrees with the Assignee that the Assignor will not, without the consent in writing of the Assignee, permit any prepayment of rents payable under any of the Leases that will result in more than two months of such rents being prepaid under such Leases, or any material variation, cancellation or surrender of any of the Leases, or of any of the material terms, covenants, provisos or conditions thereof.
3. The Assignor covenants with the Assignee to perform and observe all the covenants, conditions and obligations binding upon it under the Leases.
4. The Assignor covenants and agrees irrevocably with the Assignee that the Assignee shall have the right to sue for payment and/or for enforcing anything in this assignment herein contained in any or all of the following ways:
  - (a) in its own name;
  - (b) in the name of the Assignor, and
  - (c) in the names of both the Assignor and the Assignee jointly.
5. The Assignor agrees to assign any of the Leases to the Assignee upon request should the Assignee deem such assignment advisable for the protection of the Assignee's security, such assignment to be on a form to be prepared by the Assignee's solicitors in such case.

6. PROVIDED, however, that until notified to the contrary in writing the Lessees shall pay the rent reserved under the Leases (but only to the extent that the same may be due and payable under the Leases) to the said Assignor and any notice to the contrary required by this proviso may be effectively given by sending the same by registered mail to any Lessee at its premises in the Charged Premises or by delivering the same personally to any Lessee, or an officer of such Lessee.

7. The Assignor does hereby declare that any direction or request from the Assignee to pay the rents reserved to the Assignee shall be sufficient warrant and authority to the Lessee to make such payments, and the payments of the said rents to the Assignee shall be and operate as a discharge of the said rents to the said Lessee.

8. The Assignor covenants and agrees with the Assignee not to renew nor extend any of the Leases at rentals reserved and payable of lesser amounts than are now reserved and payable under such Leases unless compelled to do so as the result of an arbitration award, or with the consent of the Assignee.

9. The Assignee covenants and agrees with the Assignor to release this assignment upon payment in full of the Mortgage in accordance with the terms thereof and that the Assignee will, at the request and cost of the Assignor, reassign any unmatured rents to the Assignor. In the absence of such a request the delivery to the Assignor of a discharge or cessation of the Mortgage shall operate as a release and reassignment of such rents.

10. The Assignor hereby covenants and agrees to and with the Assignee that this assignment and everything herein contained shall be irrevocable without the consent of the Assignee.

11. PROVIDED that nothing in this assignment contained shall be deemed to have the effect of making the Assignee responsible for the collection of rents or any part thereof or for the performance of any covenants, terms or conditions either by the Assignor or by the Lessees contained in any of the said Leases, and the Assignee shall not by virtue of this assignment be deemed a mortgagee in possession of the Charged Premises, and the Assignee shall not be liable to account for any monies other than those actually received by it by virtue of this assignment.

12. IT IS AGREED that waiver of or failure to enforce at any time or from time to time any of the rights of the Assignee under or by virtue of this assignment shall not prejudice the Assignee's rights in the event of the breach, default or other occasion for the exercise of such rights again occurring.

IT IS HEREBY DECLARED AND AGREED that this assignment and everything herein contained shall enure to the benefit of and be binding upon the parties hereto and each of their respective heirs, personal legal representatives, estate trustees, successors and assigns.

SCHEDULE "A"  
DESCRIPTION OF PROPERTY

PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T TB79879  
ETOBICOKE, CITY OF TORONTO

PIN: 07416-0021 (LT)



## GUARANTEE OF CHARGE

**IN CONSIDERATION** of **368230 ONTARIO LIMITED** (the "Chargee") making loans, advances or other extensions of credit (collectively, a "Loan") to **CITYVIEW INDUSTRIAL LTD.** (individually or collectively, as the context may require, the "Chargor") secured by a charge the particulars of which are set out in Schedule "A" hereto (as the same may be amended, supplemented, modified, varied, extended, renewed or replaced at any time and from time to time, the "Charge") charging the lands and premises more particularly described in the Charge (the "Charged Premises"), and for other good and valuable consideration, each of the undersigned (each, a "Guarantor") hereby agrees with the Chargee as follows.

**1. Guarantee and Covenant.** Each Guarantor hereby:

- (a) guarantees the payment by the Chargor to the Chargee of all debts and liabilities of the Chargor secured by or payable under the Charge and/or under any other agreement or instrument, if any, evidencing a Loan (each, a "Loan Document"), present or future, direct or indirect, absolute or contingent, matured or not, including without limitation principal, interest, taxes, fees and expenses, as and when the same are due and payable under the Charge, (the "Guaranteed Amounts"); and
- (b) covenants and agrees to observe and perform all other covenants and obligations of the Chargor under the Charge as and when the same are required to be observed or performed under the Charge (the "Guaranteed Covenants");

in each case without any demand required to be made. The obligations of the Chargor to pay the Guaranteed Amounts and perform and observe the Guaranteed Covenants are hereinafter collectively referred to as the "Guaranteed Obligations."

- 2. Obligations Joint and Several.** If there is more than one Guarantor, the obligations of the Guarantors hereunder shall be joint and several; and any reference herein to the "Guarantor" is to each and every such Guarantor.
- 3. Principal Debtor.** If any moneys or amounts expressed to be owing or payable under this Guarantee by the Guarantor are not recoverable from the Guarantor or any of them on the footing of a guarantee for any reason whatever, such moneys or amounts may be recovered from the Guarantor or any of them as a primary obligor and principal debtor in respect of such moneys or amounts regardless of whether such moneys or amounts are recoverable from the Chargor or would be payable by the Chargor to the Chargee. For greater certainty, but without restricting the generality of the foregoing, if the Chargee is prevented or restricted from exercising its rights or remedies with respect to any of the Guaranteed Obligations including without limitation the right of acceleration, the right to be paid interest at the rate or rates agreed to by the Chargor in respect of the Guaranteed Obligations or the right to enforce or exercise any other right or remedy with respect to the Guaranteed Obligations, the Guarantor agrees to pay the amount that would otherwise have been due and payable had the Chargee been permitted to exercise such rights and remedies in accordance with the terms agreed to between the Chargor and the Chargee. Provided however that the foregoing characterization of the liability of the Guarantor as that of a primary obligor and principal debtor is not intended

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and shall not be interpreted to confer on the Guarantor or any of them any right, benefit or advantage that the Guarantor would not otherwise have in the absence of such characterization.

4. **Right to Prepay.** The *Interest Act* (Canada) and the *Mortgages Act* (Ontario) each permits the prepayment of charges with three months' further interest once five years have elapsed from the date of the charge. Each Guarantor acknowledges and agrees that:
  - (1) the Guarantor, if an individual, waives such statutory rights and agrees that he or she shall not be considered a "person liable to pay or entitled to redeem" the Charge within the meaning of subsection 10(1) of the *Interest Act* (Canada) or subsection 18(1) of the *Mortgages Act* (Ontario); and
  - (2) if it is determined by a court of competent jurisdiction that notwithstanding subsection (a) the Guarantor is entitled to exercise these statutory rights, then for purposes of these statutory rights only, the date of the Charge, if renewed or extended, will be the renewal or extension date stipulated in the applicable renewal or extension agreement relating to the most recent renewal or extension of the Charge and not the original date of the Charge or some other earlier date.
5. **Actions Not to Affect Liability.** Without giving notice to or obtaining the consent or concurrence of any Guarantor, the Chargee may:
  - (1) grant any time, indulgences, waivers or extensions of time for payment or performance of any of the Guaranteed Obligations;
  - (2) grant any renewals or extensions of the Charge, with or without a change in the rate of interest or in any other term or condition of the Charge and whether by express agreement signed by the Chargor or otherwise (including without limitation by way of an automatic renewal or extension);
  - (3) change the rate or rates of interest provided in the Charge, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such rate is calculated or determined, change from a fixed rate to a variable or floating rate or from a variable or floating rate to a fixed rate, or otherwise;
  - (4) shorten or lengthen the amortization period of the Charge;
  - (5) otherwise amend, supplement, modify, vary, or otherwise change any of the terms or conditions of the Charge in any manner whatever;
  - (6) release or discharge from the mortgage or charge constituted by the Charge the whole or any part of the Charged Premises or any other security for the Loan;
  - (7) advance additional principal amounts to the Chargor pursuant to any provision of the Charge or any Loan Document that permits the Chargor to borrow such additional principal amounts from the Chargee;

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- (8) permit the Chargor to prepay the Loan in whole or in part or to skip one or more scheduled instalments of principal and interest or to pay more than one such scheduled instalment on a scheduled payment date under the Charge, whether pursuant to a provision of the Charge or Loan Document that permits such prepayment, skipping or multiple payments or otherwise;
- (9) accept compositions, compromises or proposals from the Chargor or otherwise deal with the Chargor or any other person (including without limitation the Guarantor or any other guarantor of the Guaranteed Obligations), any security (including without limitation the Charge) or the Charged Premises or any security as the Chargee sees fit, including without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Loan;
- (10) release or discharge any Guarantor or any other co-covenantors or guarantors or chargors in respect of the Charge, whether under this Guarantee or otherwise; or
- (11) release any subsequent legal or beneficial owner of the Charged Premises from any liability for the Guaranteed Obligations or any of them or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Guarantor under this Guarantee, regardless of whether any such action has the effect of amending or varying the Charge or increasing, expanding or otherwise altering the nature, effect, term extent or scope of the Guaranteed Obligations. The Guaranteed Obligations and the liability of each Guarantor hereunder shall extend to and include the obligations of the Chargor under the Charge as so amended, renewed, extended or varied and the Guaranteed Obligations as so increased, expanded or altered without further action on the part of the Chargee or the consent or concurrence of any Guarantor; and for greater certainty and without limiting the foregoing, if any rate of interest provided in the Charge is increased or otherwise altered, the Guaranteed Obligations and the liability of each Guarantor hereunder shall be extend to and include the obligation of the Chargor to pay interest at such increased or altered rate.

**6. Obligations Unaffected.** The obligations of the Guarantor hereunder shall be unaffected by:

- (1) any lack or limitation of status or power, disability, incapacity, death, dissolution or other circumstances relating to the Chargor or any Guarantor or any other party;
- (2) any irregularity, defect, unenforceability or invalidity in respect of the Loan or the Charge or any indebtedness, liability or other obligation of the Chargor or any other party, including without limitation any defect in title to the Charged Premises;
- (3) any release or discharge of the Guaranteed Obligations except by reason of their irrevocable payment and satisfaction in full;

- 4 -

- (4) any judgment obtained against the Chargor, or the taking, enforcing, exercising or realizing on, or refusing or neglecting to take, enforce, exercise or realize on, or negligence in taking, enforcing, exercising or realizing on, any security (including without limitation the Charge and any money on deposit and any guarantee) or any right or remedy, from or against the Chargor or any other party or their respective assets or releasing or discharging, or failing, refusing or neglecting to maintain, protect, renew or perfect any security (including without limitation any money on deposit or any guarantee) or any right or remedy;
- (5) any change in the name, control, objects, business, assets, capital structure, or constitution of the Chargor or any Guarantor or any merger or amalgamation of the Chargor or any Guarantor with any party or parties, any continuance of the Chargor or any Guarantor under the laws of a jurisdiction other than the jurisdiction under which the Chargor or Guarantor was originally formed, or any change in the membership of the Chargor or any Guarantor, if a partnership, through the death, retirement or introduction of one or more partners, or otherwise; and each reference to the "Chargor" or the "Guarantor" in this Guarantee will be deemed to include each corporation and each partnership resulting from any of the foregoing;
- (6) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of the Charge or this Guarantee or the Chargor or any Guarantor;
- (7) any failure on the part of the Chargee to perfect, maintain or enforce its rights whether due to its default, negligence or otherwise on the part of the Chargee with respect to the Charge, or any other security granted to the Chargee relating to the Charge or the Loan; and
- (8) any other circumstances whatsoever (with or without notice to or the knowledge of the Guarantor) which may or might in any manner or to any extent vary the risk of the Guarantor hereunder, or might otherwise constitute a legal or equitable discharge of a surety or guarantor;

it being the purpose and intent of each Guarantor that the liabilities and obligations of each Guarantor under this Guarantee shall be absolute and unconditional under any and all circumstances.

- 7. **Waiver of Subrogation.** Unless and until all the Guaranteed Obligations have been irrevocably paid and satisfied in full, the Guarantor shall not be subrogated to any of the rights or claims of the Chargee in respect of any of the Guaranteed Obligations; or under any security agreement or guarantee or other instrument which may at any time be held by or on behalf of the Chargee, and the Guarantor shall not seek any reimbursement from the Chargor.
- 8. **Continued Effectiveness and Reinstatement of Obligations.** The obligations of the Guarantor under this Guarantee shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of the Guarantor or any of them under this Guarantee (whether such

- 5 -

payment shall have been made by or on behalf of the Chargor or the Guarantor or any of them) is rescinded, or is reclaimed from the Chargee, upon the insolvency, bankruptcy, liquidation, dissolution or reorganization of the Chargor or the Guarantor or any of them, or for any other reason.

9. **No Obligation to Enforce.** The Chargee shall have no obligation to enforce any rights or remedies or security or guarantees or to take any other steps against the Chargor or any other party or any assets of the Chargor (including without limitation the Charged Premises) or of any other party before being entitled to demand payment or performance by any Guarantor of his obligations under this Guarantee.
10. **Indemnity.** Each Guarantor shall indemnify and save harmless the Chargee from and against all losses, damages, costs and expenses which the Chargee may sustain, incur or become liable for by reason of:
  - (1) the failure, for any reason whatever, of the Chargor to pay any amounts expressed to be payable pursuant to the provisions of the Charge or any Loan Document, regardless of whether the Chargor's obligation to pay such amounts is valid or enforceable against the Chargor;
  - (2) the failure, for any reason whatever of the Chargor to perform any other obligation under the Charge, any Loan Document or any other security for the Loan; or
  - (3) any act, action or proceeding of or by the Chargee for or in connection with the recovery of such amounts or the performance of such obligations.
11. **Non-Execution by Other Parties.** This Guarantee shall be operative and binding upon every signatory hereto upon its execution and delivery by such signatory regardless of whether it has been executed by any other proposed signatory or signatories.
12. **Successors and Assigns.** This Guarantee shall extend to and enure to the benefit of the Chargee and his heirs, estate trustees, personal legal representatives, successors and assigns and shall be binding upon each Guarantor and his heirs, estate trustees, personal legal representatives, successors and assigns.
13. **Choice of Law and Submission to Jurisdiction.** This Guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario. Each Guarantor irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.
14. **Severability.** If any provision of this Guarantee is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Guarantee, or the legality, validity or enforceability of that provision in any other jurisdiction.

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15. **Headings.** The division of this Guarantee into sections and the insertion of headings are for convenience of reference only and are not to affect the construction or interpretation of this Guarantee. Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders.
16. **Receipt of Copy.** Each Guarantor hereby acknowledges receipt of a copy of this Guarantee and the Charge.

IN WITNESS WHEREOF each Guarantor has executed this Guarantee under seal on  
September 6<sup>th</sup> 2012

Witness: J. Todd Holmes

Witness: J. Todd Holmes

Ronald Walton

Norma Walton

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**Schedule "A"**  
Description of Charge

*Note: The following is a summary of the terms of the Charge as of the date of this Guarantee. These terms may be amended or modified without notice to the Guarantor without affecting the obligations of the Guarantor under this Guarantee, as is more particularly provided in the Guarantee. The definition of "Charge" in the Guarantee includes any such amendments or modifications.*

Chargee: 368230 Ontario Limited

Chargor(s): Cityview Industrial Ltd.

Principal amount: \$4,000,000.00

Initial Term: 1 year

Interest rate (Charge Rate): Fixed, at 8% per annum

Charged Premises: Municipal address: 1, 9-11 City View Drive, Toronto, Ontario

Legal description: PT LT 22 CON 2 FRONTING THE HUMBER, AS  
IN TB80921, S/T TB159922 S/T TB79879  
ETOBICOKE, CITY OF TORONTO

PIN: 07416-0021 (LT)





**Form 9D****Investment Authority**

*(Note to lawyer: This form is required in a private mortgage transaction whether or not the mortgage was arranged by you. Please have your client complete every point on this form, with "n/a" being noted if the point is not applicable. This form may be entered on a word processor. For the definition of mortgage broker and other terms found in the clause of the Lawyers' Professional Indemnity Company Policy found at the bottom of this form, please refer to the policy.)*

To: *(Specify name of lawyer or law firm.)*

Devry Smith Frank LLP

I *(or we)* instruct you to act on my *(or our)* behalf, on my *(or our)* mortgage investment *(or investments)* of *(specify amount)*, the details, conditions and disclosures of which are set out below.

A. Details about the investment:

1. Name and address of borrower *(or borrowers)*: *(specify)*

Cityview Industrial Ltd.  
c/o The Rose and Thistle Group Ltd.  
30 Hazelton Avenue  
Toronto, Ontario  
M5R 2E2

2. Name and address of guarantor *(or guarantors)* *(if any)*: *(specify)*

Ronald and Norma Walton  
92 Truman Road  
Toronto, Ontario  
M2L 2L6

3. Legal description and municipal address of real property: *(specify)*

1, 9-11 City View Drive  
Toronto, Ontario

Legal: PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T  
TB159922 S/T TB79879 ETOBICOKE, CITY OF TORONTO: PIN:  
07416-0021 (L.T)

4. Type of property: *(specify, e.g., residence, vacant land, etc.)*

commercial

5. (a) Principal amount of mortgage or charge: *(specify)*

\$4,000,000.00

5. (b) Amount of loan to be advanced by me *(or us)*: *(specify)*

\$3,920,000.00

6. Rank of mortgage or charge is first *(or specify other rank)*.

First

7. My *(or our)* investment of \$4,000,000.00 *(specify amount)* represents 100% *(specify percentage)* of the total loan to the borrower *(or borrowers)*.

8. (a) I am *(or we are)* satisfied that the approximate value of the property is \$5,000,000.00 *(specify amount)*.

8. (b) I *(or we)* used the following means to determine the approximate value of the property: *(specify)*. Agreement of purchase and sale

8. (c) Including my *(or our)* mortgage amount, the percentage of the value of the property that is mortgaged *(or /encumbered)* is 80% *(specify percentage)*.

9. (a) The term of loan is *(specify term of loan in months, years, etc.)*.

1 year

9. (b) The due date of loan is *(specify date)*.

September 7, 2013

9. (c) The loan is amortized over *(specify number of years)*. n/a

10. The interest rate is 8.0% *(specify interest rate)* calculated monthly, not in advance *(or specify how interest rate is calculated)*.

11. Particulars of amounts and due dates *(monthly, quarterly, etc.)* of payments of principal and interest: *(specify)* monthly, interest only

12. Particulars and amounts of any bonus or holdback or any other special terms:  
(specify) \$80,000.00 fee

13. (a) The mortgage is to be registered in the name (or names) of (specify name or names).

368230 Ontario Limited

13. (b) After completion of the mortgage transaction, a collection or administration fee of (specify amount) per instalment is payable by the investor (or investors) (or borrower) (or borrowers) to (specify recipient of fee). n/a

13. (c) If the mortgage is held in trust, the dates on which payments are to be made by the trustee (if applicable) to me (or us) are: (specify dates) n/a

14. Particulars of disbursements made for legal, brokerage or other fees or commissions in connection with the placement of the loan, including the names of recipients and amounts paid, are: (specify) see 12 above

#### B. Conditions:

1. (Instructions: Clauses (a) and (b) below refer to information which each investor may require from the lawyer. If you require the information referred to in a clause, initial the clause.)

The information which I (or we) require from you as my (or our) lawyer before you complete the transaction and make the advance is as follows:

(a) If my (or our) investment will be in a position other than a first mortgage or charge, details, including amounts, of all existing encumbrances outstanding.

(b) If the mortgage or charge is a syndicated mortgage, and a prospectus is necessary, a copy of the prospectus. We acknowledge and accept that you as my (or our) lawyer express no opinion as to the necessity for or validity of a prospectus.

2. (Instructions: Each investor to complete and initial clause (a) and, if clause (a) is answered in the affirmative, to complete (if necessary) and initial clause (b) and to initial clause (c).)

(a) I (or we) instruct you to obtain a current and independent appraisal of the subject property and provide it to me (or us) before you complete this mortgage transaction. (Specify yes or no.) No.

(b) The appraisal is to be paid by me (or us) or (specify name of person who is to pay for appraisal).



(c) I (or we) have been advised and accept that you as my (or our) lawyer do not express an opinion as to the validity of the appraisal.

C. Disclosure:

1. I (or we) acknowledge being advised by you as my (or our) lawyer that you do not have any direct or indirect interest in the borrower (or borrowers). *(Specify yes or no and indicate the date on which the lawyer advised you that he or she has no direct or indirect interest in the borrower or borrowers.)* Yes. September 6, 2012.

*(If the lawyer has an interest in the borrower or borrowers, he or she is unable to act for you on this loan (Rule 2.06 of the Rules of Professional Conduct).)*

(Warning:

1. You are cautioned that the responsibility for assessing the financial merits of the mortgage investment rests with the investor or investors at all times. The lawyer's responsibility is limited to ensuring the mortgage is legally registered on title in accordance with the investor's or investors' instructions. The lawyer is not permitted to personally guarantee the obligations of the borrower or borrowers nor the suitability of the property as security for the mortgage investment.

2. Any loss you may suffer on this mortgage investment will not be insured under the lawyer's professional liability policy if the lawyer has acted as a mortgage broker or has helped to arrange it. \*)

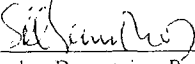
I (or we) hereby acknowledge receipt of a copy of this form prior to the advance of funds to or on behalf of the borrower (or borrowers). I (or we) further acknowledge having read and understood the above warnings.

Investor (or Investors):

368230 Ontario Limited  
21 Kern Road  
Toronto, Ontario  
M3B 1S9

*(Specify full name of the investor (or full names of the investors) and specify the investor's (or each investor's) address.)*

**368230 ONTARIO LIMITED**

Per:   
Stanley Bernstein - President



*(Signature of the investor (or of each investor))*

September 6, 2012

*(Date of signature)*

*\*(Pursuant to clause (g) of Part III of the Professional Liability Insurance Policy for Lawyers, the policy does not apply "to any CLAIM directly or indirectly arising as a result of the INSURED acting as a MORTGAGE BROKER or as an intermediary arranging any financial transaction usual to mortgage lending; or to any CLAIM arising from circumstances where the INSURED has provided PROFESSIONAL SERVICES in conjunction with the above".)*



**Form 9E****Report On The Investment**

*(Note to lawyer: In all private mortgage transactions, whether or not the mortgage was arranged by you, you must complete this form, or, alternatively, you must complete a reporting letter which includes responses to all numbered items in this form. If you complete this form, you must complete every numbered item on this form, with "n/a" being entered if the numbered item is not applicable. If you complete a reporting letter, you must respond to all numbered items in this form in your reporting letter. If a numbered item is not applicable, you must include it in your reporting letter and indicate that it is not applicable. After completion, an original of this form, or the reporting letter, must be delivered forthwith to each lender. This form may be entered on a word processor. For the definition of mortgage broker and other terms found in the clause of the Lawyers' Professional Indemnity Company Policy found at the bottom of this form, please refer to the policy.)*

To: *(Specify name and address of investor.)*

368230 Ontario Limited  
21 Kern Road  
Toronto, Ontario  
M3B 1S9

A. Details about the investment:

1. Name and address of borrower (or borrowers): *(specify)*

Cityview Industrial Ltd.  
c/o The Rose and Thistle Group Ltd.  
30 Hazelton Avenue  
Toronto, Ontario  
M5R 2E2

2. Name and address of guarantor (or guarantors) *(if any)*: *(specify)*

Ronauld and Norma Walton  
92 Truman Road  
Toronto, Ontario  
M2L 2L6

3. Legal description and municipal address of real property: *(specify)*

1 9-11 City View Drive  
Toronto, Ontario

Legal: PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922  
S/T TB79879 ETOBICOKE, CITY OF TORONTO; PIN: 07416-0021 (LT)

4. Type of property: *(specify, e.g., residence, vacant land, etc.)*

commercial

5. (a) Principal amount of mortgage or charge: *(specify)*

\$4,000,000.00

5. (b) Amount of loan advanced by you: *(specify)*

\$4,000,000.00

6. Rank of mortgage or charge is first *(or specify other rank)*.

First

7. Your investment of *(specify amount)* represents *(specify percentage)* of the total of this loan to the borrower *(or borrowers)*.

8. Date principal advanced: *(specify)*

September 4, 2012

9. (a) The term of loan is *(specify term of loan in months, years, etc.)*.

1 year

9. (b) The due date of the loan is *(specify date)*.

September 7, 2013

9. (c) The loan is amortized over *(specify number of years)*. N/A

10. The interest rate is 8% *(specify interest rate)* calculated monthly, not in advance *(or specify how interest rate is calculated)*.

11. Particulars of amounts and due dates *(monthly, quarterly, etc.)* of payments of principal and interest: **monthly, interest only**

12. Particulars and amounts of any bonus or holdback or any other special terms: **\$80,000.00 lender's fee**

13. Details of any existing encumbrances, including rank on title, balances outstanding, mortgagee name and maturity dates: *(specify)* N/A

14. In those instances in which the mortgage or charge is a collateral security, or if the mortgage or charge is collaterally secured, the details of other security are: *(specify)* N/A

15. (a) Particulars of disbursements made for legal, brokerage or other fees or commissions in connection with the placement of the loan, including the names of recipients and amounts paid, are: *(specify)* see 12 above

15. (b) Alternatively, I have advised I cannot confirm what independent commissions or fees are being charged to the borrower.

16. Registration number, date of registration and land registry office location: *(specify)*  
**First Charge registered on September 7, 2012 as Instrument number AT3123206 in the Registry Office for the Land Titles Division of Toronto (No. 80).**

17. Insurance particulars *(where relevant)*: *(specify)*

**Company: Intact Insurance Company**  
**Policy No.: INTACT1213**  
**Expiry: September 7, 2013**  
**Amount: \$5,000,000.00**

#### B. Conditions And Disclosure:

In accordance with your Form 9D [Investment Authority] request for information and disclosures prior to the advance of your money, I advise that I have previously provided you with the requested information and disclosures as follows:

1. Particulars of existing encumbrances outstanding: *(Specify yes or no, and if yes, specify date on which particulars were provided.)* N/A

2. In the case of a syndicated mortgage where a prospectus was required, a copy of the prospectus: *(Specify yes or no, and if yes, specify date on which prospectus was provided.)* N/A

I advised and you acknowledged that I gave no opinion as to the necessity or validity of a prospectus. N/A

3. Independent appraisal: *(Specify yes or no, and if yes, specify date on which independent appraisal was provided.)* N/A

I advised and you acknowledged that I gave no opinion as to the necessity or validity of an appraisal.

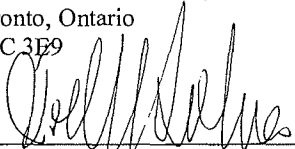


4. Any loss you may suffer on this mortgage investment will not be insured under the lawyers' professional liability policy if the lawyer has acted as a mortgage broker or has helped to arrange it.\*

I advised and you acknowledged having read and understood this warning.

*(Warning: You are cautioned that the responsibility for assessing the financial merits of the mortgage investment rests with the investor at all times. The lawyer's responsibility is limited to ensuring the mortgage is legally registered on title in accordance with the investor's instructions. The lawyer is not permitted to personally guarantee the obligations of the borrower or borrowers nor the suitability of the property as security for the mortgage investment.)*

Devry Smith Frank LLP  
95 Barber Greene Road, Suite 100  
Toronto, Ontario  
M3C 3E9

  
J. Todd Holmes  
(Signature of lawyer)

September 7, 2012  
(Date of signature)

*\*(Pursuant to clause (g) of Part III of the Professional Liability Insurance Policy for Lawyers, the policy does not apply "to any CLAIM directly or indirectly arising as a result of the INSURED acting as a MORTGAGE BROKER or as an intermediary arranging any financial transaction usual to mortgage lending; or to any CLAIM arising from circumstances where the INSURED has provided PROFESSIONAL SERVICES in conjunction with the above".)*

ACKNOWLEDGEMENT

TO: 368230 Ontario Limited

**Re: 368230 Ontario Limited mortgage loan of  
\$4,000,000 to Cityview Industrial Ltd. secured by  
1, 9-11 City View Drive, Toronto, Ontario**

---

The undersigned hereby acknowledges receipt of the attached copy of a registration statement indicating that a financing statement has been registered in the Personal Property Central Registration Branch naming it as a debtor in transactions with 368230 Ontario Limited.

DATED this 6<sup>th</sup> day of September, 2012.

**CITYVIEW INDUSTRIAL LTD.**

Per. 

