

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

**WAYGAR CAPITAL INC., as agent for NINEPOINT CANADIAN SENIOR
DEBT MASTER FUND L.P.**

Applicant

- and -

**QUALITY RUGS OF CANADA LIMITED, MALVERN CONTRACT
INTERIORS LIMITED, WESTON HARDWOOD DESIGN CENTRE INC.,
ONTARIO FLOORING LTD., TIMELINE FLOORS INC., AND QUALITY
COMMERCIAL CARPET CORPORATION**

Respondents

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF QUALITY RUGS OF CANADA LIMITED, MALVERN
CONTRACT INTERIORS LIMITED, WESTON HARDWOOD DESIGN
CENTRE INC., ONTARIO FLOORING LTD., TIMELINE FLOORS INC., AND
QUALITY COMMERCIAL CARPET CORPORATION**

**AFFIDAVIT OF DON ROGERS
(sworn July 24, 2023)**

I, **DON ROGERS**, of the City of Toronto, in the Province of Ontario, MAKE OATH AND
SAY AS FOLLOWS:

1. I am a Managing Director of the Applicant ("**Waygar**"), and as such have knowledge of the matters to which I hereinafter depose. To the extent that I do not have direct first-hand knowledge of particular facts or events, I have obtained that information from others and/or from

my review of the documentation attached as exhibits, and have indicated the source of that information in my Affidavit. I verily believe the facts hereinafter deposed to are true and correct.

2. I swear this affidavit in support of Waygar's application for, an order (the "**Initial Order**") seeking, among other things:

- (a) a declaration that each of Quality Rugs of Canada Limited ("**QRC**"), Malvern Contract Interiors Limited ("**Malvern**"), Weston Hardwood Design Centre Inc. ("**Weston**"), Ontario Flooring Ltd. ("**Flooring**"), Timeline Floors Inc. ("**Timeline**"), and Quality Commercial Carpet Corporation ("**QCCC**" and collectively, the "**Respondents**") are companies to which the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") applies;
- (b) an order that The Fuller Landau Group Inc. ("**Fuller**") be appointed monitor of the assets, business and affairs of the Respondents (in such capacity, the "**Monitor**");
- (c) an order granting the Monitor enhanced powers to exercise control over the business and property of the Respondents, and to manage, operate, and carry on the business of the Respondents in accordance with the terms of the Initial Order;
- (d) an order that, until further order of this Court, all proceedings against the Respondents be stayed, and the Respondents' operations be conducted in accordance with the terms of the Initial Order; and
- (e) an order requesting the aid and recognition of other Canadian and foreign courts, tribunals and regulatory, administrative, and other bodies to act in aid of and to be

complementary to this court in carrying out the terms of the Initial Order where required.

OVERVIEW:

3. As of the date hereof, the Respondents are indebted to Waygar in the aggregate amount of more than \$51 million, all of which is currently due and owing. Waygar holds security in respect of this indebtedness.

4. Waygar is the primary and most significant secured creditor of the Respondents. While it has supported the Respondents through additional advances of funds and a generous forbearance period, the Respondents have not been able to overcome their financial challenges and, without intervention, Waygar's security will continue to deteriorate.

5. Waygar views this application for CCAA protection for the Respondents as the best way to maximize value for the benefit of Waygar as the primary secured creditor, while minimizing the prejudice to the Respondents and any other stakeholders.

6. The Initial Order sought contemplates that during the pendency of the CCAA proceeding, the Monitor will have the authority to manage the Respondents' business in all aspects and negotiate one or more restructuring transactions. The Initial Order, as drafted, will ensure that the Respondents' business can continue to operate in a stable environment, pending one or more restructuring transactions.

THE PARTIES:

7. Waygar is an asset-based lender, with its head office at 25 King Street West, Suite 1700, Toronto, Ontario, M5L 2A1.

8. The Respondents comprise a family-owned and managed group of companies, with control of each company shared between a combination of Joseph R. Pacione, Joseph Douglas Pacione, John Anthony Pacione and Joseph Rocco Pacione Jr. (the “**Principals**”).

9. QRC is an Ontario corporation, incorporated on April 23, 1970, with its registered office at 505 Cityview Blvd, Unit 1, Vaughan, Ontario, L4H 0L8. It operates under the registered business or trade names “Quality Sterling Group”, “Sterling Tile & Carpet”, “Ontario Flooring”, “Weston Hardwood Design Centre”, and “Quality Rugs of Canada”.

10. Based on a review of the Corporate Profile Report, I understand that QRC is managed by Joseph R. Pacione, as President, and each of John Anthony Pacione and Joseph Douglas Pacione as Vice-Presidents.

11. QRC carries on business as a contract flooring (supply and install) company in Canada, servicing low-rise and high-rise residential projects, with a significant market share in Southern Ontario and the Greater Toronto Area.

12. Malvern is an Ontario corporation, incorporated on November 30, 1996, with its registered office at 505 Cityview Blvd, Unit 1, Vaughan, Ontario, L4H 0L8. Based on a review of the Corporate Profile Report, I understand that Malvern is managed by Dean Van Adestine as President and each of Juliet Neely, Joseph Douglas Pacione and John Anthony Pacione as Directors.

13. Malvern carries on business in the commercial flooring market, servicing commercial projects across Southern Ontario.

14. Weston is an Ontario corporation, incorporated on October 3, 2003, with its registered office at 250 Vaughan Valley Blvd., Woodbridge, Ontario, L4H 3C3. Based on a review of the Corporate Profile Report, I understand that Weston is managed by Joseph R. Pacione as President and each of Joseph Douglas Pacione and John Anthony Pacione as Vice-Presidents.

15. Flooring is an Ontario corporation, incorporated on June 5, 2015, with its registered office at 250 Vaughan Valley Blvd., Woodbridge, Ontario, L4H 3C3. Based on a review of the Corporate Profile Report, I understand that Flooring is managed by Joseph R. Pacione as President, Secretary and Treasurer, and each of Joseph Douglas Pacione and John Anthony Pacione as Vice-Presidents.

16. Timeline is a federal corporation, incorporated on November 30, 2012 and extra-provincially registered in British Columbia, Alberta, Ontario, New Brunswick and Nova Scotia, with its registered office at 505 Cityview Blvd., Unit 1, Vaughan, Ontario, L4H 0L8. Based on a review of the Corporate Profile Report, I understand that Timeline is managed by each of Joseph Douglas Pacione and John Anthony Pacione as Directors.

17. Timeline carries on business as a flooring supply and installation provider servicing primarily high-rise residential projects in British Columbia, Alberta and Nova Scotia.

18. QCCC is an Ontario corporation, incorporated on June 16, 1987, with its registered office at 505 Cityview Blvd., Unit 1, Vaughan, Ontario, L4H 0L8. Based on a review of the Corporate Profile Report, I understand that QCCC is managed by each of Joseph R. Pacione and Joseph Rocco Jr. Pacione as Directors.

19. Copies of the Corporate Profile Reports for each of the Respondents are attached as **Exhibit "A"** to this Affidavit.

THE CREDIT ARRANGEMENT:

20. QRC is directly indebted to Waygar in connection with certain credit facilities made available by Waygar to QRC (the “**Credit Facilities**”) pursuant to and under the terms of:

(a) A letter credit agreement dated October 10, 2019 entered into by QRC as borrower and each of Malvern, Weston, Flooring, Timeline, and QCCC, among others, as guarantors (collectively, the “**Guarantors**”), as subsequently amended by and under the terms of:

(i) First Amendment to Loan Agreement dated April 2021;

(ii) Second Amendment to Loan Agreement dated May 6, 2021;

(iii) Third Amendment to Loan Agreement dated May 31, 2021;

(iv) Fourth Amendment to Loan Agreement dated September 22, 2021; and

(v) Fifth Amendment to Loan Agreement dated August 15, 2022,

(collectively, the “**Credit Agreement**”).

21. Copies of the aforementioned documents comprising the Credit Agreement are attached as **Exhibit "B"**.

22. The Credit Facilities comprised, *inter alia*, a revolving working capital loan of up to \$30,000,000 to be used to provide for the ongoing working capital requirements of QRC, subject

to the borrowing base formula prescribed in the Credit Agreement. The Credit Agreement contemplates that Waygar would calculate the quantum of available Credit Facilities at least on a monthly basis, using the prescribed borrowing base formula, which takes into account the net amount of eligible accounts receivable, the liquidation value of eligible inventory, the amount of the Credit Facilities outstanding at any given time, and any reserves determined by Waygar, in its reasonable discretion.

23. The lending arrangement contemplated by the Credit Agreement entails monthly monitoring and regular reporting requirements, including monthly internally-prepared consolidated financial statements for the preceding month.

WAYGAR'S SECURITY:

24. As security for QRC's obligations to Waygar, including, without limitation, under the Credit Agreement, QRC provided, among other things:

- (a) a general security agreement dated October 10, 2019, which grants to Waygar, among other things, a security interest in any and all of the property, assets and undertakings of QRC, and which was duly registered pursuant to the *Personal Property Security Act* (Ontario) (the "PPSA"). A copy of the GSA is attached hereto as **Exhibit "C"**;
- (b) a share pledge agreement dated October 10, 2019, together with Power of Attorney to Transfer Shares and share certificate, pledging QRC's shares in Timeline, which was duly registered pursuant to the PPSA. A copy of the Share Pledge Agreement is attached as **Exhibit "D"**,

(collectively, the “**Security**”).

25. Waygar is QRC’s first-ranking registered secured creditor under the PPSA in respect of the Property, as all lenders whose registrations pre-date Waygar’s registration are the subject of PPSA estoppel letters, subordination agreements, and/or an inter-lender agreement with Waygar. Attached as **Exhibit "E"** is a copy of the certified PPSA search for QRC, current as of November 27, 2022. Copies of the PPSA estoppel letters granted by De Lage Landen Financial Services Canada Inc., Toyota Credit Canada Inc., BMW Financial Services Canada, GM Financial Canada Leasing Ltd., Mercedes-Benz Financial Services, and The Bank of Nova Scotia are attached as **Exhibit "F"**. The Subordination and Postponement Agreement dated October 10, 2019 granted by Dorpal Investments Inc., Krisand Holdings Inc. and Granster Holdings Inc. is attached as **Exhibit "G"**. The Subordination Agreement dated October 10, 2019 granted by Echelon Insurance is attached as **Exhibit "H"**. The Inter-Lender Agreement dated October 10, 2019 with Mohawk Carpet Distribution, Inc. is attached as **Exhibit "I"**.

26. The obligations of the QRC to Waygar, including, without limitation, under the Credit Agreement, are guaranteed by each of the Guarantors pursuant to guarantee agreements dated October 10, 2019. Each of the Guarantees are collectively attached as **Exhibit "J"**.

27. As security for QRC’s obligations to Waygar, each of the Guarantors also provided, among other things, general security agreements dated October 10, 2019, each of which grants to Waygar, among other things, a security interest in any and all of the property, assets and undertakings of the respective Guarantors. Each of the GSAs granted by the Guarantors are collectively attached as **Exhibit "K"**.

28. Finally, QCCC, among others, provided a pledge dated October 10, 2019 pledging the shares of Malvern, Flooring and Patjo Holdings Inc., together with the original share certificates and stock powers, which is attached as **Exhibit "L"**.

FINANCIAL DIFFICULTIES AND DEFAULTS:

29. In late 2021, QRC experienced financial challenges resulting from the Covid-19 pandemic and related supply chain disruptions on the construction industry, which challenges impacted its profitability. These challenges consisted of significant increases in the price of materials, higher operating overhead costs, gross margin compression—particularly in high-rise residential projects with extended completion times—and overall liquidity tightness.

30. As a result, QRC defaulted under the Credit Agreement. The Credit Agreement contains standard Events of Default, including a failure to make payments of principal or interest when they become due as well as any breach of any term or condition of the Credit Agreement or the Security.

31. As at December 31, 2021, QRC was in breach of the Credit Agreement by, among other things, failing to maintain the minimum Excess Availability (as that term is defined in the Credit Agreement) in accordance with section 20(d) of the Credit Agreement.

32. In the face of immediate liquidity constraints, Waygar agreed to provide further financial accommodations to QRC and extended additional credit pursuant to a Fifth Amendment to Loan Agreement dated August 15, 2022 (the “**Fifth Amendment**”). Among other things, Waygar agreed to increase the principal amount of the revolving working capital loan from \$30,000,000 to \$50,000,000.

33. Pursuant to the Fifth Amendment, Waygar also imposed additional reporting requirements to permit even closer oversight of QRC's financial performance and operations, including the weekly provision of a 12-week cash flow (including commentary on actuals versus variances).

34. Despite additional financial accommodation from Waygar, QRC's defaults persisted.

DEMANDS FOR PAYMENT:

35. The Credit Facilities are repayable on demand following the occurrence of an Event of Default, and one or more Events of Default (as defined in the Credit Agreement and/or the Security, as applicable) has occurred, including failure to pay the scheduled amounts of principal, interest and fees on the date when they become due.

36. Waygar made formal written demand on QRC and each of the Guarantors for payment of QRC's indebtedness to Waygar by letters dated February 1, 2023 (the "**Demands**"), which were accompanied by notices of intention to enforce security (the "**NITES**") delivered to the parties pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). The Demands and NITES are collectively attached as **Exhibit "M"**.

37. As set out in the Demands and the NITES, a total of \$48,395,068.93 (CAD) (exclusive of legal fees, disbursements and accruing interest) was owing by QRC to Waygar under the Credit Agreement as of February 1, 2023 (the "**Indebtedness**"). The Indebtedness continues to accrue interest and costs.

38. The 10-day notice period associated with the Demands and the NITES expired on February 11, 2023, without the Indebtedness being repaid.

THE ACCOMMODATION AGREEMENT:

39. Both QRC and the Guarantors failed to repay Waygar in accordance with Waygar's Demands, following which, the parties entered into an accommodation agreement on February 14, 2023 (the "**Accommodation Agreement**").

40. Waygar agreed to enter into the Accommodation Agreement to permit the Respondents to complete existing projects, procure new contracts, generate and collect receivables, and stabilize the business—all with a view to attracting new financing opportunities that could repay the Indebtedness owing to Waygar.

41. Pursuant to the Accommodation Agreement, Waygar agreed to forbear from exercising its rights and remedies under the Credit Agreement and the Security until the earlier of (i) May 12, 2023 or (ii) the occurrence of an Intervening Event (as defined in the Accommodation Agreement) that would result in Waygar terminating the Accommodation Agreement. A copy of the Accommodation Agreement is attached as **Exhibit "N"**.

42. To enable the Respondents to remain in business, as part of the accommodation, Waygar further agreed to advance additional funds to QRC, not exceeding the aggregate sum of \$2,500,000 (the "**Further Advances**"), on the terms and conditions set out in the Accommodation Agreement. The Further Advances resulted in an increase of the revolving working capital loan to a maximum amount of \$52,500,000.

43. Pursuant to the Accommodation Agreement, the Further Advances were to be advanced by Waygar in accordance with the 12-week cash flow forecast prepared by Fuller, in its capacity as a consultant of Waygar. Reporting of QRC's results compared to forecast and reasons for variances were to be provided to Waygar and Fuller. Specifically, QRC would be permitted to deliver a

weekly draw request to Waygar to fund a maximum of \$250,000 per week over and above the amounts already advanced, and any portion of the weekly limit of \$250,000 that was not actually drawn in a given week could be carried forward once to the following week such that the draw(s) over any two-week period would not exceed a maximum of \$500,000.

44. The Further Advances were advanced and required to be used solely and strictly in accordance with the cash flow forecast prepared by Fuller, or as otherwise approved by Waygar in writing. Waygar reserved the right to assert, in its sole discretion, that there had been a breach under the Accommodation Agreement based on the failure to adhere to the cash flow forecast as contemplated.

45. Waygar made the Further Advances in the ordinary course, as provided for in the Accommodation Agreement, up to and including the week of April 10, 2023. Based on the financial information about QRC provided to Waygar, Waygar ceased making any Further Advances starting with the week of April 17, 2023.

46. Specifically, one or more Intervening Events have since occurred, including, but not limited to a material adverse change in the financial condition of QRC. I am advised by Fuller that, for the 20-week period since the commencement of the accommodation period to June 30, 2023, among other things:

- (a) The cumulative operating cash flow deficits total \$4.07 million;
- (b) The gross amount of accounts receivable has decreased by \$4.36 million to \$40.21 million;
- (c) The gross inventory has decreased by \$2.93 million to \$8.23 million;

- (d) The total gross collateral for lending purposes has decreased by \$7.51 million to \$55.43 million;
- (e) The net borrowing base availability of total collateral has decreased by \$3.82 million to \$35.48 million; and
- (f) The over advance has increased by \$6.77 million to \$17.76 million.

47. Meanwhile, QRC's payroll obligations are estimated to total \$500,000 on a bi-weekly basis.

48. Further, despite requests by Waygar and Fuller, on behalf of Waygar, for the financial statements of the Respondents, the same have not been provided to Waygar since the end of November 2022.

49. Based on the foregoing, Waygar's security continues to deteriorate. The Respondents' historical financial downturn has persisted, despite Waygar's efforts to facilitate the stabilization of cashflow.

50. In any event, the Accommodation Agreement lapsed on May 12, 2023 and is of no further force and effect. Accordingly, pursuant to its security instruments, Waygar is entitled to seek the appointment of a court-appointed officer.

51. QRC is in default of the terms of and their obligations under the Credit Agreement and the Security, and is unwilling or unable to repay the Indebtedness.

52. The Guarantors are jointly and severally liable to pay QRC's Indebtedness to Waygar pursuant to the terms of the Guarantees.

A&M STRATEGIC PROCESS:

53. Pursuant to the Accommodation Agreement, QRC agreed to pursue and effect a process intended to raise capital, which transaction was to be completed by May 12, 2023.

54. To that end, QRC retained Alvarez & Marsal Canada Securities ULC (“**A&M**”) to assist it in evaluating any such opportunity.

55. A&M launched its strategic process on March 13, 2023 and reached out to a total of 274 potential investors, comprising 259 private equity firms and 15 lenders. As of A&M’s latest process update report on April 28, 2023, 58 potential investors signed non-disclosure agreements and received a copy of the Confidential Information Memorandum. As of April 28th, A&M reported that five private equity firms and nine lenders were still evaluating the opportunity, while one private equity firm submitted a non-binding indication of interest on April 17, 2023.

56. Waygar understands from QRC that the marketing process has generated a single offer (the “**Offer**”) from a prospective purchaser. Notably, Waygar has not received any particulars or further information regarding the Offer in the weeks since it was submitted.

57. In any event, QRC faces potential priority trust claims estimated to be as much as \$11,000,000, which would significantly reduce the gross Offer. The Offer, if accepted, would result in a very significant shortfall to Waygar and provide no potential recovery for the Respondents’ suppliers, other than from recoveries of potential priority trust claim amounts, if any.

58. Waygar is not convinced that the Offer is the best available offer for the sale of the Respondents’ business. The Respondents engaged A&M to facilitate a “strategic transaction aimed at raising new capital to refinance its existing lender”. Waygar believes that the strategic process

conducted by A&M was robust enough to canvass the market for prospective investors interested in injecting replacement capital or new equity capital into the Respondents' business. However, the process was not aimed at soliciting a purchaser for the business. Accordingly, Waygar does not believe that the Respondents' assets and business have been adequately exposed to the market.

59. Waygar understands that the Respondents do not have any viable prospects for refinancing at this juncture, and it is not expected that the prospective purchaser will improve the Offer.

60. The Principals of the Respondents have also advised that they cannot continue to operate without securing additional funding, and they, themselves, are not able or willing to inject any further capital into the Respondents' business.

RATIONALE FOR THE RELIEF SOUGHT:

61. Pursuant to the Accommodation Agreement, the Respondents acknowledged and confirmed that the Indebtedness (calculated as at January 25, 2023), together with all interest, fees, costs and expenses accruing therefrom, is unconditionally payable by the Respondents to Waygar, without any right of setoff, defence, counterclaim or reduction of any kind.

62. The Respondents cannot operate their business or generate revenue without the cooperation and support of Waygar.

63. Due to the continued deterioration of the financial condition of the business and the Respondents' ongoing requests for additional borrowing, Waygar has lost confidence in management's ability to navigate the business through these challenging circumstances and to find a solution that is in the interests of Waygar.

64. Waygar's most recent request to meet with the Principals of the Respondents was rebuffed as being unnecessary.

Judgment Against Timeline:

65. On July 13, 2023, the Applicant received notice that Taiga Building Products Ltd. ("**Taiga**") had commenced an action against Timeline pursuant to Alberta Court of Justice action no. 23901-00818, and had obtained judgment against Timeline in the amount of \$55,604.62.

66. Taiga filed a Writ of Enforcement against Timeline, which was registered at the Personal Property Registry (Alberta) on May 15, 2023, pursuant to registration no. 23051520370. A copy of Taiga's letter to the Applicant enclosing a personal property search current as of July 4, 2023 is attached as **Exhibit "O"**.

67. The Applicant first learned of Taiga's action against Timeline and its subsequent judgment on July 13, 2023.

Cash Management System:

68. The Debtors maintain their business bank accounts at The Toronto-Dominion Bank ("**TD**").

69. One of the Debtors' bank accounts maintained at TD (the "**Blocked Account**") has been the subject of a Blocked Accounts Agreement as between the Debtors, the Applicant and TD since November 1, 2019 (the "**BAA**"). Pursuant to the BAA, TD is to receive instructions in respect of the Blocked Account from the Applicant only. The Blocked Account functions as the Debtors' "**Cash Management System**".

70. The Debtors are to receive customer receivables exclusively into the Blocked Account and any use of the funds deposited into the Blocked Account is subject to the Applicant's oversight and direction pursuant to the BAA.

71. Historically, the Applicant has exercised oversight capacities only, and has not taken steps to interfere with or otherwise direct the uses for the funds held in the Blocked Accounts.

72. I am advised by Fuller that, in its capacity as the proposed Monitor, it has reviewed the Cash Management System and will be able to adequately monitor the transfers of cash so that transactions can be ascertained, traced and properly recorded. If appointed, the Monitor will review and monitor the Cash Management System and report to the court from time to time.

Appointment of Fuller as Monitor:

73. Accordingly, Waygar believes that the business and assets of the Respondents would have value if the businesses were under appropriate management and direction during the CCAA proceedings to continue operations with limited cash resources while completing a condensed process to solicit an offer to purchase the Respondents' business, their assets, and/or to negotiate one or more restructuring transactions.

74. I am advised by Waygar's counsel that CCAA protection for the Respondents includes the staying of any secured claims in circumstances where the notice period under s. 244 of the BIA has lapsed. I am also advised by Waygar's counsel that the cost of proceeding by way of receivership under the BIA is likely to be similar to the proposed CCAA proceeding given the similarities in mandate and function between a receiver and a super monitor.

75. Waygar brings this application under the CCAA to provide the Respondents with the benefit of an immediate stay of proceedings to maintain the status quo and preserve the value of the Respondents' business for the benefit of Waygar and the Respondents' other stakeholders.

76. The stay of proceedings will give Waygar, the Monitor and the Respondents the ability to complete a sale or restructuring transaction, under the oversight of this Court, all with the objective of preserving value and maximizing recovery for the Respondents' creditors.

77. I believe that relief under the CCAA is appropriate for the following reasons:

- (a) the Respondents are insolvent and not viable without immediate efforts to stabilize operations;
- (b) the Respondents' business has not been adequately exposed to the market. I believe there is interest in the Respondents' business as a going concern contract flooring business and the CCAA proceedings will provide the necessary time and protection to properly market the business as a going concern;
- (c) the Respondents rely on the continued supply of goods to conduct business, and any disruptions to the supply without the protection of a stay of proceedings would damage the value of the business as a going concern; and
- (d) the involvement of a Court-appointed monitor will lend stability and assurance to the Respondents' stakeholders, including suppliers and employees. The intention is to preserve some level of continuity vis-à-vis employees and, where possible, the management team; and

- (e) CCAA protection is necessary to preserve the value of the business and attract a purchaser of the business as a going concern.

78. If relief is granted under the CCAA, the intention is for the Monitor to develop and file the materials necessary to seek approval of a sale and investment solicitation process (the “**SISP**”) for the assets, property and undertaking of the business, and ultimately implement the SISP within a compressed timeline.

79. If the SISP does not yield a going concern buyer for the business, the CCAA proceedings will also enable the parties to pursue a strategy that focuses on liquidating the Respondents’ assets and ultimately effecting an orderly wind-up of the affairs and operations of the Respondents.

80. Pursuant to a memorandum of agreement dated December 22, 2022 and supplemented on February 13, 2023, Waygar engaged Fuller to act as consultant to Waygar, and the Respondents agreed to such engagement pursuant to the Accommodation Agreement. As a result of its engagement, Fuller has developed critical knowledge about the Respondents, their business operations, financial challenges, and restructuring efforts to date, and is well-positioned to serve as Monitor.

81. Additionally, if appointed, Fuller will be in a position to consider and ascertain which, if any, of the Principals of the Respondents are willing and able to add value to the ongoing operation of the business of the Respondents. If it deems appropriate, Fuller will be in a position to engage one or more of the Principals as consultants during the insolvency proceedings on terms to be negotiated.

82. I believe that it is in the best interests of the Respondents and their stakeholders generally (other than those entitled to assert trust claims), and Waygar specifically, that the Monitor be granted enhanced powers to manage the Respondents' operations during the pendency of the CCAA proceedings.

83. If the Initial Order is granted, the intention is that the Monitor will continue operating the Respondents' business with a view to preserving assets, business prospects and reputational goodwill—all while working with Waygar and the Respondents to develop and prepare a restructuring transaction that includes a sale of the Respondents' business.

84. Fuller has consented to act as Monitor to provide supervision and monitoring during the CCAA proceedings. If the Initial Order, as sought, is granted, Fuller has also agreed to manage the Respondents' business during these CCAA proceedings.

85. Fuller is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act* and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.

CONCLUSION:

86. Waygar, with the assistance of Fuller, has determined that the proposed CCAA proceedings represent the best available strategy to maximize value for the Respondents' stakeholders.

87. As set out above, I believe that CCAA protection for the Respondents will enable them and the Monitor to strategize and execute a path forward that will maximize proceeds available for distribution to Waygar and any other creditors on a timely and cost-effective basis.

SWORN remotely by Don Rogers, stated as being in the City of Toronto, in Province of Ontario, before me on July 24, 2023, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely

DocuSigned by:
Matilda Lici
7CE576E4AA3D4CA

Commissioner for Taking Affidavits
Matilda Lici

DocuSigned by:
Don Rogers
EE3520FFD867480...

Don Rogers

This is Exhibit "A" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:

Matilda Lici

7CE576F4AA3D4CA...

A Commissioner, etc.
Matilda Lici



Profile Report

QUALITY RUGS OF CANADA LIMITED as of November 28, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	QUALITY RUGS OF CANADA LIMITED
Ontario Corporation Number (OCN)	233961
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation/Amalgamation	April 23, 1970
Registered or Head Office Address	505 Cityview Blvd, Unit 1 Unit 1, Vaughan, Ontario, Canada, L4H 0L8

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors
Maximum Number of Directors

[Not Provided]
[Not Provided]

Name
Address for Service
Resident Canadian
Date Began

JOSEPH R. PACIONE
1865 Hwy #9, Rr#2, Newmarket, Ontario, Canada, L3Y 4V9
Yes
April 23, 1970

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Officer(s)

Name JOHN ANTHONY PACIONE
Position Chief Executive Officer
Address for Service 20 East Beaver Creek Road, Richmond Hill, Ontario, Canada,
L4B 1G6
Date Began November 01, 2019

Name JOHN ANTHONY PACIONE
Position Vice-President
Address for Service 20 East Beaver Creek Road, Richmond Hill, Ontario, Canada,
L4B 1G6
Date Began May 09, 2018

Name JOSEPH R. PACIONE
Position President
Address for Service 1865 Hwy #9, Rr#2, Newmarket, Ontario, Canada, L3Y 4V9
Date Began May 18, 1970

Name JOSEPH DOUGLAS PACIONE
Position Chief Executive Officer
Address for Service 20 East Beaver Creek Road, Richmond Hill, Ontario, Canada,
L4B 1G6
Date Began November 01, 2019

Name JOSEPH DOUGLAS PACIONE
Position Vice-President
Address for Service 20 East Beaver Creek Road, Richmond Hill, Ontario, Canada,
L4B 1G6
Date Began May 09, 2018

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Corporate Name History

Name

Effective Date

QUALITY RUGS OF CANADA LIMITED

Refer to Corporate Records

Previous Name

Effective Date

QUALITY RUGS OF SCARBOROUGH LIMITED

Refer to Corporate Records

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

Name WESTON HARDWOOD DESIGN CENTRE
Business Identification Number (BIN) 270531015
Registration Date May 11, 2017
Expiry Date May 09, 2027

Name QUALITY STERLING GROUP
Business Identification Number (BIN) 240819086
Registration Date August 21, 2014
Expiry Date August 19, 2024

Name ONTARIO FLOORING
Business Identification Number (BIN) 270530983
Registration Date May 11, 2017
Expiry Date May 09, 2027

Name QUALITY RUGS OF CANADA
Business Identification Number (BIN) 280843525
Registration Date August 07, 2018
Expiry Date August 06, 2023

Name STERLING TILE & CARPET
Business Identification Number (BIN) 260195896
Registration Date February 24, 2016
Expiry Date February 22, 2026

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
Annual Return - 2020 PAF: MARTIN KATZ - DIRECTOR	October 25, 2020
Annual Return - 2018 PAF: MARTIN KATZ - DIRECTOR	December 29, 2019
Annual Return - 2019 PAF: MARTIN KATZ - DIRECTOR	December 08, 2019
CIA - Notice of Change PAF: GEORGE TORY - OTHER	November 28, 2019
Annual Return - 2018 PAF: MARTIN KATZ - DIRECTOR	April 14, 2019
Annual Return - 2018 PAF: JOSEPH R PACIONE - DIRECTOR	December 09, 2018
CIA - Notice of Change PAF: ARLENE O'NEILL - OTHER	May 29, 2018
Annual Return - 2017 PAF: JOSEPH R PACIONE - DIRECTOR	January 28, 2018
Annual Return - 2016 PAF: JOSEPH R PACIONE - DIRECTOR	November 12, 2017
BCA - Articles of Amendment	June 06, 2017
Annual Return - 2015 PAF: JOSEPH R PACIONE - DIRECTOR	May 08, 2016
Annual Return - 2014 PAF: MARTIN KATZ - OTHER	July 04, 2015
Annual Return - 2013 PAF: MARTIN KATZ - OTHER	August 02, 2014

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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CIA - Notice of Change PAF: JENNIFER ALLEN - OTHER	March 11, 2014
Annual Return - 2012 PAF: MARTIN KATZ - OTHER	July 06, 2013
Annual Return - 2011 PAF: VICKIE JACKSON - OTHER	July 14, 2012
Annual Return - 2010 PAF: VICKIE JACKSON - OTHER	May 21, 2011
Annual Return - 2009 PAF: VICKIE JACKSON - OTHER	June 05, 2010
Annual Return - 2008 PAF: VICKIE JACKSON - DIRECTOR	August 01, 2009
Annual Return - 2007 PAF: VICKIE JACKSON - DIRECTOR	August 31, 2008
Annual Return - 2006 PAF: VICKIE JACKSON - DIRECTOR	August 18, 2007
Annual Return - 2005 PAF: PAT ROCCA - DIRECTOR	May 13, 2006
Annual Return - 2004 PAF: PAT ROCCA - OTHER	August 04, 2005
Annual Return - 2003 PAF: PAT ROCCA - DIRECTOR	September 15, 2004
CIA - Notice of Change PAF: JOHN BUGEJA - OTHER	July 09, 2001
Annual Return - 1994 PAF: PING SIM - OFFICER	July 11, 1995
Other - SPECIAL NOTICE 2 PAF: PING SIM - OFFICER	June 10, 1994
Other - SPECIAL NOTICE PAF: PING SIM - Others	May 27, 1993

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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CPCV - Corporate Conversion ADD

June 27, 1992

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Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Profile Report

MALVERN CONTRACT INTERIORS LIMITED as of November 28, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	MALVERN CONTRACT INTERIORS LIMITED
Ontario Corporation Number (OCN)	1210778
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Amalgamation	November 30, 1996
Registered or Head Office Address	505 Cityview Boulevard, Unit 1 Unit 1, Vaughn, Ontario, Canada, L4H 0L8

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Director(s)

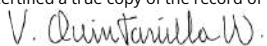
Minimum Number of Directors 1
Maximum Number of Directors 10

Name JULIET NEELY
Address for Service 1436 Coldstream Drive, Oshawa, Ontario, Canada, L1K 2Y8
Resident Canadian Yes
Date Began July 06, 2007

Name JOHN ANTHONY PACIONE
Address for Service 20 East Beaver Creek Road, Richmond Hill, Ontario, Canada, L4B 1G6
Resident Canadian Yes
Date Began April 17, 2012

Name JOSEPH DOUGLAS PACIONE
Address for Service 20 East Beaver Creek Road, Richmond Hill, Ontario, Canada, L4B 1G6
Resident Canadian Yes
Date Began April 17, 2012

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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Active Officer(s)

Name JULIET NEELY
Position Secretary
Address for Service 1436 Coldstream Drive, Oshawa, Ontario, Canada, L1K 2Y8
Date Began November 28, 2011

Name JULIET NEELY
Position Treasurer
Address for Service 1436 Coldstream Drive, Oshawa, Ontario, Canada, L1K 2Y8
Date Began November 28, 2011

Name JULIET NEELY
Position Vice-President
Address for Service 1436 Coldstream Drive, Oshawa, Ontario, Canada, L1K 2Y8
Date Began July 06, 2007

Name DEAN VAN ADESTINE
Position President
Address for Service 505 Cityview Boulevard, Unit 1, Vaughan, Ontario, Canada, L4H 0L8
Date Began August 16, 2016

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name

MALVERN CONTRACT INTERIORS LIMITED

Effective Date

November 30, 1996

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Amalgamating Corporations

Corporation Name
Ontario Corporation Number

PARBRON INTERNATIONAL INC.
575277

Corporation Name
Ontario Corporation Number

MALVERN CONTRACT INTERIORS LIMITED
295867

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
Annual Return - 2020 PAF: MARTIN KATZ - DIRECTOR	November 08, 2020
Annual Return - 2019 PAF: MARTIN KATZ - DIRECTOR	December 22, 2019
CIA - Notice of Change PAF: GEORGE TORY - OTHER	September 26, 2019
Annual Return - 2018 PAF: MARTIN KATZ - DIRECTOR	April 14, 2019
Annual Return - 2018 PAF: MARTIN KATZ - DIRECTOR	December 09, 2018
Annual Return - 2017 PAF: MARTIN KATZ - DIRECTOR	December 24, 2017
Annual Return - 2016 PAF: MARTIN KATZ - OTHER	September 04, 2016
CIA - Notice of Change PAF: JULIET NEELY - DIRECTOR	March 16, 2016
Annual Return - 2015 PAF: MARTIN KATZ - OTHER	November 10, 2015
Annual Return - 2014 PAF: MARTIN KATZ - OTHER	March 21, 2015
Annual Return - 2012 PAF: JULIET NEELY - DIRECTOR	December 28, 2013
Annual Return - 2012 PAF: MARTIN KATZ - DIRECTOR	December 28, 2013
Annual Return - 2013 PAF: MARTIN KATZ - DIRECTOR	December 28, 2013

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Annual Return - 2011 PAF: PAUL HARRISON - DIRECTOR	June 30, 2012
CIA - Notice of Change PAF: ALEX EISENBERG - OTHER	April 17, 2012
CIA - Notice of Change PAF: PAMELA BRIGGS - OTHER	April 17, 2012
BCA - Articles of Amendment	April 12, 2012
CIA - Notice of Change PAF: PAMELA BRIGGS - OTHER	April 05, 2012
CIA - Notice of Change PAF: PAMELA BRIGGS - OTHER	February 10, 2012
CIA - Notice of Change PAF: PAMELA BRIGGS - OTHER	January 06, 2012
CIA - Notice of Change PAF: PAMELA BRIGGS - OTHER	December 20, 2011
Annual Return - 2010 PAF: PAUL HARRISON - DIRECTOR	August 27, 2011
Annual Return - 2009 PAF: PAUL HARRISON - DIRECTOR	April 03, 2010
Annual Return - 2008 PAF: PAUL HARRISON - DIRECTOR	May 30, 2009
Annual Return - 2007 PAF: PAUL HARRISON - DIRECTOR	June 28, 2008
CIA - Notice of Change PAF: PAUL HARRISON - OFFICER	November 02, 2007
CIA - Notice of Change PAF: PAUL HARRISON - DIRECTOR	August 22, 2007
Annual Return - 2006 PAF: PAUL HARRISON - DIRECTOR	July 07, 2007

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V. Quintanilla W.