Norma Walton President

**Verification Statement**

Cyberbahn Transaction ID: 4970210

**Form  
1C**

## Ontario: Financing Statement / Claim for Lien

		Reference File No. <b>681209496</b>				Registration No. <b>20120905154718627402</b>				Expiry Date <b>05 SEP 2017</b>		
		Cautions Filing	Page <b>1</b>	Total Pages <b>1</b>	Motor Vehicle Schedule					PPSA/RSLA <b>P</b>	Registration Period <b>5</b>	
Debtor	01											
	02	Individual Debtor	Date of Birth		First Given Name			Initial	Surname			
	03	Business Debtor	Name <b>CITYVIEW INDUSTRIAL LTD.</b>									
			Name cont'd								Ontario Corporation No.	
Debtor	04	Address <b>30 HAZELTON AVENUE</b>				City <b>TORONTO</b>		Prov. <b>ONT</b>	Postal Code <b>M5R 2E2</b>			
	05	Individual Debtor	Date of Birth		First Given Name			Initial	Surname			
	06	Business Debtor	Name									
			Name cont'd								Ontario Corporation No.	
Secured Party	07	Address				City		Prov.	Postal Code			
	08	Secured Party <b>368230 ONTARIO LIMITED</b>										
Collateral	09	Address <b>21 KERN ROAD</b>				City <b>TORONTO</b>		Prov. <b>ONT</b>	Postal Code <b>M3B 1S9</b>			
	10	Section 1: Collateral Classification				Section 2: Vehicle Included		Section 3: Principal Amount Secured		Section 4:		
		Consumer Goods	Inventory	Equipment	Accounts	Other	Type "X" if Motor Vehicle included	\$		Date of Maturity	No Fixed Date at Maturity	
	11	Year	Make				Model	Vehicle Identification No.				
Agent	12											
	13	General Collateral Description <b>GENERAL ASSIGNMENT OF RENTS DERIVED FROM 1, 9-11 CITY VIEW DRIVE,</b>										
	14	<b>TORONTO, ONTARIO</b>										
Agent	15											
	16	Registering Agent <b>DEVRY, SMITH &amp; FRANK LLP (JTH)</b>										
	17	Address <b>95 BARBER GREENE ROAD, SUITE 100</b>				City <b>TORONTO</b>		Prov. <b>ONT</b>	Postal Code <b>M3C 3E9</b>			

**IMPORTANT INFORMATION**

Due to the manner in which registrations are handled by the PPSR system, your original 3C Verification Statement ('Original Verification Statement') produced by the PPSR Registrar may contain warnings or error messages generated by the Ministry of Government and Consumer Services, Companies and Personal Property Security Branch. Your Cyberbahn verification statement will NOT contain these messages, and Cyberbahn strongly recommends, in all cases, that you review your Original Verification Statement to ensure that you are aware of any potential errors or warnings generated by the PPSA system. Cyberbahn is not responsible for system errors.

Should you have any questions, please do not hesitate to contact Cyberbahn.

Account No. (if applicable)/N° de compte (si pertinent) Registration Account Code/Code du compte d'enregistrement

Financing Change Statement/Change Statement  
État de modification du financement/État de modification2012/09/05 249 02646  
1862A201209058

Registration No. (for office use only) /N° d'enregistrement (usage interne)

YYYY/AAAA MMMM DD/JJ Time/Heure Branch/Bureau Sequence/Séquence

Ministry of Consumer and Business Services  
Ministère des Services aux Consommateurs et aux EntreprisesForm  
Formule 3C

(0553(03/95))

Registered Under (office use only)/  
Enregistré aux termes de (usage interne)

PPSA

Reference File Number/  
N° de dossier de référence

681209496

Renewal (B) OR Discharge (C)/  
Renouvellement (B) OU Mainlevée (C)Enter Number of Additional Years if Renewal (see reverse)/  
Indiquer le nombre d'années supplémentaires s'il s'agit d'un  
renouvellement (voir au verso).Individual Debtor (as recorded)/  
Débiteur particulier (tel qu'inscrit)

First Given Name/ Premier prénom

Initial/ Initiale Surname/ Nom de famille

Business Debtor (as recorded)/  
Débiteur commercial (tel qu'inscrit)

CITYVIEW INDUSTRIAL LTD.

Ontario Corporation No. /  
N° matricule de la  
personne morale en  
Ontario

Secured Party/Lien Claimant/ Registering Agent /Créancier garanti/Créancier privilégié/Agent d'enregistrement

Address/Adresse

City, etc./Ville, etc.

Prov./Prov. Postal Code/Code postal

DEVRY, SMITH & FRANK LLP (JTH)  
95 BARBER GREENE ROAD, SUITE 100  
TORONTO ONT M3C 3E9

## Authorized Signature/Signature autorisée

Name and Signature of Secured Party/Lien Claimant OR Name of Secured  
Party/Lien Claimant AND Name and Signature of Agent of Secured  
Party/Lien Claimant / Nom et signature du créancier garanti/créancier  
privilégié OU Nom du créancier garanti/créancier privilégié ET nom et  
signature de l'agent du créancier garanti/créancier privilégié.

This form must not be reproduced for registration purposes. / Cette formule ne doit pas être reproduite aux fins d'enregistrement.

(Cut along dotted line / Déterminez à la ligne pointillée)

This is not a Certificate issued under the PPSA. It is provided as a courtesy to assist you! Le présent n'est pas un certificat délivré en vertu de PPSA. Il est délivré à titre gracieux pour vous aider.

## Verification Statement/État de vérification

Item type/ type de immuble	Page/ Page	Line/ Ligne	*The expiry date calculated by the system may exceed the date on which the registration ceases to be effective. * La date d'expiration établie en vertu du système peut être postérieure à la date à laquelle l'enregistrement cesse d'être en vigueur.	Page/ Page	OF DE	Total Pages/ Nombre de pages	*Expiry Date/ Date d'expiration YYYY/AAAA MM/MM DD/JJ
				1		1	2017/09/05
LC	1	00	681209496				
LC	1	01	CAUTION FILING/AVERTIS:	PAGE:	1 OF/DE:	1	MV SCHEDULE
LC	1	01	ATTACHED/LISTE VA:	REG NUM/NO ENREGIST:	20120905 1547 1862 7402		
LC	1	01	REG UNDER/T. ENREG: P	REG PERIOD/PERIODE:	5		
LC	1	03	CITYVIEW INDUSTRIAL LTD.				
LC	1	04	30 HAZELTON AVENUE				
LC	1	04	TORONTO	ONT	M5R 2E2		
LC	1	08	368230 ONTARIO LIMITED				
LC	1	09	21 KERN ROAD				
LC	1	09	TORONTO	ONT	M3B 1S9		
LC	1	10	CONS GOODS/BIENS CONS:	INVTRY/STOCK:	EQUIP/MATER:		
LC	1	10	ACCTS/COMPT: X	OTHER/AUTRE: X	MV INCL/VA INCLUS:		
LC	1	10	AMOUNT/MONTANT:	DATE OF MATURITY/DATE ECHEANCE:			
LC	1	10	NO FIXED MAT DATE/D ECHE PAS DET:				
LC	1	13	GENERAL ASSIGNMENT OF RENTS DERIVED FROM 1, 9-11 CITY VIEW DRIVE,				
LC	1	14	TORONTO, ONTARIO				
LC	1	16	DEVRY, SMITH & FRANK LLP (JTH)				
LC	1	17	95 BARBER GREENE ROAD, SUITE 100				
LC	1	17	TORONTO	ONT	M3C 3E9		

\*\*\* VERIFY IMMEDIATELY UPON RECEIPT / VERIFIEZ IMMEDIATEMENT VOTRE AVIS \*\*\*

CERTIFICATE #:  
 NO DE CERTIFICAT:  
 19356981-8697378B

CLEAR CERTIFICATE / CERTIFICAT LIBRE

SHERIFF OF /  
 SHERIF DE: CITY OF TORONTO (TORONTO)

DATE OF CERTIFICATE /  
 DATE DU CERTIFICAT : 2012-09-07

THIS CERTIFIES THAT THERE ARE NO WRITS OF EXECUTION, EXTENT OR  
 CERTIFICATES OF LIEN IN MY HANDS AT THE TIME OF SEARCHING AGAINST  
 THE REAL AND PERSONAL PROPERTY OF:

I CERTIFIE, PAR LA PRESENTE, NE PAS AVOIR DE BREF D'EXECUTION,  
 DE CERTIFICAT DE PRIVILEGE, NI D'ORDONNANCE EN MA POSSESSION  
 AU MOMENT DE LA RECHERCHE VISANT LES BIENS MEUBLES OU IMMEUBLES DE:

SURNAME / NOM GIVEN NAME(S) / PRENOM(S)

=====

(COMPANY/SOCIETE) CITYVIEW INDUSTRIAL LTD.

NOTATION TO PARTY REQUESTING SEARCH:  
 ASSURE THAT THE ABOVE INDICATED NAME IS THE SAME AS THE NAME SEARCHED.  
 THIS NAME WILL REMAIN CLEAR UNTIL THE CLOSE OF BUSINESS THIS DATE.

NOTIFICATION A LA PARTIE QUI DEMANDE LA RECHERCHE:  
 ASSUREZ-VOUS QUE LE NOM INDIQUE CI-DESSUS EST LE MEME QUE CELUI QUI  
 EST RECHERCHE. CET ETAT DEMEURE VALIDE JUSQU'A LA FIN DE LA JOURNEE  
 DE TRAVAIL.

CHARGE FOR THIS CERTIFICATE /  
 FRAIS POUR CE CERTIFICAT : \$11.00

SEARCHER REFERENCE /  
 REFERENCE CONCERNANT L'AUTEUR DE LA DEMANDE: LESL043

CERTIFICATE OF INSURANCE					ISSUE DATE (MM/DD/YY) 09/07/2012																	
<b>BROKER</b>  <div style="margin-top: 10px;"> <b>HUB International HKMB Limited</b>            595 Bay Street, Ste 900            Toronto, ON M5G 2E3            PHONE: 416-597-0008 FAX: 416-597-2313         </div>			This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the policies below.																			
<b>INSURED'S FULL NAME AND MAILING ADDRESS</b> Cityview Industrial Ltd. 30 Hazelton Avenue Toronto, ON M5R 2E2			Company A	Intact Insurance Company																		
			Company B																			
			Company C																			
			Company D																			
			Company E																			
<b>COVERAGES</b>																						
This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated, not withstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies. Limits shown may have been reduced by paid claims.																						
<b>TYPE OF INSURANCE</b> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE  AUTOMOBILE LIABILITY <input type="checkbox"/> DESCRIBED AUTOMOBILES <input type="checkbox"/> ALL OWNED AUTOMOBILES <input type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <small>**ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE</small> EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	CO LTR A	POLICY NUMBER INTACT1213	POLICY EFFECTIVE DATE (MM/DD/YY) 09/07/2012	POLICY EXPIRATION DATE (MM/DD/YY) 09/07/2013	<b>LIMITS OF LIABILITY</b> (Canadian dollars unless indicated otherwise) <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">EACH OCCURRENCE</td><td style="width: 20%; text-align: right;">\$ 5,000,000</td></tr> <tr><td>GENERAL AGGREGATE</td><td style="text-align: right;">\$</td></tr> <tr><td>PRODUCTS - COMP/OP AGGREGATE</td><td style="text-align: right;">\$ 5,000,000</td></tr> <tr><td>PERSONAL INJURY</td><td style="text-align: right;">\$ 5,000,000</td></tr> <tr><td>EMPLOYER'S LIABILITY</td><td style="text-align: right;">\$ 5,000,000</td></tr> <tr><td>TENANT'S LEGAL LIABILITY</td><td style="text-align: right;">\$ 1,000,000</td></tr> <tr><td>NON-OWNED AUTOMOBILE</td><td style="text-align: right;">\$ 5,000,000</td></tr> <tr><td>HIRED AUTOMOBILE</td><td style="text-align: right;">\$ 50,000</td></tr> </table>		EACH OCCURRENCE	\$ 5,000,000	GENERAL AGGREGATE	\$	PRODUCTS - COMP/OP AGGREGATE	\$ 5,000,000	PERSONAL INJURY	\$ 5,000,000	EMPLOYER'S LIABILITY	\$ 5,000,000	TENANT'S LEGAL LIABILITY	\$ 1,000,000	NON-OWNED AUTOMOBILE	\$ 5,000,000	HIRED AUTOMOBILE	\$ 50,000
EACH OCCURRENCE	\$ 5,000,000																					
GENERAL AGGREGATE	\$																					
PRODUCTS - COMP/OP AGGREGATE	\$ 5,000,000																					
PERSONAL INJURY	\$ 5,000,000																					
EMPLOYER'S LIABILITY	\$ 5,000,000																					
TENANT'S LEGAL LIABILITY	\$ 1,000,000																					
NON-OWNED AUTOMOBILE	\$ 5,000,000																					
HIRED AUTOMOBILE	\$ 50,000																					
OTHER (SPECIFY)	A	Intact1213	09/07/2012	09/07/2013	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">Building #1</td><td style="width: 20%; text-align: right;">\$ 2,000,000</td></tr> <tr><td>Building #2</td><td style="text-align: right;">\$ 4,048,000</td></tr> <tr><td>Rental Income Building #2</td><td style="text-align: right;">\$ 360,000</td></tr> <tr><td>Equipment Breakdown Bldg #2</td><td style="text-align: right;">\$ 4,048,000</td></tr> <tr><td></td><td style="text-align: right;">\$</td></tr> </table>		Building #1	\$ 2,000,000	Building #2	\$ 4,048,000	Rental Income Building #2	\$ 360,000	Equipment Breakdown Bldg #2	\$ 4,048,000		\$						
Building #1	\$ 2,000,000																					
Building #2	\$ 4,048,000																					
Rental Income Building #2	\$ 360,000																					
Equipment Breakdown Bldg #2	\$ 4,048,000																					
	\$																					
<b>DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS/ ADDITIONAL INSURED</b> RE: Building #1 1 City View Drive, Etobicoke, ON M9W 5A5 RE: Building #2 9-11 City View Drive, Etobicoke ON M9W 5A5  All Risks including Flood, Earthquake, Sewer Back-up, By-laws. Stated Amount Co-Insurance subject to policy standard exclusions, Replacement Cost Valuation.  Deductibles \$50,000 all claims except: \$10,000 Equipment Breakdown \$50,000 Flood 3% or \$100,000 Earthquake (continued next page)																						
<b>CERTIFICATE HOLDER</b>  368230 Ontario Ltd. 60 Post Road Toronto, ON M3B 1H8			<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOUR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.  <b>AUTHORIZED REPRESENTATIVE</b>  <div style="text-align: right;">             Per: _____            Page 1 of 2         </div>																			

AGENCY CUSTOMER ID: \_\_\_\_\_

LOC #: \_\_\_\_\_

**ADDITIONAL REMARKS SCHEDULE**

Page 2 of 2

PRODUCER HUB International HKMB Limited		INSURED Cityview Industrial Ltd.
POLICY NUMBER		
CARRIER	NAIC CODE	ISSUE DATE: 09/07/2012

**ADDITIONAL REMARKS**

(continued from previous page)

\$ 5,000 Sewer Backup

368230 Ontario Ltd. is added as 1st Mortgagee but only with respect to their interest in the Buildings as indicated above.

CERTIFICATE NUMBER: VPWWKVCP

Request ID: 014454029  
Demande n°:  
Transaction ID: 048267412  
Transaction n°:  
Category ID: CT  
Catégorie:

Province of Ontario  
Province de l'Ontario  
Ministry of Government Services  
Ministère des Services gouvernementaux

Date Report Produced: 2012/07/20  
Document produit le:  
Time Report Produced: 14:01:38  
Imprimé à:

## **Certificate of Incorporation Certificat de constitution**

This is to certify that

Ceci certifie que

**CITYVIEW INDUSTRIAL LTD.**

Ontario Corporation No.

Numéro matricule de la personne morale en  
Ontario

**002336144**

is a corporation incorporated,  
under the laws of the Province of Ontario.

est une société constituée aux termes  
des lois de la province de l'Ontario.

These articles of incorporation  
are effective on

Les présents statuts constitutifs  
entrent en vigueur le

**JULY 20 JUILLET, 2012**



Director/Directrice  
Business Corporations Act/Loi sur les sociétés par actions



Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

14454029

2336144

## FORM 1

## FORMULE NUMÉRO 1

BUSINESS CORPORATIONS ACT

LOI SUR LES SOCIÉTÉS PAR ACTIONS

ARTICLES OF INCORPORATION  
STATUTS CONSTITUTIFS

1. The name of the corporation is: *Dénomination sociale de la compagnie:*  
CITYVIEW INDUSTRIAL LTD.

2. The address of the registered office is: *Adresse du siège social:*

30 HAZELTON AVENUE

(Street & Number, or R.R. Number & if Multi-Office Building give Room No.)  
(Rue et numéro, ou numéro de la R.R. et, s'il s'agit d'édifice à bureau, numéro du bureau)

TORONTO  
CANADA

(Name of Municipality or Post Office)  
(Nom de la municipalité ou du bureau de poste)

ONTARIO  
M5R 2E2  
(Postal Code/Code postal)

3. Number (or minimum and maximum  
number) of directors is:  
Minimum 1

*Nombre (ou nombres minimal et maximal)  
d'administrateurs:*  
Maximum 15

4. The first director(s) is/are:

*Premier(s) administrateur(s):*

First name, initials and surname  
*Prénom, initiales et nom de famille*

Resident Canadian State Yes or No  
*Résident Canadien Oui/Non*

Address for service, giving Street & No.  
or R.R. No., Municipality and Postal Code

*Domicile élu, y compris la rue et le  
numéro, le numéro de la R.R., ou le nom  
de la municipalité et le code postal*

\* RONAULD  
WALTON

YES

30 HAZELTON AVENUE

TORONTO ONTARIO  
CANADA M5R 2E2

Page: 2

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

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2336144

\* NORMA  
WALTON

YES

30 HAZELTON AVENUE

TORONTO ONTARIO  
CANADA M5R 2E2

Page: 3

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

14454029

2336144

- 
5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.  
*Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.*

There are no restrictions on the business the Corporation may carry on or on powers the Corporation may exercise.

6. The classes and any maximum number of shares that the corporation is authorized to issue:  
*Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:*

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of Preference Shares.

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

14454029

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

**Preference Shares**

The Preference Shares shall have attached to them the following rights, privileges, restrictions and conditions:

(a) **Non-Cumulative Preferential Dividends:** The registered holders of the Preference Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the directors in any financial year as the directors may by resolution determine, out of the moneys of the Corporation properly applicable to the payment of dividends, non-cumulative preferential cash dividends at the rate of up to 25% per annum on the amount paid up per Preference Share and payable rateably per share. The Corporation shall not declare or pay or set apart for payment any dividends on any other shares or classes of shares until all dividends declared on the Preference Shares then issued and outstanding have been paid in full.

(b) **Participation in Assets on Dissolution:** Upon the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the registered holders of the Preference Shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among the holders of any other shares, the amount in the stated capital account maintained for the Preference Shares and any dividends declared thereon and unpaid, payable rateably per share.

(c) **Redemption of Preference Shares:** Subject to the provisions of the Business Corporations Act as amended or re-enacted from time to time, the Corporation, upon giving notice as provided in this paragraph, may redeem the whole or any part of the Preference Shares on payment, for each share to be redeemed, of a price per share equal to the amount in the stated capital account maintained for the Preference Shares together with all dividends declared thereon and unpaid divided by the number of issued Preference Shares outstanding immediately prior to giving effect to such redemption. Not less than 30 days notice in writing of such redemption shall be given by mailing such notice to the registered holders of the shares to be redeemed specifying the price, the number of shares held by the registered holder which are to be redeemed and the date and place or places of redemption. In case a part only of the then outstanding Preference Shares is at any time to be redeemed, the shares so to be redeemed shall be selected by lot in such manner as the directors in their discretion shall decide or, if the directors so determine, may be redeemed pro rata, disregarding fractions, and the directors may make such adjustments as may be necessary to avoid the redemption of fractional parts of shares. If such notice has been given by the Corporation and an amount sufficient to redeem such shares has been deposited with any trust company or chartered bank in Canada, as specified in the notice, the holders of such shares shall thereafter have no

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

14454029

2336144

7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

rights against the Corporation in respect of the shares except, upon the surrender of the certificates (if any) for such shares, to receive payment for the redemption of the shares out of the moneys so deposited. Any interest allowed on any such deposit shall belong to the Corporation. Subject to applicable law, moneys so deposited which have not been claimed within six years after the date of their deposit shall be returned to and thereafter belong to the Corporation.

(d) No Voting Rights: Subject to the provisions of the Business Corporations Act as amended or re-enacted from time to time, the holders of the Preference Shares, as such, shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting. The registered holders of the Preference Shares shall, however, be entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Corporation or the sale, lease or exchange of all or substantially all the property of the Corporation other than in the ordinary course of business of the Corporation under subsection 184 (3) of the Business Corporations Act as amended or re-enacted from time to time.

#### Common Shares

The Common Shares shall have attached to them the following rights, privileges, restrictions and conditions:

- (a) Dividends: Subject to the prior rights attaching to the Preference Shares, the registered holders of the Common Shares shall be entitled to receive and the Corporation shall pay, any dividend declared by the directors, as and when declared by the directors in any financial years as the directors may by resolution determine, out of the moneys of the Corporation properly applicable to the payment of dividends.
- (b) Participation in Assets on Dissolution: Subject to the prior rights attaching to the Preference Shares, the registered holders of the Common Shares shall be entitled to receive the remaining property of the Corporation upon the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, and any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs.
- (c) Voting Rights: The holder of a Common Share shall be entitled to one (1) vote for each Common Share held (in person or by proxy), at any meeting of shareholders of the Corporation (other than meetings of the holders of another class of shares).

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Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

14454029

2336144

- 
8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:

*L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:*

No shares of the Corporation shall be transferred without the consent of the directors of the Corporation expressed by a resolution passed by a majority of the board of directors or by an instrument or instruments in writing signed by all of the directors then in office

Request ID / Demande n°

Ontario Corporation Number  
Numéro de la compagnie en Ontario

14454029

2336144

9. Other provisions, (if any, are):  
*Autres dispositions, s'il y a lieu:*

(a) The number of shareholders of the Corporation, exclusive of persons who are in its employment and exclusive of persons who, having been formerly in the employment of the Corporation, were, while in that employment, and have continued after termination of that employment to be, shareholders of the Corporation, is limited to not more than 50. Two or more persons who are the joint registered owners of one or more shares shall be counted as one shareholder.

(b) Any invitation to the public to subscribe for securities of the Corporation is prohibited.

(c) Subject to the provisions of the Business Corporations Act as amended or re-enacted from time to time, the directors of the Corporation may, without authorization of the shareholders:

- i) borrow money on the credit of the Corporation;
- ii) issue, reissue, sell or pledge debt obligations of the Corporation;
- iii) give a guarantee on behalf of the Corporation to secure performance of an obligation of any person;
- iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation; and
- v) by resolution delegate any or all of the foregoing powers to a director, a committee of directors or an officer of the Corporation.

Nothing in this paragraph (c) shall limit or restrict the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

(d) Subject to the provisions of the Business Corporations Act as amended or re-enacted from time to time, and the provisions above, the Corporation may at any time purchase or otherwise acquire all or any part of the Preference Shares or all or any part of the Common Shares.

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Numéro de la compagnie en Ontario

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- 
10. The names and addresses of the incorporators are  
*Nom et adresse des fondateurs*

First name, initials and last name  
or corporate name

*Prénom, initiale et nom de  
famille ou dénomination sociale*

Full address for service or address of registered office or of principal place of business  
giving street & No. or R.R. No., municipality and postal code  
*Domicile élu, adresse du siège social ou adresse de l'établissement principal, y compris  
la rue et le numéro, le numéro de la R.R., le nom de la municipalité et le code postal*

\* RONAULD WALTON

30 HAZELTON AVENUE

TORONTO ONTARIO  
CANADA M5R 2E2

\* NORMA WALTON

30 HAZELTON AVENUE

TORONTO ONTARIO  
CANADA M5R 2E2



Name of Corporation CITYVIEW INDUSTRIAL LTD.	Ontario Corporation Number 2336144
	Request ID 14454029

ADDITIONAL INFORMATION FOR ELECTRONIC INCORPORATIONCONTACT PERSON

First Name	Last Name
Tom	Trklja
Name of Law Firm	
Walton Advocates	

ADDRESS

Street #	Street Name	Suite #
30	Hazelton Avenue	
Additional Information		City
		Toronto
Province	Country	Postal Code
ONTARIO	CANADA	M5R 2E2

TELEPHONE #: 416-489-3171

NUANS SEARCH DETAILS

Corporate Name Searched on NUANS (1)  
CITYVIEW INDUSTRIAL LTD.

NUANS Reservation Reference #  
106457963

Date of NUANS Report  
2012/07/20

Name of Corporation <b>CITYVIEW INDUSTRIAL LTD.</b>	Ontario Corporation Number <b>2336144</b>
	Request ID <b>14454029</b>

### ELECTRONIC INCORPORATION TERMS AND CONDITIONS

The following are the terms and conditions for the electronic filing of Articles of Incorporation under the Ontario *Business Corporations Act* (OBCA) with the Ministry of Government Services. Agreement to these terms and conditions by at least one of the incorporators listed in article 10 of the Articles of Incorporation is a mandatory requirement for electronic incorporation.

- 1) The applicant is required to obtain an Ontario biased or weighted NUANS search report for the proposed name. The applicant must provide the NUANS name searched, the NUANS reservation number and the date of the NUANS report. The NUANS report must be kept in electronic or paper format at the corporation's registered office address.
- 2) All first directors named in the articles must sign a consent in the prescribed form. The original consent must be kept at the corporation's registered office address.
- 3) A Corporation acquiring a name identical to that of another corporation must indicate that due diligence has been exercised in verifying that the Corporation meets the requirements of Subsection 6(1) of Regulation 62 made under the OBCA. Otherwise, the Corporation is required to obtain a legal opinion on legal letterhead signed by a lawyer qualified to practise in Ontario that clearly indicates that the corporations involved comply with Subsection 6(2) of that Regulation by referring to each clause specifically. The original of this legal opinion must be kept at the Corporation's registered office address. The applicant must complete the electronic version of this legal opinion provided by one of the Service Providers under contract with the Ministry.
- 4) The date of the Certificate of Incorporation will be the date the articles are updated to the ONBIS electronic public record database. Articles submitted electronically outside MGS, ONBIS access hours, will receive an endorsement date effective the next business day when the system resumes operation, if the submitted Articles of Incorporation meet all requirements for electronic incorporation. Articles of Incorporation submitted during system difficulties will receive an endorsement date effective the date the articles are updated to the ONBIS system.
- 5) The electronic Articles of Incorporation must be in the format approved by the Ministry and submitted through one of the Service Providers under contract with the Ministry.
- 6) Upon receipt of the Certificate of Incorporation issued by the ONBIS system, a duplicate copy of the Articles of Incorporation with the Ontario Corporation Number and the Certificate of Incorporation must be kept in paper or electronic format. The Ministry will print and microfilm copies of the Certificate of Incorporation, the Articles of Incorporation and any other documentation submitted electronically. These will be considered the true original filed copies.
- 7) The sole responsibility for correctness and completeness of the Articles of Incorporation, and for compliance with the OBCA and all regulations made under it, lies with the incorporator(s) and/or their legal advisor(s), if any.

The incorporator(s) have read the above Terms and Conditions and they understand and agree to them.

I am an incorporator or I am duly authorized to represent and bind the incorporator(s).

First Name  
Norma

Last Name  
Walton

**RESOLUTION OF THE DIRECTORS  
OF  
CITYVIEW INDUSTRIAL LTD.  
(the "Corporation")**


**WHEREAS** the directors of the Corporation are authorized from time to time to borrow money, to enter into and authorize agreements and issue securities of the Corporation and it is in the interests of the Corporation that the directors exercise such authority;

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Corporation execute and deliver a first charge/mortgage of land (the "**Charge**") in favour of the Chargee in the principal amount of \$4,000,000.00 securing 1, 9-11 City View Drive, Toronto, Ontario (the "**Property**"), substantially in the form of the draft charge/mortgage submitted to the directors.
2. The Corporation execute and deliver an assignment of the rents derived from the Property (the "**Assignment of Rents**") in favour of the Chargee as security for the indebtedness, liabilities and obligations of the Corporation to the Chargee pursuant to the Charge, substantially in the form of the draft assignment submitted to the directors.
3. The President is hereby authorized for and on behalf of the Corporation to execute and deliver to the Chargee the Charge, the Assignment of Rents and any other security or other documents with such alterations, additions, amendments and deletions as may be approved by the President, whose signature shall be conclusive evidence of such approval.
4. The President is hereby authorized for and in the name of the Corporation to execute and deliver all such other documents and to do all such other acts and things as may be necessary or desirable to give effect to this resolution or as may be reasonably required by the Chargee.

I HEREBY CERTIFY that the foregoing is a duplicate original resolution of the directors of the Corporation consented to by all the directors of the Corporation in pursuance of the *Business Corporations Act* and that the said resolution is still in full force and effect unamended.

**WITNESS** my hand this 6 day of September, 2012.

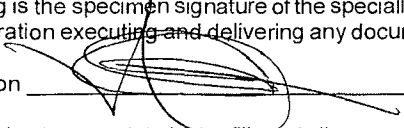
  
Norma Walton - Secretary

**CERTIFICATE OF CORPORATE AUTHORITY**

TO: 368230 Ontario Limited (the “Chargee”)

AND TO: Devry Smith Frank LLP, its solicitors

Cityview Industrial Ltd. (the “Corporation”) hereby certifies as follows:

1. The Corporation was incorporated under the laws of the Province of Ontario by certificate and articles of incorporation effective on July 20, 2012. The constating documents of the Corporation are in full force and effect and no proceedings have been taken or are pending to amend, surrender or cancel the same.
2. The officer of the Corporation is:  
  
Norma Walton - President; Secretary; Treasurer
3. The directors of the Corporation are:  
  
Norma Walton  
Ronald Walton
4. The following is the specimen signature of the specially designated authorized signing officer of the Corporation executing and delivering any documentation on its behalf to the Chargee:  
  
Norma Walton 
5. The Corporation is up to date in the filing of all returns and other documents required by the *Corporations Information Act*, and no notice of any proceedings to cancel its constating documents or otherwise terminate its existence has been received by it.
6. No winding-up, liquidation, dissolution, insolvency, bankruptcy or amalgamation proceedings have been commenced or are contemplated by the Corporation, its shareholders, directors or officers, and no such proceeding has been commenced in respect of the Corporation by any other party.
7. The Corporation has not been served with notice of any litigation or other legal proceedings, and no action or other litigation proceeding is pending or has been threatened against the Corporation.
8. The Corporation has been duly organized and is validly subsisting and in good standing under the laws of the Province of Ontario; it has the power to own or lease its property and to carry on its business as now conducted by it; it is conducting its business in compliance with all applicable rules, laws and regulations of the Province of Ontario and is duly licensed, registered and qualified to do business and is in good standing in the Province of Ontario; and all such licences, registrations and qualifications are valid and subsisting and in good standing.
9. No person, firm or corporation has any agreement or option or any right or privilege capable of becoming an agreement for the purchase of any properties or assets of the Corporation

- 2 -

out of the ordinary course of business.