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Annual Return - 2005 PAF: PAUL HARRISON - DIRECTOR	May 13, 2006
Annual Return - 2004 PAF: PAUL HAMSON - DIRECTOR	June 17, 2005
Annual Return - 2003 PAF: PAUL HARRISON - DIRECTOR	May 29, 2004
Annual Return - 2002 PAF: PAUL HARRISON - DIRECTOR	May 19, 2003
CIA - Notice of Change PAF: PAUL HARRISON - DIRECTOR	January 23, 2003
Annual Return - 2001 PAF: PAUL HARRISON - DIRECTOR	June 09, 2002
Annual Return - 2000	June 06, 2001
CIA - Notice of Change PAF: PAUL HARRISON - DIRECTOR	September 16, 1999
BCA - Articles of Amendment	April 02, 1997
CIA - Initial Return PAF: PAUL HARRISON - DIRECTOR	February 11, 1997
BCA - Articles of Amendment	January 31, 1997
CIA - Initial Return PAF: RICHARD A. MCNEVIN - OTHER	January 10, 1997
BCA - Articles of Amalgamation	November 30, 1996

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Profile Report

WESTON HARDWOOD DESIGN CENTRE INC. as of November 28, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	WESTON HARDWOOD DESIGN CENTRE INC.
Ontario Corporation Number (OCN)	1590325
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	October 03, 2003
Registered or Head Office Address	250 Vaughan Valley Blvd, Woodbridge, Ontario, Canada, L4H 3C3

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name JOSEPH R. PACIONE
Address for Service 1865 Hwy # 9, Rr #2, Newmarket, Ontario, Canada, L3Y 4V9
Resident Canadian Yes
Date Began April 28, 2017

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)

Name JOHN ANTHONY PACIONE
Position Vice-President
Address for Service 20 East Beaver Creek Road, Richmond Hill, Ontario, Canada,
L4B 1G6
Date Began May 09, 2018

Name JOSEPH R. PACIONE
Position President
Address for Service 1865 Hwy # 9, Rr #2, Newmarket, Ontario, Canada, L3Y 4V9
Date Began April 28, 2017

Name JOSEPH R. PACIONE
Position Secretary
Address for Service 1865 Hwy # 9, Rr #2, Newmarket, Ontario, Canada, L3Y 4V9
Date Began April 28, 2017

Name JOSEPH R. PACIONE
Position Treasurer
Address for Service 1865 Hwy # 9, Rr #2, Newmarket, Ontario, Canada, L3Y 4V9
Date Began April 28, 2017

Name JOSEPH DOUGLAS PACIONE
Position Vice-President
Address for Service 20 East Beaver Creek Road, Richmond Hill, Ontario, Canada,
L4B 1G6
Date Began May 09, 2018

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V. Quintanilla W.

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Corporate Name History

Name

WESTON HARDWOOD DESIGN CENTRE INC.

Effective Date

October 03, 2003

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

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V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
Annual Return - 2020 PAF: MARTIN KATZ - DIRECTOR	October 25, 2020
Annual Return - 2019 PAF: MARTIN KATZ - DIRECTOR	December 22, 2019
Annual Return - 2018 PAF: MARTIN KATZ - DIRECTOR	October 13, 2019
Annual Return - 2018 PAF: MARTIN KATZ - DIRECTOR	April 14, 2019
Annual Return - 2018 PAF: JOSEPH R PACIONE - DIRECTOR	December 09, 2018
CIA - Notice of Change PAF: ARLENE O'NEILL - OTHER	May 29, 2018
Annual Return - 2017 PAF: JOHN PACIONE - DIRECTOR	December 24, 2017
Annual Return - 2017 PAF: GIUSEPPE FAZARI - DIRECTOR	November 19, 2017
Annual Return - 2016 PAF: GIUSEPPE FAZARI - DIRECTOR	May 21, 2017
Annual Return - 2015 PAF: GIUSEPPE FAZARI - DIRECTOR	May 21, 2017
Annual Return - 2014 PAF: GIUSEPPE FAZARI - DIRECTOR	May 21, 2017
CIA - Notice of Change PAF: ARLENE O'NEILL - OTHER	May 12, 2017
CIA - Notice of Change PAF: GEORGE TORY - OTHER	May 09, 2017

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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CIA - Notice of Change PAF: GIUSEPPE FAZARI - DIRECTOR	April 27, 2017
Annual Return - 2015 PAF: GIUSEPPE FAZARI - DIRECTOR	July 03, 2016
Annual Return - 2014 PAF: GIUSEPPE FAZARI - DIRECTOR	May 16, 2015
Annual Return - 2013 PAF: GIUSEPPE FAZARI - DIRECTOR	May 18, 2014
Annual Return - 2012 PAF: GIUSEPPE FAZARI - DIRECTOR	July 06, 2013
CIA - Notice of Change PAF: GIUSEPPE FAZARI - DIRECTOR	December 27, 2012
Annual Return - 2011 PAF: GIUSEPPE FAZARI - DIRECTOR	June 23, 2012
Annual Return - 2010 PAF: GIUSEPPE FAZARI - DIRECTOR	June 11, 2011
CIA - Notice of Change PAF: GIUSEPPE FAZARI - DIRECTOR	May 04, 2011
Annual Return - 2009 PAF: GIUSEPPE FAZARI - DIRECTOR	July 17, 2010
Annual Return - 2008 PAF: GIUSEPPE FAZARI - DIRECTOR	May 09, 2009
Annual Return - 2007 PAF: GIUSEPPE FAZARI - DIRECTOR	June 28, 2008
Annual Return - 2006 PAF: GIUSEPPE FAZARI - DIRECTOR	May 26, 2007
Annual Return - 2005 PAF: GIUSEPPE FAZARI - DIRECTOR	April 22, 2006
Annual Return - 2004 PAF: GIUSEPPE FAZARI - DIRECTOR	August 13, 2005

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V. Quintanilla W.

Director/Registrar

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CIA - Notice of Change PAF: MARTIN L. O'BRIEN - OTHER	January 15, 2004
BCA - Articles of Amendment	December 24, 2003
CIA - Notice of Change PAF: MARTIN L. O'BRIEN - OTHER	November 29, 2003
CIA - Initial Return PAF: MARTIN L. O'BRIEN - DIRECTOR	November 28, 2003
BCA - Articles of Incorporation	October 03, 2003

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Profile Report

ONTARIO FLOORING LTD. as of November 28, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	ONTARIO FLOORING LTD.
Ontario Corporation Number (OCN)	1937515
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	June 05, 2015
Registered or Head Office Address	250 Vaughan Valley Blvd, Woodbridge, Ontario, Canada, L4H 3C3

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

A handwritten signature in black ink, appearing to read "V. Quintanilla W.".

Director/Registrar

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Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name JOSEPH R. PACIONE
Address for Service 1865 Hwy #9, Rr #2, Newmarket, Ontario, Canada, L3Y 4V9
Resident Canadian Yes
Date Began April 28, 2017

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)

Name JOHN ANTHONY PACIONE
Position Vice-President
Address for Service 20 East Beaver Creek Road, Richmond Hill, Ontario, Canada,
L4B 1G6
Date Began May 09, 2018

Name JOSEPH R. PACIONE
Position President
Address for Service 1865 Hwy #9, Rr #2, Newmarket, Ontario, Canada, L3Y 4V9
Date Began April 28, 2017

Name JOSEPH R. PACIONE
Position Secretary
Address for Service 1865 Hwy #9, Rr #2, Newmarket, Ontario, Canada, L3Y 4V9
Date Began April 28, 2017

Name JOSEPH R. PACIONE
Position Treasurer
Address for Service 1865 Hwy #9, Rr #2, Newmarket, Ontario, Canada, L3Y 4V9
Date Began April 28, 2017

Name JOSEPH DOUGLAS PACIONE
Position Vice-President
Address for Service 20 East Beaver Creek Road, Richmond Hill, Ontario, Canada,
L4B 1G6
Date Began May 09, 2018

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name

ONTARIO FLOORING LTD.

Effective Date

June 05, 2015

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V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

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Expired or Cancelled Business Names

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Document List

Filing Name	Effective Date
Annual Return - 2020 PAF: MARTIN KATZ - DIRECTOR	October 25, 2020
Annual Return - 2019 PAF: MARTIN KATZ - DIRECTOR	December 22, 2019
Annual Return - 2018 PAF: MARTIN KATZ - DIRECTOR	April 14, 2019
Annual Return - 2018 PAF: JOSEPH R PACIONE - DIRECTOR	December 09, 2018
CIA - Notice of Change PAF: ARLENE O'NEILL - OTHER	May 29, 2018
Annual Return - 2017 PAF: JOHN PACIONE - DIRECTOR	December 24, 2017
Annual Return - 2017 PAF: GIUSEPPE FAZARI - DIRECTOR	November 19, 2017
CIA - Notice of Change PAF: ARLENE O'NEILL - OTHER	May 12, 2017
CIA - Notice of Change PAF: GEORGE TORY - OTHER	May 09, 2017
Annual Return - 2016 PAF: GIUSEPPE FAZARI - DIRECTOR	May 07, 2017
Annual Return - 2015 PAF: GIUSEPPE FAZARI - DIRECTOR	July 03, 2016
CIA - Initial Return PAF: GIUSEPPE FAZARI - DIRECTOR	June 23, 2015
BCA - Articles of Incorporation	June 05, 2015

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Government
of Canada

Gouvernement
du Canada

[Canada.ca](#) → [Innovation, Science and Economic Development Canada](#) → [Corporations Canada](#)

→ [Search for a Federal Corporation](#)

Federal Corporation Information - 836372-2

 Beware of scams and other suspicious activities. See [Corporations Canada's alerts](#).

Note

This information is available to the public in accordance with legislation (see [Public disclosure of corporate information](#)).

[Order copies of corporate documents](#)

Corporation Number

836372-2

Business Number (BN)

838906139RC0001

Corporate Name

Timeline Floors Inc.

Status

Active

Governing Legislation

Canada Business Corporations Act - 2012-11-30

[Order a Corporate Profile](#) [[View PDF Sample](#)] [[View HTML Sample](#)].

Registered Office Address

505
CITYVIEW BLVD, UNIT 1
VAUGHAN ON L4H 0L8
Canada

Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors**Minimum** 1**Maximum** 10

John Anthony Pacione
20 East Beaver Creek Road
Richmond Hill ON L4B 1G6
Canada

Joseph Douglas Pacione
20 East Beaver Creek Road
Richmond Hill ON L4B 1G6
Canada

Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings**Anniversary Date (MM-DD)**

11-30

Date of Last Annual Meeting

2018-11-30

Annual Filing Period (MM-DD)

11-30 to 01-29

Type of Corporation

Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings

2022 - Not due

2021 - Filed

2020 - Filed

Corporate History

Corporate Name History

2012-11-30 to Present

Timeline Floors Inc.

Certificates and Filings**Certificate of Incorporation**

2012-11-30

Certificate of Amendment *

2016-11-30

Amendment details: Other

Certificate of Amendment *

2020-02-06

Amendment details: Province or Territory of Registered Office

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more information, [contact Corporations Canada](#).

[Order copies of corporate documents](#)[Start New Search](#)[Return to Search Results](#)

Date Modified:

2022-11-22

Corporate Affairs Registry Database

[Help](#)

The credit card transaction was successful

- Transaction Amount: **\$3.45**
- Transaction #: **9617091**
- Authorization #: **073359**
- Date of Transaction: **2022-11-28 05:00:45**
- HST #: **10786 3888 RT0006**

We recommend that you print this screen and retain it with your records

[New Search](#)

General Information

Reference Number:	724132
Business Number (BN):	838906139NP0001
Name:	Timeline Floors Inc.
Registration Date:	2021-04-15
Category Code:	62
Category:	extra-provincial corporation – Business Corporations Act
Status Code:	A
Status:	Active
Last Status Change Date:	2021-04-15
Jurisdiction:	Canada

Available Documents

Click [here](#) to view electronic documents for this record.

Click [here](#) to order paper copies of documents.

Click [here](#) to order certified copies of documents.

Annual Return Information

Last Annual Return Filed: 2022

Registered Office

Address: 505 Boulevard Cityview Unit 1 Vaughan ON L4H 0L8

Directors

Name:	Pacione, John Anthony
Address:	20 East Beaver Creek Road Richmond Hill ON L4B 1G8
Name:	Pacione, Joseph Douglas
Address:	20 East Beaver Creek Road Richmond Hill ON L4B 1G6

Agent

Name: McInnes Cooper CSD Services Inc.
Address: Jeff Hoyt 1 Germain Street Suite 1700 Post Office Box 20095 Stn Brunswick Square Saint John NB E2L 5B2

Business Names

Ref No	Status	Name
724133	A	Quality Sterling Group



Profile Report

TIMELINE FLOORS INC. as of November 28, 2022

Act	Corporations Information Act
Type	Extra-Provincial Federal Corporation with Share
Name	TIMELINE FLOORS INC.
Ontario Corporation Number (OCN)	5029477
Governing Jurisdiction	Canada - Federal
Incorporation/Amalgamation Date	November 30, 2012
Registered or Head Office Address	505 Cityview Blvd, 1, Vaughan, Ontario, Canada, L4H 0L8
Status	Refer to Governing Jurisdiction
Date Commenced in Ontario	February 06, 2020
Principal Place of Business	505 Cityview Blvd, 1, Vaughan, Ontario, Canada, L4H 0L8

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Chief Officer or Manager

There are no chief officer or managers on file for this corporation.

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Corporate Name History

Refer to Governing Jurisdiction

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

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Expired or Cancelled Business Names

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Document List

Filing Name	Effective Date
CIA - Initial Return PAF: JOSEPH DOUGLAS PACIONE - DIRECTOR	February 10, 2020

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Profile Report

QUALITY COMMERCIAL CARPET CORPORATION as of November 28, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	QUALITY COMMERCIAL CARPET CORPORATION
Ontario Corporation Number (OCN)	723143
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation/Amalgamation	June 16, 1987
Registered or Head Office Address	505 Cityview Blvd, Unit 1, Vaughan, Ontario, Canada, L4H 0L8

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Director(s)

Minimum Number of Directors [Not Provided]
Maximum Number of Directors [Not Provided]

Name JOSEPH ROCCO JR. PACIONE
Address for Service 127 Elgin Street, Thornhill, Ontario, Canada, L3T 1W7
Resident Canadian Yes
Date Began June 16, 1987

Name JOSEPH R. PACIONE
Address for Service 1865 Highway 9, R.R. #2, Newmarket, Ontario, Canada, L3Y 4V9
Resident Canadian Yes
Date Began June 16, 1987

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Active Officer(s)

Name

JOSEPH R. PACIONE

Position

Chair

Address for Service

1865 Highway 9, R.R. #2, Newmarket, Ontario, Canada, L3Y
4V9

Date Began

June 16, 1987

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name

Effective Date

QUALITY COMMERCIAL CARPET CORPORATION

Refer to Corporate Records

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

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Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

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Director/Registrar

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Document List

Filing Name	Effective Date
BCA - Articles of Amendment	June 06, 2017
Annual Return - 2014 PAF: MARTIN KATZ - OTHER	July 17, 2015
BCA - Articles of Amendment	April 25, 2014
CIA - Notice of Change PAF: JENNIFER ALLEN - OTHER	March 11, 2014
Annual Return - 2008 PAF: VICKIE JACKSON - OFFICER	December 22, 2008
Annual Return - 2007 PAF: VICKIE JACKSON - OFFICER	November 14, 2007
Annual Return - 2006 PAF: PAT ROCCA - OFFICER	October 31, 2006
Annual Return - 2005 PAF: PAT ROCCA - OFFICER	October 11, 2005
Annual Return - 2003 PAF: PAT ROCCA - OFFICER	December 08, 2004
Annual Return - 2002 PAF: PAT ROCCA - OFFICER	December 16, 2003
Annual Return - 2002 PAF: PING SIM - OFFICER	January 29, 2003
Annual Return - 2001 PAF: PING SIM - OFFICER	March 01, 2002
CIA - Notice of Change PAF: JOSEPH ROCCO PACIONE - DIRECTOR	July 11, 2001
Annual Return - 1994	July 12, 1995

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PAF: PING SIM - OFFICER

CIA - Notice of Change
PAF: JOSEPH ROCCO PACIONE JR. - DIRECTOR

May 24, 1995

CIA - Initial Return
PAF: JOSEPH ROCCO PACIONE JR. - DIRECTOR

May 24, 1995

Other - SPECIAL NOTICE 2
PAF: PING SIM - OTHER

September 15, 1994

Other - SN DEFAULT/SN2 DUP.