10. The Corporation has the capacity, full power, legal right and authority to provide the security required to be provided by the Corporation to the Chargee.
11. The execution, issuance and delivery of the security to the Chargee by the Corporation have been duly authorized by all necessary corporate action on the part of the Corporation, and such security, when duly executed and delivered by the Corporation, will constitute valid and legally binding obligations of the Corporation enforceable against it in accordance with the terms thereof.
12. The Corporation is not aware, after due inquiry, of any material adverse default or breach, or of any state of affairs which after notice or lapse of time or both would constitute a default or breach of any contract or any other instrument to which the Corporation is a party or by which it may be bound.
13. The execution and delivery to the Chargee of the security by the Corporation will not conflict with, result in a breach of or constitute a default under the constating documents or by-laws of the Corporation, or any agreement or instrument to which the Corporation is a party or is otherwise bound, and no other consents or approvals are required in connection with such matters from any other party or any governmental body, agency or authority.

This certificate shall remain in force and be binding upon the Corporation and may be acted upon by the Chargee at any time.

DATED this 6th day of September, 2012.

**CITYVIEW INDUSTRIAL LTD.**

Per: 

Norma Walton - President

DIRECTION

TO: 368230 Ontario Limited

**Re: 368230 Ontario Limited mortgage loan of  
\$4,000,000 to Cityview Industrial Ltd. secured by  
1, 9-11 City View Drive, Toronto, Ontario**

The undersigned hereby authorizes and directs you to pay the initial advance under the above-referenced loan to *Devry Smith Frank LLP, in trust*, or as they may otherwise direct, and this shall be your good and sufficient authority for so doing.

DATED this 6<sup>th</sup> day of September, 2012.

CITYVIEW INDUSTRIAL LTD.

Per:   
Norma Walton - President



DIRECTION

TO: 368230 Ontario Limited

AND TO: Devry Smith Frank LLP, its solicitors

**Re: 368230 Ontario Limited mortgage loan of  
\$4,000,000 to Cityview Industrial Ltd. secured by  
1, 9-11 City View Drive, Toronto, Ontario**

We hereby authorize and direct you to pay the advance in respect of the above-referenced transaction as follows:

1. The sum of \$ 3,915,788.<sup>00</sup> payable to Goldstein Rosen & Rassos LLP, in trust; and
2. The sum of \$ 4,212.<sup>00</sup> payable to Chicago Title Insurance Company;

and this shall be your good and sufficient authority for so doing.

DATED this 6<sup>th</sup> day of September, 2012.

CITYVIEW INDUSTRIAL LTD.

Per:   
Norma Walton - President



STATUTORY DECLARATION

CANADA	)	IN THE MATTER OF the land and
	)	premises municipally known as 1, 9-11
PROVINCE OF ONTARIO	)	City View Drive, Toronto, Ontario, more
	)	particularly described in Schedule "A"
	)	attached hereto (the " <b>Property</b> ") and the
	)	charge/mortgage thereof by Cityview
	)	Industrial Ltd. (the " <b>Corporation</b> ") in
TO WIT:	)	favour of 368230 Ontario Limited

I, NORMA WALTON, do solemnly declare that:

1. I am the President of the Corporation and as such have knowledge of the matters hereinafter deposed to.
2. The Corporation is the absolute owner of the Property and either personally or by its tenants has been in the actual, peaceable, continuous, exclusive, open, undisturbed and undisputed possession and occupation thereof and of the buildings used in connection therewith (the "**Buildings**") from September 7, 2012.
3. Except as may be disclosed by the registered title, there is no encumbrance or easement whatsoever affecting the Property.
4. I am not aware of any person having any claim or interest in the Property inconsistent with the Corporation's title and I am positive that no such claim or interest exists.
5. The Corporation's possession and occupation of the Property has been undisturbed throughout by any action, suit or other proceeding, adverse possession or otherwise on the part of any person, and during such possession and occupation no payment has ever been made or acknowledgement of title given by the Corporation or, so far as I know, by anyone else to any person in respect of any right, title, interest or claim in, to or upon the Property.
6. This declaration and the registered title fully and fairly disclose all facts material to the title claimed by the Corporation.
7. The title deeds, evidences of title and other papers which have been produced by me are all the title deeds, evidences of title and other papers relating to the Corporation's title to the Property in my possession, and such title deeds, evidences of title and other papers produced and this declaration and the registered title fairly disclose all facts material to the title claimed by the Corporation and all contracts and dealings which affect the same or any part thereof.
8. The Buildings are situated wholly within the limits of the Property, there is no dispute as to the boundaries of the Property, and I have never heard of any claim of easement affecting the Property, either for light, drainage, right-of-way or otherwise, save as may be disclosed by the registered title.
9. There are no executions affecting the Property.

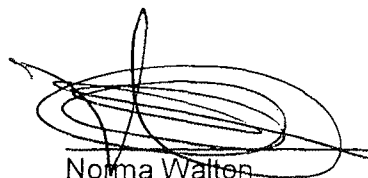
10. Taxes on the Property are paid up to date.
11. To the best of my knowledge and belief, the Buildings do not contain any urea formaldehyde foam insulation.
12. There are no construction liens registered against the Property nor any claims for which such liens could be registered as all such claims have been paid in full.
13. The Corporation is not a non-resident of Canada within the meaning of section 116 of the *Income Tax Act*.
14. No fixtures affixed to the Property or to the Buildings and owned by the Corporation are subject to any conditional sale contracts or lien notes, and the Corporation is the absolute owner of all such fixtures free from encumbrances.
15. To the best of my knowledge and belief, the Property and the Buildings do not contravene any governmental act, by-law or regulation. To the best of my knowledge and belief, there are no unsatisfied orders or directions or notices of any kind by any governmental authority regarding non-compliance with respect to any alteration, improvement or other work to be done or performed on the Property or to the Buildings or to any plumbing, heating, water, drainage or electrical systems, fixtures or works located on the Property or in the Buildings. To the best of my knowledge and belief, there is no claim or charge by any governmental authority against the Property or the Buildings or against the Corporation for the expense of anything done or directed to be done on the Property or to the Buildings.
16. Except for current billings, there is nothing owing for any utilities supplied to the Property or the Buildings or for fittings, machines, apparatus, meters or other things used in connection with any such utilities on the Property or in the Buildings, or for any work or service performed in connection with any such utilities, of which I am aware.
17. The Buildings are connected with the municipal sewer system. The systems for the supply of water and electrical power to the Buildings are all operational.
18. The Corporation does not own any land abutting the Property.
19. The Corporation has not received any notice of expropriation from any governmental authority having jurisdiction.
20. All premiums are paid in respect of all insurance policies on the Property and the Buildings for the full terms thereof.

AND I MAKE THIS SOLEMN DECLARATION conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath.

DECLARED before me at the City of Toronto,  
in the Province of Ontario this 6<sup>th</sup>  
day of September, 2012.

A Commissioner, etc.

)  
)  
)  
)  
)  
)

  
Norma Walton

SCHEDULE "A"  
LEGAL DESCRIPTION OF PROPERTY

PT LT 22 CON 2 FRONTING THE HUMBER, AS IN TB80921, S/T TB159922 S/T TB79879  
ETOBICOKE , CITY OF TORONTO

PIN: 07416-0021 (LT)

CONFIRMATION AND VERIFICATION OF IDENTITY

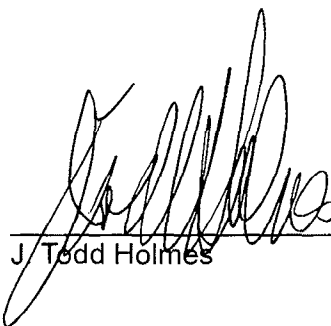
TO: 368230 Ontario Limited

AND TO: Devry Smith Frank LLP, its solicitors

**Re: 368230 Ontario Limited (the "Lender") mortgage loan to Cityview Industrial Ltd.  
secured by 1, 9-11 City View Drive, Toronto, Ontario**

I am a solicitor in good standing with the Law Society of Upper Canada. I acknowledge that the Lender is relying on me for confirmation as to the identity of Ronauld Walton. To this end, I confirm that I have examined the identification of Ronauld Walton. Based on this identification, I confirm to you that the party appearing before me purporting to be Ronauld Walton, who executed loan and security documents is, to the best of my knowledge and belief, Ronauld Walton.

DATED this 6<sup>th</sup> day of September, 2012

  
\_\_\_\_\_  
J. Todd Holmes

I, Ronauld Walton, confirm that and verify that I am the person so appearing and the identification produced is my true identity.

DATED this 6<sup>th</sup> day of September, 2012

  
\_\_\_\_\_  
Ronauld Walton

Ontario Driver's Licence Permis de conduire ON CANADA

WALTON  
KENNEDY  
90 TRUMAN RD  
TORONTO ON M2G 2N6

NUMBER  
W0323 - 66845 - 90811

ISSUE  
2012/02/09

EXPIRY  
2016/08/11

SEX  
M

DOB  
1964/08/11

HEIGHT  
196 CM

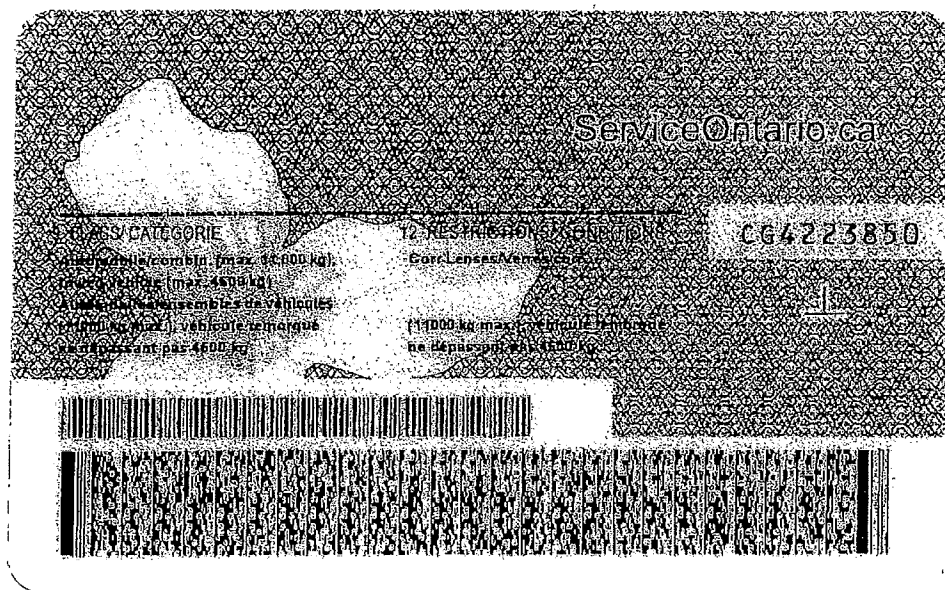
WEIGHT  
75 KG

HAIR  
BRN

EYES  
BLU

SKIN  
FIR

1559/08/11 2143258



## CONFIRMATION AND VERIFICATION OF IDENTITY

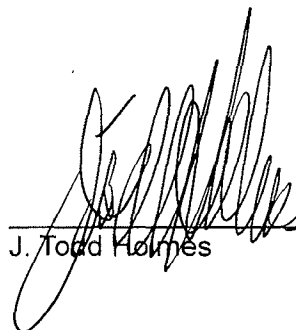
TO: 368230 Ontario Limited

AND TO: Devry Smith Frank LLP, its solicitors

**Re: 368230 Ontario Limited (the "Lender") mortgage loan to Cityview Industrial Ltd.  
(the "Borrower") secured by 1, 9-11 City View Drive, Toronto, Ontario**

I am a solicitor in good standing with the Law Society of Upper Canada. I acknowledge that the Lender is relying on me for confirmation as to the identity of Norma Walton, President of the Borrower. To this end, I confirm that I have examined the identification of Norma Walton. Based on this identification, I confirm to you that the party appearing before me purporting to be Norma Walton, who executed loan and security documents as President of the Borrower is, to the best of my knowledge and belief, Norma Walton.

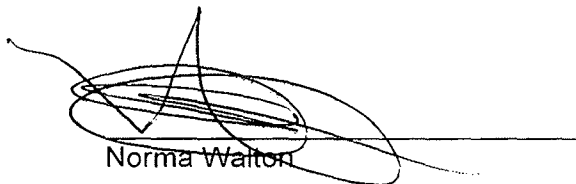
DATED this 6<sup>th</sup> day of September, 2012



J. Todd Holmes

I, Norma Walton, confirm that and verify that I am the person so appearing and the identification produced is my true identity.

DATED this 6<sup>th</sup> day of September, 2012



Norma Walton

Ontario Driver's Licence / Permis de conduire ON CANADA

WILSON  
WILSON  
VERMA J  
1234567890  
TORONTO ON M2L 2L6

NUMBER W0323 - 59757 - 06601  
EXPIRY 2011/06/07 16 EXP/EXP 2015/06/01  
DOB 01/01/1980 CAZ167003 16 HGT/AUT 180 GWT

SEX M EYES BRN HAIR BRN SKN BRN

VEHICLE CLASS 1  
VEHICLE MAKE GM

1234567890 1234567890





CONFLICT OF INTEREST ACKNOWLEDGEMENT

TO: Devry Smith Frank LLP

Re: 368230 Ontario Limited mortgage loan of \$4,000,000.00 to Cityview Industrial Ltd.  
secured by 1, 9-11 City View Drive, Toronto, Ontario

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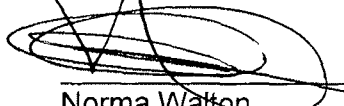
We, the undersigned, hereby acknowledge that the law firm of Devry Smith Frank LLP is acting on behalf of 368230 Ontario Limited, as lender, in connection with the above-noted transaction. We have agreed to Devry Smith Frank LLP acting on behalf of 368230 Ontario Limited. We understand that if any dispute should arise which cannot be resolved between 368230 Ontario Limited and us, we are required to retain independent solicitors and, in such an event, Devry Smith Frank LLP will not be able to act for us. In addition, we understand that no information received by Devry Smith Frank LLP from us or from 368230 Ontario Limited can be treated as confidential insofar as the other is concerned.

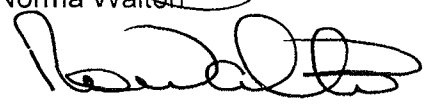
Notwithstanding the foregoing, we consent to Devry Smith Frank LLP acting solely on behalf of 368230 Ontario Limited, and we do not wish to obtain independent legal advice in connection with the above-noted transaction.

DATED this 6<sup>th</sup> day of September, 2012

**CITYVIEW INDUSTRIAL LTD.**

Per:   
Norma Walton - President

  
Norma Walton

  
Ronald Walton

Title Insurance

Commitment

Canada Loan Form (10/07)



# Chicago Title Insurance Company

*Providing Title Related Services Since 1847*



## COMMITMENT FOR TITLE INSURANCE

CHICAGO TITLE INSURANCE COMPANY, a corporation of Nebraska, herein called the Company, for a valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favour of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the Land described or referred to in Schedule A, upon payment of the premiums and charges therefor; all subject to the provisions of Schedules A and B and to the Conditions and Stipulations which are hereby incorporated by reference and are made a part of the Commitment.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by subsequent endorsement.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six (6) months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

IN WITNESS WHEREOF, Chicago Title Insurance Company has caused this Commitment to be signed and sealed as of the effective date of Commitment shown in Schedule A, the Commitment to become valid when countersigned by an authorized signatory.

Issued By:

CHICAGO TITLE INSURANCE COMPANY

By

Chicago Title Insurance Company  
55 Superior Blvd.  
Mississauga, Ontario L5T 2X9  
CANADA

President

Attest

Secretary

(289) 562-5216 Fax (289) 562-2478

Countersigned



Authorized Signatory

Commitment No.: 09-06092012-355738

**Title Insurance**

**Conditions and Stipulations**

Canada Loan Form (10/07)

**Conditions and Stipulations**

1. The term "mortgage," when used herein, shall include charge, mortgage, hypothec, deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquires actual Knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such Knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such Knowledge. If the proposed Insured shall disclose such Knowledge to the Company, or if the Company otherwise acquires actual Knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions, the Exclusions from Coverage and the of the form of policy or policies committed for in favour of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.

Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the Title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.

**Gap Coverage:**

Coverage under the policy or policies committed for shall include any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 13 in the Policy Jacket that has been created or attached or has been filed or registered in the Public Records subsequent to Date of Policy and prior to the registration of the Insured Mortgage in the Public Records, provided: (a) the document(s) required for such registration have been signed by the requisite parties on or before Date of Policy and are submitted for such registration in a timely manner; and (b) a sub-search/search of title is made on Date of Policy and any new liens, encumbrances or other adverse interest so revealed are disclosed to the Company.

**Commitment No.:** **09-06092012-355738**

Issued By:

**CHICAGO TITLE INSURANCE COMPANY****Schedule A****COMMITMENT FOR TITLE INSURANCE**  
CANADA LOAN FORM (10/07)Policy No: **09-06092012-355738**

Date of Policy: September 7, 2012

Amount of Insurance: \$4,000,000.00

1. Name of Insured:

368230 Ontario Limited

2. The estate or interest in the Land which is covered by this policy is:

Fee Simple

3. Title to the estate or interest in the Land is held by:

Cityview Industrial Ltd.

4. The Insured Mortgage and assignments thereof, if any, are described as follows:

First Mortgage in favour of 368230 Ontario Limited registered on as Instrument No.  
securing the principal sum of \$4,000,000.00.

5. The Land is described as follows:

Municipal Address: 1, 9-11 City View Drive, Toronto ON

Legal Description: PIN: 07416-0021 (LT)

Part Lot 22, Concession 2 Fronting The Humber  
As in Instrument No. TB80921  
City of Toronto

This Policy valid only if Schedule B is attached.

*For purposes of the Insurance Companies Act (Canada), this document was made in the course of Chicago Title Insurance Company's business in Canada*

Issued By:

**CHICAGO TITLE INSURANCE COMPANY****Schedule B****COMMITMENT FOR TITLE INSURANCE**

CANADA LOAN FORM (10/07)

Policy No: **09-06092012-355738****EXCEPTIONS FROM COVERAGE**

Except as specifically provided in the following provisions, this policy does not insure against loss or damage (and the Company will not pay costs, legal fees or expenses) which arise by reason of the matters set forth below:

Exception 1. Native land claims.

Exception 2. Covenants, conditions and restrictions, if any, appearing in the Public Records.

Notwithstanding the foregoing exception, this policy insures that such covenants, conditions and restrictions have not been violated and any future violation will not result in a forfeiture or reversion of title and that there are no provisions under which the charge against title to the Insured Mortgage can be extinguished, subordinated or impaired. In addition, this policy insures that any document containing covenants, conditions or restrictions does not (i) provide a lien for liquidated damages, (ii) provide for a private charge or assessment, or (iii) provide for an option to purchase, a right of first refusal or the prior approval of a future purchaser or occupant.

Exception 3. Any easements appearing in the Public Records.

Notwithstanding the foregoing exception, this policy insures that none of the improvements encroach upon the easements and that any use of the easements for the purposes granted or reserved will not interfere with or damage the improvements, including lawns, shrubbery and trees.

Exception 4. Any lease, grant, exception or reservation of minerals or mineral rights appearing in the Public Records.

Notwithstanding the foregoing exception, this policy insures that the use of the Land is not, and will not be, affected or impaired by reason of any lease, grant, exception or reservation of minerals or mineral rights appearing in the Public Records and this policy insures against damage to existing improvements, including lawns, shrubbery and trees, resulting from the future exercise of any right to use the surface of the Land for the extraction or development of the minerals or mineral rights so leased, granted, excepted or reserved. Nothing herein shall insure against loss or damage resulting from subsidence.

Issued By:

**CHICAGO TITLE INSURANCE COMPANY****Schedule B****COMMITMENT FOR TITLE INSURANCE**

CANADA LOAN FORM (10/07)

**Policy No:** **09-06092012-355738**

Page 2

**AFFIRMATIVE COVERAGES**

1. This policy insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance affecting the Land that would have been disclosed by an accurate survey including violation of any building setback requirements of any applicable zoning by-law. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
2. This policy insures against loss or damage by reason of:
  - (a) the failure of the use of the Land at Date of Policy to be a permitted use under applicable zoning bylaws;
  - (b) any governmental or quasi-governmental work orders outstanding against the Land on the Date of Policy or any such work order subsequently issued with respect to compliance with fire safety regulations where such work order arises as a result of the existence on the Date of Policy of any state or condition of the improvements on the Land;
  - (c) any Order reducing or ordering a rebate of any portion of the rents charged under any of the leases to tenants of the Land during the period of one year prior to the Date of Policy;
  - (d) the lack of a building permit or occupancy permit for any buildings or improvements presently on the Land.

Nothing herein provides coverage for matters relating to environmental protection and conservation as described in exclusion 1(a) of the policy jacket.

3. Unless expressly excepted, this policy insures against loss or damage as a result of the existence of any unregistered easements that affect the Land.

Issued By:

**CHICAGO TITLE INSURANCE COMPANY**

**Signature Page**

**COMMITMENT FOR TITLE INSURANCE**  
CANADA LOAN FORM (10/07)

**Policy No:** **09-06092012-355738**

Countersigned

A handwritten signature in cursive script, appearing to read "Paul", with a long horizontal flourish extending to the right.

---

Authorized Signature



*Issued By:***CHICAGO TITLE INSURANCE COMPANY****Endorsement****Zoning 3.1 (Completed Structure)**

1. The Company insures the owner of the Indebtedness secured by the Insured Mortgage against loss or damage sustained by reason of:

- (a) the failure of the use of the Land at Date of Policy to be a permitted use under applicable zoning bylaws.

There shall be no liability under this paragraph if the use or uses are not allowed as a result of any lack of compliance with any conditions, restrictions, or requirements contained in the zoning by-law, including but not limited to the failure to secure necessary consents or authorizations as a prerequisite to the use or uses.

2. Notwithstanding the Exclusions from Coverage, the Company further insures against loss or damage arising from a final judgment or order of a court of competent jurisdiction:

- (a) prohibiting the use of the Land, with any structure presently located thereon, as specified in paragraph 1(a); or
  - (b) requiring the removal or alteration of the structure on the basis that, at Date of Policy, the by-laws and amendments thereto have been violated with respect to any of the following matters:
    - (i) Area, width or depth of the Land as a building site for the structure;
    - (ii) Floor space area of the structure;
    - (iii) Setback of the structure from the property lines of the Land
    - (iv) Height of the structure; or
    - (v) Number of parking spaces.

There shall be no liability under this endorsement based on the invalidity of the by-laws and amendments thereto mentioned above until after a final judgment or order of a court of competent jurisdiction adjudicating the invalidity, the effect of which is to prohibit the use or uses.

.../2

*Issued By:***CHICAGO TITLE INSURANCE COMPANY****Endorsement****Zoning 3.1 (Completed Structure)**

Page 2

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated:

**CHICAGO TITLE INSURANCE COMPANY****Policy No:** **09-06092012-355738**

---

*Authorized Signatory*

*Note: This endorsement shall not be valid or binding  
until countersigned by an authorized signatory.*



**TAX CERTIFICATE**

5100 Yonge Street, Toronto ON M2N 5V7

Tel: (416) 338-4829 Fax: (416) 397-9161

Page 1 of 1

(UNDER SECTION 352 OF THE *MUNICIPAL ACT, 2001* S.O. 2001, C. 25 AND Assessment Roll Number  
SECTION 317 OF THE *CITY OF TORONTO ACT, 2006*, S.O. 2006, C. 11) 19-19-03-8-210-00100-0000-0 4

Issued to:

DEVRY SMITH FRANK  
BARRISTERS SOLICITORS  
ATTN: CRYSTAL MCAULEY  
95 BARBER GREENE RD Suite 100  
TORONTO ON M3C 3E9

**DESCRIPTION OF PROPERTY**

1 CITY VIEW DR  
CON 2 FTH PT LOT 22

**TAX SUMMARY**

2012 Taxes 73,594.72

\* This property is subject to phase-in/capping

Your Ref. No.: LESL043

Statement Showing Taxes as at: August 24, 2012

**MESSAGES**

**OUTSTANDING TAXES**

Year	Description	Taxes	Interest	Fees	Total	Related Roll Number
	Total:	.00	.00	.00	.00	

**Important Notice:** PLEASE ADVISE YOUR CLIENT OF TAXES NOT YET DUE

**FUTURE INSTALMENTS**

Due Date	Amount Due	Description	Related Roll Number
September 4, 2012	11,985.00	Real Estate 2012	
Total:	11,985.00		

I hereby certify that the above statement shows all arrears of taxes (prior years) and unpaid current year's taxes against the above lands, and proceedings have not been commenced under the *Municipal Tax Sales Act*, 1990 or the *Municipal Act*, 2001, S.O. 2001, C.25, as amended and the *City of Toronto Act 2006* S.O. 2006, C.11, unless otherwise indicated below.

THIS CERTIFICATE IS ISSUED SUBJECT TO CHEQUES TENDERED  
IN PAYMENT OF TAXES BEING HONoured BY THE BANK

FEE PAID 65.00 for each separate parcel

Deputy City Manager and Chief Financial Officer

**Important Notes:**

- This Certificate covers levied Tax Arrears or Current Taxes.
- There are a variety of services which may be added to the Collector's Roll and collected as Taxes. The most common are Water Services and Current Weedcutting. For further information you should contact Collections (416) 395-0174 for Water arrears; and (416) 338-0338 for work orders arrears. For Building and Inspection Charges please call (416) 338-0338. For Fire Charges, please call Fire Services at (416) 338-5625.
- The amount of the levy does not include subsequent supplementary taxes that may be levied and added pursuant to Section 33 and 34 of the *Assessment Act*, R.S.O. 1990, as amended, nor does it include adjustments that may be made pursuant to Sections 357, 358 and 359 of the *Municipal Act*, 2001, S.O. 2001, c.25, as amended, Sections 323, 325 and 326 of the *City of Toronto Act*, 2006, S.O. 2006, C. 11, Section 40 of the *Assessment Act*, R.S.O. as amended, or any legislative amendments that provide for further adjustments. It is recommended that you contact the Municipal Property Assessment Corporation (MPAC) at 1-866-296-6722 to determine potential changes in assessment.
- This Certificate is exclusive of any Local Improvement charges that have not been added to the Collector's Roll at the date of this Certification. Additional information may be obtained by call (416) 395-6788.
- This certificate is subject to any apportionment which may be made pursuant to Section 356 of the *Municipal Act*, 2001, S.O. 2001, c.25, as amended or Section 322 of the *City of Toronto Act*, 2006, S.O. 2006, C. 11.
- This certificate is subject to any phase-in/capping recalculation made pursuant to Section 318 of the *Municipal Act*, 2001, S.O. 2001, c.25, as amended or Section 282 of the *City of Toronto Act*, 2006, S.O. 2006, C. 11.

551

# TAX CERTIFICATE

5100 Yonge Street, Toronto ON M2N 5V7

Tel: (416) 338-4829 Fax: (416) 397-9161

Page 1 of 1



(UNDER SECTION 352 OF THE MUNICIPAL ACT, 2001 S.O. 2001, C. 25 AND Assessment Roll Number  
SECTION 317 OF THE CITY OF TORONTO ACT, 2006, S.O. 2006, C. 11) 19-19-03-8-210-00200-0000-0 0

Issued to:

DEVRY SMITH FRANK  
BARRISTERS SOLICITORS  
ATTN: CRYSTAL MCAULEY  
95 BARBER GREENE RD Suite 100  
TORONTO ON M3C 3E9

## DESCRIPTION OF PROPERTY

9 CITY VIEW DR  
CON 2 PT LOT 22

## TAX SUMMARY

2012 Taxes 101,563.16

\* This property is subject to phase-in/capping

Your Ref. No.: LESL043

Statement Showing Taxes as at: August 24, 2012

## MESSAGES

## OUTSTANDING TAXES

Year	Description	Taxes	Interest	Fees	Total	Related Roll Number
	Total:	.00	.00	.00	.00	

**Important Notice:** PLEASE ADVISE YOUR CLIENT OF TAXES NOT YET DUE

## FUTURE INSTALMENTS

Due Date	Amount Due	Description	Related Roll Number
September 4, 2012	16,921.76	Real Estate 2012	
Total:	16,921.76		

I hereby certify that the above statement shows all arrears of taxes (prior years) and unpaid current year's taxes against the above lands, and proceedings have not been commenced under the *Municipal Tax Sales Act*, 1990 or the *Municipal Act*, 2001, S.O. 2001, C.25, as amended and the *City of Toronto Act 2006* S.O. 2006, C.11, unless otherwise indicated below.