September 03, 1994

Other - SN DEFAULT (ORIG NOTICE)

July 09, 1994

CB - Update (461a)

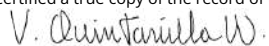
May 12, 1994

CPCV - Corporate Conversion ADD

June 27, 1992

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This is Exhibit "B" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:

Matilda Lici

7CE576E4AA3D4CA

A Commissioner, etc.
Matilda Lici

WAYGAR CAPITAL INC.

372 Bay Street, Suite 901, Toronto, Ontario, M5H 2W9

October 10, 2019

QUALITY RUGS OF CANADA LIMITED

505 Cityview Boulevard, Unit #1
Vaughan, Ontario
L4H 0L8

Attention: Mr. Joseph R. Pacione, Chairman

Dear Sirs/Mesdames:

Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. (together, the "**Lender**"), hereby offers to the Borrower (as defined below) the following Loan (as defined below), on the following terms and conditions set out in this Agreement (as defined below):

1. BORROWER:

- (a) Quality Rugs of Canada Limited,
(the "**Borrower**").

2. GUARANTORS:

- (a) Malvern Contract Interiors Limited ("**Malvern**");
- (b) Weston Hardwood Design Centre Inc. ("**Weston**");
- (c) Ontario Flooring Ltd. ("**Flooring**");
- (d) Timeline Floors Inc. ("**Timeline**");
- (e) Quality Commercial Carpet Corporation ("**QCCC**");
- (f) Joseph Douglas Pacione Holdings Ltd. ("**JDP Holdings**");
- (g) John Anthony Pacione Holdings Ltd. ("**John Holdings**");
- (h) Jopac Enterprises Limited ("**Jopac**"); and
- (i) Patjo Holdings Inc. ("**Patjo**"),

(collectively, the "**Guarantors**").

3. **LOANS:**

- (a) Revolving working capital loan in the principal amount of up to Thirty Million Dollars (\$30,000,000) ("**Facility A**").
- (b) The Lender shall also, upon the written request of Borrower, permanently increase the Facility A Limit by a principal amount of \$10,000,000 for working capital purposes (the "**Working Capital Accordion**"); provided that: (a) no such increase shall be made if a Default or an Event of Default shall have occurred and be continuing or would result after giving effect to such increase; (b) any such increase shall be in a minimum increment of \$2,000,000; (c) any Borrowing under the Working Capital Accordion shall be subject at all times to the margining calculations set out in Section 7(a) below; (d) notice provided by the Borrower shall be provided not less than 30 days prior to the time the Working Capital Accordion requested is required; (e) the Lender shall have completed satisfactory due diligence in respect of the Working Capital Accordion and related matters; (f) the Lender shall have received a non-refundable facility fee in the amount of three-quarters of one percent (0.75%) of the Working Capital Accordion requested; (g) the Lender shall have received such other documentation as reasonably required in order to finalize and document the Working Capital Accordion; and (h) any use of the Working Capital Accordion shall be for the Credit Parties' working capital purposes.
- (c) The Lender shall also, upon the written request of Borrower, permanently increase the Facility A Limit by a further principal amount of \$10,000,000 for the purposes of completing acquisitions satisfactory to the Lender, in its sole discretion (the "**Acquisition Accordion**"); provided that: (a) no such increase shall be made if a Default or an Event of Default shall have occurred and be continuing or would result after giving effect to such increase; (b) any such increase shall be in a minimum increment of \$2,000,000; (c) any Borrowing under the Acquisition Accordion shall be subject at all times to the margining calculations set out in Section 7(a) below; (d) notice provided by the Borrower shall be provided not less than 30 days prior to the time the Acquisition Accordion requested is required; (e) the Lender shall have completed satisfactory due diligence in respect of the Acquisition Accordion and related matters; (f) the Lender shall have received a non-refundable facility fee in the amount of three-quarters of one percent (0.75%) of the Acquisition Accordion requested; (g) the Lender shall have received such other documentation as reasonably required in order to finalize and document the Acquisition Accordion; and (h) any use of the Acquisition Accordion shall be for the purposes of acquisitions by the Credit Parties' which are acceptable to the Lender, in its sole discretion, acting reasonably.
- (d) For greater certainty, any amount of the Working Capital Accordion or the Acquisition Accordion provided shall be added to and form part of the Facility A Limit for the

purposes hereof, and the definition of "Facility A Limit " shall be the sum of the initial Facility A Limit plus such additional amounts.

4. PURPOSE:

The Loans shall be used to: (a) repay all outstanding indebtedness owing to HSBC Bank Canada ("HSBC") by the Credit Parties; and (b) provide for the ongoing working capital or acquisition (in the case of the Acquisition Accordion) requirements of the Credit Parties.

5. DEFINITIONS:

In addition to terms defined elsewhere in this Agreement (including above), the following terms shall have the following meanings:

- (a) "**Account Debtor**" shall mean any Person who is or may become obligated with respect to, or on account of, any Accounts.
- (b) "**Accounts**" shall mean all "accounts," as such term is defined in the PPSA and includes any right of any Person to payment for goods sold or leased or for services rendered, whether or not it has been earned by performance, now owned or hereafter acquired by any Person, including: (i) all accounts receivable, other receivables, book debts and other forms of obligations whether arising out of goods sold or leased or services rendered or from any other transaction whatsoever (including any contract rights); (ii) all of such Person's rights in, to and under all purchase orders or receipts for goods or services; (iii) all of such Person's rights to any goods represented by any of the foregoing (including unpaid sellers' rights of rescission, replevin, reclamation, stoppage in transit, repossession rights under any statute or law including those under Section 81.1 of the *Bankruptcy and Insolvency Act* (Canada) or any similar laws of any other jurisdiction, and rights to returned, claimed or repossessed goods); (iv) all monies due or to become due to such Person under all purchase orders and contracts for the sale or lease of goods or the performance of services or both by such Person or in connection with any other transaction (whether or not yet earned by performance on the part of such Person), including the right to receive the proceeds of said purchase orders and contracts; and (v) all collateral security and guarantees of any kind given by any other Person with respect to any of the foregoing.
- (c) "**Acquisition Accordion**" has the meaning attributed thereto in Section 3 of this Agreement.
- (d) "**Activation Notice**" has the meaning attributed thereto in Section 17(c) of this Agreement.
- (e) "**Additional Closing Documents**" has the meaning attributed thereto in Section 15(b) of this Agreement.

- (f) “**Affiliate**” has the meaning specified in the *Business Corporations Act* (Ontario).
- (g) “**Agreement**” means this Loan Agreement, as the same may be amended, restated, supplemented or replaced from time to time.
- (h) “**Anti-Corruption Laws**” means all laws, rules, and regulations of any jurisdiction applicable to a Person or any of their Subsidiaries or Affiliates from time to time concerning or relating to bribery or corruption.
- (i) “**Anti-Money Laundering Laws**” means any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules applicable to a Person or any of their Subsidiaries or Affiliates related to terrorism financing or money laundering.
- (j) “**Applicable Laws**” means, with respect to any Person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, state, municipal, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction.
- (k) “**Blocked Accounts**” means the bank accounts the Credit Parties will establish and maintain, at their sole expense, with the Blocked Account Bank, into which the Credit Parties will promptly deposit, or direct, all proceeds or funds.
- (l) “**Blocked Account Agreement**” has the meaning attributed thereto in Section 17(b) of this Agreement.
- (m) “**Blocked Account Bank**” means The Toronto-Dominion Bank and its successors and assigns, or such other financial institution which the Borrower may determine from time to time that is acceptable to the Lender.
- (n) “**Borrowing**” means each use of the Loans and all such usages outstanding at any time are “**Borrowings**”.
- (o) “**Borrowing Base Certificate**” a certificate certified to the Lender (in the form attached hereto as **Exhibit A** or such other form as the Lender shall reasonably require) providing, since the last Borrowing Base Certificate was delivered to the Lender, a listing of all of the Accounts (and detailing the Borrower’s calculation of Eligible Accounts and providing a listing of all Accounts that are insured), accounts payable, a summary of Eligible Inventory, details of any existing or potential Priority Claims, a copy of the general ledger, the amount of the requested Borrowing to be made hereunder for such period, and any other information that may be reasonably required by the Lender.
- (p) “**Business Day**” means any day other than a Saturday or a Sunday or any other day on which banks are closed for business in Toronto, Ontario.

- (q) **“Collateral”** means the property, assets and undertaking of the Credit Parties encumbered by the Security Agreements, real or personal, tangible or intangible, and whether now owned or hereafter acquired, or in which the Credit Parties now has or at any time in the future may acquire any right, title, or interest, and the shares or other equity interests of the Credit Parties, and proceeds of any of the foregoing.
- (r) **“Compliance Certificate”** means a compliance certificate in a form substantially similar to **Exhibit B** attached hereto, executed by a senior officer of the Borrower.
- (s) **“Credit Documents”** means this Agreement, the Security Agreements, the Additional Closing Documents and all other documents, instruments or agreements to be executed and delivered to the Lender by any Obligor or any other Person pursuant to the terms of or in connection with this Agreement or the Security Documents, as the same have been or may at any time and from time to time hereafter be amended, restated, supplemented, otherwise modified or replaced.
- (t) **“Credit Parties”** means, collectively, the Borrower and the Guarantors, and each is a **“Credit Party”**.
- (u) **“Default”** means an event which, with the giving of notice or passage of time, or both, would constitute an Event of Default.
- (v) **“Disbursement Accounts”** means the accounts specified in Section **Error! Reference source not found.** of this Agreement, from which the Credit Parties shall make all of their payments and disbursements.
- (w) **“Disclosure Schedule”** means **Schedule A** attached hereto as amended from time to time, subject to the prior written consent of the Lender.
- (x) **“Distribution”** means, in respect of any Person, the amount of: (i) any declared payment of any dividend or the incurrence of any liability to make any other payment or distribution of cash or other property or assets on or in respect of the shares of the Credit Parties; (ii) any payment or distribution made in respect of any subordinated indebtedness (not including trade payables) of the Credit Parties to any Person, other than in accordance with the terms of any subordination, priority or intercreditor agreement made in favour of the Lender, but subject in all cases to this Agreement; and (iii) any payment on account of the purchase, redemption, defeasance or other retirement of Credit Parties’ equity interests or indebtedness or any other payment, voluntary prepayment or distribution made in respect thereof, either directly or indirectly.
- (y) **“EBITDA”** shall mean, for any period and normalized for unusual and non-recurring expenses to which the Lender has agreed, acting reasonably, the Net Income (Loss) for such period plus interest expense, unrealized foreign exchange losses, income tax expense, amortization expense, depreciation expense, expenses in respect of operating

lcases, and minus unrealized foreign exchange gains for such period, determined in accordance with GAAP and to the extent included in the determination of such Net Income (Loss).

- (z) “**Eligible Accounts**” means all Accounts owing to the Borrower, Malvern, Weston, Flooring and Timeline, except any Account:
- (i) that does not arise from the sale of goods or the performance of services by such Credit Parties’ in the ordinary course of such Credit Parties’ business;
 - (ii) upon which: (A) such Credit Parties’ right to receive payment is not absolute or is contingent upon the fulfillment of any condition whatsoever; or (B) such Credit Parties are not able to bring suit or otherwise enforce its remedies against the Account Debtor through judicial process;
 - (iii) to the extent of any concessions, offsets, deductions, contras, returns, chargebacks or understandings with the Account Debtor therein that in any way could reasonably be expected to adversely affect the payment of, or the amount of, such Account;
 - (iv) with respect to which an invoice, acceptable to the Lender in form and substance, has not been sent to the account of the debtor;
 - (v) that is not owned by such Credit Parties or is subject to any right, claim, or interest of another Person, other than Permitted Liens which are in favour of the Lender or have been subordinated on terms satisfactory to the Lender to Liens in favour of the Lender or which otherwise rank in priority to the Liens in favour of the Lender;
 - (vi) that arises from a sale to or performance of services for an employee, Affiliate of any other Obligor or a Related Person, or an entity which has common officers or directors with any of the Obligors;
 - (vii) that is the obligation of an Account Debtor that is the federal, state or provincial government or a political subdivision thereof, unless the Lender has agreed to the contrary in writing;
 - (viii) that is the obligation of an Account Debtor located other than in Canada unless such Account is supported by a letter of credit in which the Lender has a first priority perfected Lien by possession or credit insurance acceptable to the Lender (and naming the Lender as loss payee), or is subject to another arrangement acceptable to the Lender in its sole discretion;

- (ix) that is the obligation of an Account Debtor to whom such Credit Parties are or may become liable for goods sold or services rendered by the Account Debtor to such Credit Parties, to the extent of such Credit Parties' liability to such Account Debtor;
- (x) that arises with respect to goods which are delivered on a cash-on-delivery basis or placed on consignment, guaranteed sale or other terms by reason of which the payment by the Account Debtor may be conditional;
- (xi) that is an obligation of an Account Debtor where 50% or more of the total unpaid Accounts of such Account Debtor (or such other amount as determined by the Lender in its discretion) are:
 - (A) in respect of Accounts for Account Debtors that are not Major Account Debtors, greater than 150 days past its invoice date; and
 - (B) in respect of Accounts for Account Debtors that are Major Account Debtors, greater than 210 days past its invoice date
- (xii) that is not paid within 150 days of its invoice date for invoices for all Account Debtors that are not Major Account Debtors, or 210 days from its invoice date for invoices for all Account Debtors that are Major Account Debtors; or that are Accounts of an Account Debtor if 50% or more of the Accounts owing from such Account Debtor remain unpaid within such time periods noted above;
- (xiii) that is subject to any holdbacks, provided that the portion of such Account, if any, not subject to holdbacks may be considered an Eligible Account if it meets the other criteria set out herein;
- (xiv) that is an obligation of an Account Debtor that has suspended business, made a general assignment for the benefit of creditors, is unable to pay its debts as they become due or as to which a petition has been filed (voluntary or involuntary) under any Applicable Law relating to bankruptcy, insolvency, reorganization or relief of debtors;
- (xv) that arises from any bill-and-hold or other sale of goods which remain in such Credit Parties' possession or under such Credit Parties' control;
- (xvi) as to which the Lender's interest therein is not a first priority perfected Lien, subject to Permitted Liens;
- (xvii) to the extent that such Account exceeds any credit limit established by the Lender in the Lender's good faith discretion;

- (xviii) as to which any of the Credit Parties' representations or warranties pertaining to Accounts are untrue;
 - (xix) that represents interest payments, late or finance charges, or service charges owing to such Credit Parties;
 - (xx) with respect to which the Account Debtor is located in any province of Canada or state in the United States of America which requires the filing of a registration or licensing to carry on business or similar report, registration or licensing in order to permit the Credit Parties to seek judicial enforcement of payment of such Account, unless the Credit Parties have qualified to do business therein, except as may be waived by the Lender on a case-by-case basis in its reasonable discretion; or
 - (xxi) that is not otherwise acceptable in the good faith discretion of the Lender, provided, that the Lender shall have the right to create and adjust eligibility standards and related reserves from time to time in its good faith discretion.
- (aa) **"Eligible Inventory"** means all Inventory of the Borrower, Malvern, Weston, Flooring and Timeline, including Inventory, that:
- (i) is finished goods Inventory of such Credit Parties (and is not, for greater certainty, work in process inventory or raw materials);
 - (ii) is not subject to any Liens other than Permitted Liens which are in favour of the Lender or have been subordinated on terms satisfactory to the Lender to Liens in favour of the Lender or which otherwise rank in priority behind the Liens in favour of the Lender, and, for greater certainty any inventory that is subject to purchase-money security interest in favour of Mohawk Carpet Distribution, Inc. shall be considered ineligible;
 - (iii) is located on a premises with respect to which Lender has received a landlord, bailee, or mortgagee letter acceptable in form and substance to the Lender, acting reasonably, or, in the sole discretion of the Lender, or in respect of which the Lender has established an appropriate reserve of not less than 3 months' rent for such premises;
 - (iv) is not in transit unless and subject to the Lender's discretion: (A) title has been transferred to the applicable Credit Party; (B) the goods are in transit to a premises owned or leased by such Credit Party; (C) the goods are insured to the Lender's satisfaction with the Lender as first loss payee and such insurance has been assigned to the Lender to its satisfaction; (D) the goods are supported by documentation acceptable to the Lender (including but not limited to the original bill of lading and invoice and the documentation provided for in Section 5(aa)(v)

below); and (E) any and all amounts in respect of the purchase and transportation of such Inventory, including duty, freight, brokerage fees, insurance and other similar costs (all such amounts other than purchase price, the "**Clearance Costs**"), are either (1) supported by a letter of credit acceptable to the Lender, (2) paid for by such Credit Parties and such payments have been verified by the Lender, (3) as to the Clearance Costs, reserved for in the Facility A Availability and, as to the purchase price, reserved for in the Facility A Availability unless waivers of all repossession, revendication or similar rights of an unpaid supplier have been received to the satisfaction of the Lender or (4) or such other arrangement that may be satisfactory to the Lender;

- (v) is not covered by a negotiable document of title, unless such document and evidence of acceptable insurance covering such Inventory has been delivered to the Lender;
- (vi) is of good and merchantable quality, free from any defects and is not obsolete, unsalable, shopworn, damaged, unfit for further processing or of substandard quality, in Lender's good faith credit judgment;
- (vii) does not consist of: (A) discontinued items; (B) slow-moving or excess items; or (C) used items held for resale;
- (viii) meets all standards imposed by any Governmental Entity, including with respect to its production, acquisition or importation (as the case may be);
- (ix) is not placed by such Credit Parties on consignment or held by such Credit Parties on consignment from another Person;
- (x) is not held for rental or lease by or on behalf of such Credit Parties;
- (xi) does not violate any warranty, representation or covenant contained in this Agreement or any other Credit Document;
- (xii) is not subject to any licensing, patent, royalty, trademark, trade name or copyright agreement with any third parties;
- (xiii) does not require the consent of any Person for the completion or manufacture, sale or other disposition of such Inventory by Lender and such completion, manufacture or sale does not constitute a breach or default under any contract or agreement to which such Credit Parties are a party or to which such Inventory is or may become subject;
- (xiv) is not subject to unpaid suppliers' repossession rights provided for under the *Bankruptcy and Insolvency Act* (Canada) or other Applicable Law; and

- (xv) is otherwise acceptable in the good faith discretion of the Lender, provided that, the Lender shall have the right to create and adjust eligibility standards and related reserves from time to time in its good faith discretion.
- (bb) “**Equipment**” shall mean all “equipment” as defined in the PPSA and, in any event, shall include tangible or corporeal property other than Inventory, now or hereafter acquired by any Person, wherever located, including any and all machinery, apparatus, equipment, fittings, furniture, fixtures, motor vehicles and other tangible or corporeal personal or movable property (other than Inventory) of every kind and description which may be now or hereafter used in such Person’s operations or which are owned by such Person or in which such Person may have an interest, and all parts, accessories and accessions thereto and substitutions and replacements therefor.
- (cc) “**ET**” means eastern daylight savings or standard time, as the case may be.
- (dd) “**Excess Availability**” means, at any time, the Facility A Availability less the amount then outstanding under Facility A, plus all costs, fees and expenses owing hereunder. Excess Availability shall always be determined on the basis that all debts and obligations shall be current, and all accounts payable shall be handled in the normal course of the business of the Credit Parties consistent with its past practices.
- (ee) “**Extension Option**” means the option to extend the Repayment Date for a term of six (6) months, on terms mutually agreeable to the Credit Parties and the Lender and subject to an extension agreement in form and substance satisfactory to the Lender.
- (ff) “**Event of Default**” has the meaning attributed thereto in Section 25 of this Agreement.
- (gg) “**Facility A**” has the meaning attributed thereto in Section 3 of this Agreement.
- (hh) “**Facility A Availability**” has the meaning attributed thereto in Section 7 of this Agreement.
- (ii) “**Facility A Limit**” has the meaning attributed thereto in Section 8(c) of this Agreement.
- (jj) “**GAAP**” means, in relation to any Person at any time, (i) the Accounting Standards for Private Enterprises or (ii) International Financial Reporting Standards for Public Companies, as applicable, in each case, as approved by the Accounting Standards Board of Canada or its successor, applied on a basis consistent with the most recent financial statements of such Person (except for changes approved by the auditors of such Person).
- (kk) “**Governmental Entity**” means any (i) multinational, federal, provincial, state, municipal, local or other government, governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign; (ii) any crown corporation incorporated by the foregoing; (iii) any subdivision or authority of any

of the foregoing; or (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

- (ll) “**Indemnified Person**” has the meaning attributed thereto in Section 23(b) of this Agreement.
- (mm) “**Information Certificate**” means the information certificate dated on or about the date hereof delivered by the Credit Parties to the Lender (as amended from time to time).
- (nn) “**Inventory**” means all “inventory,” as such term is defined in the PPSA, now or hereafter owned or acquired by any Person, wherever located, including all inventory, merchandise, goods and other personal property which are held by or on behalf of such Person for sale or lease or are furnished or are to be furnished under a contract of service or which constitute raw materials, work in process or materials used or consumed or to be used or consumed in such Person’s business or in the processing, production, packaging, promotion, delivery or shipping of the same, including other supplies.
- (oo) “**Lien**” means, whether based on Applicable Law, common law, statute or contract, whether choate or inchoate, whether or not crystallized or fixed, whether or not for amounts due or accruing due, any mortgage, lien, pledge, assignment, charge, security interest, title retention agreement, hypothec, levy, execution, seizure, attachment, garnishment, right of distress or other claim in respect of property of any nature or kind whatsoever howsoever arising (whether consensual, statutory or arising by operation of law or otherwise) and includes arrangements known as sale and lease-back, sale and buy-back and sale with option to buy-back or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the PPSA (or equivalent statute) of any jurisdiction; provided, that in no event shall an operating lease or an agreement to sell be deemed to constitute a Lien.
- (pp) “**Loans**” means, collectively, Facility A, the Acquisition Accordion and the Working Capital Accordion.
- (qq) “**Major Account Debtors**” means those Account Debtors acceptable to the Lender in its sole discretion, who have acceptable credit ratings and payment histories, and for which a credit report or check by an independent third party acceptable to the Lender has been provided.
- (rr) “**Material Adverse Change**” means any change, condition, event or occurrence which, when considered individually or together with other changes, conditions, events or occurrences could reasonably be expected to have a Material Adverse Effect.
- (ss) “**Material Adverse Effect**” means a material adverse effect: (i) on the business, revenues, operations, assets, liabilities (contingent or otherwise) or financial condition of any of the Credit Parties; (ii) on the rights and remedies of the Lender under the Credit

Documents; (iii) on the ability of any of the Obligors to perform their obligations under the Credit Documents; (iv) on the perfection, priority or validity of the Liens created by the Security Agreements; or (v) on the value of the Collateral secured by the Liens created by the Security Agreements.

- (tt) **"Net Income (Loss)"** shall mean for any period, the aggregate net income (or loss) after taxes for such period, determined in accordance with GAAP.
- (uu) **"Net Orderly Liquidation Value"** means the net orderly liquidation value of Eligible Inventory as determined by an AACI accredited appraiser satisfactory to the Lender in its sole discretion.
- (vv) **"Obligations"** shall mean all Loans, Borrowings, advances, debts, expense reimbursement, fees, liabilities, and obligations for the performance of covenants, tasks or duties or for payment of monetary amounts (whether or not such performance is then required or contingent, or amounts are liquidated or determinable) owing by the Credit Parties to the Lender, of any kind or nature, present or future, whether or not evidenced by any note, agreement or other instrument, whether arising under any of the Credit Documents or under any other agreement between the Credit Parties and the Lender, and all covenants and duties regarding such amounts. This term includes all principal, interest, fees, charges, expenses, reasonable legal fees and any other sum chargeable to the Credit Parties under any of the Credit Documents, and all principal and interest due in respect of the Loans (both pre- and post-petition interest) and all obligations and liabilities of the Guarantors under the Guarantees.
- (ww) **"Obligors"** means, collectively, the Credit Parties and the Pledgors, and each of them is an **"Obligor"**.
- (xx) **"Pension Plan"** means a "pension plan" or "plan" within the meaning of the applicable pension benefits legislation in any jurisdiction of Canada, that is organized and administered to provide pensions, pension benefits or retirement benefits for employees and former employees of the Credit Parties.
- (yy) **"Permitted Liens"** means, without Lender having or being deemed to have acknowledged, acquiesced or agreed to the quantum of such Liens or to the priority, enforceability, or validity of same:
 - (i) any "purchase money security interests" or vendor's hypothecs or other Liens, in each case on Equipment (as defined in the PPSA) used by a Credit Party in the operation of its business and which is not for resale, lease or rental to its customers which is assumed, created or reserved to secure the unpaid purchase price of such Equipment after the date hereof provided that any such Lien is limited to the Equipment so acquired and any proceeds thereof (including,

without limitation, capital leases) and the maximum aggregate amount of the indebtedness secured by such Liens owing by the Credit Parties is \$1,000,000;

- (ii) any Statutory Liens;
 - (iii) the Liens in favour of the secured creditors listed in **Schedule B** hereto, and any modifications, replacements, renewals or extensions thereof;
 - (iv) the Lien of any judgment rendered, or claim filed, against an Obligor which is being contested in good faith by appropriate proceedings if during such contestation there is no risk of forfeiture of any material property because of a stay of enforcement of such judgment or claim (if enforceable by seizure, sale or other remedy against any property), as the case may be, is in effect; provided that any judgment or claim filed that calls into question the title of any Collateral shall not constitute a Permitted Lien;
 - (v) security given to a public utility or Governmental Entity when required by such public utility or Governmental Entity in the ordinary course of the business of the Obligors provided such security does not either alone or in the aggregate materially detract from the value of the property affected thereby or materially impair its use;
 - (vi) zoning restrictions, easements, survey exceptions, trackage rights, leases (other than capitalized lease obligations), licenses, special assessments, rights-of-way, covenants, conditions, restrictions and declarations on or with respect to the use of real property, servicing agreements, development agreements, site plan agreements and other similar encumbrances incurred in the ordinary course of business and title defects or irregularities that are of a minor nature and that, in the aggregate, do not interfere in any material respect with the ordinary conduct of the business of the Credit Parties or any Subsidiary;
 - (vii) Liens which are subject to a subordination or other agreement in favour of the Lender and in a form satisfactory to the Lender; and
 - (viii) Liens in favour of the Lender pursuant to any of the Credit Documents.
- (zz) "**Person**" includes a natural Person, a partnership, a joint venture, a trust, a fund, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof, and any other incorporated or unincorporated entity.
- (aaa) "**Pledgors**" means, collectively, any Person who own any of the outstanding shares, units or other equity interests of a Credit Party other than JDP Holdings and John Holdings, but who is not a Credit Party, being as of the date hereof, each of J. Pacione Consultants

Limited, Joseph Douglas Pacione Family Trust, John Anthony Pacione Family Trust and Joseph R. Pacione Family Trust.

- (bbb) “**Post-Closing Undertakings**” means the post-closing undertakings set out in **Schedule A** hereto;
- (ccc) “**PPSA**” means the *Personal Property Security Act* (Ontario) and, as applicable, the personal property security legislation of any other applicable jurisdiction as in effect from time to time.
- (ddd) “**Priority Claims**” means the aggregate of any amounts accrued or payable by the Credit Parties which under any Applicable Law may rank prior to or *pari passu* with any of Liens granted under the Security Agreements or otherwise in priority to any claim by the Lender for payment or repayment of any amounts owing under this Agreement or the other Credit Documents, including, without limitation: (i) wages, salaries, commissions or other remuneration; (ii) vacation pay; (iii) Pension Plan contributions; (iv) amounts required to be withheld from payments to employees or other Persons for federal and provincial income taxes, employee Canadian Pension Plan contributions and employee Employment Insurance premiums, additional amounts payable on account of employer Canada Pension Plan contributions and employer Employment Insurance premiums; (v) federal goods and services tax; (vi) provincial sales or other consumption taxes; (vii) Workers’ Compensation Board and Workplace Safety and Insurance Board premiums or similar premiums; (viii) real property taxes (except to the extent that any such taxes have been waived pursuant to settlement arrangements); (ix) rent and other amounts payable in respect of the use of real property; (x) amounts payable for repair, storage, transportation or construction or other services which may give rise to a possessory or registerable lien; (xi) claims which suppliers could assert pursuant to Section 81.1 or Section 81.2 of the *Bankruptcy and Insolvency Act* (Canada); (xii) any claims or Liens for amounts arising under the *Construction Lien Act* (Ontario); and (xiii) WEPPA Claims.
- (eee) “**Related Party Debt Reserve**” means a reserve in an amount equal to the amounts owing by the Credit Parties to Sheila Pacione from time to time, which, as of the date hereof is \$600,000.
- (fff) “**Related Person**” has the meaning attributed thereto in Section 17(d)(iii) of this Agreement.
- (ggg) “**Repayment Date**” means the date that is eighteen (18) months from the date hereof, subject to the Extension Option.
- (hhh) “**Security Agreements**” means, collectively, the agreements referred to in Section 15(a) and any other security granted to the Lender, as security for the obligations of the

Obligors under this Agreement and the other Credit Documents, as the same have been or may at any time and from time to time hereafter be amended, restated, supplemented, otherwise modified or replaced.

- (iii) “**Statutory Liens**” means any Liens in respect of any Collateral arising by operation of Applicable Laws, including, without limitation, for carriers, warehousemen, landlord’s, mechanic’s, materialmen’s, suppliers’, construction, repairers’, taxes, assessments, statutory obligations and government charges and levies for amounts not yet due and payable or which may be past due but which are being contested in good faith by appropriate proceedings (and as to which there are no other enforcement proceedings or they shall have been effectively stayed).
- (jjj) “**Subsidiary**” has the meaning specified in the *Business Corporations Act* (Ontario).
- (kkk) “**Term of this Agreement**” means the period from and including the date on which this Agreement is executed to and including the date on which all amounts owing by the Credit Parties to the Lender hereunder have been paid in full and the Lender has no further obligations hereunder.
- (lll) “**Term Sheet**” means the term sheet dated July 11, 2019 entered into between, *inter alios*, the Borrower and the Lender.
- (mmm) “**Unfunded Capital Expenditures**” means expenditures of the Credit Parties that would, under GAAP, be classified as “capital expenditures” and which are funded through the Credit Parties’ internally generated cashflow or the proceeds of a Borrowing hereunder, excluding expenditures made in respect of the Credit Parties new enterprise resource planning system.
- (nnn) “**WEPPA Claims**” means any claims made against the Credit Parties pursuant to the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1, as the same may be amended, restated or replaced from time to time.
- (ooo) “**Working Capital Accordion**” has the meaning attributed thereto in Section 3 of this Agreement.

Words importing the singular include the plural thereof and vice versa and words importing gender include the masculine, feminine and neuter genders. References to Persons shall be deemed to include their successors, assigns, heirs, executors and other legal representatives, as applicable.

6. **SCHEDULES**

The following Exhibits and Schedules attached to this Agreement form an integral part hereof:

Exhibit A	-	Borrowing Base Certificates
Exhibit B	-	Compliance Certificate
Schedule A	-	Disclosure Schedule
Schedule B	-	Additional Permitted Liens
Schedule C	-	Discharges and Amendments to Liens Required
Schedule A	-	Estoppels and/or No-Interest Letters Required
Schedule A	-	Post-Closing Undertakings

7. **FACILITY A AVAILABILITY:**

(a) The maximum amount that shall be available under the Facility A (including the Acquisition Accordion and the Working Capital Accordion, if drawn in accordance with the terms hereof) at any time and from time to time will, subject to the maximum amount contemplated in Section 8(c) of this Agreement, be determined by the Lender on the seventh Business Day of each month (or more frequently as determined by the Lender pursuant to a Borrowing Base Certificate submitted by the Borrower) and the amount of any additional Borrowings will be limited during such month (or other period as aforesaid) in accordance with the following formula (the "**Facility A Availability**"):

(i) the aggregate of:

(A) ninety percent (90%), reducing to eighty five percent (85%) if a Default or Event of Default has occurred which the Lender, in its sole discretion, has agreed to tolerate and not demand repayment of the Obligations hereunder, or if the dilution rate (excluding dilution resulting from the discount or write-off of Accounts which are not Eligible Accounts and credits issued and re-invoicing related to upgrades) in respect of Accounts is greater than five percent (5%), as determined by the Lender in its sole discretion, of:

- (1) the net amount of Eligible Accounts which are within 150 days of the invoice date; plus
 - (2) the net amount of Eligible Accounts owing by Major Account Debtors which are between 150 days and 180 days of the invoice date, to a maximum amount of \$3,000,000; plus
 - (3) the net amount of Eligible Accounts owing by Major Account Debtors which are between 181 days and 210 days of the invoice date, to a maximum amount of \$2,000,000; plus
- (B) ninety (90%) of the Net Orderly Liquidation Value of Eligible Inventory, in each case as reflected in the then current Borrowing Base Certificate;
- (ii) LESS, the aggregate of:
- (A) the amount of Facility A then outstanding, together with all amounts owing by the Credit Parties to the Lender under this Agreement or any other Credit Document;
 - (B) reserves, determined by the Lender in its sole discretion, in respect of actual and/or potential Priority Claims and/or Statutory Liens against the Credit Parties;
 - (C) the Related Party Debt Reserve; and
 - (D) any other reserves determined by the Lender in its reasonable discretion.
- (b) On not less than the seventh Business Day of each month, prior to 1:00 p.m. ET of such day, the Borrower will provide a Borrowing Base Certificate. The Borrower shall be entitled to submit a Borrowing Base Certificate, and the Lender shall calculate the then existing Facility A Availability more than once a month, provided that the Lender shall be entitled to place a reasonable limit on the number of Borrowing Base Certificates submitted, and, after the occurrence of an Event of Default, the Lender shall be entitled to require the Borrower to submit a Borrowing Base Certificate at any time and as often as the Lender deems necessary. The Lender shall, upon receipt of such report, calculate the then existing Facility A Availability and advise the Borrower accordingly.