THIS CERTIFICATE IS ISSUED SUBJECT TO CHEQUES TENDERED  
IN PAYMENT OF TAXES BEING HONoured BY THE BANK

FEE PAID 65.00 for each separate parcel

Deputy City Manager and Chief Financial Officer

## Important Notes:

- This Certificate covers levied Tax Arrears or Current Taxes.
- There are a variety of services which may be added to the Collector's Roll and collected as Taxes. The most common are Water Services and Current Weedcutting. For further information you should contact Collections (416) 395-0174 for Water arrears; and (416) 338-0338 for work orders arrears. For Building and Inspection Charges please call (416) 338-0338. For Fire Charges, please call Fire Services at (416) 338-5625.
- The amount of the levy does not include subsequent supplementary taxes that may be levied and added pursuant to Section 33 and 34 of the *Assessment Act*, R.S.O. 1990, as amended, nor does it include adjustments that may be made pursuant to Sections 357, 358 and 359 of the *Municipal Act*, 2001, S.O. 2001, c.25, as amended, Sections 323, 325 and 326 of the *City of Toronto Act*, 2006, S.O. 2006, C. 11, Section 40 of the *Assessment Act*, R.S.O. as amended, or any legislative amendments that provide for further adjustments. It is recommended that you contact the Municipal Property Assessment Corporation (MPAC) at 1-866-296-6722 to determine potential changes in assessment.
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- This certificate is subject to any apportionment which may be made pursuant to Section 356 of the *Municipal Act*, 2001, S.O. 2001, c.25, as amended or Section 322 of the *City of Toronto Act*, 2006, S.O. 2006, C. 11.
- This certificate is subject to any phase-in/capping recalculation made pursuant to Section 318 of the *Municipal Act*, 2001, S.O. 2001, c.25, as amended or Section 282 of the *City of Toronto Act*, 2006, S.O. 2006, C. 11.

Request ID: 014658741  
Demande n° :  
Transaction ID: 48855963  
Transaction n° :  
Category ID: CT  
Catégorie :

Province of Ontario  
Province de l'Ontario  
Ministry of Government Services  
Ministère des Services gouvernementaux

Date Report Produced: 2012/10/01  
Document produit le :  
Time Report Produced: 15:19:34  
Imprimé à :

552

## **CERTIFICATE OF STATUS ATTESTATION DU STATUT JURIDIQUE**

This is to certify that according to the  
records of the Ministry of Government  
Services

D'après les dossiers du Ministère des  
Services gouvernementaux, nous attestons  
que la société

**CITYVIEW INDUSTRIAL LTD.**

Ontario Corporation Number

Numéro matricule de la société (Ontario)

**002336144**

is a corporation incorporated,  
amalgamated or continued under  
the laws of the Province of Ontario.

est une société constituée, prorogée ou née  
d'une fusion aux termes des lois de la  
Province de l'Ontario.

The corporation came into existence on

La société a été fondée le

**JULY 20 JUILLET, 2012**

and has not been dissolved.

et n'est pas dissoute.

Dated

Fait le

**OCTOBER 01 OCTOBRE, 2012**



Director  
Directrice

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
SEARCH RESULTS

Date Search Conducted: 10/1/2012  
File Currency Date: 09/30/2012  
Family(ies): 1  
Page(s): 1

SEARCH : Business Debtor : CITYVIEW INDUSTRIAL LTD.

The attached report has been created based on the data received by Cyberbahn, a Thomson Reuters business from the Province of Ontario, Ministry of Government Services. No liability is assumed by Cyberbahn regarding its correctness, timeliness, completeness or the interpretation and use of the report. Use of the Cyberbahn service, including this report is subject to the terms and conditions of Cyberbahn's subscription agreement.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
SEARCH RESULTS

Date Search Conducted: 10/1/2012  
File Currency Date: 09/30/2012  
Family(ies): 1  
Page(s): 1

SEARCH : Business Debtor : CITYVIEW INDUSTRIAL LTD.

FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 1  
SEARCH : BD : CITYVIEW INDUSTRIAL LTD.

00 FILE NUMBER : 681209496 EXPIRY DATE : 05SEP 2017 STATUS :  
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :  
REG NUM : 20120905 1547 1862 7402 REG TYP: P PPSA REG PERIOD: 5  
02 IND DOB : IND NAME:  
03 BUS NAME: CITYVIEW INDUSTRIAL LTD.

OCN :

04 ADDRESS : 30 HAZELTON AVENUE  
CITY : TORONTO PROV: ONT POSTAL CODE: M5R 2E2  
05 IND DOB : IND NAME:  
06 BUS NAME:

OCN :

07 ADDRESS :  
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :  
368230 ONTARIO LIMITED

09 ADDRESS : 21 KERN ROAD  
CITY : TORONTO PROV: ONT POSTAL CODE: M3B 1S9  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
10 X X  
YEAR MAKE MODEL V.I.N.

11  
12

GENERAL COLLATERAL DESCRIPTION

13 GENERAL ASSIGNMENT OF RENTS DERIVED FROM 1, 9-11 CITY VIEW DRIVE,  
14 TORONTO, ONTARIO

15

16 AGENT: DEVRY, SMITH & FRANK LLP (JTH)

17 ADDRESS : 95 BARBER GREENE ROAD, SUITE 100  
CITY : TORONTO PROV: ONT POSTAL CODE: M3C 3E9







DEVRY SMITH FRANK *LLP*  
Lawyers & Mediators

crystal.mcauley@devrylaw.ca  
416-446-5846

January 11, 2013

368230 Ontario Limited  
21 Kern Road  
Toronto, ON  
M3B 1S9

Attention: Dr. Stanley Bernstein

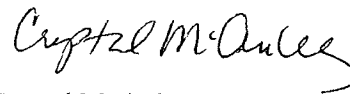
Dear Sir:

*Re: 368230 Ontario Limited mortgage loan to Cityview Industrial Ltd.  
secured by 1, 9-11 Cityview Drive, Toronto, Ontario*

We enclose herewith Loan Policy from Chicago Title Insurance Company with respect to the above-referenced loan.

If you have any questions or concerns please do not hesitate to contact the undersigned.

Yours truly,  
**DEVRY SMITH FRANK LLP**  
Per:

  
Crystal McAuley  
Financial Services Law Clerk

Encl.

# LOAN POLICY OF TITLE INSURANCE

Policy No:

09-06092012-355738-1



Issued by

## Chicago Title Insurance Company



Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at the address shown in Section 17 of the Conditions.

### COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, CHICAGO TITLE INSURANCE COMPANY, a Nebraska corporation licenced to carry on business in Canada having its Canadian operations headquartered in Ontario, Canada (the "Company") insures as of Date of Policy and, to the extent stated in Covered Risks 11, 13 and 14, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from:
  - (a) A defect in the Title caused by:
    - (i) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;
    - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
    - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized or delivered;
    - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
    - (v) a document executed under a falsified, expired or otherwise invalid power of attorney;
    - (vi) a document not properly registered, filed, recorded or indexed in the Public Records including failure to perform those acts by electronic means authorized by law;
    - (vii) a defective judicial or administrative proceeding; or
    - (viii) the subdivision of land.
  - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
  - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to:
  - (a) the occupancy, use, or enjoyment of the Land;
  - (b) the character, dimensions, or location of any improvement erected on the Land; or
  - (c) environmental protectionif a notice, describing any part of the Land, is registered in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.

## LOAN POLICY OF TITLE INSURANCE

Policy No:

09-06092012-355738-1

6. An enforcement action based on the exercise of a governmental power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is registered in the Public Records, but only to the extent of the enforcement referred to in that notice.
7. The exercise of the rights of expropriation if a notice of the exercise, describing any part of the Land, is registered in the Public Records.
8. Any expropriation that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. The invalidity or unenforceability of the lien of the Insured Mortgage upon the Title. This Covered Risk includes but is not limited to insurance against loss from any of the following impairing the lien of the Insured Mortgage:
  - (a) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;
  - (b) failure of any person or Entity to have authorized a transfer or conveyance;
  - (c) the Insured Mortgage not being properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
  - (d) failure to perform those acts necessary to create a document by electronic means authorized by law;
  - (e) a document executed under a falsified, expired, or otherwise invalid power of attorney;
  - (f) a document not properly registered, filed, recorded or indexed in the Public Records including failure to perform those acts by electronic means authorized by law;
  - (g) a defective judicial or administrative proceeding; or
  - (h) the subdivision of land.
10. The lack of priority of the lien of the Insured Mortgage upon the Title over any other lien or encumbrance.
11. The lack of priority of the lien of the Insured Mortgage upon the Title:
  - (a) as security for each and every advance of proceeds of the loan secured by the Insured Mortgage over any statutory lien for services, labour or material arising from construction of an improvement or work related to the Land when the improvement or work is either:
    - (i) contracted for or commenced on or before Date of Policy; or
    - (ii) contracted for, commenced or continued after Date of Policy if the construction is financed, in whole or in part, by proceeds of the loan secured by the Insured Mortgage that the Insured has advanced or is obligated on Date of Policy to advance; and
  - (b) over the lien of any assessments for street improvements under construction or completed at Date of Policy.
12. The invalidity or unenforceability of any assignment of the Insured Mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the Insured Mortgage in the named Insured assignee free and clear of all liens.
13. The invalidity, unenforceability, lack of priority, or avoidance of the lien of the Insured Mortgage upon the Title:
  - (a) resulting from the avoidance in whole or in part, or from a court order providing an alternative remedy, of any transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction creating the lien of the Insured Mortgage because that prior transfer constituted a fraudulent or preferential transfer under bankruptcy, insolvency, or similar creditors' rights laws; or
  - (b) because the Insured Mortgage constitutes a preferential transfer under bankruptcy, insolvency, or similar creditors' rights laws by reason of the failure of its registration in the Public Records:
    - (i) to be timely; or
    - (ii) to impart notice of its existence to a purchaser for value or a judgment or lien creditor.

## LOAN POLICY OF TITLE INSURANCE

Policy No:

09-06092012-355738-1

14. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 13 that has been created or attached or has been filed or registered in the Public Records subsequent to Date of Policy and prior to the registration of the Insured Mortgage in the Public Records, provided: (a) the document(s) required for such registration have been signed by the requisite parties on or before Date of Policy and are submitted for such registration in a timely manner; and (b) a subsearch/search of Title is made on Date of Policy and any new liens, encumbrances or other adverse interests so revealed are disclosed to the Company.

The Company will also pay the costs, legal fees, and expenses incurred in defence of any matter insured against by this Policy, but only to the extent provided in the Conditions.

IN WITNESS WHEREOF, CHICAGO TITLE INSURANCE COMPANY has caused this policy to be signed and sealed by its duly authorized officers.

Chicago Title Insurance Company  
55 Superior Boulevard  
Mississauga, Ontario, L5T 2X9  
CANADA

CHICAGO TITLE INSURANCE COMPANY

By:

Raymond R. Quirk

President

Countersigned

Authorized Signatory



By:

Michael J. Garvelle

Secretary

# LOAN POLICY OF TITLE INSURANCE

Policy No:

09-06092012-355738-1

## EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, legal fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to:
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land; or
  - (iii) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of expropriation. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters:
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not registered in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of Canada or the province or territory where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of bankruptcy, insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is:
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of registration of the Insured Mortgage in the Public Records. This exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

## CONDITIONS

### I. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": the amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b) or decreased by Section 10 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Indebtedness": The obligation secured by the Insured Mortgage including one evidenced by electronic means authorized by law, and if that obligation is the payment of a debt, the Indebtedness is the sum of:
  - (i) the amount of the principal disbursed as of Date of Policy;
  - (ii) the amount of the principal disbursed subsequent to Date of Policy;
  - (iii) the construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the Land or related to the Land that the Insured was and continued to be obligated to advance at Date of Policy and at the date of the advance;
  - (iv) interest on the loan;
  - (v) the prepayment premiums, exit fees, and other similar fees or penalties allowed by law;
  - (vi) the expenses of enforcement proceeding and any other costs of enforcement;
  - (vii) the amounts advanced to assure compliance with laws or to protect the lien or the priority of the lien of the Insured Mortgage before

the acquisition of the estate or interest in the Title;

(viii) the amounts to pay taxes and insurance; and,

(ix) the reasonable amounts expended to prevent deterioration of improvements; but the Indebtedness is reduced by the total of all payments and by any amount forgiven by an Insured.

(e) "Insured": The Insured named in Schedule A.

(i) The term "Insured" also includes:

(A) the owner of the Indebtedness and each successor in ownership of the Indebtedness, whether the owner or successor owns the Indebtedness for its own account or as a trustee or other fiduciary, except a successor who is an obligor under the provisions of Section 12(c) of these Conditions;

(B) the person or Entity who has "control" of the "transferable record," if the Indebtedness is evidenced by a "transferable record," as these terms are defined by applicable electronic transactions law;

(C) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;

(D) successors to an Insured by its conversion to another kind of Entity;

(E) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title

(1) If the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,

(2) If the grantee wholly owns the named Insured, or

(3) If the grantee is

wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity;

(F) any government agency or instrumentality that is an insurer or guarantor under an insurance contract or guarantee insuring or guaranteeing the Indebtedness secured by the Insured Mortgage, or any part of it, whether named as an Insured or not;

(ii) With regard to (A), (B), (C), (D), and (E) reserving, however, all rights and defences as to any successor that the Company would have had against any predecessor Insured, unless the successor acquired the Indebtedness as a purchaser for value without Knowledge of the asserted defect, lien, encumbrance, or other matter insured against by this policy.

(f) "Insured Claimant": An Insured claiming loss or damage.

(g) "Insured Mortgage": The Mortgage described in paragraph 4 of Schedule A.

(h) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.

(i) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

# LOAN POLICY OF TITLE INSURANCE

Policy No:

09-06092012-355738-1

(j) "Mortgage": Mortgage, charge, deed of trust, trust deed, hypothecation or other security instrument, including one evidenced by electronic means authorized by law.

(k) "Public Records": Records established and maintained at the Date of Policy pursuant to legislation of the province or territory in which the Land is located for the registration and/or recording of interests in land.

(l) "Title": The estate or interest described in Schedule A.

(m) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title or a prospective purchaser of the Insured Mortgage to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

## 2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favour of an Insured after acquisition of the Title by an Insured or after conveyance by an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favour of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

## 3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of the Conditions, (ii) in case Knowledge shall come to an Insured of any claim of title or interest that is adverse to the Title or the lien of the Insured Mortgage, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title or the lien of the Insured Mortgage, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

## 4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

## 5. DEFENCE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7

of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defence of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the Insured in the defence of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title or the lien of the Insured Mortgage, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defence as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

## 6. DUTY OF INSURED CLAIMANT TO COOPERATE

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defence of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defence in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title, the lien of the Insured Mortgage, or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under

authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, cheques, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

## 7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.

(i) To pay or tender payment of the Amount of Insurance under this policy together with any costs, legal fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay; or

(ii) To purchase the Indebtedness for the amount of the Indebtedness on the date of purchase, together with any costs, legal fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of purchase and that the Company is obligated to pay.

When the Company purchases the Indebtedness, the Insured shall transfer, assign, and convey to the Company the Indebtedness and the Insured Mortgage, together with any collateral security.

Upon the exercise by the Company of either of the options provided for in subsections (a)(i) or (ii), all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in those subsections, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To pay or otherwise settle with parties other than the Insured or with the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, legal fees, and expenses incurred by the Insured

# LOAN POLICY OF TITLE INSURANCE

Policy No:

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Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) to pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, legal fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

## 8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the least of:

(i) the Amount of Insurance;

(ii) the Indebtedness;

(iii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy, or

(iv) if a government agency or instrumentality is the Insured Claimant, the amount it paid in the acquisition of the Title or the Insured Mortgage in satisfaction of its insurance contract or guarantee.

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title or the lien of the Insured Mortgage, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In the event the Insured has acquired the Title in the manner described in Section 2 of these Conditions or has conveyed the Title, then the extent of liability of the Company shall continue as set forth in Section 8(a) of these Conditions.

(d) In addition to the extent of liability under (a), (b) and (c), the Company will also pay those costs, legal fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

## 9. LIMITATION OF LIABILITY

(a) If the Company establishes the Title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, or establishes the lien of the Insured Mortgage, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or

damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title or to the lien of the Insured Mortgage, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

## 10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

(a) All payments under this policy, except payments made for costs, legal fees and expenses, shall reduce the Amount of Insurance by the amount of the payment. However, any payments made prior to the acquisition of Title as provided in Section 2 of these Conditions shall not reduce the Amount of Insurance afforded under this policy except to the extent that the payments reduce the Indebtedness.

(b) The voluntary satisfaction or release of the Insured Mortgage shall terminate all liability of the Company except as provided in Section 2 of these Conditions.

## 11. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

## 12. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) The Company's Right to Recover

Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title or Insured Mortgage and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, legal fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Insured's Rights and Limitations

(i) The owner of the Indebtedness may release or substitute the personal liability of any debtor or guarantor, extend or otherwise modify the terms of payment, release a portion of the Title from the lien of the Insured Mortgage, or release any collateral security for the Indebtedness, if it does not affect the enforceability or priority of the lien of the Insured Mortgage.

(ii) If the Insured exercises a right provided in (b)(i), but has Knowledge of any claim adverse to the Title or the lien of the Insured Mortgage insured against by this policy, the Company shall be required to pay only that part of any losses insured against by this policy that shall exceed the amount, if any, lost to the Company by reason of the impairment by the Insured Claimant of the Company's right of subrogation.

(c) The Company's Rights Against Noninsured Obligors

The Company's right of subrogation includes the Insured's rights against noninsured obligors including the rights of the Insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

The Company's right of subrogation shall not be avoided by acquisition of the Insured Mortgage by an obligor (except an obligor described in Section 1(e)(i)(F) of these Conditions) who acquires the Insured Mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond and the obligor will not be an Insured under this policy.

## 13. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration in accordance with the legislation of the province or territory in which the Land is located governing the procedures and enforcement of arbitration ("Arbitration Act"). Except as provided in the Arbitration Act, there shall be no joinder or consolidation with claims or controversies of other persons.

Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Arbitration Act shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

## 14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or lien of the Insured Mortgage or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

## LOAN POLICY OF TITLE INSURANCE

Policy No:

09-06092012-355738-1

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

### 15. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid and all other provisions shall remain in full force and effect.

### 16. CHOICE OF LAW; FORUM

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title or the lien of the Insured Mortgage that are adverse to the Insured, and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of laws principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a provincial or federal court within Canada or its territories having appropriate jurisdiction.

### 17. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at:

Chicago Title Insurance Company  
Attn: Claims Department  
55 Superior Boulevard  
Mississauga, Ontario, L5T 2X9  
CANADA  
or by email to : [claims@ctic.ca](mailto:claims@ctic.ca)



Issued By:

**CHICAGO TITLE INSURANCE COMPANY****Schedule A****LOAN POLICY OF TITLE INSURANCE**  
CANADA LOAN FORM (10/07)Policy No: **09-06092012-355738**

Date of Policy: September 7, 2012

Amount of Insurance: \$4,000,000.00

1. Name of Insured:

368230 Ontario Limited

2. The estate or interest in the Land which is covered by this policy is:

Fee Simple

3. Title to the estate or interest in the Land is held by:

Cityview Industrial Ltd.

4. The Insured Mortgage and assignments thereof, if any, are described as follows:

First Mortgage in favour of 368230 Ontario Limited registered on September 7, 2012 as Instrument No. AT3123206 securing the principal sum of \$4,000,000.00.

5. The Land is described as follows:

Municipal Address: 1, 9-11 City View Drive, Toronto ON

Legal Description: PIN: 07416-0021 (LT)

Part Lot 22, Concession 2 Fronting The Humber  
As in Instrument No. TB80921  
City of Toronto

This Policy valid only if Schedule B is attached.

*For purposes of the Insurance Companies Act (Canada), this document was made in the course of Chicago Title Insurance Company's business in Canada*

Issued By:

**CHICAGO TITLE INSURANCE COMPANY**

**Schedule B**

**LOAN POLICY OF TITLE INSURANCE**

CANADA LOAN FORM (10/07)

**Policy No: 09-06092012-355738**

**EXCEPTIONS FROM COVERAGE**

Except as specifically provided in the following provisions, this policy does not insure against loss or damage (and the Company will not pay costs, legal fees or expenses) which arise by reason of the matters set forth below:

Exception 1. Native land claims.

Exception 2. Covenants, conditions and restrictions, if any, appearing in the Public Records.

Notwithstanding the foregoing exception, this policy insures that such covenants, conditions and restrictions have not been violated and any future violation will not result in a forfeiture or reversion of title and that there are no provisions under which the charge against title to the Insured Mortgage can be extinguished, subordinated or impaired. In addition, this policy insures that any document containing covenants, conditions or restrictions does not (i) provide a lien for liquidated damages, (ii) provide for a private charge or assessment, or (iii) provide for an option to purchase, a right of first refusal or the prior approval of a future purchaser or occupant.

Exception 3. Any easements appearing in the Public Records.

Notwithstanding the foregoing exception, this policy insures that none of the improvements encroach upon the easements and that any use of the easements for the purposes granted or reserved will not interfere with or damage the improvements, including lawns, shrubbery and trees.

Exception 4. Any lease, grant, exception or reservation of minerals or mineral rights appearing in the Public Records.

Notwithstanding the foregoing exception, this policy insures that the use of the Land is not, and will not be, affected or impaired by reason of any lease, grant, exception or reservation of minerals or mineral rights appearing in the Public Records and this policy insures against damage to existing improvements, including lawns, shrubbery and trees, resulting from the future exercise of any right to use the surface of the Land for the extraction or development of the minerals or mineral rights so leased, granted, excepted or reserved. Nothing herein shall insure against loss or damage resulting from subsidence.

Exception 5. Assignment of Rents registered as Instrument No. AT3123219.

*Issued By:***CHICAGO TITLE INSURANCE COMPANY****Schedule B****LOAN POLICY OF TITLE INSURANCE****Policy No: 09-06092012-355738**

CANADA LOAN FORM (10/07)

Page 2

**AFFIRMATIVE COVERAGES**

1. This policy insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance affecting the Land that would have been disclosed by an accurate survey including violation of any building setback requirements of any applicable zoning by-law. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
2. This policy insures against loss or damage by reason of:
  - (a) the failure of the use of the Land at Date of Policy to be a permitted use under applicable zoning bylaws;
  - (b) any governmental or quasi-governmental work orders outstanding against the Land on the Date of Policy or any such work order subsequently issued with respect to compliance with fire safety regulations where such work order arises as a result of the existence on the Date of Policy of any state or condition of the improvements on the Land;
  - (c) any Order reducing or ordering a rebate of any portion of the rents charged under any of the leases to tenants of the Land during the period of one year prior to the Date of Policy;
  - (d) the lack of a building permit or occupancy permit for any buildings or improvements presently on the Land.

Nothing herein provides coverage for matters relating to environmental protection and conservation as described in exclusion 1(a) of the policy jacket.

3. Unless expressly excepted, this policy insures against loss or damage as a result of the existence of any unregistered easements that affect the Land.

Issued By:

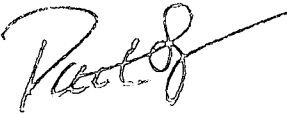
**CHICAGO TITLE INSURANCE COMPANY**

**Signature Page**

**LOAN POLICY OF TITLE INSURANCE**  
CANADA LOAN FORM (10/07)

**Policy No:** **09-06092012-355738**

Countersigned

A handwritten signature in dark ink, appearing to be "Reed" followed by a stylized flourish.

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Authorized Signature

Issued By:

**CHICAGO TITLE INSURANCE COMPANY**

**Endorsement**

**Zoning 3.1 (Completed Structure)**

1. The Company insures the owner of the Indebtedness secured by the Insured Mortgage against loss or damage sustained by reason of:

- (a) the failure of the use of the Land at Date of Policy to be a permitted use under applicable zoning bylaws.

There shall be no liability under this paragraph if the use or uses are not allowed as a result of any lack of compliance with any conditions, restrictions, or requirements contained in the zoning by-law, including but not limited to the failure to secure necessary consents or authorizations as a prerequisite to the use or uses.

2. Notwithstanding the Exclusions from Coverage, the Company further insures against loss or damage arising from a final judgment or order of a court of competent jurisdiction:

- (a) prohibiting the use of the Land, with any structure presently located thereon, as specified in paragraph 1(a); or
- (b) requiring the removal or alteration of the structure on the basis that, at Date of Policy, the by-laws and amendments thereto have been violated with respect to any of the following matters:
- (i) Area, width or depth of the Land as a building site for the structure;
  - (ii) Floor space area of the structure;
  - (iii) Setback of the structure from the property lines of the Land
  - (iv) Height of the structure; or
  - (v) Number of parking spaces.

There shall be no liability under this endorsement based on the invalidity of the by-laws and amendments thereto mentioned above until after a final judgment or order of a court of competent jurisdiction adjudicating the invalidity, the effect of which is to prohibit the use or uses.

Issued By:

**CHICAGO TITLE INSURANCE COMPANY****Endorsement****Zoning 3.1 (Completed Structure)**

Page 2

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Dated: September 7, 2012

**CHICAGO TITLE INSURANCE COMPANY****Policy No: 09-06092012-355738**

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**Authorized Signatory**

Note: This endorsement shall not be valid or binding  
until countersigned by an authorized signatory.



# WALTON ADVOCATES

## BARRISTERS AND SOLICITORS/TRADE MARK AGENTS

Corporate Law \* Family Law \* Employment Law \* Estate Law \* Real Estate Development Law

30 HAZELTON AVENUE • TORONTO, ONTARIO • M5R 2E2  
(416) 489-3171 • Fax: (416) 489-9973 • E-mail: norma@waltonadvocates.com

August 2, 2011

BY EMAIL

Dr. Stanley Bernstein  
Dr. Bernstein Diet and Health Clinics  
21 Kern Road  
Toronto, ON M3B 1S9

Dear Stan,

**Re: Liberty Village Properties Inc. and Liberty Village Lands Inc. first mortgage from 368230 Ontario Inc.  
32 Atlantic Avenue (comprising 30 Atlantic, 32 Atlantic, 33 Jefferson and 47 Jefferson Avenues), Toronto  
Closing Date: August 29, 2011**

We secured the four properties that comprise 32 Atlantic in December from Corus Entertainment. 32 Atlantic sits on more than an acre of land and when we purchased it had approximately 65,000 SF of interior area over two floors. Corus used to run Nelvana out of this location. The property was a rabbit warren of offices with no natural light and very little interior planning. We saw the property's potential because of the 30 foot ceilings, the skylights and large windows, and neat feel of the place, not to mention the up and coming nature of the neighbourhood.

Corus undertook to remediate a portion of soil that had diesel fuel in it prior to closing, and we ~~originally anticipated closing would occur in March. Instead, Corus found more and more diesel~~ fuel as they dug and dug. The end result is that they have demolished half of the interior partitions of the property for us at their cost since December 2010. They have now been advised by their environmental engineers that they will require a Record of Site Condition, which will likely take 9 to 18 months to obtain. Hence we are closing on August 29<sup>th</sup> and the sum of \$500,000 will be held by Corus' lawyers after closing, to be drawn down to obtain the Record of Site Condition confirming that the property is clean according to the Ministry of the Environment standards specific to our site.

In the meantime, we arranged access to the property to show it to prospective tenants and have generated significant tours and significant tenant interest. Just this past Friday we obtained confirmation that Cossette Media wishes to rent 53,088 SF of the space at a rate of \$22 PSF starting May 1, 2012 for a period of ten years. We expect an unconditional offer from them this week. Hence on closing we will be completing base building work between August 30<sup>th</sup> and December 15<sup>th</sup> and then building out the space to Cossette's specifications between December 15, 2011 and April



30, 2012. It is going to be a sprint, but the beauty of having a tenant in hand is that we will build it to their specifications. This avoids duplication or wasted effort and makes us incredibly efficient in moving from base building work to tenant fixturing because we'll be building to a known plan for a tenant in hand.

The purchase price for the property is \$8.5 million; closing costs will total about \$400,000; renovations will cost approximately \$4.5 million; and leasing, financing and carrying costs will total about \$2.4 million. Total project cost \$15.8 million. At the end of the day, the property will produce net income of between \$1.3 and \$1.4 million and will be worth between \$19 and \$21 million.

We are seeking a total mortgage of \$11.3 million, being \$6.8 million advanced on closing and the balance of \$4.5 million to pay for renovations. We'll provide post-dated cheques to pay the interest on the initial \$6.8 million advance, and the remaining \$4.5 million would be advanced over the period from August 30<sup>th</sup>, 2011 to August 31<sup>st</sup>, 2012 as the renovations are completed. We propose to pay 4% on the \$4.5 million while it is available but not yet advanced, and full interest once advanced.

It will take us approximately 12 months to renovate the building in its entirety and approximately 24 months to fully lease the property. Hence we are seeking a loan facility for two years, after which point we'll refinance once we've created the value discussed above.

Hence we are seeking the following mortgage for this property on the following terms and conditions:

Lender: 368230 Ontario Limited

Borrowers: Liberty Village Properties Inc. and Liberty Village Lands Inc.

Guarantors: Walton, Norma and Ronauld

Purpose of Loan: Purchase, renovate and lease property

Security: First mortgage  
32 Atlantic (including 30 and 32 Atlantic and 33 and 47 Jefferson Avenues)  
Building and Land

General Assignment of Rents

Guarantee

Closing Date: August 29, 2011

Loan Amount: Mortgage: \$11,300,000

First Advance: \$6,800,000

Construction Advances: \$4,500,000

Interest Rate: 8% per annum on all monies fully advanced  
calculated and payable monthly (interest only), not in advance, before and  
after default

plus 4% per annum on whatever portion of the \$4,500,000 is not yet  
advanced

Calculations: \$6,800,000 @ 8% = \$544,000 per year  
\$4,500,000 @ 4% = \$180,000 per year  
Total: \$724,000 on closing (\$544,000 plus \$180,000)  
Total: \$904,000 once fully advanced (8% x \$11.3 million)

Term: to August 31, 2013

Amortization: 0 years

Monthly Payments: \$60,333, being \$45,333 on the first advance of \$6.8 million and \$15,000 on  
the \$4.5 million that is available

\ Once the facility is fully advanced, the sum of \$75,333 per month  
Payment for interest on the loan once it is fully advanced shall be in the form  
of post-dated cheques replenished every twelve months

Between the first advance and the entire loan facility being advanced, there  
will be monthly draws which will attract interest. Payment for interest  
related to the construction portion of the loan will be deducted by the Lender  
from the monthly construction draws

Cost Consultant: Phil Pavitt from BTY Group will provide to the lender monthly progress  
reports confirming the work in place at 32 Atlantic and certifying to the  
lender an amount to be paid to the borrower based on that work in place and  
the cost to complete. Borrower will be responsible for payment of all  
invoices from BTY Group.