8. FACILITY A BORROWINGS:

- (a) Borrowings under the Facility A to be made hereunder shall be in a minimum amount of \$50,000, and be the lesser of the Borrower's requested Borrowing in its most recent Borrowing Base Certificate and the then existing Facility A Availability and will, less

any amounts to be deducted therefrom as provided for hereunder, be deposited into the Borrower's Disbursement Account.

- (b) Provided that no Default or Event of Default has occurred and is continuing, and that at the time the Borrowing is to be made the conditions contained in Section 16 of this Agreement have been satisfied, Borrowings of Facility A to be made hereunder shall be made by 1 p.m. ET on the second Business Day after the request, provided that the request is contained in a Borrowing Base Certificate and that such Borrowing Base Certificate is received by the Lender prior to 1:00 p.m. ET on the Business Day two days prior to the requested Borrowing date.
- (c) Notwithstanding anything to the contrary contained in this Agreement, Borrowings of Facility A shall be made by the Lender only to the extent of the then Facility A Availability as calculated by the Lender, in its sole discretion, and, further, subject to an aggregate maximum to be advanced under this Section 8 by the Lender up to the Facility A Limit (as defined herein) (including accrued and unpaid interest owing on the amount of the Facility A then outstanding, unpaid fees and expenses and all other amounts owing by the Borrower to the Lender under this Agreement) plus the Acquisition Accordion and/or the Working Capital Accordion, if requested and advanced by the Lender hereunder in accordance with the terms hereof (collectively, the "**Facility A Limit**"). If, at any time, the Borrowings made in respect of Facility A exceed the Facility A Limit, the Borrower shall immediately repay an amount to the Lender sufficient to reduce the Borrowings made in respect of Facility A to the Facility A Limit.

9. TERM AND REPAYMENT OF FACILITY A - REVOLVING LOAN:

Facility A (together with all accrued interest and all other Obligation payable hereunder) shall be repaid in full (and any obligation of the Lender to make Borrowings hereunder shall be permanently cancelled) upon the earlier of:

- (a) the Repayment Date; or
- (b) the occurrence of an Event of Default.

10. INTEREST RATE FOR LOANS:

- (a) Interest on the principal amount of the Loans made hereunder and outstanding from time to time shall be calculated at a rate of twelve percent (12.0%) per annum from the date of any Borrowing hereunder (and seventeen percent (17.0%) per annum upon the occurrence of an Event of Default (the "**Default Rate**") after the occurrence and during the continuance of an Event of Default), which interest shall be calculated daily on the daily closing principal balance owing hereunder in respect of the Loans, not in advance, and shall be payable both before and after default and/or judgment as well after as before maturity.

- (b) Interest calculated as aforesaid shall be payable monthly, on the last Business Day of each month until the full amount outstanding hereunder on account of the Loan has been paid. The first payment of interest hereunder shall be payable on the last Business Day of the month immediately following the month in which the initial Borrowing on account of the Loans is made hereunder, computed from the date of such Borrowing.
- (c) Following the occurrence of an Event of Default that is continuing, interest on overdue interest payable in respect of the Loans shall be calculated at the Default Rate, shall be compounded monthly and shall be payable on demand, and any interest at the Default Rate shall be calculated and payable from date of the occurrence of the applicable Event of Default.
- (d) Any unpaid costs and expenses and other fees and charges contemplated herein which are not paid when due hereunder shall bear interest calculated at the aforementioned interest rate which interest shall be payable on demand.
- (e) For purposes of disclosure under the *Interest Act* (Canada), where in this Agreement or in any Security Agreement an annual rate of interest is to be calculated during a leap year, the yearly rate of interest to which such rate is equivalent is such rate multiplied by 366 and divided by 365.
- (f) Each of the Credit Parties hereby acknowledges and confirms that it understands the conversion formulas and how to calculate any annual rate of interest contemplated in this Section and any and all fees due and payable under this Agreement. The Lender agrees that promptly upon request by the Credit Parties from time to time it will assist the Credit Parties in calculating the effective annual rate of interest required to be disclosed pursuant to Section 4 of the *Interest Act* (Canada).
- (g) For greater certainty, whenever any amount is payable under any Credit Document as interest or as a fee which requires the calculation of an amount using a percentage per annum, each party to this Agreement acknowledges and agrees that such amount shall be calculated as of the date payment is due without application of the "deemed reinvestment principle" or the "effective yield method".
- (h) Notwithstanding any provision of this Agreement and any other Credit Document, in no event shall the aggregate "interest" (as defined in Section 347 of the Criminal Code (Canada)) payable under any Credit Document exceed the effective annual rate of interest on the "credit advanced" (as defined in that Section) under any Credit Document lawfully permitted by that Section, nor shall the interest payable under any Credit Document exceed the rate of interest which may be lawfully charged by any other Applicable Laws having application to interest payable under any Credit Document, and, if any payment, collection or demand pursuant to any Credit Document in respect of "interest" (as defined in that Section) or under any such other Applicable Laws is determined to be contrary to

the provisions of that Section or such other Applicable Laws, such payment, collection or demand shall be deemed to have been made by mutual mistake of the Borrower and the Lender and the amount of such payment or collection shall be refunded to the Borrower. For the purpose of this Agreement, and to the extent permitted by law, the effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term of the facilities hereunder and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Lender will be *prima facie* evidence of such rate.

11. PREPAYMENT AND MAKE-WHOLE FEE:

- (a) Facility A shall be available to be repaid and re-borrowed until the Repayment Date or the occurrence of an Event of Default.
- (b) Facility A may be prepaid and cancelled in part or in full (together with all accrued interest and other amounts payable hereunder) at any time prior to the Repayment Date, provided that any amount of Facility A prepaid and cancelled shall not be available to be re-borrowed, and the Borrower shall pay to the Lender a make-whole fee in the amount equal to 12% of the of the then applicable Facility A Limit being repaid.
- (c) Notwithstanding Section 11(b) above, if the Extension Option has been exercised and the Borrower provides not less than 90 days' notice of its intention to prepay and cancel in full (together with all accrued interest and other amounts payable hereunder) Facility A, and such notice is given after the date that is eighteen (18) months from the date hereof, the make-whole fee payable by the Borrower to the Lender shall be 2% of the then applicable Facility A Limit.
- (d) The above make-whole fees are in view of the impracticality and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a calculation of Lender's lost profits as a result thereof. Such fees shall be presumed to be the amount of damages sustained by Lender as a result of such early termination and each of the Credit Parties agrees that it is reasonable under the circumstances currently existing. All amounts received by the Lender as a prepayment of Facility A shall be first applied against the outstanding interest owing on Facility A and then against the principal amount thereof.

12. FACILITY FEE:

The Borrower shall pay a non-refundable facility fee in the amount of three quarters of one percent (0.75%) of the initial Facility A Limit (being, for greater certainty, at the time of closing, \$225,000), which fee shall be fully earned at the time of the execution of this Agreement, and paid at the time of initial Borrowing hereunder by deducting such payment from the initial Borrowing of Facility A.

13. MAINTENANCE AND MONITORING FEE:

The Borrower shall pay a maintenance and monitoring fee in the amount of Three Thousand Dollars (\$3,000) for each month, or part thereof, in advance on the date hereof and thereafter on the first Business Day of each month, until the Obligations are repaid in full and any obligation of the Lender to provide Borrowings hereunder is permanently cancelled in writing by the Lender.

14. UNUSED LINE FEE:

The Borrower shall pay to the Lender an unused line fee, calculated and payable monthly, of a quarter of one percent (0.25%) per annum of the difference between Facility A Limit (including the Accordion, if applicable) and the average daily outstanding balance of Facility A for each month, which fee shall be fully earned by Lender and payable monthly in advance (with no pro rata application to any month where the unused line fee would not be payable as a result of repayment) on the first Business Day of each month. The first payment of the unused line fee hereunder shall be payable on the last Business Day of the month immediately following the month in which the initial Borrowing on account of the Loans is made hereunder, computed from the date of such Borrowing.

15. SECURITY:

- (a) The Loans shall be evidenced or secured by the following documents, made by the applicable Obligor, which shall be provided contemporaneously with the execution of this Agreement (unless subject to the Post-Closing Undertakings), shall be in form and substance satisfactory to the Lender and shall be supported by all necessary resolutions and opinions (each in form and substance satisfactory to the Lender and the Lender's counsel):
 - (i) an unlimited guarantee from each of the Guarantors in favour of the Lender (the "**Guarantees**");
 - (ii) a general security agreement (or any other required form of security agreement or hypothec over all assets) from each of the Credit Parties in favour of the Lender granting a first-ranking Lien in all of their present and after-acquired personal property, assets and undertaking;
 - (iii) a pledge of all of the shares in the capital of each of the Credit Parties, from the Credit Parties and the Pledgors (supported, in the case of the Pledgors, by a guarantee limited in recourse to the shares in each of the Credit Parties owned by such Pledgor), together with all original share certificates for such shares in the capital of each of the Credit Parties and powers of attorney to transfer the same;
 - (iv) an assignment of insurance from the Credit Parties covering fire and such other risks (including without limitation public liability insurance) and in such form and amount as the Lender may require in respect of all of the Collateral and in

respect of which the Lender is shown as a loss payee and additional insured, with a certificate of insurance acceptable to the Lender;

- (v) the Blocked Account Agreement;
 - (vi) such estoppel letters, landlord, mortgagee, processor and bailee waivers and such other consents (including consents from Governmental Entities) as the Lender may require in its discretion, acting reasonably, in a form acceptable to the Lender;
 - (vii) subordination, postponement and assignment agreement in favour of the Lender from any creditors to the Credit Parties deemed required by the Lender, including, without limitation, any Related Person or shareholders of Credit Parties, and specifically including:
 - (A) Mohawk Carpet Distribution, Inc.,
 - (B) Echelon Insurance; and
 - (C) Granster Holdings Inc., Krisand Holdings Inc., Dorpal Investments Inc., Celmar Investments Corp.;
 - (viii) an assignment of life insurance policies made in favour the Lender in respect of the lives of John A. Pacione and Joseph D. Pacione, in an amount of not less than \$1,000,000 each; and
 - (ix) such other security documents, instruments or agreements as the Lender may reasonably require.
- (b) In addition, the Obligors shall provide the Lender with the following (the “**Additional Closing Documents**”), in form and substance satisfactory to the Lender:
- (i) an appraisal of the Collateral of the Credit Parties prepared by Great American, in form and substance satisfactory to the Lender;
 - (ii) background checks in respect of key personnel as required by the Lender;
 - (iii) an officer’s certificate and certificate of status or equivalent of each of the Obligors, and such legal opinions and other supporting documents with respect to the Obligors as the Lender shall reasonably require;
 - (iv) a payout and release letter from HSBC providing for a release of all Liens held against any of the Credit Parties by HSBC and confirming the repayment of all

indebtedness of the Credit Parties to HSBC together with all necessary authorizations, directions, discharges and other documentation to release the Liens granted in favour of HSBC;

- (v) a duly executed Borrowing Base Certificate from the Borrower; and
 - (vi) such consents, instruments and other documents as listed in the closing agenda relating to the transactions contemplated hereunder.
- (c) The Credit Parties shall, and shall cause the Obligors to, from time to time at the Borrower's expense duly authorize, execute and deliver to the Lender such further instruments and documents and take such further action as the Lender may reasonably request for the purpose of obtaining or preserving the full benefits granted or intended to be granted to the Lender by the Security Agreements and of the rights and remedies therein granted to the Lender, including without limitation, the filing of financing statements or other documents under any Applicable Law with respect to the Liens created thereby. Unless prohibited by Applicable Law, each of the Credit Parties authorizes the Lender to file any such financing statement or similar documents without the signature of the applicable Obligor.
- (d) The Obligors acknowledge that changes to Applicable Law may require the execution and delivery of different forms of documentation, and accordingly the Lender shall have the right to reasonably require that the Security Agreements be amended, supplemented or replaced (and the Obligors shall duly authorize, execute and deliver to the Lender on request any such amendment, supplement or replacement with respect to any of the Security Agreements to which any Obligor is a party): (i) to reflect any change in Applicable Law, whether arising as a result of statutory amendments, court decisions or otherwise; or (ii) to facilitate the creation and registration of appropriate forms of security in all applicable jurisdictions.

16. CONDITIONS:

- (a) Each of the following is a condition precedent to the initial Borrowing hereunder:
 - (i) the Lender shall have received from all of the secured creditors who have registered against the Obligors pursuant to the PPSA and who are listed in **Schedule C** hereto discharges of such registrations (or payout letters/undertakings to discharge, as applicable);
 - (ii) in accordance with the Post-Closing Undertakings and on a commercially reasonable efforts basis, the Lender shall have received from all of the secured creditors who have registered against the Obligors pursuant to the PPSA and who are listed in **Schedule A** hereto, acknowledgements in favour of the Lender and its successors and assigns, in a form reasonably acceptable to the Lender,

specifying the collateral which is the subject matter of such registration in its favour, and confirming that such secured creditor will not take any new security which ranks or purports to rank ahead of the Security Agreements pursuant to such registration;

- (iii) the Security Agreements shall have been duly executed and delivered and, where required, registered;
- (iv) the Lender shall have received the Additional Closing Documents;
- (v) no Default or Event of Default shall have occurred and be continuing;
- (vi) the Lender shall have completed all of its due diligence investigations and shall, in its sole discretion, be satisfied with the results of same, including without limitation, review of Credit Parties' draft audited financial statements, prepared on a combined basis, for the fiscal period ended May 31, 2019 and the same shall show no material variance from the internally prepared reporting provided to the Lender in July 2019;
- (vii) the Lender shall have obtained approval for the Loans from its internal credit committee;
- (viii) the Lender shall have received evidence satisfactory to it that all insurance coverage (including adequate business content insurance) contemplated in this Agreement is then in place;
- (ix) the Lender shall have received payment of all fees (including all legal fees of the Lender), expenses and other amounts then payable under the Credit Documents;
- (x) the Lender shall have received in form and substance satisfactory to it all background checks, information, documents and agreements which it requires in accordance with its usual practices and procedures in relation to Applicable Laws relating to its knowledge of its clients and anti-money laundering;
- (xi) there shall not have occurred or become known any Material Adverse Change or any condition or event that could reasonably be expected to result in a Material Adverse Change, in each case, since the date of the latest financial statements provided to the Lender; and
- (xii) the Excess Availability, after giving effect to the indefeasible repayment in full of amounts owing to HSBC by each of the Credit Parties and the advance of all other amounts required to be advanced on the date hereof, all as determined by Lender, shall be at least \$1,500,000.

- (b) Each of the following is a condition precedent to any subsequent Borrowing to be made hereunder:
 - (i) all of the conditions contained in Section 16(a) shall have been satisfied and shall as at the time of the making of the subsequent Borrowing in question continue to be satisfied;
 - (ii) all of the representations and warranties of the Obligors herein are true and correct on and as of such date as though made on and as of such date (except where such representation and warranty refers expressly to a different date);
 - (iii) no event or condition has occurred and is continuing, or would result from such Borrowing, which constitutes or which, with notice, lapse of time, or both, would constitute, a breach of any covenant or other term or condition of this Agreement or of any Credit Document;
 - (iv) the Lender shall have received a current Borrowing Base Certificate in accordance with Section 7(b) above;
 - (v) such Borrowing will not violate any Applicable Law then in effect;
 - (vi) no Default or Event of Default shall have occurred and be continuing; and
 - (vii) no Material Adverse Change shall have occurred.
- (c) The making of Borrowings hereunder, without the fulfillment of one or more conditions set forth in Sections 16(a) or 16(b) shall not constitute a waiver of any such condition, and the Lender reserves the right to require fulfillment of such condition in connection with any subsequent Borrowing.

17. CASH MANAGEMENT SYSTEMS:

- (a) In accordance with the Post-Closing Undertakings, each of the Credit Parties shall establish and shall continue to maintain, at its expense, the Blocked Account at the Blocked Account Bank into which each of the Credit Parties shall promptly deposit or cause to be deposited all funds received from all sources (including, without limitation, all account receivable payments, cash sales receipts, credit card payments, any and all refunds received from any source whatsoever and any proceeds of any Borrowings or other loans made to it) and shall direct its Account Debtors that remit payments by electronic funds transfers to directly remit all payments into the Blocked Accounts.
- (b) In accordance with the Post-Closing Undertakings, the Blocked Account Bank and each of the Credit Parties shall enter into the Blocked Account Agreement, in form and substance satisfactory to the Lender providing that all items received or deposited in the

Blocked Accounts are the property of the Lender (to the extent of the outstanding obligations under the Credit Documents), that the Blocked Account Bank has no Lien upon, or right to set off against the Blocked Accounts (except for customary services charges), the items received for deposit therein, or the funds from time to time on deposit therein and that the Lender has a Lien in the funds from time to time on deposit therein.

- (c) The Blocked Account Agreement shall provide that until receipt of a notice by the Blocked Account Bank in the form required by the Blocked Account Agreement (the "**Activation Notice**"), the Blocked Account Bank will comply with the transfer, withdrawal and disbursement instructions of the Credit Parties and after receipt of the Activation Notice, the Blocked Account Bank will comply only with the transfer, withdrawal and disbursement instructions of the Lender.
- (d) Prior to the delivery of the Activation Notice, each of the Credit Parties shall be authorized to operate all accounts, including the Blocked Accounts. After the delivery of the Activation Notice:
 - (i) any funds that are transferred to the Lender from the Blocked Accounts of the Credit Parties shall be credited against Facility A, and the Lender shall advise the Credit Parties of any amounts that are transferred to the Lender from the Blocked Accounts, and shall promptly credit any such amounts against any amounts then due and payable under Facility A;
 - (ii) each of the Credit Parties shall make all of its payments (other than payments on the Loan) and disbursements only from the Disbursement Account; and
 - (iii) each of the Credit Parties and all of its Affiliates, Subsidiaries, officers, employees, agents and directors (each, a "**Related Person**") shall, acting as trustee for the Lender, receive, as the property of the Lender (to the extent of the outstanding obligations of the Credit Parties under the Credit Documents), any monies, cheques, notes, drafts or any other payment which comes into the possession or under the control of each of the Credit Parties or, in the case of any Related Person, comes into its possession or under its control and is rightfully that of the Credit Parties, and immediately upon receipt thereof where received by the Credit Parties or upon becoming aware of the receipt thereof where received by a Related Person, the applicable Credit Party or Related Person shall deposit or shall cause the same to be deposited in the Blocked Accounts, or remit the same or cause the same to be remitted, in kind, to the Lender. In no event shall the same be commingled with any of the Credit Parties' or Related Persons' own funds. Each of the Credit Parties agrees to reimburse the Lender on demand for any amounts owed or paid to the Blocked Account Bank by the Lender regarding the Blocked Account or any other bank or Person involved in the transfer of funds to or from such Blocked Account arising out of the Lender's payments to or indemnification of such bank or Person.

- (iv) Notwithstanding any provision in this Agreement, the Lender agrees that it shall not send the Activation Notice prior to the occurrence of an Event of Default that is continuing and has not been waived in writing by the Lender.

18. CREDIT PARTIES' REPRESENTATIONS:

Each of the Credit Parties represents and warrants, which representations and warranties are deemed to be repeated at the time of each Borrowing hereunder as though made at such time, as follows:

- (a) each of the Obligors is a corporation or other entity existing under the laws of its jurisdiction of incorporation and has all necessary corporate power and authority to own or lease its property and assets and to carry on its business as now being conducted by it, and to authorize, create, execute, deliver and perform all of its obligations under the Credit Documents to which it is a party in accordance with its respective terms;
- (b) each of the Obligors has duly authorized (where necessary), executed and delivered the Credit Documents to which each Obligor is a party, and each such Credit Document constitutes a legal, valid and binding obligation of each Obligor enforceable against it in accordance with its respective terms;
- (c) the transactions contemplated hereunder: (i) do not require any material consent or approval of, registration or filing with, or any other action by, any Governmental Entity, except such as have been obtained or made and are in full force and effect; (ii) will not violate in any material respect any Applicable Law or regulation applicable to any of the Obligors and will not violate the charter, by-laws or other organizational or constitutional documents of the Credit Parties or any order of any Governmental Entity; (iii) will not violate or result in a default under any material indenture, agreement or other instrument binding upon any of the Credit Parties' assets, or give rise to a right thereunder to require any payment to be made by the Credit Parties; and (iv) will not result in the creation or imposition of any Lien on any asset of the Credit Parties (other than Permitted Liens);
- (d) each of the Credit Parties owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by them does not infringe upon the rights of any other Person;
- (e) each of the Credit Parties maintains, with reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar business operating in the same or similar locations;
- (f) except as listed in the Disclosure Schedule, none of the Credit Parties are in default under any of its obligations and there are no actions, suits or proceedings, pending or, to the knowledge of the Credit Parties, threatened, against or affecting it that could reasonably be expected to have a Material Adverse Effect;

- (g) to the knowledge of the Credit Parties, each of the Credit Parties is in compliance with all Applicable Laws and orders of any Governmental Entity applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, and, to the knowledge of the Credit Parties, the Pledgors are in compliance with all Applicable Laws and orders of any Governmental Entity applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property;
- (h) each of the Credit Parties has good title to all of its property, free and clear of all Liens other than Permitted Liens, and the Pledgors have title to the shares or other equity interests of the Credit Parties owned by each of the Pledgors, free and clear of all Liens other than Permitted Liens;
- (i) each of the Credit Parties possesses all licenses and permits necessary to properly conduct its business, each such license and permit is in full force and effect and not subject to any dispute, and no event has occurred which, with the giving of notice, lapse of time or both, would constitute a default under, or in respect of, any such license or permit;
- (j) the Disclosure Schedule sets forth the commitments of any lender (other than the Lender) for all debt for borrowed money, and all debt for borrowed money outstanding, of the Credit Parties;
- (k) none of the Credit Parties are aware of any facts or circumstances which would have a Material Adverse Effect on the value of the Collateral;
- (l) both before and after giving effect to (a) the financing transactions to be consummated on the date hereof and (b) the payment and accrual of all fees, costs and expenses in connection therewith, each of the Credit Parties is and will be solvent;
- (m) none of the Credit Parties administers a Pension Plan except as provided for in the Disclosure Schedule and any and all payments owing under any Pension Plan for which each of the Credit Parties is required to make contributions are current;
- (n) the Obligors, each of their Subsidiaries, each of the Obligors' and their Subsidiaries' respective directors, officers and employees, and, to the knowledge of the Credit Parties, each of the Obligors' and their Subsidiaries' respective agents and representatives, is in compliance with all applicable Anti-Corruption Laws and Anti-Money Laundering Laws, except as would not reasonably be expected, individually or in the aggregate to have a Material Adverse Effect;
- (o) following the completion of the Post-Closing Undertakings, the Obligors and their Subsidiaries will have instituted and shall maintain in effect policies and procedures reasonably designed to ensure compliance by the Obligors, their Subsidiaries, and the Obligors and their Subsidiaries' respective directors, officers, employees and agents with

all applicable Anti-Corruption Laws and Anti-Money Laundering Laws, except as would not reasonably be expected, individually or in the aggregate to have a Material Adverse Effect;

- (p) adequate provision has been made for the payment of all Priority Claims and potential Priority Claims, whether or not payable and whether or not disputed; and
- (q) all information furnished by or on behalf of the Credit Parties in writing to the Lender in connection with this Agreement or any transaction contemplated hereby (including, without limitation, in the Disclosure Schedule), is true and correct in all material respects and does not omit any fact necessary in order to make such information not misleading;
- (r) to the knowledge of the Credit Parties after due inquiry, no event or circumstance has occurred which has had or could reasonably be expected to cause a Material Adverse Change which has not been fully and accurately disclosed to the Lender in writing;
- (s) to the knowledge of the Credit Parties, none of the Credit Parties are aware of any facts or circumstances which would have a Material Adverse Effect on the value of the Collateral; and
- (t) the amount of the Related Party Debt Reserve is sufficient to repay all amounts owing by any of the Credit Parties to Sheila Pacione in full.

The representations and warranties in this Agreement and in any certificates or documents delivered to the Lender shall not merge in or be prejudiced by and shall survive any Borrowing and shall continue in full force and effect for the Term of this Agreement. The foregoing representations and warranties shall be deemed to be repeated at the time of each Borrowing hereunder.

19. LENDER REPRESENTATIONS:

The Lender represents and warrants as follows:

- (a) the Lender has been duly organized under the laws of its jurisdiction of incorporation and is validly existing and all approvals necessary for the Lender, in its own capacity and for and on behalf of Ninepoint Canadian Senior Debt Master Fund L.P., to execute and deliver this Agreement and any other Credit Document to which Waygar Capital Inc. or Ninepoint Canadian Senior Debt Master Fund L.P. is a party and to perform its obligations hereunder and thereunder have been obtained; and
- (b) this Agreement has been duly authorized, executed and delivered by the Lender, for and on behalf of Ninepoint Canadian Senior Debt Master Fund L.P., and constitutes a legal, valid and binding obligation of the Lender enforceable against Ninepoint Canadian Senior Debt Master Fund L.P. in accordance with its terms, subject only to (i) any limitation under Applicable Laws relating to bankruptcy, insolvency, reorganization,

fraudulent conveyance, moratorium, arrangements or other laws of general application affecting the enforcement of creditors' rights generally and by general principles of equity; and (ii) the discretion of the court before which any proceeding therefor may be brought.

20. COVENANTS:

- (a) Each of the Credit Parties covenants and agrees (for itself and the other Obligor, as applicable) with the Lender that:
 - (i) it will: (A) keep and maintain all property material to the conduct of its business in good working order and condition (ordinary wear and tear and casualty events excepted), and (B) maintain, with reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations;
 - (ii) it will comply with all Applicable Laws;
 - (iii) it shall pay or cause to be paid, when due: (A) all taxes, assessments and governmental charges or levies (including interest and penalties) imposed upon each Credit Party or upon each Credit Party's income, sales, capital or profit or any other property belonging to each Credit Party; and (A) Priority Claims;
 - (iv) it shall not permit any cash receipts or revenues to be used to service any debt obligations owed to, or owed by, any Affiliates or Related Persons, unless in connection with Permitted Liens or as otherwise permitted pursuant to this Agreement;
 - (v) each Credit Party shall keep proper books of record and account, in which full and correct entries shall be made of all of its financial transactions and its assets and business in accordance with GAAP;
 - (vi) the Credit Parties shall promptly cure or cause to be cured any defects in the execution and delivery of any of the Credit Documents or any defects in the validity or enforceability of any of the Security Agreements and at its expense, execute and deliver or cause to be executed and delivered, all such agreements, instruments and other documents as the Lender may consider necessary or desirable for the foregoing purposes;
 - (vii) the Obligor shall at all times comply with the requirements of all Anti-Corruption Laws and Anti-Money Laundering Laws applicable to the Obligor in all material respects and shall cause each of their respective Subsidiaries to

comply with the requirements of all Anti-Corruption Laws and Anti-Money Laundering Laws applicable to such Subsidiaries in all material respects;

- (viii) the Obligors shall provide the Lender any information regarding the Obligors, and each of their respective owners, Affiliates, and Subsidiaries necessary for the Lender to comply with all applicable Anti-Corruption Laws and Anti-Money Laundering Laws; and
 - (ix) the Obligors will maintain in effect and enforce policies and procedures reasonably designed to ensure compliance by the Obligors, their Subsidiaries, and their Subsidiaries' respective directors, officers, employees and agents with applicable Anti-Corruption Laws and Anti Money-Laundering Laws in all material respects
 - (x) at each Credit Party's cost and expense, upon reasonable request of the Lender, each Credit Party shall, and shall cause each other Obligor to, execute and deliver to the Lender such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of the Lender to carry out more effectually the provisions and purposes of the Credit Documents; and
 - (xi) each Credit Party will, at all times during the Term of this Agreement, maintain in good standing all of the applicable licenses and permits necessary to properly conduct its business in all material respects, and will take all reasonable steps available to it for renewal of same from time to time.
- (b) The Credit Parties shall maintain an EBITDA of not less than \$4,000,000 for the fiscal year ending May 31, 2020, to be tested following receipt of the audited combined annual financial statements of the Credit Parties for the fiscal year end 2020.
 - (c) The Credit Parties shall not incur Unfunded Capital Expenditures in excess of \$400,000 per fiscal year in the aggregate unless otherwise approved by the Lender in writing.
 - (d) The Credit Parties shall maintain, at all times, not less than \$500,000 of Excess Availability.
 - (e) Each of the Credit Parties agrees that it shall not, at any time without the prior written consent of the Lender:
 - (i) permit any change of control of any Credit Party or any material change in any of Credit Parties' business or operations;

- (ii) create, grant, assume or permit to exist any Lien on any of the Credit Parties' property or the shares or other equity interests of the Credit Parties other than Permitted Liens;
- (iii) sell, assign, lease, transfer or otherwise dispose of any of the Credit Parties' assets or store or move any Collateral outside of locations disclosed to the Lender, other than (A) in the ordinary course of business, or (B) dispositions of obsolete or unused Equipment;
- (iv) direct or use the proceeds of any Borrowings to fund the operations any Affiliates or Subsidiaries who are not Credit Parties, other than in connection with the payment, directly or indirectly, of salaries owing to employees of the Credit Parties;
- (v) dispose of, acquire or establish any Subsidiary;
- (vi) redeem or repurchase any shares, securities or other equity interests issued by it;
- (vii) declare, make or pay any Distributions except Distributions made by one Credit Party to another Credit Party;
- (viii) make, directly or indirectly, any payments, not in the ordinary course of business, of management, consulting or other fees for management or similar services, to any of its directors, officers, shareholders or anyone not at arm's-length with any of them; provided that normal course employee salaries to officers, directors and shareholders consistent with past practice and the results of each Credit Party are permitted;
- (ix) reimburse any expenses paid or otherwise incurred by anyone, except to the extent that those expenses were incurred in the ordinary course of business and are reasonable in amount;
- (x) have any place of business or keep or store any material tangible personal property outside of those jurisdictions (or registration districts within such jurisdictions) set forth in the Disclosure Schedule (i) except upon 30 days' written notice to the Lender; and (ii) unless the Credit Parties have done or caused to be done all such acts and things and executed and delivered or caused to be executed and delivered all such deeds, transfers, assignments and instruments (including opinions of counsel to the Credit Parties) as the Lender may reasonably require such that the Lender, shall continue to have a first priority perfected security interest (whether by way of registration or otherwise and subject only to Permitted Liens) over all of the personal property of such Person except where the Lender, acting reasonably, determines that the cost of

obtaining such perfected security interest over an asset exceeds the benefit to it of obtaining such security interest;

- (xi) enter into or amend or terminate any material contract otherwise than in the ordinary course of business or, in respect of those not in the ordinary course of business;
- (xii) change its name, or its "location" as determined pursuant to the PPSA without giving the Lender at least 30 days prior written notice;
- (xiii) enter into any transaction (whether by way of amalgamation, merger, winding-up, consolidation, reorganization, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, properties, rights or assets would become the property of any other Person or entity, or in the case of amalgamation, of the continuing corporation resulting therefrom, without the prior written consent of the Lender, which consent shall not be unreasonably withheld provided that the Lender has all necessary documents, instruments, agreements and registrations to ensure the continued perfection and priority of all of the Security Agreements;
- (xiv) permit the insurance coverage, as required in this Agreement, to lapse at any time;
- (xv) make a payment to any shareholder in respect of any shareholder loan owing to such shareholder or make a payment to any Affiliate in respect of any intercompany loan owing to such Affiliate except as otherwise permitted pursuant to a written subordination agreement among the Lender and such shareholder ;
- (xvi) make a loan to, investments in or fund the operations of any Person, or give guarantees on behalf of any Person (including, for certainty, any Subsidiary or Affiliate who is not a Credit Party);
- (xvii) request any Loan, and each Credit Party shall not use, and shall ensure that its Subsidiaries and Affiliates, and its or their respective directors, officers, employees and agents not use, the proceeds of any Loan, directly or indirectly in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws;
- (xviii) incur or repay any indebtedness of any kind, other than trade payables in the ordinary course of business and pursuant to or as otherwise expressly permitted under this Agreement or any subordination, intercreditor or priority agreement to which the Lender is a party, except for arm's length trade debts, obligations or other liabilities incurred in the ordinary course of business; or

- (xix) make any payments or transfer any of its undertaking, properties, rights or assets to any Person without due consideration which in any manner diverts, or results or could result in the diversion of, assets and/or opportunities of it to such other Person.
- (f) The Credit Parties shall deliver or cause to be delivered, or complete or cause to be completed, the Post-Closing Undertakings on or before the dates set out on **Schedule A** hereto, in form and substance (or pursuant to documentation in form and substance) satisfactory to the Lender.
- (g) On request by the Lender from time to time, the Credit Parties shall give the Canada Revenue Agency and other Governmental Entities written authorization to disclose to the Lender the status of any Priority Claims. Each of the Credit Parties hereby grants its consent (such grant to remain in force as long as this Agreement is in effect or any Borrowings are outstanding) to any Person having information relating to any potential Priority Claim to release such information to the Lender at any time upon its written request for the purpose of assisting the Lender to evaluate the financial condition of the Credit Parties.
- (h) The Credit Parties acknowledge and agree that the amount held as the Related Party Debt Reserve may be advanced by the Lender for the benefit of the Borrower or any other Credit Party and used to repay the outstanding amounts owing by the Credit Parties to Sheila Pacione, without further direction or authorization, upon the occurrence of any of the following events: (i) if any decision is rendered in proceedings instituted by Sheila Pacione for the collection of such amounts requiring the payment of the same; (ii) if Sheila Pacione institutes any proceedings against the Lender; or (ii) if Sheila Pacione otherwise takes any steps to enforce any Lien held for such outstanding amounts following the expiration of the required notices under Applicable Law; or (iv) the Lender otherwise, in its reasonable discretion, has reason to believe that proceedings involving Sheila Pacione and the Credit Parties may cause a Material Adverse Change.