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Bonus Interest: \$226,000

Other terms: Closed for the first three months; open thereafter on any payment date upon  
payment of one month's interest. \$200 NSF charge for each returned cheque  
as liquidated damage amount. Mortgage due on sale or transfer or other  
disposition of Property.

Survey: Satisfactory R Plan or survey to be provided to Lender's lawyer prior to  
closing and Title Insurance at cost of Borrower

Interest Adjustment

Date: Interest shall be adjusted to the 1<sup>st</sup> day of the month after the advance is made, and shall be payable on the first of each month thereafter.

Default: If Lender must send collection letters to Borrower due to default, a \$200 fee for each collection letter will apply. \$200 fee for NSF cheques or missed or late payments.

Mortgage Statements: Borrower shall pay \$100 for preparation of each Mortgage Statement requested.

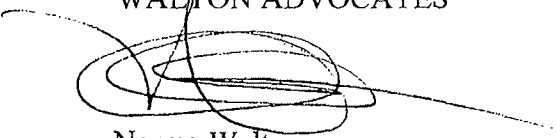
Legal Fees: Lender's lawyer: Daniel Bernstein

All legal, survey, insurance, valuation and inspection costs and fees, and other costs and fees incurred in connection with this mortgage shall be paid by the Borrower unless otherwise stated. Borrower's counsel will prepare and register all documents and report to Lender's lawyer accordingly.

Title and Legal Requirements:  
Advance of funds shall be made subject to the Lender and its solicitors being satisfied with title to all property secured and all legal aspects required of the transaction.

We look forward to completing another successful project together.

Yours truly,  
WALTON ADVOCATES



Norma Walton

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# WALTON ADVOCATES

## BARRISTERS AND SOLICITORS/TRADE MARK AGENTS

*Corporate Law \* Family Law \* Employment Law \* Estate Law \* Real Estate Development Law*

30 HAZELTON AVENUE • TORONTO, ONTARIO • M5R 2E2  
(416) 489-3171 • Fax: (416) 489-9973 • E-mail: [norma@waltonadvocates.com](mailto:norma@waltonadvocates.com)

September 14, 2011

Mr. Daniel Bernstein  
Wardell Daley Bernstein  
401 Bay Street, Suite 2104  
P.O. Box 21  
Toronto, ON M5H 2Y2

Dear Mr. Bernstein,

**Re: 1st mortgages registered against title to**  
**Property: 30/32 Atlantic Avenue and 47 Jefferson Avenue, Toronto**  
**Chargor: Liberty Village Land Inc. and Liberty Village Properties Ltd.**

We represent the purchasers, Liberty Village Land Inc. and Liberty Village Properties Ltd. in this transaction. You represent the lender, 368230 Ontario Limited. We are reporting to you to confirm the details of the transaction that was closed on August 29, 2011.

On August 29<sup>th</sup>, 2011 Liberty Village Lands Inc. and Liberty Village Properties Ltd. purchased the above property. The \$8.5 million purchase price was allocated amongst the three legal parcels that comprise 30 Atlantic, 32 Atlantic and 47 Jefferson as follows:  
30 Atlantic, owned by Liberty Village Properties Ltd.: \$3.5 million  
32 Atlantic, owned by Liberty Village Properties Ltd.: \$3.5 million  
47 Jefferson, owned by Liberty Village Lands Inc.: \$1.5 million

Concurrent with each purchase, a first mortgage in favour of 368230 Ontario Limited in the amount of \$11.3 million was registered. The mortgage principal amount was allocated according to the purchase prices above, such that the following principal amounts were registered:  
30 Atlantic: \$4.65 million, Charge No. AT2798014, Toronto Land Registry Office  
32 Atlantic: \$4.65 million, Charge No. AT2798007, Toronto Land Registry Office  
47 Jefferson: \$2 million, Charge No. AT2798006, Toronto Land Registry Office

The charges were registered separately instead of as a blanket because there are two separate owners of the three legal parcels and registering a blanket charge over everything would have made the mortgages really sloppy with non-owners showing on the other owner's charge document.

To ensure that 368230 Ontario Limited is fully protected, all of the following entities provided to 368230 Ontario Limited a joint and several guarantee of the full \$11.3 million:

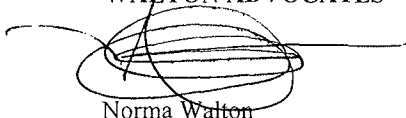
Ron Walton  
Norma Walton  
Liberty Village Lands Inc.  
Liberty Village Properties Ltd.

In our opinion Liberty Village Land Inc., and Liberty Village Properties Ltd., have good and marketable title in fee simple and 368230 Ontario Limited has valid first mortgages and personal guarantees on all three legal parcels.

Please find enclosed the following:

1. Electronically registered Charges;
2. Certificates of Independent Legal Representation;
3. Acknowledgements of Standard Charge Terms 200033;
4. Guarantees to Charge;
5. Resolutions; and
6. Post-dated cheques.

Yours very truly,  
**WALTON ADVOCATES**

A handwritten signature in black ink, appearing to be 'Norma Walton', written over a horizontal line.

Norma Walton  
/jm  
encls.

**GUARANTEE TO CHARGE NOS. AT2798006, AT2798014, and AT2798007 all registered on August 29, 2011 in the Land Registry Office for the City of Toronto**

including Standard Charge Terms 200033

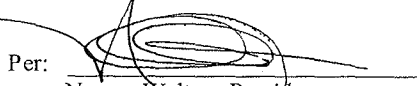
EACH OF THE guarantors noted below, hereby jointly and severally guarantee each Charge registered as Instrument nos. AT2798006, AT2798014 and AT2798007 (collectively referred to as the "Charge"), in consideration of the advance by the Chargee to the Chargors of the principal amount of such Charge, hereby covenant and agree as follows:

- a) The Guarantor(s), as principal debtor and not as surety, will duly pay or cause to be paid all amounts payable under the Charge, on the day and times and in the manner provided for payment of the same;
- b) The Guarantor(s) unconditionally guarantee full performance and discharge by the Chargor of all obligations under the provisions of the Charge at the times and in the manner provided for in the Charge;
- c) The Guarantor(s) indemnify and *save* the Chargee(s) harmless from and against all losses, damages, costs and expenses which the Chargee(s) may sustain, or incur or be or become liable for by reason of the failure for any reason whatsoever to pay the amounts payable under the Charge or to do and perform any other act, matter or thing required by the provisions of the Charge, or any act, action or proceeding or in connection with the recovery of the amounts payable under the Charge or enforcing the performance of any other person liable under the Charge;
- d) The Chargee(s) shall not be obliged to proceed against the Chargor(s) or any other person liable under the Charge or to enforce or exhaust any security, before proceeding to enforce the obligations of the Guarantor(s) set out in this paragraph and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any of your debts or obligations under the Charge or the enforcement of any security for any such debt or obligation;

Witness:

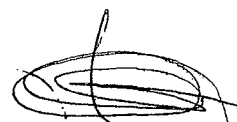
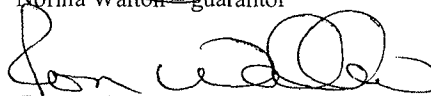
  
Jackie McKinlay

Liberty Village Lands Inc. - guarantor

Per:   
Norma Walton, President

Liberty Village Properties Ltd. - guarantor

Per:   
Norma Walton, President

  
Norma Walton - guarantor  
  
Ronald Walton - guarantor

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 3

**Properties**

PIN 21299 - 0117 LT Interest/Estate Fee Simple ☒ Redescription  
Description BLK B PL 1110 TORONTO; LT 121 AND PT LT 122 PL 765; PT 1 63R3439; CITY OF TORONTO  
Address TORONTO

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name LIBERTY VILLAGE LANDS INC.  
Address for Service 30 Hazelton Avenue  
Toronto, ON M5R 2E2

I, Norma Walton, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)**

Capacity

Share

Name 368230 ONTARIO LIMITED  
Address for Service 60 Post Road  
Toronto, ON M3B 1H8

**Provisions**

Principal \$ 2,000,000.00 Currency CDN  
Calculation Period monthly, not in advance  
Balance Due Date 2013/08/31  
Interest Rate 8.0%  
Payments \$ 13,333.33  
Interest Adjustment Date 2011 08 01  
Payment Date 1st day of each month  
First Payment Date 2011 09 01  
Last Payment Date 2013 08 31  
Standard Charge Terms 200033  
Insurance Amount full insurable value  
Guarantor Norma Walton, Ronald Walton

**Additional Provisions**

See Schedules

**Signed By**

Norma Jean Walton

30 Hazelton Avenue  
Toronto  
M5R 2E2

acting for  
Chargor(s)

Signed

2011 08 29

Tel 416-489-3171

Fax 416-489-9973

I have the authority to sign and register the document on behalf of the Chargor(s).



LRO # 80 Charge/Mortgage

Received as AT2798006 on 2011 08 29 at 16:33

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 3

**Submitted By**

WALTON &amp; ADVOCATES

30 Hazelton Avenue  
Toronto  
M5R 2E2

2011 08 29

Tel 416-489-3171

Fax 416-489-9973

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**POST-DATED CHEQUES:**

The Chargor shall, at inception and on each anniversary, furnish to the Mortgagee, post-dated cheques for the next ensuing twelve monthly payments required hereunder.

**ADMINISTRATION CHARGES:**

The Chargor(s) covenant and agree to pay to the Chargee(s) his/her administration fee for the following matters, in the amounts set forth:

- (a) missed payment, or processing any returned payment, \$200.00;
- (b) dealing with cancellation of insurance or other non-compliance with insurance requirements, \$200.00;
- (c) if not provide to the Chargee as set out herein, realty tax status inquiry, including cost of certificate, \$200.00;
- (d) collection proceedings, \$200.00.

**INSURANCE POLICY/BINDER:**

The Chargor shall provide to the Chargee, an Insurance Policy/Binder showing the Chargee as mortgagee, within thirty days of the expiry of the current insurance policy.

**REALTY TAX PAYMENTS:**

The Chargor shall provide to the Chargee, evidence of payment of realty taxes on an annual basis, within thirty days of the due date of the last installment for each such calendar year.

**MORTGAGE STATEMENTS:**

The Chargor shall pay the sum of \$100.00 for each mortgage statement requested from the Chargee.

LRO # 80 Charge/Mortgage

Received as AT2798014 on 2011 08 29 at 16:34

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 2

**Properties**

PIN 21299 - 0116 LT Interest/Estate Fee Simple

Description LT 125, 146 PL 765 TORONTO; PT LT 124, 126, 144-145, 147 PL 765 TORONTO; PT LANE PL 765 TORONTO (CLOSED BY WF19788) PT 2 63R3894; CITY OF TORONTO

Address 30 ATLANTIC AVE  
TORONTO

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name LIBERTY VILLAGE PROPERTIES LTD.

Address for Service 30 Hazelton Avenue  
Toronto, ON M5R 2E2

I, Norma Walton, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)**

Capacity

Share

Name 368230 ONTARIO LIMITED

Address for Service 60 Post Road  
Toronto, ON M3B 1H8

**Provisions**

Principal \$ 4,650,000.00 Currency CDN

Calculation Period monthly, not in advance

Balance Due Date 2013/08/31

Interest Rate 8.0%

Payments \$ 31,000.00

Interest Adjustment Date 2011 08 01

Payment Date 1st day of each month

First Payment Date 2011 09 01

Last Payment Date 2013 08 31

Standard Charge Terms 200033

Insurance Amount full insurable value

Guarantor Norma Walton, Ronald Walton

**Signed By**

Norma Jean Walton

30 Hazelton Avenue  
Toronto  
M5R 2E2

acting for  
Chargor(s)

Signed

2011 08 29

Tel 416-489-3171

Fax 416-489-9973

I have the authority to sign and register the document on behalf of the Chargor(s).

LRO # 80 Charge/Mortgage

Received as AT2798014 on 2011 08 29 at 16:34

The applicant(s) hereby applies to the Land Registrar.

**Submitted By**

WALTON & ADVOCATES	30 Hazelton Avenue Toronto M5R 2E2	2011 08 29
Tel 416-489-3171		
Fax 4164899973		

**Fees/Taxes/Payment**

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

**POST-DATED CHEQUES:**

The Chargor shall, at inception and on each anniversary, furnish to the Mortgagee, post-dated cheques for the next ensuing twelve monthly payments required hereunder.

**ADMINISTRATION CHARGES:**

The Chargor(s) covenant and agree to pay to the Chargee(s) his/her administration fee for the following matters, in the amounts set forth:

- (a) missed payment, or processing any returned payment, \$200.00;
- (b) dealing with cancellation of insurance or other non-compliance with insurance requirements, \$200.00;
- (c) if not provide to the Chargee as set out herein, realty tax status inquiry, including cost of certificate, \$200.00;
- (d) collection proceedings, \$200.00.

**INSURANCE POLICY/BINDER:**

The Chargor shall provide to the Chargee, an Insurance Policy/Binder showing the Chargee as mortgagee, within thirty days of the expiry of the current insurance policy.

**REALTY TAX PAYMENTS:**

The Chargor shall provide to the Chargee, evidence of payment of realty taxes on an annual basis, within thirty days of the due date of the last installment for each such calendar year.

**MORTGAGE STATEMENTS:**

The Chargor shall pay the sum of \$100.00 for each mortgage statement requested from the Chargee.

LRO # 80 Charge/Mortgage

Received as AT2798007 on 2011 08 29 at 16:33

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 3

**Properties**

PIN 21299 - 0117 LT Interest/Estate Fee Simple ☒ Redescription

Description LT 123, 148-149 PL 765; PT LT 122, 124, 147 PL 765; PT LANE PL 765 TORONTO  
(CLOSED BY WF19788) PT 2 63R3439; CITY OF TORONTO

Address TORONTO

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name LIBERTY VILLAGE PROPERTIES LTD.

Address for Service 30 Hazelton Avenue  
Toronto, ON M5R 2E2

I, Norma Walton, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)**

Capacity

Share

Name 368230 ONTARIO LIMITED

Address for Service 60 Post Road  
Toronto, Ontario  
M3B 1H8

**Provisions**

Principal \$ 4,650,000.00 Currency CDN

Calculation Period monthly, not in advance

Balance Due Date 2013/08/31

Interest Rate 8.0%

Payments \$ 31,000.00

Interest Adjustment Date 2011 08 01

Payment Date 1st day of each month

First Payment Date 2011 09 01

Last Payment Date 2013 08 31

Standard Charge Terms 200033

Insurance Amount full insurable value

Guarantor Norma Walton and Ronald Walton

**Additional Provisions**

See Schedules

**Signed By**

Norma Jean Walton 30 Hazelton Avenue acting for Signed 2011 08 29  
Toronto  
M5R 2E2 Chargor(s)

Tel 416-489-3171

Fax 416-489-9973

I have the authority to sign and register the document on behalf of the Chargor(s).

LRO # 80 Charge/Mortgage

Received as AT2798007 on 2011 08 29 at 16:33

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 3

**Submitted By**

WALTON & ADVOCATES

30 Hazelton Avenue  
Toronto  
M5R 2E2

2011 08 29

Tel 416-489-3171

Fax 416-489-9973

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**POST-DATED CHEQUES:**

The Chargor shall, at inception and on each anniversary, furnish to the Mortgagee, post-dated cheques for the next ensuing twelve monthly payments required hereunder.

**ADMINISTRATION CHARGES:**

The Chargor(s) covenant and agree to pay to the Chargee(s) his/her administration fee for the following matters, in the amounts set forth:

- (a) missed payment, or processing any returned payment, \$200.00;
- (b) dealing with cancellation of insurance or other non-compliance with insurance requirements, \$200.00;
- (c) if not provide to the Chargee as set out herein, realty tax status inquiry, including cost of certificate, \$200.00;
- (d) collection proceedings, \$200.00.

**INSURANCE POLICY/BINDER:**

The Chargor shall provide to the Chargee, an Insurance Policy/Binder showing the Chargee as mortgagee, within thirty days of the expiry of the current insurance policy.

**REALTY TAX PAYMENTS:**

The Chargor shall provide to the Chargee, evidence of payment of realty taxes on an annual basis, within thirty days of the due date of the last installment for each such calendar year.

**MORTGAGE STATEMENTS:**

The Chargor shall pay the sum of \$100.00 for each mortgage statement requested from the Chargee.





**ACKNOWLEDGMENT OF STANDARD CHARGE TERMS ATTACHED  
HERETO.**

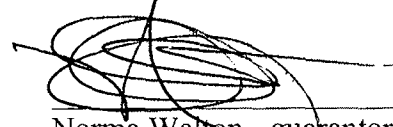
The undersigned hereby acknowledge receipt of a copy of Standard Charge Terms No.  
200033 and agree to be bound by the terms thereof.

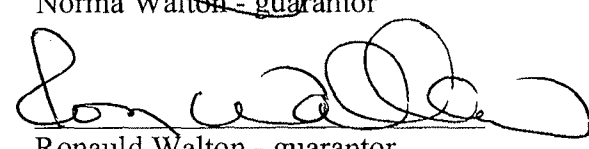
DATED this 29<sup>th</sup> day of August, 2011.

Liberty Village Lands Inc.

Per: 

Norma Walton, President

  
Norma Walton - guarantor

  
Ronauld Walton - guarantor

RESOLUTION OF THE BOARD OF DIRECTORS  
of  
LIBERTY VILLAGE LANDS INC. (the "Corporation")

WHEREAS the Corporation has given a 1<sup>st</sup> mortgage on premises owned by it, being **47 Jefferson Avenue, Toronto**  
in favour of:  
**368230 Ontario Limited, in the principal amount of: Two Million (\$ 2,000,000.00) DOLLARS,**

NOW THEREFORE BE IT RESOLVED THAT:

The President, and/or the Secretary of the Corporation be and are hereby empowered to execute all documents and do all things in order to give effect to the completion of the transaction which is the subject matter of the above-noted Mortgage.

THE UNDERSIGNED being all the Directors of the Corporation,  
hereby sign the foregoing resolution pursuant to Subsection 129 (1) of The Business Corporations Act, this 28th day of August, 2011.

+++++

The undersigned, Norma Walton, hereby certifies that the foregoing is a true and correct copy of a resolution duly passed by the Directors of the Corporation effective the 28<sup>th</sup> day of August, 2011, and that such resolution is in full force and effect, unamended and unrevoked, as of the date hereof.

DATED this 28 day of August, 2011



Norma Walton – President

I have the authority to bind the corporation

**ACKNOWLEDGMENT OF STANDARD CHARGE TERMS ATTACHED  
HERETO.**


The undersigned hereby acknowledge receipt of a copy of Standard Charge Terms No.  
200033 and agree to be bound by the terms thereof.


DATED this 29<sup>th</sup> day of August, 2011.

Liberty Village Properties Ltd.

Per: 

Norma Walton, President

  
Norma Walton - guarantor

  
Ronauld Walton - guarantor

CERTIFICATE OF INDEPENDENT LEGAL REPRESENTATION  
AND IDENTIFICATION

TO: WALTON ADVOCATES AND DANIEL BERNSTEIN


RE: LIBERTY VILLAGE PROPERTIES LTD.  
1<sup>st</sup> mortgage to 368230 Ontario Limited

ON the 29<sup>th</sup> day of August, 2011, Ronauld Walton, as guarantor in his personal capacity to a Charge given by 368230 Ontario Limited., executed a Charge in favour of 368230 Ontario Limited, having been examined by me, acknowledges and declares that he fully understands the nature and effect of the Charge, copies of which are attached hereto, and that he has executed the same freely, voluntarily and without fear, threat or compulsion.

I acknowledge that Walton Advocates, acting for the Chargee herein, is relying upon me for confirmation as to the true identity of the said parties. To this end I confirm that:

1. I am a solicitor in good standing with LSUC.
2. I have obtained two identification documents, copies attached (one of which is Government issued with photo and signature) from the said Ronauld Walton, and I certify to you that the party appearing before me and who executed the mortgage to your client, is in fact the above noted party.

DATED at Toronto, this 29<sup>th</sup> day of <sup>August</sup>~~July~~, 2011

  
Allan Strader  
Barrister, Solicitor  
49 St. Nicholas Street  
Toronto, Ontario  
M4Y 1W6

CERTIFICATE OF INDEPENDENT LEGAL REPRESENTATION  
AND IDENTIFICATION

TO: WALTON ADVOCATES AND DANIEL BERNSTEIN

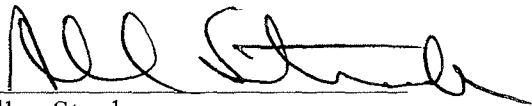
RE: LIBERTY VILLAGE LANDS INC.  
1<sup>st</sup> mortgage to 368230 Ontario Limited

ON the 29<sup>th</sup> day of August, 2011, Ronauld Walton, as guarantor in his personal capacity to a Charge given by 368230 Ontario Limited., executed a Charge in favour of 368230 Ontario Limited, having been examined by me, acknowledges and declares that he fully understands the nature and effect of the Charge, copies of which are attached hereto, and that he has executed the same freely, voluntarily and without fear, threat or compulsion.

I acknowledge that Walton Advocates, acting for the Chargee herein, is relying upon me for confirmation as to the true identity of the said parties. To this end I confirm that:

1. I am a solicitor in good standing with LSUC.
2. I have obtained two identification documents, copies attached (one of which is Government issued with photo and signature) from the said Ronauld Walton, and I certify to you that the party appearing before me and who executed the mortgage to your client, is in fact the above noted party.

DATED at Toronto, this 29<sup>th</sup> day of <sup>August</sup>~~July~~, 2011

  
Allan Strader  
Barrister, Solicitor  
49 St. Nicholas Street  
Toronto, Ontario  
M4Y 1W6

CERTIFICATE OF INDEPENDENT LEGAL REPRESENTATION  
AND IDENTIFICATION

TO: WALTON ADVOCATES AND DANIEL BERNSTEIN

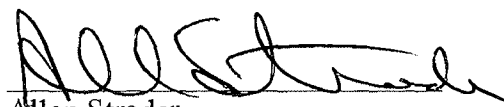
RE: LIBERTY VILLAGE LANDS INC.  
1<sup>st</sup> mortgage to 368230 Ontario Limited

ON the 29<sup>th</sup> day of August, 2011, Norma Walton, as President of Liberty Village Lands Inc., and as Guarantor, in her personal capacity to a Charge given by 368230 Ontario Limited., executed a Charge in favour of 368230 Ontario Limited, having been examined by me, acknowledges and declares that he fully understands the nature and effect of the Charge, copies of which are attached hereto, and that he has executed the same freely, voluntarily and without fear, threat or compulsion.

I acknowledge that Walton Advocates, acting for the Chargee herein, is relying upon me for confirmation as to the true identity of the said parties. To this end I confirm that:

1. I am a solicitor in good standing with LSUC.
2. I have obtained two identification documents, copies attached (one of which is Government issued with photo and signature) from the said Ronauld Walton, and I certify to you that the party appearing before me and who executed the mortgage to your client, is in fact the above noted party.

DATED at Toronto, this 29<sup>th</sup> day of August, 2011



Allan Strader  
Barrister, Solicitor  
49 St. Nicholas Street  
Toronto, Ontario  
M4Y 1W6

CERTIFICATE OF INDEPENDENT LEGAL REPRESENTATION  
AND IDENTIFICATION

TO: WALTON ADVOCATES AND DANIEL BERNSTEIN

RE: LIBERTY VILLAGE PROPERTIES LTD.  
1<sup>st</sup> mortgage to 368230 Ontario Limited

ON the 29<sup>th</sup> day of August, 2011, Norma Walton, as President of Liberty Village Lands Inc., and as Guarantor, in her personal capacity to a Charge given by 368230 Ontario Limited., executed a Charge in favour of 368230 Ontario Limited, having been examined by me, acknowledges and declares that he fully understands the nature and effect of the Charge, copies of which are attached hereto, and that he has executed the same freely, voluntarily and without fear, threat or compulsion.

I acknowledge that Walton Advocates, acting for the Chargee herein, is relying upon me for confirmation as to the true identity of the said parties. To this end I confirm that:

1. I am a solicitor in good standing with LSUC.
2. I have obtained two identification documents, copies attached (one of which is Government issued with photo and signature) from the said Norma Walton, and I certify to you that the party appearing before me and who executed the mortgage to your client, is in fact the above noted party.

DATED at Toronto, this 29<sup>th</sup> day of August, 2011



Allan Strader  
Barrister, Solicitor  
49 St. Nicholas Street  
Toronto, Ontario  
M4Y 1W6



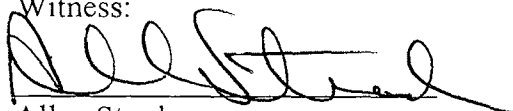
**GUARANTEE TO CHARGE NO. AT \_\_\_\_\_ registered on \_\_\_\_\_, Toronto**


including Standard Charge Terms 200033

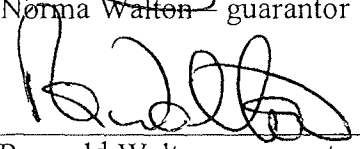
EACH OF THE guarantors noted below, hereby guarantee the Charge registered as Instrument no. AT \_\_\_\_\_ ("the Charge"), in consideration of the advance by the Chargee to the Chargor of the principal amount of such Charge, hereby covenant and agree as follows:

- a) The Guarantor(s), as principal debtor and not as surety, will duly pay or cause to be paid all amounts payable under the Charge, on the day and times and in the manner provided for payment of the same;
- b) The Guarantor(s) unconditionally guarantee full performance and discharge by the Chargor of all obligations under the provisions of the Charge at the times and in the manner provided for in the Charge;
- c) The Guarantor(s) indemnify and *save* the Chargee(s) harmless from and against all losses, damages, costs and expenses which the Chargee(s) may sustain, or incur or be or become liable for by reason of the failure for any reason whatsoever to pay the amounts payable under the Charge or to do and perform any other act, matter or thing required by the provisions of the Charge, or any act, action or proceeding or in connection with the recovery of the amounts payable under the Charge or enforcing the performance of any other person liable under the Charge;
- d) The Chargee(s) shall not be obliged to proceed against the Chargor or any other person liable under the Charge or to enforce or exhaust any security, before proceeding to enforce the obligations of the Guarantor(s) set out in this paragraph and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any of your debts or obligations under the Charge or the enforcement of any security for any such debt or obligation;

Witness:

  
Allan Strader

  
Norma Walton - guarantor

  
Ronauld Walton - guarantor

**GUARANTEE TO CHARGE NO. AT \_\_\_\_\_ registered on \_\_\_\_\_, Toronto**

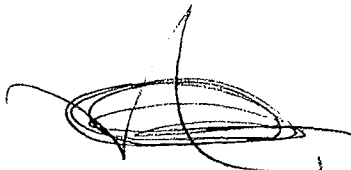
including Standard Charge Terms 200033

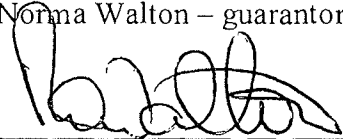
EACH OF THE guarantors noted below, hereby guarantee the Charge registered as Instrument no. AT \_\_\_\_\_ ("the Charge"), in consideration of the advance by the Chargee to the Chargor of the principal amount of such Charge, hereby covenant and agree as follows:

- a) The Guarantor(s), as principal debtor and not as surety, will duly pay or cause to be paid all amounts payable under the Charge, on the day and times and in the manner provided for payment of the same;
- b) The Guarantor(s) unconditionally guarantee full performance and discharge by the Chargor of all obligations under the provisions of the Charge at the times and in the manner provided for in the Charge;
- c) The Guarantor(s) indemnify and *save* the Chargee(s) harmless from and against all losses, damages, costs and expenses which the Chargee(s) may sustain, or incur or be or become liable for by reason of the failure for any reason whatsoever to pay the amounts payable under the Charge or to do and perform any other act, matter or thing required by the provisions of the Charge, or any act, action or proceeding or in connection with the recovery of the amounts payable under the Charge or enforcing the performance of any other person liable under the Charge;
- d) The Chargee(s) shall not be obliged to proceed against the Chargor or any other person liable under the Charge or to enforce or exhaust any security, before proceeding to enforce the obligations of the Guarantor(s) set out in this paragraph and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any of your debts or obligations under the Charge or the enforcement of any security for any such debt or obligation;

Witness:

  
Allan Strader

  
Norma Walton – guarantor

  
Ronauld Walton - guarantor

## RESOLUTION OF THE BOARD OF DIRECTORS

of

LIBERTY VILLAGE PROPERTIES LTD. (the "Corporation")

WHEREAS the Corporation has given a 1<sup>st</sup> mortgage on premises owned by it, being  
**30/32 Atlantic Avenue, Toronto**

in favour of:

**368230 Ontario Limited, in the principal amount of: Nine Million, Three Hundred  
 Thousand (\$ 9,300,000.00) DOLLARS,**

NOW THEREFORE BE IT RESOLVED THAT:

The President, and/or the Secretary of the Corporation be and are hereby empowered to  
 execute all documents and do all things in order to give effect to the completion of the  
 transaction which is the subject matter of the above-noted Mortgage.

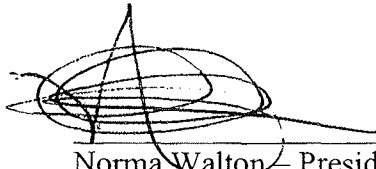
THE UNDERSIGNED being all the Directors of the Corporation,

hereby sign the foregoing resolution pursuant to Subsection 129 (1) of The Business  
 Corporations Act, this 28<sup>th</sup> day of August, 2011.

+++++

The undersigned, Norma Walton, hereby certifies that the foregoing is a true and correct  
 copy of a resolution duly passed by the Directors of the Corporation effective the 28<sup>th</sup> day  
 of August, 2011, and that such resolution is in full force and effect, unamended and  
 unrevoked, as of the date hereof.

DATED this 28 day of August, 2011



Norma Walton – President

I have the authority to bind the corporation



LRO # 80 Charge/Mortgage

Received as AT2959596 on 2012 03 05 at 12:34

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 2

**Properties**

**PIN** 21400 - 0069 LT **Interest/Estate** Fee Simple

**Description** PT WALKS AND GARDENS PL 5A TORONTO; PT STRIP OF LAND BTN WATERS  
EDGE AND TOP OF BANK PL 5A TORONTO; PT LT 30 S/S FRONT ST E PL 5A  
TORONTO AS IN CA570607; S/T CT273443; CITY OF TORONTO

**Address** 65 FRONT ST E  
TORONTO

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

**Name** FRONT CHURCH PROPERTIES LIMITED

**Address for Service** 65 Front Street East  
Toronto, Ontario  
M3B 1H8

I, Norma Walton, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)****Capacity****Share**

**Name** 368230 ONTARIO LIMITED

**Address for Service** 60 Post Road  
Toronto, Ontario

**Provisions**

**Principal** \$ 2,500,000.00 **Currency** CDN

**Calculation Period** monthly, not in advance

**Balance Due Date** 2013/04/30

**Interest Rate** 11.0%

**Payments** \$ 22,916.67

**Interest Adjustment Date** 2012 03 05

**Payment Date** 5th day of each month

**First Payment Date** 2012 04 05

**Last Payment Date** 2013 04 30

**Standard Charge Terms** 200033

**Insurance Amount** full insurable value

**Guarantor** Norma Walton, Ronauld Walton

**Additional Provisions**

See Schedules

**Signed By**

Norma Jean Walton 30 Hazelton Avenue acting for Signed 2012 03 05  
Toronto  
M5R 2E2  
Chargor(s)

**Tel** 416-489-3171

**Fax** 4164899973

I have the authority to sign and register the document on behalf of the Chargor(s).

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd

Page 2 of 2

**Submitted By**

WALTON &amp; ADVOCATES

30 Hazelton Avenue  
Toronto  
M5R 2E2

2012 03 05

Tel 416-489-3171

Fax 416-489-9973

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**POST-DATED CHEQUES:**

The Chargor shall, at inception and on each anniversary, furnish to the Mortgagee, post-dated cheques for the next ensuing twelve monthly payments required hereunder.

**PREPAYMENT PRIVILEGE:**

The Chargor shall have the privilege, commencing three months from inception, of prepaying the whole or any portion of the principal secured, on any payment date, upon payment of a bonus equal to one month's interest on the amount so prepaid.

**SALE BY CHARGOR:**

In the event of the Chargor(s) selling, conveying, transferring or entering into any purchaser, grantee, transferee, or assignee, all monies hereby secured, together with all accrued interest and prepayment penalty set out above, shall forthwith become due and payable, at the option of the Chargee(s).

**ADMINISTRATION CHARGES:**

The Chargor(s) covenant and agree to pay to the Chargee(s) his/her administration fee for the following matters, in the amounts set forth:

- (a) missed payment, or processing any returned payment, \$200.00;
- (b) dealing with cancellation of insurance or other non-compliance with insurance requirements, \$200.00;
- (c) if not provide to the Chargee as set out herein, realty tax status inquiry, including cost of certificate, \$200.00;
- (d) collection proceedings, \$200.00.

**INSURANCE POLICY/BINDER:**

The Chargor shall provide to the Chargee, an Insurance Policy/Binder showing the Chargee's interest, within thirty days of the expiry of the current insurance policy.

**REALTY TAX PAYMENTS:**

The Chargor shall provide to the Chargee, evidence of payment of realty taxes on an annual basis, within thirty days of the due date of the last installment for each such calendar year.

**MORTGAGE STATEMENTS:**

The Chargor shall pay the sum of \$100.00 for each mortgage statement requested from the Chargee.

# WALTON ADVOCATES

## BARRISTERS AND SOLICITORS/TRADE MARK AGENTS

Corporate Law \* Family Law \* Employment Law \* Estate Law \* Real Estate Development Law

---

30 HAZELTON AVENUE • TORONTO, ONTARIO • M5R 2E2  
(416) 489-3171 • Fax: (416) 489-9973 • E-mail: norma@waltonadvocates.com

March 4, 2012

BY EMAIL

Dr. Stanley Bernstein  
Dr. Bernstein Diet and Health Clinics  
21 Kern Road  
Toronto, ON M3B 1S9

Dear Stan,

**Re: Front Church Properties Limited second mortgage from 368230 Ontario Limited**  
**65 Front Street East, Toronto**  
**Closing Date: March 5, 2012**

---

65 Front Street is one of our best properties. Front Church Properties Limited has owned 65 Front Street East since September 2006. 368230 Ontario Limited previously held a second mortgage against the property. The property generates over \$900,000 per year of income; all of our tenants are happy and stable; and the net income is about \$600,000 per year. Allied REIT calls us without fail every year to see if we are interested in selling the property. They have offered us a 5% capitalization rate or \$12 million for the property. It won't surprise you that we have no interest in selling.

The building is just over 22,000 square feet in size. The Flat Iron Building kitty corner our property recently sold for over \$15 million and it is 19,000 square feet in size. The Berczy condominium complex is being built next door, with condominiums selling in the \$700 PSF range.

Currently there is a first mortgage from Alterna with principal amount of approximately \$6.2 million owing at an interest rate of 4.7% per annum for a term through to 2016. The interest expense is less than \$300,000 per year, leaving another \$300,000 available to pay interest for the second mortgage.

We propose the second mortgage have the following characteristics:

Lender: 368230 Ontario Inc.



- 3 -

closing

Interest Adjustment

Date: Interest shall be adjusted to the 5th day of the month after the advance is made, and shall be payable on the fifth of each month thereafter.

Default: If Lender must send collection letters to Borrower due to default, a \$200 fee for each collection letter will apply.

Mortgage Statements: Borrower shall pay \$100 for preparation of each Mortgage Statement requested.

Legal Fees: Lender's lawyer: Daniel Bernstein

All legal, survey, insurance, valuation and inspection costs and fees, and other costs and fees incurred in connection with this mortgage shall be paid by the Borrower unless otherwise stated. Borrower's counsel will prepare and register all documents and report to Lender's lawyer accordingly.

Title and Legal  
Requirements:

Advance of funds shall be made subject to the Lender and its solicitors being satisfied with title to all property secured and all legal aspects required of the transaction.

We greatly appreciate your accommodation of the above facility.

We will register all documents tomorrow and will arrange to retrieve the first advance of \$1.25 million payable to Front Church Properties Limited after 2 pm from your offices if that is convenient for you.

Yours truly,  
WALTON ADVOCATES

Norma Walton



# WALTON ADVOCATES

## BARRISTERS AND SOLICITORS/TRADE MARK AGENTS

*Corporate Law \* Family Law \* Employment Law \* Estate Law \* Real Estate Development Law*

---

30 HAZELTON AVENUE • TORONTO, ONTARIO • M5R 2E2  
(416) 489-3171 • Fax: (416) 489-9973 • Email: [normaw@waltonadvocates.com](mailto:normaw@waltonadvocates.com)

March 29<sup>th</sup>, 2012

Mr. Daniel Bernstein  
Wardell Daley Bernstein  
401 Bay Street, Suite 2104  
P.O. Box 21  
Toronto, ON M5H 2Y2

Dear Mr. Bernstein,

**Re: 2nd mortgage registered against title to  
Property: 65 Front Street East, Toronto  
Chargor: Front Church Properties Ltd.**

---

We represent the purchaser, Front Church Properties Ltd. in this transaction. You represent the lender, 368230 Ontario Limited. We are reporting to you to confirm the details of the transaction.

On March 5<sup>th</sup>, 2012, Front Church Properties Ltd. purchased the above property. Concurrent with the purchase, a second mortgage in favour of 368230 Ontario Limited was registered. In addition, 368230 Ontario Limited has a personal guarantee to back up the first charge, such guarantee provided by Ronauld and Norma Walton. The Charge was registered as Instrument No. AT2959596 at the Toronto Land Registry Office.

In our opinion Front Church Properties Ltd. has good and marketable title in fee simple and 368230 Ontario Limited has a valid second mortgage and personal guarantee.

Please find enclosed the following:

1. Electronically registered Charge;
2. Acknowledgement of Standard Charge Terms 200033;
3. Guarantee to Charge; and
4. Resolutions.

Yours very truly,  
**WALTON ADVOCATES**



Norma Walton  
/jm  
encls.

CERTIFICATE OF INDEPENDENT LEGAL REPRESENTATION  
AND IDENTIFICATION

TO: WALTON ADVOCATES AND DANIEL BERNSTEIN

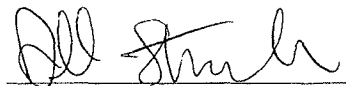
RE: FRONT CHURCH PROPERTIES LTD.  
2<sup>nd</sup> mortgage to 368230 Ontario Limited  
65 Front Street East, Toronto

ON the 20<sup>th</sup> day of March, 2012, Ronauld Walton, as guarantor in his personal capacity to a Charge given by 368230 Ontario Limited., executed a Charge in favour of 368230 Ontario Limited, having been examined by me, acknowledges and declares that he fully understands the nature and effect of the Charge, copies of which are attached hereto, and that he has executed the same freely, voluntarily and without fear, threat or compulsion.

I acknowledge that Walton Advocates, acting for the Chargee herein, is relying upon me for confirmation as to the true identity of the said parties. To this end I confirm that:

1. I am a solicitor in good standing with LSUC.
2. I have obtained two identification documents, copies attached (one of which is Government issued with photo and signature) from the said Ronauld Walton, and I certify to you that the party appearing before me and who executed the mortgage to your client, is in fact the above noted party.

DATED at Toronto, this 20<sup>th</sup> day of March, 2012



Allan Strader  
Barrister, Solicitor  
49 St. Nicholas Street  
Toronto, Ontario  
M4Y 1W6

CERTIFICATE OF INDEPENDENT LEGAL REPRESENTATION  
AND IDENTIFICATION

TO: WALTON ADVOCATES AND DANIEL BERNSTEIN

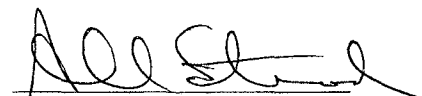
RE: FRONT CHURCH PROPERTIES LTD.  
2nd mortgage to 368230 Ontario Limited  
65 Front Street East, Toronto

ON the 20th day of March, 2012, Norma Walton, as President of FRONT CHURCH PROPERTIES LTD. and as Guarantor, in her personal capacity to a Charge given by 368230 Ontario Limited, executed a Charge in favour of 368230 Ontario Limited, having been examined by me, acknowledges and declares that she fully understands the nature and effect of the Charge, copies of which are attached hereto, and that he has executed the same freely, voluntarily and without fear, threat or compulsion.

I acknowledge that Walton Advocates, acting for the Chargee herein, is relying upon me for confirmation as to the true identity of the said parties. To this end I confirm that:

1. I am a solicitor in good standing with LSUC.
2. I have obtained two identification documents, copies attached (one of which is Government issued with photo and signature) from the said Norma Walton, and I certify to you that the party appearing before me and who executed the mortgage to your client, is in fact the above noted party.

DATED at Toronto, this 20th day of March, 2012

  
Allan Strader  
Barrister, Solicitor  
49 St. Nicholas Street  
Toronto, Ontario  
M4Y 1W6

**ACKNOWLEDGMENT OF STANDARD CHARGE TERMS ATTACHED  
HERETO.**

The undersigned hereby acknowledge receipt of a copy of Standard Charge Terms No.  
200033 and agree to be bound by the terms thereof.

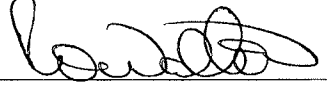
DATED this 20~~th~~ day of March, 2012.

FRONT CHURCH PROPERTIES LTD.

Per: 

Norma Walton, President

  
Norma Walton - guarantor

  
Ronauld Walton - guarantor

## RESOLUTION OF THE BOARD OF DIRECTORS

of

FRONT CHURCH PROPERTIES LTD. (the "Corporation")

WHEREAS the Corporation has given a 2<sup>nd</sup> mortgage on premises owned by it, being **65 Front Street East, Toronto**

in favour of:

**368230 Ontario Limited, in the principal amount of: Two million five hundred Thousand (\$ 2,500,000.00) DOLLARS,**

NOW THEREFORE BE IT RESOLVED THAT:

The President, and/or the Secretary of the Corporation be and are hereby empowered to execute all documents and do all things in order to give effect to the completion of the transaction which is the subject matter of the above-noted Mortgage.


THE UNDERSIGNED being all the Directors of the Corporation,

hereby sign the foregoing resolution pursuant to Subsection 129 (1) of The Business Corporations Act, this 5<sup>th</sup> day of March, 2012.

+++++

The undersigned, Norma Walton, hereby certifies that the foregoing is a true and correct copy of a resolution duly passed by the Directors of the Corporation effective the 5<sup>th</sup> day of March, 2012, and that such resolution is in full force and effect, unamended and unrevoked, as of the date hereof.

DATED this 5<sup>th</sup> day of March, 2012



Norma Walton - President

I have the authority to bind the corporation

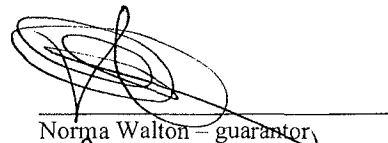
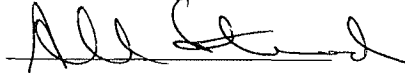
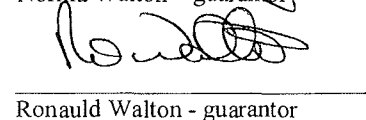
**GUARANTEE TO CHARGE NO. AT 2959596 registered on 65 Front Street East, Toronto**

including Standard Charge Terms 200033

EACH OF THE guarantors noted below, hereby guarantee the Charge registered as Instrument no. AT 2959596 ("the Charge"), in consideration of the advance by the Chargee to the Chargor of the principal amount of such Charge, hereby covenant and agree as follows:

- a) The Guarantor(s), as principal debtor and not as surety, will duly pay or cause to be paid all amounts payable under the Charge, on the day and times and in the manner provided for payment of the same;
- b) The Guarantor(s) unconditionally guarantee full performance and discharge by the Chargor of all obligations under the provisions of the Charge at the times and in the manner provided for in the Charge;
- c) The Guarantor(s) indemnify and *save* the Chargee(s) harmless from and against all losses, damages, costs and expenses which the Chargee(s) may sustain, or incur or be or become liable for by reason of the failure for any reason whatsoever to pay the amounts payable under the Charge or to do and perform any other act, matter or thing required by the provisions of the Charge, or any act, action or proceeding or in connection with the recovery of the amounts payable under the Charge or enforcing the performance of any other person liable under the Charge;
- d) The Chargee(s) shall not be obliged to proceed against the Chargor or any other person liable under the Charge or to enforce or exhaust any security, before proceeding to enforce the obligations of the Guarantor(s) set out in this paragraph and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any of your debts or obligations under the Charge or the enforcement of any security for any such debt or obligation;

Witness:

  
Norma Walton - guarantor  
Ronauld Walton - guarantor



LRO # 80 Charge/Mortgage

Received as AT2959596 on 2012 03 05 at 12:34

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 2

**Properties**

*PIN* 21400 - 0069 LT *Interest/Estate* Fee Simple  
*Description* PT WALKS AND GARDENS PL 5A TORONTO; PT STRIP OF LAND BTN WATERS  
 EDGE AND TOP OF BANK PL 5A TORONTO; PT LT 30 S/S FRONT ST E PL 5A  
 TORONTO AS IN CA570607; S/T CT273443; CITY OF TORONTO  
*Address* 65 FRONT ST E  
 TORONTO

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

*Name* FRONT CHURCH PROPERTIES LIMITED  
*Address for Service* 65 Front Street East  
 Toronto, Ontario  
 M3B 1H8

I, Norma Walton, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)***Capacity**Share*

*Name* 368230 ONTARIO LIMITED  
*Address for Service* 60 Post Road  
 Toronto, Ontario

**Provisions**

*Principal* \$ 2,500,000.00 *Currency* CDN  
*Calculation Period* monthly, not in advance  
*Balance Due Date* 2013/04/30  
*Interest Rate* 11.0%  
*Payments* \$ 22,916.67  
*Interest Adjustment Date* 2012 03 05  
*Payment Date* 5th day of each month  
*First Payment Date* 2012 04 05  
*Last Payment Date* 2013 04 30  
*Standard Charge Terms* 200033  
*Insurance Amount* full insurable value  
*Guarantor* Norma Walton, Ronauld Walton

**Additional Provisions**

See Schedules

**Signed By**

Norma Jean Walton 30 Hazelton Avenue acting for Signed 2012 03 05  
 Toronto  
 M5R 2E2  
*Tel* 416-489-3171  
*Fax* 416-489-9973

I have the authority to sign and register the document on behalf of the Chargor(s).

607

LRO # 80 Charge/Mortgage

Received as AT2959596 on 2012 03 05 at 12:34

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd

Page 2 of 2

**Submitted By**

WALTON &amp; ADVOCATES

30 Hazelton Avenue  
Toronto  
M5R 2E2

2012 03 05

Tel 416-489-3171

Fax 416-489-9973

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**POST-DATED CHEQUES:**

The Chargor shall, at inception and on each anniversary, furnish to the Mortgagee, post-dated cheques for the next ensuing twelve monthly payments required hereunder.

**PREPAYMENT PRIVILEGE:**

The Chargor shall have the privilege, commencing three months from inception, of prepaying the whole or any portion of the principal secured, on any payment date, upon payment of a bonus equal to one month's interest on the amount so prepaid.

**SALE BY CHARGOR:**

In the event of the Chargor(s) selling, conveying, transferring or entering into any purchaser, grantee, transferee, or assignee, all monies hereby secured, together with all accrued interest and prepayment penalty set out above, shall forthwith become due and payable, at the option of the Chargee(s).

**ADMINISTRATION CHARGES:**

The Chargor(s) covenant and agree to pay to the Chargee(s) his/her administration fee for the following matters, in the amounts set forth:

- (a) missed payment, or processing any returned payment, \$200.00;
- (b) dealing with cancellation of insurance or other non-compliance with insurance requirements, \$200.00;
- (c) if not provide to the Chargee as set out herein, realty tax status inquiry, including cost of certificate, \$200.00;
- (d) collection proceedings, \$200.00.

**INSURANCE POLICY/BINDER:**

The Chargor shall provide to the Chargee, an Insurance Policy/Binder showing the Chargee's interest, within thirty days of the expiry of the current insurance policy.

**REALTY TAX PAYMENTS:**

The Chargor shall provide to the Chargee, evidence of payment of realty taxes on an annual basis, within thirty days of the due date of the last installment for each such calendar year.

**MORTGAGE STATEMENTS:**

The Chargor shall pay the sum of \$100.00 for each mortgage statement requested from the Chargee.



**HORWITZ, FINDER**

Barristers, Solicitors  
 Suite 101  
 45 St. Clair Avenue West  
 Toronto, Ontario, M4V 1K9

Marvin Horwitz, Q.C.  
 Romeo Finder, B.Sc., LL.B.

Tel: 416-961-1177  
 Fax: 416-961-1251

June 1<sup>st</sup>, 2011

368230 Ontario Limited  
 c/o Dr. Stanley Bernstein  
 60 Post Road  
 Toronto, Ontario  
 M3B 1H8

Dear Sirs:

Re: 1<sup>st</sup> mortgage loan to Highland Creek Townes Inc.  
 232 - 234 Galloway Road, Toronto

We are pleased to advise that we completed the above mortgage loan on the 18<sup>th</sup> day of May, 2011, at which time a 1<sup>st</sup> mortgage was registered in your favour, on the above property, comprising townhomes under construction, as Instrument number AT2695179.

The particulars of this Mortgage are as follows:

Principal:	\$ 4,050,000.00
First advance:	\$ 3,300,000.00
Interest rate:	8.00% per annum
Payments:	As per commitment
Initial payments:	\$24,500.00 monthly
First payment:	July 1 <sup>st</sup> , 2011
Maturity:	June 30 <sup>th</sup> , 2012
Privileges:	See Additional Provisions, and as set out in Standard Charge Terms 200033
Guarantors:	Norma Walton, Ronald Walton

*cheques received  
 \$ 23,500  
 7-1-11 to 10-1-11  
 owes cheques  
 for \$ 1,000 / month  
 in add'l. \$ 300.00*

Page 2

Realty Taxes:

The realty taxes were paid to the date of acquisition in 2009. We were not requested to obtain an update on the realty tax payment at this time.

Fire Insurance:

The premises are insured by Premier Marine Insurance, under Policy no. WUT016, and your interest is noted thereon, as first mortgagee.

Corporate Resolution:

We obtained the Resolution of the Board of Directors of the borrower corporation, authorizing the giving of the mortgage security.

Sheriff Certificate:

We searched with the office of the Sheriff, Toronto, and found no judgments which would adversely affect your mortgage.

Title Insurance:

We obtained Title Insurance for your 1<sup>st</sup> mortgage, through First Canadian Title, and your Loan Policy is enclosed.

Title Opinion:

We are of the opinion that you hold a good and valid 1<sup>st</sup> mortgage on Part Lot 13, Concession 1, being Part 2 on Plan 66R-21638, municipally 232 - 234 Galloway Road, Toronto, subject only to the comments set out herein, all rights-of-way, easements or restrictions running with the lands, and any ongoing matters such as construction liens or matters of a like nature.

Enclosures:

1. Registered 1<sup>st</sup> mortgages;
2. Guarantee;

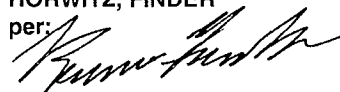
Page 3

3. Fire Insurance Binder;
4. Corporate Resolution;
5. Sheriff Certificate;
6. Title Insurance;
7. Form 9E;

We enclose four post-dated cheques, each for \$23,500.00, but the monthly payments should be \$24,500.00 currently. Please request this additional amount from the borrower.

We trust this matter was concluded to your satisfaction.

Yours very truly,  
**HORWITZ, FINDER**  
per:

A handwritten signature in black ink, appearing to read "Romeo Finder", written over the word "per:".

**Romeo Finder**

Stan.

↓ spoke to Norma yesterday &  
she will deliver additional charges  
for interest (\$1,000.00 per month) on the  
additional \$300,000.00 advanced on clearing.

Debra

Debra's  
23,500<sup>00</sup>  
7.1.11 to 10.1.11



613

LRO # 80 Charge/Mortgage

Received as AT2695179 on 2011 05 18

at 15:06

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd

Page 1 of 3

**Properties**

PIN 06247 - 0456 LT Interest/Estate Fee Simple  
Description PT LT 13 CON 1, DESIGNATED AS PART 2 PLAN 66R-21638, CITY OF TORONTO  
SUBJECT TO AN EASEMENT IN GROSS OVER PART 2 ON PLAN 66R-21638 AS IN  
AT2604940 CITY OF TORONTO  
Address 232 GALLOWAY ROAD  
TORONTO

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name HIGHLAND CREEK TOWNES INC.  
Address for Service 30 Hazelton Avenue  
Toronto, Ontario  
M5R 2E2

I, Norma Walton, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)**

Capacity

Share

Name 368230 ONTARIO LIMITED  
Address for Service 60 Post Road  
Toronto, Ontario  
M3B 1H8

**Provisions**

Principal \$ 4,050,000.00 Currency CDN  
Calculation Period monthly, not in advance  
Balance Due Date 2012/06/30  
Interest Rate 8.0%  
Payments \$ 27,000.00  
Interest Adjustment Date 2011 06 01  
Payment Date 1st day of each month  
First Payment Date 2011 07 01  
Last Payment Date 2012 06 30  
Standard Charge Terms 200033  
Insurance Amount See standard charge terms  
Guarantor Norma Walton, Ronauld Walton

**Additional Provisions**

See Schedules

**Signed By**

Lois McEwen

101-45 St. Clair Av. W.  
Toronto  
M4V 1K9

acting for  
Chargor(s)

Signed

2011 05 18

Tel 416-961-1177

Fax 4169611251

I have the authority to sign and register the document on behalf of the Chargor(s).

LRO # 80 Charge/Mortgage

Received as AT2695179 on 2011 05 18 at 15:06

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 3

**Submitted By**

HORWITZ FINDER

101-45 St. Clair Av. W.  
Toronto  
M4V 1K9

2011 05 18

Tel 416-961-1177

Fax 4169611251

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**File Number**

Chargor Client File Number : 38-11

## POST-DATED CHEQUES:

The Chargor shall, at inception and on each anniversary, furnish to the Mortgagee, post-dated cheques for the next ensuing twelve monthly payments required hereunder.

## PREPAYMENT PRIVILEGE:

The Chargor shall have the privilege, upon sale of each townhouse, of obtaining a partial discharge of each such townhouse from this Charge, upon payment on account of principal, of the greater of Ninety per cent ( 90%) of the net proceeds of each such sale, or Two Hundred Fifty Three Thousand, One Hundred Twenty-Five (\$253,125.00) Dollars, plus all applicable interest; provided that such discharge does not contravene the provisions of The Planning Act.

## SALE BY CHARGOR:

In the event of the Chargor(s) selling, conveying, transferring or entering into any agreement of sale or transfer of the title of the said lands, or if the Chargor is a corporation, the sale, transfer or assignment of any shares of the corporation, to any purchaser, grantee, transferee, or assignee, all monies hereby secured, together with all accrued interest and prepayment penalty set out above, shall forthwith become due and payable, at the option of the Chargee(s).

## ADMINISTRATION CHARGES:

The Chargor(s) covenant and agree to pay to the Chargee(s) his/her administration fee for the following matters, in the amounts set forth:

- (a) missed payment, or processing any returned payment, \$250.00;
- (b) dealing with cancellation of insurance or other non-compliance with insurance requirements, \$250.00;
- (c) if not provided to the Chargee as set out herein, realty tax status inquiry, including cost of certificate, \$250.00;
- (d) collection proceedings, \$250.00;

## INSURANCE POLICY/BINDER:

The Chargor shall provide to the Chargee, an Insurance Policy/Binder showing the Chargee as mortgagee, within thirty days of the expiry of the current insurance policy.

## REALTY TAX PAYMENTS:

The Chargor shall provide to the Chargee, evidence of payment of realty taxes on an annual basis, within thirty days of the due date of the last instalment for each such calendar year.

## MORTGAGE STATEMENTS:

The Chargor shall pay the sum of \$100.00 for each mortgage statement requested from the Chargee.

**GUARANTEE TO CHARGE NO. AT 2695179 registered on 232-234 Galloway Avenue, Toronto**

including Standard Charge Terms 200033

EACH OF THE guarantors noted below, hereby guarantee the Charge registered as Instrument no. AT 2695179 ("the Charge"), in consideration of the advance by the Chargee to the Chargor of the principal amount of such Charge, hereby covenant and agree as follows:

- a) The Guarantor(s), as principal debtor and not as surety, will duly pay or cause to be paid all amounts payable under the Charge, on the day and times and in the manner provided for payment of the same;
- b) The Guarantor(s) unconditionally guarantee full performance and discharge by the Chargor of all obligations under the provisions of the Charge at the times and in the manner provided for in the Charge;
- c) The Guarantor(s) indemnify and save the Chargee(s) harmless from and against all losses, damages, costs and expenses which the Chargee(s) may sustain, or incur or be or become liable for by reason of the failure for any reason whatsoever to pay the amounts payable under the Charge or to do and perform any other act, matter or thing required by the provisions of the Charge, or any act, action or proceeding or in connection with the recovery of the amounts payable under the Charge or enforcing the performance of any other person liable under the Charge;
- d) The Chargee(s) shall not be obliged to proceed against the Chargor or any other person liable under the Charge or to enforce or exhaust any security, before proceeding to enforce the obligations of the Guarantor(s) set out in this paragraph and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any of your debts or obligations under the Charge or the enforcement of any security for any such debt or obligation;

Witness:



*ill Stude*

*[Signature]*

Norma Walton - guarantor

*[Signature]*

Ronald Walton - guarantor

CERTIFICATE OF INSURANCE					ISSUE DATE (MM/DD/YY) 02/15/2011	
<b>BROKER</b>  <div style="text-align: center;">  </div>			HKMB HUB International Limited 595 Bay Street, Ste 900 Toronto, ON M5G 2E3 PHONE: 416-597-0008 FAX: 416-597-2313		This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the policies below.	
<b>INSURED'S FULL NAME AND MAILING ADDRESS</b> Highland Creek Townes Inc. 30 Hazellon Avenue Toronto, ON M5R 2E2			Company A Premier Marine			
			Company B			
			Company C			
			Company D			
			Company E			
<b>COVERAGES</b>						
This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated, not withstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies. Limits shown may have been reduced by paid claims.						
TYPE OF INSURANCE	CO LTR	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)	
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input type="checkbox"/> EMPLOYER'S LIABILITY <input type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input type="checkbox"/> HIRED AUTOMOBILE	A	WUT016	04/29/2010	04/29/2011	EACH OCCURRENCE \$ 2,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGGREGATE \$ PERSONAL INJURY \$ 2,000,000 EMPLOYER'S LIABILITY \$ TENANT'S LEGAL LIABILITY \$ NON-OWNED AUTOMOBILE \$ 2,000,000 HIRED AUTOMOBILE \$	
AUTOMOBILE LIABILITY <input type="checkbox"/> DESCRIBED AUTOMOBILES <input type="checkbox"/> ALL OWNED AUTOMOBILES <input type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <small>**ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE</small>					BODILY INJURY PROPERTY DAMAGE COMBINED BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE	
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM					EACH OCCURRENCE \$ AGGREGATE \$	
OTHER (SPECIFY) Builders Risk	A	B050765	04/29/2010	04/29/2011	Hard Costs \$ 2,820,000 Soft Costs \$ 160,000 Transit / Off Premises \$ 100,000 Expediting Expenses \$ 50,000	
<b>DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS/ ADDITIONAL INSURED</b> RE: 232-234 Galloway Road, Toronto The Certificate Holder is hereby added as a Loss Payee in respect of the property indicated in the certificate above and Additional Insured to the Commercial General Liability Policy but only with respect to vicarious liability arising out of the insured's operations of the leased equipment usual to their business.						
<b>CERTIFICATE HOLDER</b>  368230 Ontario Inc 60 Post Road Toronto, ON M3B 1H8			<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOUR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES  AUTHORIZED REPRESENTATIVE  <div style="text-align: right;">             Per: _____            Page 1 of 1         </div>			

## RESOLUTION OF THE BOARD OF DIRECTORS

of

Highland Creek Townes Inc. (the "Corporation")

WHEREAS the Corporation has given a 1<sup>st</sup> mortgage on premises owned by it, being  
**232-234 Galloway Avenue, Toronto**  
 in favour of:  
**368230 Ontario Limited, in the principal amount of:**  
**Four Million, Fifty Thousand (\$ 4,050,000.00) DOLLARS,**

## NOW THEREFORE BE IT RESOLVED THAT:

The President, and/or the Secretary of the Corporation be and are hereby empowered to execute all documents and do all things in order to give effect to the completion of the transaction which is the subject matter of the above-noted Mortgage.

THE UNDERSIGNED being all the Directors of the Corporation,

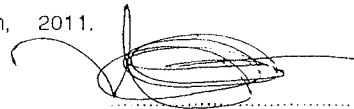
hereby sign the foregoing resolution pursuant to Subsection 129 (1)

of The Business Corporations Act, this 1<sup>st</sup> day of March, 2011.

+++++

The undersigned, Norma Walton, hereby certifies that the foregoing is a true and correct copy of a resolution duly passed by the Directors of the Corporation effective the 1<sup>st</sup> day of March, 2011, and that such resolution is in full force and effect, unamended and unrevoked, as of the date hereof.

DATED this 7<sup>th</sup> day of March, 2011.



Norma Walton - President  
 I have authority to bind the corporation

CERTIFICATE #:  
NO DE CERTIFICAT:  
15797480-2103955B

CLEAR CERTIFICATE / CERTIFICAT LIBRE

SHERIFF OF /  
SHERIF DE: CITY OF TORONTO (TORONTO)

DATE OF CERTIFICATE /  
DATE DU CERTIFICAT : 2011-05-18

THIS CERTIFIES THAT THERE ARE NO WRITS OF EXECUTION, EXTENT OR  
CERTIFICATES OF LIEN IN MY HANDS AT THE TIME OF SEARCHING AGAINST  
THE REAL AND PERSONAL PROPERTY OF:

JE CERTIFIE, PAR LA PRESENTE, NE PAS AVOIR DE BREF D'EXECUTION,  
NI DE CERTIFICAT DE PRIVILEGE, NI D'ORDONNANCE EN MA POSSESSION  
AU MOMENT DE LA RECHERCHE VISANT LES BIENS MEUBLES OU IMMEUBLES DE:

SURNAME / NOM                      GIVEN NAME(S) / PRENOM(S)

=====

(COMPANY/SOCIETE) HIGHLAND CREEK TOWNES INC.

CAUTION TO PARTY REQUESTING SEARCH:  
ENSURE THAT THE ABOVE INDICATED NAME IS THE SAME AS THE NAME SEARCHED.  
THIS NAME WILL REMAIN CLEAR UNTIL THE CLOSE OF BUSINESS THIS DATE.

AVERTISSEMENT A LA PARTIE QUI DEMANDE LA RECHERCHE:  
ASSUREZ-VOUS QUE LE NOM INDIQUE CI-DESSUS EST LE MEME QUE CELUI QUI  
EST RECHERCHE. CET ETAT DEMEURE VALIDE JUSQU'A LA FIN DE LA JOURNEE  
DE TRAVAIL.

CHARGE FOR THIS CERTIFICATE /  
FRAIS POUR CE CERTIFICAT : \$11.00

SEARCHER REFERENCE /  
REFERENCE CONCERNANT L'AUTEUR DE LA DEMANDE:

**DISCHARGE STATEMENT**

368230 Ontario Limited mortgage loan  
to Highland Creek Townes Inc.  
232 Galloway Road, Toronto

Principal Balance as of March 1st: \$4,050,000.00

Partial discharge amount = \$253,125.00 per house

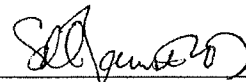
Please note:

1. All funds to be certified
2. Please make the amount of \$253,125.00 payable to 368230 Ontario Limited
3. If funds are not delivered by 3 pm on the closing date, per diem interest will be due accordingly

Per Diem Rate of Interest: \$55.48

DATED at Toronto this 12 day of March, 2012

368230 Ontario Limited



Dr. Stanley Bernstein, A.S.O.





# WALTON ADVOCATES

## BARRISTERS AND SOLICITORS/TRADE MARK AGENTS

Corporate Law \* Family Law \* Employment Law \* Estate Law \* Real Estate Development Law

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30 HAZELTON AVENUE • TORONTO, ONTARIO • M5R 2E2  
 (416) 489-3171 • Fax: (416) 489-9973 • E-mail: norma@waltonadvocates.com

June 26, 2011

BY EMAIL

Dr. Stanley Bernstein  
 Dr. Bernstein Diet and Health Clinics  
 21 Kern Road  
 Toronto, ON M3B 1S9

Dear Stan,

**Re: Riverdale Mansion Ltd. first mortgage from 368230 Ontario Inc.**  
**450 Pape Avenue, Toronto**  
**Closing Date: July 4, 2011**

---

The Salvation Army has owned almost 0.6 acres of land on the corner of Pape and Riverdale in the Riverdale neighbourhood of Toronto for more than 80 years. They originally ran a home for pregnant girls out of the property then a few years ago changed the facility to a home for men with mental problems. In 2008, they shuttered their programs out of that location, declared the property surplus, and listed it for sale. Originally listed for \$2.5 million, they received an offer in due course for \$2.2 million. While the first purchasers were conducting their due diligence, Councillor Paula Fletcher became aware of the property and decided it should be a home for poor artists. The city thus designated the property historically, scuttling the offer that was on the table, and Councillor Fletcher arranged to purchase the property conditionally for \$1.9 million. That second offer to purchase fell apart when the city of Toronto acquisitions department advised Councillor Fletcher that their mandate was to sell properties owned by the city, not purchase more. The Salvation Army re-listed it and received a third offer for \$1.7 million with a 6 week due diligence provision. We found out about the property a couple of days before that due diligence provision was to end, and advised the Salvation Army (who are a tenant of ours at 252 Carlton) that we would purchase firm if the deal on the table fell apart. The third purchasers requested two more weeks to complete their due diligence and instead The Salvation Army contracted with us to purchase the property without conditions.

There is a historic mansion on the property that dates from 1910 and a newer building that dates from the 1960s. Our plan for the property is simple. We will demise the newer section of the property into six condominium townhouses, each about 1,600 square feet over three levels with rooftop deck and private front patio. At the same time, we will clean up and ready for sale the mansion and will sever the mansion from the new section of the property before sale. We already have three purchasers interested in buying the townhouses through word of mouth, and we have two parties interested in purchasing the mansion, all before closing. McKenzie Ray Heron and Edwardh are

conducting an appraisal of the property and they have determined that based on our plan for the property the value far exceeds the \$1.7 million purchase price.

We anticipate the project will cost \$3.94 million and will generate revenues of approximately \$5 million within two years of closing. We are seeking a first mortgage facility to acquire the property, renovate the mansion, and construct the townhouses, detailed as follows:

Lender:	368230 Ontario Inc.	
Borrower:	Riverdale Mansion Ltd.	
Guarantors:	Ron and Norma Walton	
Purpose of Loan:	Purchase property, renovate mansion, and construct townhouses	
Security:	First mortgage 450 Pape Avenue	
	General assignment of rents	
	Guarantee	
Closing Date:	July 4, 2011	
Loan Amount:	Mortgage:	\$3,000,000
	First Advance:	\$1,360,000
	Construction Advances:	\$1,640,000
Interest Rate:	8% per annum calculated and payable monthly (interest only), not in advance, before and after default	
	plus 4% per annum on the unadvanced portion of the loan	
Term:	to June 30, 2013	
Amortization:	0 years	
Monthly Payments:	On First Advance, the sum of \$9,067 per month related to the first \$1.36 million plus \$5,467 related to the \$1.64 million set aside for construction advances, for a total of \$14,534	
	Once the full facility is advanced, the sum of \$20,000 per month	
	Payment shall be in the form of post-dated cheques, replenished yearly	

Bonus Interest: \$60,000

Cost Consultant: Phil Pavitt from BTY Group will provide to the lender monthly progress reports confirming the work in place at 450 Pape and certifying to the lender an amount to be paid to the borrower based on that work in place and the cost to complete. Borrower will be responsible for payment of all invoices from BTY Group.

Other terms: Closed for the first three months; open thereafter on any payment date upon payment of one month's interest. \$200 NSF charge for each returned cheque as liquidated damage amount.

Partial discharges to be provided for each individual townhouse upon payment of 90% of the net proceeds of sale or \$500,000, whichever amount is greater

Survey: Satisfactory R Plan or survey to be provided to Lender's lawyer prior to closing

Interest Adjustment

Date: Interest shall be adjusted to the 1<sup>st</sup> day of the month after the advance is made, and shall be payable on the first of each month thereafter.

Default: If Lender must send collection letters to Borrower due to default, a \$200 fee for each collection letter will apply.

Mortgage Statements: Borrower shall pay \$100 for preparation of each Mortgage Statement requested.

Legal Fees: Lender's lawyer: Daniel Bernstein

All legal, survey, insurance, valuation and inspection costs and fees, and other costs and fees incurred in connection with this mortgage shall be paid by the Borrower unless otherwise stated. Borrower's counsel will prepare and register all documents and report to Lender's lawyer accordingly.

Title and Legal  
Requirements:

Advance of funds shall be made subject to the Lender and its solicitors being satisfied with title to all property secured and all legal aspects required of the transaction.

It is a pleasure doing business with you.

Yours truly,  
WALTON ADVOCATES

Norma Walton



# WALTON ADVOCATES

## BARRISTERS AND SOLICITORS/TRADE MARK AGENTS

*Corporate Law \* Family Law \* Employment Law \* Estate Law \* Real Estate Development Law*

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30 HAZELTON AVENUE • TORONTO, ONTARIO • M5R 2E2  
(416) 489-3171 • Fax: (416) 489-9973 • E-mail: [norma@waltonadvocates.com](mailto:norma@waltonadvocates.com)

July 4, 2010

Mr. Daniel Bernstein  
Weltman, Bernstein  
Barristers and Solicitors  
5050 Dufferin Street, Suite 127  
Toronto, ON M3H 5T5

Dear Mr. Bernstein,

**Re: 1st mortgage registered against title to**  
**Property: 450 Pape Avenue, Toronto**  
**Chargor: Riverdale Mansion Ltd.**

---

We represent the purchaser, Riverdale Mansion Ltd. in this transaction. You represent the lender, 368230 Ontario Limited. We are reporting to you to confirm the details of the transaction that was closed today.

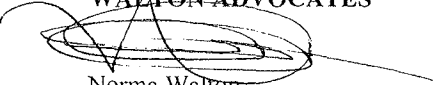
Today Riverdale Mansion Ltd. purchase 450 Pape Avenue. Concurrent with the purchase, a first mortgage in favour of 368230 Ontario Limited was registered. In addition, 368230 Ontario Limited has a personal guarantee to back up the first charge, such guarantee provided by Ron and Norma Walton. The Charge was registered as Instrument No. AT2741694 at the Toronto Registry Office.

In our opinion Riverdale Mansion Ltd. has good and marketable title in fee simple and 368230 Ontario Limited has a valid first mortgage and personal guarantee.

Please find enclosed the following:

1. Electronically registered Charge;
2. Certificate of Independent Legal Representation;
3. Acknowledgement of Standard Charge Terms 200033;
4. Guarantee to Charge; and
5. Post-dated cheques.

Yours very truly,  
**WALTON ADVOCATES**

  
Norma Walton  
/jm encls.

LRO # 80 Charge/Mortgage

Received as AT2741694 on 2011 07 04 at 16:05

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 2

**Properties**

PIN 21061 - 0347 LT Interest/Estate Fee Simple  
 Description PT LT 7-8 PL 587E TORONTO AS IN ER20039 & ER40548 EXCEPT CA710160; S/T  
 ER96421; CITY OF TORONTO  
 Address 450 PAPE AVE  
 TORONTO

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name RIVERDALE MANSION LTD.  
 Address for Service 30 Hazelton Avenue  
 Toronto, ON M5R 2E2

I, Norma Walton, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

**Chargee(s)**

Capacity

Share

Name 368230 ONTARIO LIMITED  
 Address for Service 60 Post Road  
 Toronto, Ontario  
 M3B 1H8

**Provisions**

Principal \$ 3,000,000.00 Currency CDN  
 Calculation Period monthly, not in advance  
 Balance Due Date 2013/06/30  
 Interest Rate 8.0%  
 Payments \$ 27,000.00  
 Interest Adjustment Date 2011 08 01  
 Payment Date 1st day of each month  
 First Payment Date 2011 09 01  
 Last Payment Date 2013 06 30  
 Standard Charge Terms 200033  
 Insurance Amount See standard charge terms  
 Guarantor Norma Walton, Ronald Walton

**Additional Provisions**

See Schedules

**Signed By**

Norma Jean Walton 30 Hazelton Avenue acting for Signed 2011 07 04  
 Toronto  
 M5R 2E2  
 Tel 416-489-3171  
 Fax 416-489-9973

I have the authority to sign and register the document on behalf of the Chargor(s).



LRO # 80 Charge/Mortgage

Received as AT2741694 on 2011 07 04 at 16:05

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 2

**Submitted By**

WALTON &amp; ADVOCATES

30 Hazelton Avenue  
Toronto  
M5R 2E2

2011 07 04

Tel 416-489-3171

Fax 416-489-9973

**Fees/Taxes/Payment**

Statutory Registration Fee \$60.00

Total Paid \$60.00

**File Number**

Chargor Client File Number : PAPE PURCHASE

Chargee Client File Number : PAPE MORTGAGE

**POST-DATED CHEQUES:**

The Chargor shall, at inception and on each anniversary, furnish to the Mortgagee, post-dated cheques for the next ensuing twelve monthly payments required hereunder.

**PREPAYMENT PRIVILEGE:**

The Chargor shall have the privilege, upon sale of each townhouse, of obtaining a partial discharge of each such townhouse from this Charge, upon payment on account of principal, of the greater of Ninety per cent (90%) of the next proceeds of each such sale, or Five hundred thousand (\$500,000.00) dollars, plus all applicable interest; provided that such discharge does not contravene the provisions of The Planning Act.

**SALE BY CHARGOR:**

In the event of the Chargor(s) selling, conveying, transferring or entering into any agreement of sale or transfer of the title of the said lands, or if the Chargor is a corporation, the sale, transfer or assignment of any shares of the corporation, to any purchaser, grantee, transferee, or assignee, all monies hereby secured, together with all accrued interest and prepayment penalty set out above, shall forthwith become due and payable, at the option of the Chargee(s).

**ADMINISTRATION CHARGES:**

The Chargor(s) covenant and agree to pay to the Chargee(s) his/her administration fee for the following matters, in the amounts set forth:

- (a) missed payment, or processing any returned payment, \$250.00;
- (b) dealing with cancellation of insurance or other non-compliance with insurance requirements, \$250.00;
- (c) if not provide to the Chargee as set out herein, realty tax status inquiry, including cost of certificate, \$250.00;
- (d) collection proceedings, \$250.00.

**INSURANCE POLICY/BINDER:**

The Chargor shall provide to the Chargee, an Insurance Policy/Binder showing the Chargee as mortgagee, within thirty days of the expiry of the current insurance policy.

**REALTY TAX PAYMENTS:**

The Chargor shall provide to the Chargee, evidence of payment of realty taxes on an annual basis, within thirty days of the due date of the last installment for each such calendar year.

**MORTGAGE STATEMENTS:**

The Chargor shall pay the sum of \$100.00 for each mortgage statement requested from the Chargee.



**GUARANTEE TO CHARGE NO. AT 2741694 registered on 450 Pape Avenue, Toronto**


including Standard Charge Terms 200033

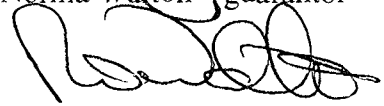
EACH OF THE guarantors noted below, hereby guarantee the Charge registered as Instrument no. AT ("the Charge"), in consideration of the advance by the Chargee to the Chargor of the principal amount of such Charge, hereby covenant and agree as follows:

- a) The Guarantor(s), as principal debtor and not as surety, will duly pay or cause to be paid all amounts payable under the Charge, on the day and times and in the manner provided for payment of the same;
- b) The Guarantor(s) unconditionally guarantee full performance and discharge by the Chargor of all obligations under the provisions of the Charge at the times and in the manner provided for in the Charge;
- c) The Guarantor(s) indemnify and *save* the Chargee(s) harmless from and against all losses, damages, costs and expenses which the Chargee(s) may sustain, or incur or be or become liable for by reason of the failure for any reason whatsoever to pay the amounts payable under the Charge or to do and perform any other act, matter or thing required by the provisions of the Charge, or any act, action or proceeding or in connection with the recovery of the amounts payable under the Charge or enforcing the performance of any other person liable under the Charge;
- d) The Chargee(s) shall not be obliged to proceed against the Chargor or any other person liable under the Charge or to enforce or exhaust any security, before proceeding to enforce the obligations of the Guarantor(s) set out in this paragraph and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any of your debts or obligations under the Charge or the enforcement of any security for any such debt or obligation;

Witness:

  
Allan Strader

  
Norma Walton - guarantor

  
Ronauld Walton - guarantor

**ACKNOWLEDGMENT OF STANDARD CHARGE TERMS ATTACHED  
HERETO.**

The undersigned hereby acknowledge receipt of a copy of Standard Charge Terms No.  
200033 and agree to be bound by the terms thereof.

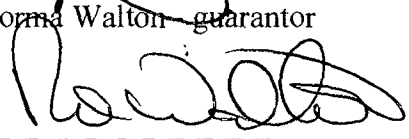
DATED this 29<sup>th</sup> day of July, 2011.

Riverdale Mansion Ltd.

Per: 

Norma Walton, President

  
Norma Walton - guarantor

  
Ronauld Walton - guarantor

CERTIFICATE OF INDEPENDENT LEGAL REPRESENTATION  
AND IDENTIFICATION

TO: WALTON ADVOCATES AND DANIEL BERNSTEIN


RE: RIVERDALE MANSION LTD.  
1<sup>st</sup> mortgage to 368230 Ontario Limited  
450 Pape Avenue, Toronto

ON the 29<sup>th</sup> day of July, 2011, Norma Walton, as President of Riverdale Mansion Ltd., and as Guarantor, in her personal capacity to a Charge given by 368230 Ontario Limited., executed a Charge in favour of 368230 Ontario Limited, having been examined by me, acknowledges and declares that he fully understands the nature and effect of the Charge, copies of which are attached hereto, and that he has executed the same freely, voluntarily and without fear, threat or compulsion.

I acknowledge that Walton Advocates, acting for the Chargee herein, is relying upon me for confirmation as to the true identity of the said parties. To this end I confirm that:

1. I am a solicitor in good standing with LSUC.
2. I have obtained two identification documents, copies attached (one of which is Government issued with photo and signature) from the said Ronald Walton, and I certify to you that the party appearing before me and who executed the mortgage to your client, is in fact the above noted party.

DATED at Toronto, this 29<sup>th</sup> day of July, 2011

  
Allan Strader  
Barrister, Solicitor  
49 St. Nicholas Street  
Toronto, Ontario  
M4Y 1W6

CERTIFICATE OF INDEPENDENT LEGAL REPRESENTATION  
AND IDENTIFICATION

TO: WALTON ADVOCATES AND DANIEL BERNSTEIN

RE: RIVERDALE MANSION LTD.  
1<sup>st</sup> mortgage to 368230 Ontario Limited  
450 Pape Avenue, Toronto

ON the 29<sup>th</sup> day of July<sup>ne</sup>, 2011, Ronauld Walton, as guarantor in his personal capacity to a Charge given by 368230 Ontario Limited., executed a Charge in favour of 368230 Ontario Limited, having been examined by me, acknowledges and declares that he fully understands the nature and effect of the Charge, copies of which are attached hereto, and that he has executed the same freely, voluntarily and without fear, threat or compulsion.

I acknowledge that <sup>or, Walton Advocates</sup> Horwitz, Finder, acting for the Chargee herein, is relying upon me for confirmation as to the true identity of the said parties. To this end I confirm that:

1. I am a solicitor in good standing with LSUC.
2. I have obtained two identification documents, copies attached (one of which is Government issued with photo and signature) from the said Ronauld Walton, and I certify to you that the party appearing before me and who executed the mortgage to your client, is in fact the above noted party.

DATED at Toronto, this 29<sup>th</sup> day of July<sup>ne</sup>, 2011



Allan Strader  
Barrister, Solicitor  
49 St. Nicholas Street  
Toronto, Ontario  
M4Y 1W6





---

Dr. Stanley Bernstein [mailto:drb@drbdiet.com]

at: Tuesday, March 12, 2013 5:05 PM

u: Norma Walton

**Subject:** RE: 295 The West Mall

Dear Norma,

Your suggestion is good - I can advance the funds as a loan as long as necessary.  
I'm at Kern early tomorrow morning.

Be Well,  
Stan

---

**From:** Norma Walton [nwalton@roseandthistle.ca]

**Sent:** March-12-13 5:02 PM

**To:** Dr. Stanley Bernstein

**Subject:** 295 The West Mall

Dear Stan,

Hope you are having a great day!

The closing of the purchase of 295 The West Mall has been delayed to this Monday March 18<sup>th</sup> because the second mortgagee and the vendor first mortgagee are bickering about wording on the second mortgage and one of the lawyers is away for March Break. Hence I have a question for you: if they cannot come to terms before Monday, would you be able and willing to advance the \$1,937,500 to the project as a loan, being the amount we would have received from the second mortgagee, so we can close. We'd need the money for up to six weeks as during that time I will either mediate the differences between the first and second and arrange to pay you out or will find a new second that is agreeable to the first mortgagee and pay you out? Let me know if possible.

The plan would be to pay you a lump sum at the end of the six weeks (or whatever earlier time frame I can arrange) equal to 9.5% accrued interest plus 2% mortgage fee.

If that is not possible, no worries, but if it is it allows us to close the purchase without any more hassle from the vendor and then come up with a solution once we know we own the property. As discussed previously, the vendor is a bit of a horse's ass. ☺

Cheers,  
Norma

# TAB V

*This is EXHIBIT “V” Referred to in the  
Affidavit of  
JAMES REITAN*

*Sworn the 24<sup>th</sup> day of October, 2013*

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke, positioned above a horizontal line.

---

*A Commissioner For Taking Affidavits (or as may be)  
Shara N. Roy*

**Shara N. Roy**

---

**From:** Lorna Groves on behalf of Shara N. Roy  
**Sent:** Tuesday, October 15, 2013 12:27 PM  
**To:** guillermo@schiblelaw.com  
**Cc:** Peter Griffin; Shara N. Roy  
**Subject:** Dr. Stanley Bernstein and Norma Walton et al  
**Attachments:** Letter to Guillermo Schible dated October 15, 2013\_3178210.PDF

Good afternoon,

Attached please find correspondence from Shara Roy dated October 15, 2013 with respect to the above matter.

Thank you

Lorna

**Lorna Groves**

Legal Assistant to Shara Roy  
T 416-865-9500 Ext. 364  
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[lgroves@litigate.com](mailto:lgroves@litigate.com)

Lenczner Slaght  
130 Adelaide St W  
Suite 2600  
Toronto, ON  
Canada M5H 3P5  
[www.litigate.com](http://www.litigate.com)

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This e-mail may contain legally privileged or confidential information. This message is intended only for the recipient(s) named in the message. If you are not an intended recipient and this e-mail was received in error, please notify us by reply e-mail and delete the original message immediately. Thank you. Lenczner Slaght Royce Smith Griffin LLP.

October 15, 2013

Shara Roy  
Direct line: 416.865.2942  
Direct fax: 416.865.3973  
Email: [SRoy@litigate.com](mailto:SRoy@litigate.com)

**VIA EMAIL**

Mr. Guillermo Schible  
Schible Law  
Suite 2200  
181 University Avenue  
Toronto, ON M5H 3M7

Dear Mr. Schible:

**RE: Dr. Stanley Bernstein and Norma Walton et al**  
**Our File No.: 44696**

We write in respect of several properties where Dr. Bernstein is a lender, secured by way of a mortgage. The mortgages listed below are past their term and due and payable:

- (a) 232 Galloway – mortgage amount of \$1,518,750 payable to Dr. Bernstein, due June 30, 2012. Demand for repayment of the principle amount was made on September 30, 2013;
- (c) 295 The West Mall – mortgage amount of \$1,937,500 payable to Dr. Bernstein, due April 29, 2013;
- (b) 65 Front Street East – mortgage amount of \$2,500,000 payable to Dr. Bernstein, due April 30, 2013;
- (e) 450 Pape – mortgage amount of \$3,000,000 payable to Dr. Bernstein, due June 30, 2013;
- (f) 47 Jefferson – mortgage amount of \$2,000,000.00 payable to Dr. Bernstein due August 31, 2013; and
- (d) 1/9-11 Seaview – mortgages in the amounts of \$4,000,000 and \$650,000 payable to Dr. Bernstein, due September 7, 2013;

For all the above listed properties, please confirm that Dr. Bernstein's mortgages are registered on title. There is no basis upon which any of the mortgages could or should have not been registered on title or discharged once registered.

On behalf of Dr. Bernstein, we demand immediate payment for all mortgage amounts set out above, plus all interest amounts.

Unless payment is received by October 21, 2013, Dr. Bernstein shall take such steps as he deems necessary to recover the full amounts owed to him.

Yours very truly,

A handwritten signature in dark ink, appearing to read 'Shara Roy', with a long horizontal line extending to the right.

Shara Roy  
SNR/lg

cc: Peter Griffin

**TAB W**

*This is EXHIBIT “W” Referred to in the*  
*Affidavit of*  
*JAMES REITAN*

*Sworn the 24<sup>th</sup> day of October, 2013*

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

---

*A Commissioner For Taking Affidavits (or as may be)*  
*Shara N. Roy*



LAND  
REGISTRY  
OFFICE #66

06247-0456 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PAGE 1 OF 6  
PREPARED FOR CShiels01  
ON 2013/10/23 AT 15:27:19

**PROPERTY DESCRIPTION:** PT LT 13 CON 1, DESIGNATED AS PART 2 PLAN 66R-21638, CITY OF TORONTO, SUBJECT TO AN EASEMENT OVER PART 2 PLAN 66R-21638 AS IN AT2814724; SUBJECT TO AN EASEMENT IN GROSS OVER PART 2 ON PLAN 66R-21638 AS IN AT2604940; SUBJECT TO AN EASEMENT IN GROSS OVER PARTS 1, 5, 9, 13, 17, 21, 25, 29, 33, 37, 41, 43, 45, 47, 49, 51, 53, 56, 57, 58, 59, 60, 61 AND 62, PLAN 66R25832 AS IN AT2877790; SUBJECT TO AN EASEMENT OVER PARTS 1, 5, 9, 13, 17, 21, 25, 29, 33, 37, 41, 43, 45, 47, 49, 51, 53, 56, 57, 58, 59, 60, 61 AND 62, PLAN 66R-25832 IN FAVOUR OF ROGERS COMMUNICATIONS INC. AS IN AT2877917; SUBJECT TO AN EASEMENT OVER PTS 1, 3, 4, 5, 7, 8, 9, 11, 12, 13, 15, 16, 17, 19, 20, 21, 23, 24, 25, 27, 28, 29, 31, 32, 33, 35, 36, 37, 39, 40, 41, 43, 45, 47, 49, 51, 54, 55 & 61 PL 66R25832 IN FAVOUR OF PTS 53, 56, 57, 58, 59, 60 & 62 PL 66R25832 AS IN AT2889599; CITY OF TORONTO

**PROPERTY REMARKS:** PLANNING ACT CONSENT IN DOCUMENT AT2877790. PLANNING ACT CONSENT IN DOCUMENT AT2877917. PLANNING ACT CONSENT IN DOCUMENT AT2889599. PLANNING ACT CONSENT IN DOCUMENT AT2894343.

**ESTATE/QUALIFIER:**  
FEE SIMPLE  
ABSOLUTE

**RECENTLY:**  
DIVISION FROM 06247-0454

**PIN CREATION DATE:**  
2005/05/27

**OWNERS' NAMES**  
HIGHLAND CREEK TOWNES INC.

**CAPACITY SHARE**

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
<b>** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2005/05/27 **</b>						
<b>NOTE: THIS PROPERTY IS NOW DIVIDED INTO THE FOLLOWING PROPERTIES: 06247-0461 TO 06247-0477</b>						
66R21638	2005/03/09	PLAN REFERENCE				C
AT808948	2005/05/20	TRANSFER		*** COMPLETELY DELETED *** BRYDALE DEVELOPMENTS (SCARBOROUGH) INC.	HIGHPARK DEVELOPMENT INC.	
AT1309834	2006/11/17	TRANSFER		*** COMPLETELY DELETED *** HIGHPARK DEVELOPMENT INC.	REAL EQUITY BUILDER NETWORK INC.	
AT1309862	2006/11/17	CHARGE		*** COMPLETELY DELETED *** REAL EQUITY BUILDER NETWORK INC.	HIGHPARK DEVELOPMENT INC.	
AT1342038	2006/12/27	CHARGE		*** COMPLETELY DELETED *** REAL EQUITY BUILDER NETWORK INC.	B2B TRUST	
AT1342044	2006/12/27	CHARGE		*** COMPLETELY DELETED *** REAL EQUITY BUILDER NETWORK INC.	B2B TRUST	
AT1520225	2007/07/27	CHARGE		*** COMPLETELY DELETED *** REAL EQUITY BUILDER NETWORK INC.	FOREMOST FINANCIAL CORPORATION	
AT1520226	2007/07/27	NO SEC INTEREST		*** COMPLETELY DELETED *** FOREMOST FINANCIAL CORPORATION		
AT1524074	2007/07/31	DISCH OF CHARGE		*** COMPLETELY DELETED ***		

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.  
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



ServiceOntario

LAND  
REGISTRY  
OFFICE #66

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

06247-0456 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PAGE 2 OF 6  
PREPARED FOR CShiels01  
ON 2013/10/23 AT 15:27:19

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
		REMARKS: RE: AT1309862		HIGHPARK DEVELOPMENT INC.		
AT1598763	2007/10/09	DISCH OF CHARGE		*** COMPLETELY DELETED *** B2B TRUST		
		REMARKS: RE: AT1342044				
AT1653802	2007/12/03	DISCH OF CHARGE		*** COMPLETELY DELETED *** B2B TRUST		
		REMARKS: RE: AT1342038				
AT1685075	2008/01/15	NOTICE		*** COMPLETELY DELETED *** JOSEF, JUNN ANNE MARIE		
AT1783977	2008/05/21	NOTICE		*** COMPLETELY DELETED *** RIPE, DELIA		
AT1815858	2008/06/26	NOTICE		*** COMPLETELY DELETED *** HAMILTON, GEORGIA WOOD, JENNIFER		
AT1891672	2008/09/10	NOTICE		*** COMPLETELY DELETED *** LOBO, CLERICE		
AT1891675	2008/09/10	NOTICE		*** COMPLETELY DELETED *** PEREIRA, NICOLE		
AT1905525	2008/09/24	CHARGE		*** COMPLETELY DELETED *** REAL EQUITY BUILDER NETWORK INC.	MILLER, VERA	
AT1915413	2008/10/03	NOTICE		*** COMPLETELY DELETED *** REAL EQUITY BUILDER NETWORK INC.	MILLER, VERA	
		REMARKS: AT1905525				
AT2117976	2009/07/13	CAUTION-LAND		*** COMPLETELY DELETED *** REAL EQUITY BUILDER NETWORK INC.	VON KROHN, STEPHEN	
AT2145267	2009/08/11	TRANS POWER SALE	\$830,000	FOREMOST FINANCIAL CORPORATION	HIGHLAND CREEK TOWNES INC.	C
		REMARKS: AT1520225. DELETED: AT1685075, AT1783977, AT1815858, AT1891672, AT1891675, AT1905525, AT1915413 & AT2117976				
AT2145455	2009/08/12	CHARGE		*** COMPLETELY DELETED *** HIGHLAND CREEK TOWNES INC.	FOREMOST MORTGAGE HOLDING CORPORATION	

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AT2145481	2009/08/12	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** HIGHLAND CREEK TOWNES INC.	697350 ONTARIO LIMITED DINAPET HOLDINGS LIMITED 614921 ONTARIO LIMITED 1701235 ONTARIO INC. AUTOMATED MANAGEMENT LTD. 1375051 ONTARIO LTD. PATTON, JEFFREY PATTON, ALISON NEWMAN, PAUL NEWMAN, ELLEN BERG, MAX BERG, ROCHELLE BARTOLINI, SANTINO BARTOLINI, MARGHERITA SOLDA, LUKE SOLDA, SUSAN GOLDBERG, SHARYN GOLDBERG, MICHAEL GOLDBERG, JODY GOODMAN, FRANK GOODMAN, LILLIAN GREENSPAN, SAMUEL GREENSPAN, CAROLE ISAAC, GEORGE GOLDMAN, SAM NOWACK, MERLE FRIEDMAN, SARA LOCKWOOD, JANE RATELLE, JOHN SWITZER-COCOMILE, WENDY  FOREMOST MORTGAGE HOLDING CORPORATION 697350 ONTARIO LIMITED DINAPET HOLDINGS LIMITED 614921 ONTARIO LIMITED 1701235 ONTARIO INC. AUTOMATED MANAGEMENT LTD. 1375051 ONTARIO LTD. PATTON, JEFFREY PATTON, ALISON NEWMAN, PAUL NEWMAN, ELLEN BERG, MAX BERG, ROCHELLE BARTOLINI, SANTINO	

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LAND  
REGISTRY  
OFFICE #66

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

06247-0456 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PAGE 4 OF 6  
PREPARED FOR CShiels01  
ON 2013/10/23 AT 15:27:19

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
					BARTOLINI, MARGHERITA SOLDA, LUKE SOLDA, SUSAN GOLDBERG, SHARYN GOLDBERG, MICHAEL GOLDBERG, JODY GOODMAN, FRANK GOODMAN, LILLIAN GREENSPAN, SAMUEL GREENSPAN, CAROLE ISAAC, GEORGE GOLDMAN, SAM NOWACK, MERLE FRIEDMAN, SARA LOCKWOOD, JANE RATELLE, JOHN SWITZER-COCOMILE, WENDY	
		REMARKS: AT2145455				
AT2145921	2009/08/12	CHARGE		*** COMPLETELY DELETED *** HIGHLAND CREEK TOWNES INC.	FOREMOST MORTGAGE HOLDING CORPORATION	
AT2145922	2009/08/12	DISCHARGE INTEREST		*** COMPLETELY DELETED *** FOREMOST FINANCIAL CORPORATION		
		REMARKS: AT1520226.				
AT2201745	2009/10/13	POSTPONEMENT		*** COMPLETELY DELETED *** FOREMOST MORTGAGE HOLDING CORPORATION	FOREMOST MORTGAGE HOLDING CORPORATION 697350 ONTARIO LIMITED DINAPET HOLDINGS LIMITED 614921 ONTARIO LIMITED 1701235 ONTARIO INC. AUTOMATED MANAGEMENT LTD. 1375051 ONTARIO LTD. PATTON, JEFFREY PATTON, ALISON NEWMAN, PAUL NEWMAN, ELLEN BERG, MAX BERG, ROCHELLE BARTOLINI, SANTINO BARTOLINI, MARGHERITA SOLDA, LUKE SOLDA, SUSAN GOLDBERG, SHARYN	

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640

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
					GOLDBERG, MICHAEL GOLDBERG, JODY GOODMAN, FRANK GOODMAN, LILLIAN GREENSPAN, SAMUEL GREENSPAN, CAROLE ISAAC, GEORGE GOLDMAN, SAM NOWACK, MERLE FRIEDMAN, SARA LOCKWOOD, JANE RATELLE, JOHN SWITZER-COCOMILE, WENDY	
		REMARKS: AT2145921 TO AT2145455				
AT2282835	2010/01/19	DISCH OF CHARGE		*** COMPLETELY DELETED *** FOREMOST MORTGAGE HOLDING CORPORATION		
		REMARKS: AT2145921.				
AT2328449	2010/03/16	NOTICE	\$2	CITY OF TORONTO	HIGHLAND CREEK TOWNES INC.	C
		REMARKS: THIS NOTICE IS FOR AN INDETERMINATE PERIOD				
AT2604940	2011/01/24	TRANSFER EASEMENT	\$2	HIGHLAND CREEK TOWNES INC.	ENBRIDGE GAS DISTRIBUTION INC.	C
AT2695179	2011/05/18	CHARGE	\$4,050,000	HIGHLAND CREEK TOWNES INC.	368230 ONTARIO LIMITED	C
AT2696246	2011/05/19	DISCH OF CHARGE		*** COMPLETELY DELETED *** FOREMOST MORTGAGE HOLDING CORPORATION 697350 ONTARIO LIMITED DINAPET HOLDINGS LIMITED 614921 ONTARIO LIMITED 1701235 ONTARIO INC. AUTOMATED MANAGEMENT LTD. 1375051 ONTARIO LTD. PATTON, JEFFREY PATTON, ALISON NEWMAN, PAUL NEWMAN, ELLEN BERG, MAX BERG, ROCHELLE BARTOLINI, SANTINO BARTOLINI, MARGHERITA SOLDA, LUKE SOLDA, SUSAN		

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
				GOLDBERG, SHARYN GOLDBERG, MICHAEL GOLDBERG, JODY GOODMAN, FRANK GOODMAN, LILLIAN GREENSPAN, SAMUEL GREENSPAN, CAROLE ISAAC, GEORGE GOLDMAN, SAM NOWACK, MERLE FRIEDMAN, SARA LOCKWOOD, JANE RATELLE, JOHN SWITZER-COCOMILE, WENDY		
				REMARKS: AT2145455.		
AT2814724	2011/09/16	TRANSFER EASEMENT		HIGHLAND CREEK TOWNES INC.	BELL CANADA	C
AT2830692	2011/10/03	POSTPONEMENT		368230 ONTARIO LIMITED	BELL CANADA	C
				REMARKS: AT2695179 TO AT2814724		
66R25832	2011/11/04	PLAN REFERENCE				C
AT2877790	2011/11/24	TRANSFER EASEMENT	\$2	HIGHLAND CREEK TOWNES INC.	TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	C
AT2877828	2011/11/24	POSTPONEMENT		368230 ONTARIO LIMITED	TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	C
				REMARKS: AT2695179 POSTPONED TO AT2877790		
AT2877917	2011/11/24	TRANSFER EASEMENT	\$2	HIGHLAND CREEK TOWNES INC.	ROGERS COMMUNICATIONS INC.	C
AT2889599	2011/12/07	TRANSFER		HIGHLAND CREEK TOWNES INC.	HIGHLAND CREEK TOWNES INC.	C
AT2894343	2011/12/12	TRANSFER		HIGHLAND CREEK TOWNES INC.	HIGHLAND CREEK TOWNES INC.	C
				REMARKS: PLANNING ACT STATEMENTS		

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**Properties**

PIN 06247 - 0461 LT

Description PT LT 13 CON 1 DESIGNATED AS PTS 1, 2, 3, 4 & 55 PL 66R25832; SUBJECT TO AN EASEMENT AS IN AT2814724; SUBJECT TO AN EASEMENT AS IN AT2604940; SUBJECT TO AN EASEMENT IN GROSS OVER PT 1 PL 66R25832 AS IN AT2877790; SUBJECT TO AN EASEMENT IN GROSS OVER PT 1 PL 66R25832 AS IN AT2877917; SUBJECT TO AN EASEMENT OVER PTS 1, 3, 4 & 55 PL 66R25832 IN FAVOUR OF PTS 53, 56, 57, 58, 59, 60 & 62 PL 66R25832 AS IN AT2889599; CITY OF TORONTO

Address TORONTO

PIN 06247 - 0462 LT

Description PT LT 13 CON 1 DESIGNATED AS PTS 5, 6, 7 & 8 PL 66R25832 T/W AN UNDIVIDED COMMON INTEREST IN TORONTO COMMON ELEMENTS CONDOMINIUM CORPORATION NO.2223.; SUBJECT TO AN EASEMENT AS IN AT2814724; SUBJECT TO AN EASEMENT AS IN AT2604940; SUBJECT TO AN EASEMENT IN GROSS OVER PT 5 PL 66R25832 AS IN AT2877790; SUBJECT TO AN EASEMENT IN GROSS OVER PT 5 PL 66R25832 AS IN AT2877917; SUBJECT TO AN EASEMENT OVER PTS 5, 7 & 8 PL 66R25832 IN FAVOUR OF PTS 53, 56, 57, 58, 59, 60 & 62 PL 66R25832 AS IN AT2889599; CITY OF TORONTO

Address TORONTO

PIN 06247 - 0463 LT

Description PT LT 13 CON 1 DESIGNATED AS PTS 9, 10, 11 & 12 PL 66R25832 T/W AN UNDIVIDED COMMON INTEREST IN TORONTO COMMON ELEMENTS CONDOMINIUM CORPORATION NO.2223.; SUBJECT TO AN EASEMENT AS IN AT2814724; SUBJECT TO AN EASEMENT AS IN AT2604940; SUBJECT TO AN EASEMENT IN GROSS OVER PT 9 PL 66R25832 AS IN AT2877790; SUBJECT TO AN EASEMENT IN GROSS OVER PT 9 PL 66R25832 AS IN AT2877917; SUBJECT TO AN EASEMENT OVER PTS 9, 11 & 12 PL 66R25832 IN FAVOUR OF PTS 53, 56, 57, 58, 59, 60 & 62 PL 66R25832 AS IN AT2889599; CITY OF TORONTO

Address TORONTO

PIN 06247 - 0464 LT

Description PT LT 13 CON 1 DESIGNATED AS PTS 13, 14, 15 & 16 PL 66R25832 T/W AN UNDIVIDED COMMON INTEREST IN TORONTO COMMON ELEMENTS CONDOMINIUM CORPORATION NO.2223.; SUBJECT TO AN EASEMENT AS IN AT2814724; SUBJECT TO AN EASEMENT AS IN AT2604940; SUBJECT TO AN EASEMENT IN GROSS OVER PT 13 PL 66R25832 AS IN AT2877790; SUBJECT TO AN EASEMENT IN GROSS OVER PT 13 PL 66R25832 AS IN AT2877917; SUBJECT TO AN EASEMENT OVER PTS 13, 15 & 16 PL 66R25832 IN FAVOUR OF PTS 53, 56, 57, 58, 59, 60 & 62 PL 66R25832 AS IN AT2889599; CITY OF TORONTO

Address TORONTO

PIN 06247 - 0468 LT

Description PT LT 13 CON 1 DESIGNATED AS PTS 29, 30, 31 & 32 PL 66R25832 T/W AN UNDIVIDED COMMON INTEREST IN TORONTO COMMON ELEMENTS CONDOMINIUM CORPORATION NO.2223.; SUBJECT TO AN EASEMENT AS IN AT2814724; SUBJECT TO AN EASEMENT AS IN AT2604940; SUBJECT TO AN EASEMENT IN GROSS OVER PT 29 PL 66R25832 AS IN AT2877790; SUBJECT TO AN EASEMENT IN GROSS OVER PT 29 PL 66R25832 AS IN AT2877917; SUBJECT TO AN EASEMENT OVER PTS 29, 31 & 32 PL 66R25832 IN FAVOUR OF PTS 53, 56, 57, 58, 59, 60 & 62 PL 66R25832 AS IN AT2889599; CITY OF TORONTO

Address TORONTO

PIN 76223 - 0001 LT

Description TORONTO COMMON ELEMENTS CONDOMINIUM PLAN NO.2223 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN AT2954255; CITY OF TORONTO

Address TORONTO

**Document to be Discharged**

Registration No.	Date	Type of Instrument
AT2695179	2011 05 18	Charge/Mortgage

**Discharging Party(s)**

This discharge complies with the Planning Act. This discharge discharges the charge.

Name 368230 ONTARIO LIMITED



**Discharging Party(s)**

This discharge complies with the Planning Act. This discharge discharges the charge.

Address for Service c/o Walton Advocates  
30 Hazelton Avenue  
Toronto, ON M5R 2E2

This document is not authorized under Power of Attorney by this party.

I am the party entitled by law to grant the discharge as to the land described herein.

**Document(s) to be Deleted**

Registration No.	Date	Type of Instrument
AT2830692	2011/10/03	Postponement Of Interest
AT2877828	2011/11/24	Postponement Of Interest

**Signed By**

Norma Jean Walton	30 Hazelton Avenue Toronto M5R 2E2	acting for Applicant(s)	Signed 2012 03 22
-------------------	--	----------------------------	-------------------

Tel 416-489-3171

Fax 4164899973

I have the authority to sign and register the document on behalf of the Applicant(s).

**Submitted By**

WALTON & ADVOCATES	30 Hazelton Avenue Toronto M5R 2E2	2012 03 22
--------------------	--	------------

Tel 416-489-3171

Fax 4164899973

**Fees/Taxes/Payment**

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

**File Number**

Discharging Party Client File Number : BERNSTEIN MTG

DBDC SPADINA LTD., et al  
Applicants

-and- NORMA WALTON et al.  
Respondents

CV-  
13-10290-00  
Court File No. 66

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**AFFIDAVIT OF JAMES REITAN**

**LENCZNER SLAGHT ROYCE  
SMITH GRIFFIN LLP**

Barristers  
Suite 2600  
130 Adelaide Street West  
Toronto ON M5H 3P5

Peter H. Griffin (19527Q)

Tel: (416) 865-2921

Fax: (416) 865-3558

Email: pgriffin@litigate.com

Shara N. Roy (49950H)

Tel: (416) 865-2942

Fax: (416) 865-3973

Email: sroy@litigate.com

Lawyers for the Plaintiff

# TAB 4

Court File No.: CV-13-10280-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR.	)	FRIDAY, THE 25 <sup>th</sup> DAY
	)	
JUSTICE NEWBOULD	)	OF OCTOBER, 2013

B E T W E E N:

DBDC SPADINA LTD.,  
and THOSE CORPORATIONS LISTED ON SCHEDULE A HERETO

Applicants

and

NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE GROUP  
LTD. and EGLINTON CASTLE INC.

Respondents

and

THOSE CORPORATIONS LISTED ON SCHEDULE B HERETO, TO BE  
BOUND BY THE RESULT

**ORDER**

THIS MOTION made by the Applicants, DBDC Spadina Ltd. and Those Corporations Listed on Scheduled "A" Hereto, on consent, for an Order appointing Schonfeld Inc. Managers + Trustees, as manager (in such capacities, the "**Manager**") without security, of all of the assets, undertakings and properties of the Schedule "B" Corporations, or for other relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Jim Reiton sworn October 24, 2013 and the Exhibits thereto, the First Interim Report of the Inspector, Schonfeld Inc. and the Exhibits thereto, and on

hearing the submissions of counsel for the Applicants, counsel for the Inspector and counsel for the Respondents,

### **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

### **APPOINTMENT**

2. THIS COURT ORDERS that the Manager is hereby appointed Manager, without security, of all of the real property owned by the Schedule "B" Companies hereto (the "**Real Estate**") and all of the current and future assets, undertakings and property, real and personal, of the Schedule "B" Corporations of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively with the Real Estate, the "**Property**") effective upon the granting of this Order.

### **MANAGER'S POWERS**

3. THIS COURT ORDERS that the Manager shall have the powers of the Inspector granted pursuant to the Order of the Honourable Justice Newbould dated October 4, 2013, including but not limited to access to the premises and books and records of the Respondent The Rose & Thistle Group Ltd.

4. THIS COURT ORDERS that the Manager is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Manager is hereby expressly empowered and authorized to do any of the following where the Manager considers it necessary or desirable:

- (a) to take possession and control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property, wheresoever located, and any and all proceeds, receipts and disbursements arising out of or from the Property, and for greater certainty, the Manager shall have sole and exclusive right and control of the Schedule "B"

Corporations' bank accounts wherever located in accordance with this Order;

- (b) to open bank accounts at any banking institution acceptable to the Applicant to transfer funds from the current bank accounts of the Schedule "B" Companies, as necessary;
- (c) to receive, preserve, and protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (d) to manage, operate, and carry on the business of the Schedule "B" Corporations, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Schedule "B" Corporations;
- (e) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this order including but not limited to a property manager, including but not limited to:
  - (i) DMS Properties;
  - (ii) Briarlane Property Rental Management Inc.; and
  - (iii) Sterling Karamar;
- (f) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Schedule "B" Corporations or any part or parts thereof;

- (g) to receive and collect all monies and accounts now owed or hereafter owing to the Schedule "B" Corporations and to exercise all remedies of the Schedule "B" Corporations in collecting such monies, including, without limitation, to enforce any security held by the Schedule "B" Corporations;
- (h) subject to paragraph 4 below, to settle, extend or compromise any indebtedness owing to the Schedule "B" Corporations;
- (i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Manager's name or in the name and on behalf of the Schedule "B" Corporations, for any purpose pursuant to this Order;
- (j) to undertake environmental investigations, assessments, engineering and building condition or other examinations of the Real Estate;
- (k) subject to paragraph 4 below, to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Schedule "B" Corporations, the Property or the Manager, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (l) subject to paragraph 5 below, to market the Property and in particular the Real Estate, including advertising and soliciting offers in respect of the Property and negotiating such terms and conditions of sale as the Manager in its discretion may deem appropriate;
- (m) to sell, convey, transfer, or assign the Property or any part or parts thereof out of the ordinary course of the Schedule "B" Corporations' business,
  - (i) with the consent of the Applicants;

- (ii) without the approval of the Court in respect of any transaction not exceeding \$50,000 provided that the aggregate consideration for all such transactions does not exceed \$500,000; or
- (iii) with the approval of this Court in respect of any transaction in excess of the limits which the purchase price or the aggregate purchase price exceeds in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (n) to have on-line and electronic as well as hard copy access to the bank accounts of the Rose & Thistle Group Ltd. to review all receipts and disbursements total from such accounts and to request and receive on a timely basis from the Respondents particulars of all receipts and disbursements sufficient for the Inspector to identify such transfers, the parties involved and the reasons therefore;
- (o) upon notice to all parties and affected registered encumbrances, to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (p) to report to, meet with and discuss with such affected Persons (as defined below) as the Manager considers appropriate on all matters relating to the Property, and to share information, subject to such terms as to confidentiality as the Manager deems advisable;
- (q) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Manager, in the name of the Schedule "B" Corporations;



- (r) to do all acts and execute, in the name and on behalf of the Schedule "B" Corporations, all documents, and for that purpose use the seal of the corporation, if any; and
- (s) to take any steps reasonably incidental to the exercise of these powers.

and in each case where the Manager takes any such actions or steps, it shall, subject to paragraph 4 below, be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Schedule "B" Corporations, and without interference from any other Person. For greater certainty, nothing in this Management Order or to the Manager's exercise of its powers hereunder shall cause the Manager to be, or deemed to be, a receiver within the meaning of the *Bankruptcy and Insolvency Act*.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE MANAGER**

5. THIS COURT ORDERS that (i) the Schedule "B" Corporations, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, including but not limited to the Respondents and all others having notice of this Order; (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order; and (iv) Meridian Credit Union, (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Manager of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Manager, and shall deliver all such Property to the Manager upon the Manager's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Manager of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Schedule "B" Corporations, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Manager or permit the Manager to make, retain and take away copies thereof and grant to the Manager unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 7 of this Order shall require

the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Manager due to the privilege attaching to solicitor-client communication or litigation work product belong to a Shareholder or a director of a Schedule "B" Corporations personally or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that the Records shall, upon reasonable notice to the Manager and during normal business hours of the Manager, be open to examination by each of the parties and their respective legal counsel, and that a copy of these Records be provided by the Manager of the parties upon request, the reasonable costs associated with such access and copies to be determined by the Manager, and invoiced to and paid by the requesting party to the Manager forthwith.

8. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Manager for the purpose of allowing the Manager to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Manager in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Manager. Further, for the purposes of this paragraph, all Persons shall provide the Manager with all such assistance in gaining immediate access to the information in the Records as the Manager may in its discretion require including providing the Manager with instructions on the use of any computer or other system and providing the Manager with any and all access codes, account names and account numbers that may be required to gain access to the information.

#### **NO PROCEEDINGS AGAINST THE MANAGER**

9. THIS COURT ORDERS that, except as may be provided herein, no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Manager except with the written consent of the Manager or with leave of this Court.

**NO PROCEEDINGS AGAINST THE SCHEDULE “B” CORPORATIONS OR THE PROPERTY**

10. THIS COURT ORDERS that no Proceeding against or in respect of the Schedule “B” Corporations or the Property shall be commenced or continued except with the written consent of the Manager or with leave of this Court and any and all Proceedings currently under way against or in respect of the Schedule “B” Corporations or the Property, with the exception of the proceedings referred to in paragraph 4, are hereby stayed and suspended pending further Order of this Court. Notwithstanding any other provision in this Order, the parties shall not be precluded from taking any steps or from commencing or continuing any proceedings in Ontario Superior Court of Justice, Court File No. CV-13-10280-00CL (Commercial List), and in such circumstances the Manager shall not be obliged to defend or participate on behalf of the Schedule “B” Corporations and the Manager shall not be liable for any costs, damages or awards related to any such proceedings.

**NO EXERCISE OF RIGHTS OR REMEDIES**

11. THIS COURT ORDERS that, except as may be provided herein, all rights and remedies against the Schedule “B” Corporations, the Manager, or affecting the Property, are hereby stayed and suspended except with the written consent of the Manager or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Manager or the Schedule “B” Corporations to carry on any business which the Schedule “B” Corporations is not lawfully entitled to carry on, (ii) exempt the Manager or the Schedule “B” Corporations from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

**NO INTERFERENCE WITH THE MANAGER**

12. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Schedule “B” Corporations, without written consent of the Manager or leave of this Court.

### **CONTINUATION OF SERVICES**

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Schedule "B" Corporations or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Schedule "B" Corporations are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Manager, and that the Manager shall be entitled to the continued use of the Schedule "B" Corporations' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Manager in accordance with normal payment practices of the Schedule "B" Corporations or such other practices as may be agreed upon by the supplier or service provider and the Manager, or as may be ordered by this Court.

### **MANAGER TO HOLD FUNDS**

14. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Manager from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into either the Schedule "B" Corporations' bank accounts or one or more new accounts to be opened by the Manager as the Manager may reasonably decide and the monies standing to the credit of such accounts from time to time, net of any disbursements provided for herein, shall be held by the Manager to be paid in accordance with the terms of this Order or any further Order of this Court.

### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

15. THIS COURT ORDERS that nothing herein contained shall require the Manager to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release

or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Manager from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Manager shall not, as a result of this Order or anything done in pursuance of the Manager's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation.

#### **LIMITATION ON THE MANAGER'S LIABILITY**

16. THIS COURT ORDERS that the Manager shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part as so found by a court of competent jurisdiction. The Manager shall further enjoy the protections from liability as would otherwise be afforded to a trustee in bankruptcy under section 14.06 of the *Bankruptcy and Insolvency Act* or under any other similar legislation applicable to trustees and receivers.

#### **MANAGER'S ACCOUNTS**

17. THIS COURT ORDERS that any expenditures or liability which shall properly be made or incurred by the Manager including the fees and disbursements of the Manager and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Manager and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "**Manager's Charge**").

18. THIS COURT ORDERS that the Manager and its legal counsel, if any, shall pass their accounts from time to time, and for this purpose the accounts of the Manager and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. THIS COURT ORDERS that prior to the passing of its accounts, the Manager shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Manager or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### **GENERAL**

20. THIS COURT ORDERS that the Manager may from time to time apply to this Honourable Court for advice and directions in the discharge of the Manager's powers and duties hereunder.

21. THIS COURT HEREBY REQUESTS that aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada to give effect to this Order and to assist the Manager and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Manager, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Manager and its agents in carrying out the terms of this Order.

22. THIS COURT ORDERS that the Manager be at liberty and is hereby authorized and empowered to apply to any court, tribunal regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

23. THIS COURT ORDERS that any interested party may apply to this Court to seek the advice and direction of the Court in respect of this Order or the Manager's activities on not less than seven (7) days' notice to the Manager and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

24. THIS COURT ORDERS that any court materials in these proceeds may be served by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Manager may post a copy of any or all such materials on a website for such purposes and under the control of the Manager.

**OTHER**

25. THIS COURT ORDERS that the Respondents shall provide forthwith a full accounting of all monies received, disbursed, owed to and owed from the Schedule "B" Corporations and The Rose & Thistle Group Ltd. since September, 2010 to the present.

26. THIS COURT ORDERS that the Respondents disgorge immediately to the Schedule "B" Corporations all amounts which they have improperly taken or removed from the Schedule "B" Companies, as determined by the Manager or further order of this Court, directly or indirectly, including but not limited to the proceeds of the mortgages on 1450 Don Mills Road and 1500 Don Mills Road.

27. THIS COURT ORDERS that Norma Walton and Ronauld Walton shall make the equity investments into the Schedule "B" Corporations required by the agreements between the parties in respect of the Schedule "B" Corporations and the Property.

28. THIS COURT ORDERS that the Respondents are enjoined from advising or instructing any Person that any payments made in the ordinary course of the Schedule "B" corporations be directed elsewhere other than to the accounts that are subject to this Order.

29. THIS COURT ORDERS that the Respondents shall disclose forthwith to the Applicants and the Inspector the municipal addresses of any real estate properties associated with the corporations or entities listed on Schedule "M" to the First Interim Report of the Inspector, Schonfeld Inc.

30. THIS COURT ORDERS that the certificate of pending litigation appended hereto as Schedule "C" shall be registered on title to 44 Park Lane Circle, Toronto, Ontario without further Order and the Land Registrar is so directed.

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DBDC SPADINA LTD., and those corporations listed on Schedule  
A hereto  
Plaintiffs

-and-

NORMA WALTON et al.

Defendants

Court File No. CV-13-10280-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**ORDER**

**LENCZNER SLAGHT ROYCE  
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Lawyers for the Plaintiffs



DBDC SPADINA LTD., and those corporations listed on Schedule A -and- NORMA WALTON et al.  
hereto  
Plaintiffs

Defendants

Court File No. CV-13-10280-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**MOTION RECORD**

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