21. REPORTS:

The Credit Parties shall, in a form and manner prescribed by the Lender (which may include by fax and/or e-mail), deliver to the Lender the following, for and behalf of itself and the other Credit Parties:

- (a) on or before 1:00 PM on the date that is two (2) Business Days from the date of any request for Borrowings under Facility A, the Borrower shall deliver to the Lender a roll forward Borrowing Base Certificate from the date of last Borrowing Base Certificate together with all supporting documentation;
- (b) to the extent not delivered pursuant to Section 21(a) above in a given month, monthly, in accordance with Section 7(b) above, a Borrowing Base Certificate;

- (c) monthly, within twenty (20) days of the end of the month being reported, internally prepared consolidated financial statements for the preceding month, which include, without limitation, a balance sheet, income statement, cash flows, presented on a monthly and year-to-date basis, and containing commentary from the Credit Parties' management on the Credit Parties' financial performance and any variances, all prepared in accordance with GAAP, consistently applied, together with together with a Compliance Certificate;
- (d) annually, not less than (90) days prior to the Credit Parties fiscal year end, projections for the following fiscal year, which include projected cash flows, projected monthly operating cash receipts, projected monthly operating cash disbursements, projected monthly Borrowings for the Borrower and projected EBITDA of the Credit Parties for each month;
- (e) annually, within one hundred and twenty (120) days of the Credit Parties fiscal year end, audited financial statements for the Credit Parties prepared on a combined basis including balance sheet, income statement, statement of changes in financial position, and all notes to the financial statements, all prepared in accordance with GAAP, consistently applied for the fiscal year and prepared by an independent accountant acceptable to the Lender;
- (f) such additional financial information with respect to the Credit Parties as and when requested by the Lender (including, without limitation, more frequent financial reporting after the occurrence of an Event of Default); and
- (g) forthwith, particulars of any occurrence which constitutes an Event of Default hereunder or of any action, suit or proceeding, pending or threatened against any Obligor.

22. FIELD EXAMINATIONS AND APPRAISALS:

The Credit Parties acknowledge that the Lender and its examiners shall, during regular business hours and on reasonable prior notice, be permitted to conduct periodic field examinations and appraisals of the Collateral and operations of the Credit Parties. Such field examinations shall not exceed two (2) and such appraisals shall not exceed one (1), both in any fiscal year prior to a Default or Event of Default which is continuing and more frequently as the Lender may determine in its sole discretion thereafter.

23. EXPENSES:

- (a) Each Credit Party agrees, on a joint and several basis, to pay on demand all reasonable and documented legal and other professional fees and disbursements and all reasonable expenses in respect of the Loans, the preparation and issuance of the Credit Documents, the conduct by the Lender of its due diligence, ongoing monitoring by the Lender of the Loans, the enforcement and preservation of the Lender's rights and remedies, discharge of the Security Agreements, all reasonable appraisals, all field examinations

contemplated in Section 22, insurance consultation and related fees and all other fees and disbursements of the Lender, whether or not any funds are advanced under the Loans.

- (b) Each of the Credit Parties indemnifies and holds the Lender and each of its officers, directors, employees and agents (each an "**Indemnified Person**") harmless from, and shall pay to such Indemnified Person on demand any reasonable amounts required to compensate the Indemnified Person for, any claim or loss suffered by, imposed on, or asserted against, the Indemnified Person as a result of, connected with or arising out of (i) conducting a due diligence investigation of the operations and undertakings of the Credit Parties, (ii) the preparation, execution and delivery of, preservation of rights under, enforcement of, or refinancing, renegotiation or restructuring of, the Credit Documents and any related amendment, waiver or consent; (iii) the cost of any advice of counsel as to the rights and duties of the Lender with respect to the administration of the Loans, the Credit Documents or any transaction contemplated under the Credit Documents; (iv) a default by any Obligor hereunder and any enforcement proceedings relating to any of the Credit Documents; (v) any proceedings brought against the Indemnified Person due to the Lender entering into any of the Credit Documents, performing its obligations under the Credit Documents, providing any Borrowing or any use of any Borrowing by the Borrower; provided that the Credit Parties shall have no obligation to indemnify any Indemnified Person for any of the foregoing to the extent determined by a judgment of a court of competent jurisdiction to have arisen from such Indemnified Person's gross negligence, willful misconduct or fraud or default by the Lender or such other Indemnified Person under any of the Credit Documents or breach of Applicable Law by the Lender or such other Indemnified Person.
- (c) The provisions of this Section 23 shall survive the termination of this Agreement, the repayment of all amounts owing hereunder and the cancellation of the Loan.

24. DEPOSITS:

The Lender acknowledges receipt of an initial deposit in the sum of Twenty-Five Thousand Dollars (\$65,000) at the time of the execution of the Term Sheet, which funds shall be applied against the amounts owing by the Borrower to the Lender for expenses incurred by the Lender relating to field examinations, background checks and financial analysis in respect of the Borrower hereunder and for expenses incurred by the Lender relating to out-of-pocket legal fees and further due diligence in respect of the transaction contemplated by this Agreement.

25. EVENTS OF DEFAULT:

Without limiting any other rights of the Lender under this Agreement, if any one or more of the following events (each an "**Event of Default**") has occurred and is continuing:

- (a) the Credit Parties fail to pay when due, whether at a fixed payment date or by acceleration, any payment of principal or interest when due;

- (b) any of the Credit Parties fails to pay, within two (2) Business Days of the due date, any payment of fees, commissions or other amounts payable to the Lender;
- (c) there is a breach by any of the Obligors of any other term or condition contained in any Credit Document or in any other agreement with the Lender to which any of them is a party and such breach continues for five (5) Business Days;
- (d) any default occurs under any other agreement for borrowed money or related security agreement to which any of the Credit Parties is a party and such breach continues for five (5) Business Days thereafter;
- (e) a petition, case or proceeding under the insolvency, bankruptcy or restructuring laws of Canada or similar laws of any foreign jurisdiction now or hereafter in effect or under any insolvency, arrangement, reorganization, moratorium, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity) is filed or commenced against the Credit Parties or all or any part of its properties and such petition or application is not dismissed within thirty (30) days after the date of its filing or any of the Credit Parties shall file any answer admitting or not contesting such petition or application or indicates its consent to, acquiescence in or approval of, any such action or proceeding or the relief requested is granted sooner;
- (f) except as otherwise permitted hereunder, any of the Credit Parties does not deposit funds from any source into the Blocked Accounts or deposits any funds from any source into an account other than the Disbursement Accounts or the Blocked Accounts without the prior written consent of the Lender;
- (g) the Obligors fail to satisfy the Post-Closing Undertakings within the agreed time period set out in **Schedule A**;
- (h) if a final judgment or decree for the payment of money due is obtained or entered against any of the Credit Parties, except in respect of a judgment which (i) was the subject of a bona fide dispute, (ii) is not material to the financial condition, business or operations of the Credit Parties (and without restricting the generality of the foregoing, an uninsured judgment of \$250,000 or more shall be deemed to be material, unless the same is paid for in full from the Related Party Debt Reserve), and (iii) is paid in full within the later of thirty (30) days after judgment or the number of days set out in such judgment or decree (or with respect to which the applicable insurer has committed to pay in accordance with standard industry practice) or has been account for and paid out of the Related Party Debt Reserve;
- (i) a Material Adverse Change shall have occurred;

- (j) a receiver is appointed over any property of the Credit Parties or any judgment or order or process of any court becomes enforceable against the Credit Parties or any property of the Credit Parties or any creditor takes possession of any property of the Credit Parties ;
- (k) any of the Credit Parties makes a payment to any shareholder or any Affiliate in respect of any amounts or obligations owing to such shareholder or Affiliate, except as otherwise permitted hereunder;
- (l) except as otherwise permitted pursuant to this Agreement, any course of action is undertaken by any of the Credit Parties which would result in its reorganization, amalgamation or merger with another entity or the transfer of all or substantially all of its assets;
- (m) any Security Agreement is or becomes illegal, invalid, prohibited or unenforceable and/or ceases to rank in the priority contemplated herein against the property charged thereunder including as a result of a petition, case or proceeding under the insolvency, bankruptcy or restructuring laws of Canada or similar laws of any foreign jurisdiction now or hereafter in effect or under any insolvency, arrangement, reorganization, moratorium, receivership, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity);
- (n) any representation or warranty made by any Obligor in any Credit Document or in any certificate or other document delivered to the Lender in connection herewith is false or misleading in any material respect and such inaccuracy is not remedied within five (5) days;
- (o) the occurrence of any default or event of default under any indebtedness or obligations owing to another Person that remains in existence beyond the applicable cure period in respect of such indebtedness or obligations;
- (p) in the opinion of the Lender, acting reasonably, any adverse change has occurred in the financial condition or business of the Credit Parties which may impair its ability or willingness to perform any of its obligations to the Lender or the Lender considers the security held to secure the Loans to be in jeopardy or the Lender considers itself insecure; or
- (q) any Material Adverse Change has occurred,

then, in such event, the ability of the Borrower to make further Borrowings under this Agreement shall immediately terminate and the Lender may, by written notice to the Borrower, declare the Borrowings and all Obligations outstanding hereunder to be immediately due and payable, subject to notices required under Applicable Law. Upon receipt of such written notice, the Borrower shall immediately pay to the Lender all Borrowings outstanding under this Agreement and all other Obligations to the Lender in connection therewith. Upon a declaration that the Obligations are immediately due and payable pursuant

to this Section 25, the Lender may commence such legal action or proceedings as the Lender in its sole discretion deems expedient, including the commencement of enforcement proceedings under the Credit Documents, all without any additional notice, presentation, demand, protest, notice of dishonour, entering into of possession of any property or assets, or any other action or notice, all of which are expressly waived by the Credit Parties. The rights and remedies of the Lender under the Credit Documents are cumulative and are in addition to, and not in substitution for, any other rights or remedies.

26. GENERAL:

- (a) The Security Agreements contain covenants, representations, warranties and events of default to which the Obligors shall be bound, in addition to any covenants, representations, warranties and Events of Default herein contained.
- (b) The terms and conditions of this Agreement shall not be merged in, and shall survive, the execution of the Credit Documents. In the event of any conflict or inconsistency between any provision of this Agreement and any of the other Credit Documents, the provisions of this Agreement shall govern and prevail.
- (c) All notices, requests, demands or other communications by the terms hereof required or permitted to be given by one party to another shall be given in writing by personal delivery or by email transmission addressed to such other party or delivered to such other party as follows:

- (i) to the Borrower for and on behalf of itself and the other Obligors at:

c/o Quality Rugs of Canada Limited
505 Cityview Boulevard, Unit #1
Vaughan, Ontario L4H 0L8

Attention: John Pacione and Joseph Douglas Pacione
Email: jpacione@qsg.ca and jdp@qsg.ca

- (ii) to the Lender at:

Waygar Capital Inc.
372 Bay Street, Suite 901
Toronto, Ontario
M5H 2W9

Attention: Wayne Ehgoetz and Geoffrey Hiscock and David Hammond
Email: wehgoetz@waygarcapital.com and ghiscock@waygarcapital.com and dhammon@waygarcapital.com

or at such other address or email address as may be given by any of them to the others in writing from time to time and such notices, requests, demands or other communications shall be deemed to have been received when delivered, or, if sent by email transmission, on the date of transmission unless sent on a day which is not a Business Day or after 5:00 p.m. (local time of the recipient) on a Business Day, in which case it shall be deemed to have been received on the next Business Day following the day of such transmission.

- (d) The benefit of this Agreement may not be assigned by any of the Credit Parties.
- (e) The Lender may in its sole discretion and at its expense arrange for the funding or assignment of all or part of the Loans (whether directly or indirectly), either at the time of the initial Borrowing hereunder or from time to time thereafter, to one or more other Persons (which may or may not be affiliated with the Lender), provided, that, so long as no Event of Default has occurred and remains continuing, such other Person or Persons is not a competitor, supplier or customer of the Credit Parties. Without limiting the foregoing, the Lender may, at any time and without the consent of any of the Obligors, assign the whole or any part of its rights and obligations pursuant to this Agreement or any of the Security Agreements or other Credit Documents to any such Person. Each of the Credit Parties agrees to enter into all such documents and assurances as may be necessary to facilitate same.
- (f) The Lender may disclose to potential or actual assignees confidential information regarding the Credit Parties (including, any such information provided by the Credit Parties to the Lender); provided that such potential or actual assignee agrees to keep such confidential information confidential and use it solely for evaluation of an assignment or the administration of this Agreement and the other Credit Documents. The Lender shall not be liable for any disclosure of confidential information made pursuant to this Section 26(f).
- (g) Any and all payments made at any time in respect of the Loans or any other obligation hereunder and the proceeds realized from any security held therefor may be applied (and reapplied from time to time notwithstanding any previous application) to such part or parts of the indebtedness of the Borrower as the Lender sees fit; provided, however, that except following the occurrence and during the continuance of a Default or Event of Default, all payments made at any time in respect of the Loans or any other obligation hereunder shall be applied firstly to interest and unused line fees then due and payable, secondly to outstanding principal and thereafter to any other obligations of the Borrower to the Lender hereunder or as the Borrower may otherwise agree with the Lender.
- (h) Time shall be in all respects of the essence hereof.
- (i) Any provision of this Agreement which is invalid or unenforceable under the laws of any jurisdiction in which this Agreement is sought to be enforced shall, as to such jurisdiction

and to the extent such provision is invalid or unenforceable, be deemed severable and shall not affect any other provision of this Agreement.

- (j) In no event shall the interest and all other charges provided for hereunder exceed the maximum aggregate amount that the Lender may collect in compliance with Applicable Law. Notwithstanding anything to the contrary herein contained, if at any time implementation of any provision hereof results in a payment in contravention of the preceding sentence, the amount of the excess shall be applied as a partial prepayment of principal.
- (k) The Lender will not be considered to have waived compliance with or amended any part of this Agreement or any obligations of any Obligor hereunder or under any other document unless such waiver or amendment is specifically set out in writing. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given. The Lender shall not be deemed to have waived compliance with any obligation of the Obligors simply because it does not exercise any of its rights or remedies immediately upon the occurrence of a breach thereof.
- (l) No representation or warranty or other statement made by the Lender concerning the Loan shall be binding on the Lender unless made by it herein or in writing as a specific amendment to this Agreement.
- (m) The Lender's records constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to the Lender.
- (n) All financial or accounting determinations, reports and statements provided for in this Agreement shall be made or prepared in accordance with GAAP applied in a consistent manner.
- (o) Each of the Obligors consents to the obtaining from any credit reporting agency or from any Person or entity of such information as the Lender may require at any time, and consents to the disclosure at any time of any information concerning the Obligors to any credit grantor with whom the Obligors have financial relations or to any credit reporting agency; provided that the Lender acknowledges that additional consents from third parties may be required to be obtained pursuant to applicable privacy laws.
- (p) This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery by facsimile or by electronic transmission in portable document format (PDF) of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement.

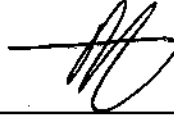
- (q) This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein.
- (r) The Obligors and the Lender irrevocably consent and submit to the non-exclusive jurisdiction of the Ontario Superior Court of Justice and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Security Agreements or in any way connected with or related or incidental to the dealings of the parties hereto in respect of this Agreement or any of the other Security Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that Lender shall have the right to bring any action or proceeding against any or all of the Obligors or their respective property in the courts of any other jurisdiction which Lender deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against any or all of the Obligors or their respective property).
- (s) Except as otherwise expressly provided herein, all dollar amounts herein are in the lawful money of Canada.
- (t) This Agreement may be amended only with the prior written consent of all parties hereto.

[Signature Pages Follows]

If the arrangements set out in this Agreement are acceptable to you, please sign the enclosed copy of this Agreement in the space indicated below and return the letter to us.

Yours very truly,

WAYGAR CAPITAL INC., as agent for
Ninepoint Canadian Senior Debt Master Fund
L.P.




* Per: _____

Name: Wayne Ehgoetz
Title: President and CEO

[Credit Parties ' Signature Pages Follow]

The arrangements set out above are hereby acknowledged and accepted as of the date first written above.


QUALITY RUGS OF CANADA LIMITED

By: 
Name: Joseph R. Pacione
Title: President


MALVERN CONTRACT INTERIORS LIMITED

By: 
Name: John Anthony Pacione
Title: Director


WESTON HARDWOOD DESIGN CENTRE INC.

By: 
Name: Joseph R. Pacione
Title: President


ONTARIO FLOORING LTD.

By: 
Name: Joseph R. Pacione
Title: President


TIMELINE FLOORS INC.

By: 
Name: John Anthony Pacione
Title: Secretary


QUALITY COMMERCIAL CARPET CORPORATION

By: 
Name: Joseph R. Pacione
Title: Chairman


JOSEPH DOUGLAS PACIONE HOLDINGS LTD.

By: 
Name: Joseph Douglas Pacione
Title: President

JOHN ANTHONY PACIONE HOLDINGS LTD.

By: 
Name: John Anthony Pacione
Title: President

JOPAC ENTERPRISES LIMITED

By: 
Name: Joseph R. Pacione
Title: President

PATJO HOLDINGS INC.


By: 
Name: Joseph R. Pacione
Title: President

EXHIBIT A
FORM OF BORROWING BASE CERTIFICATE

(See Attached)

Facility Limit: \$30,000,000

Facility #	Date of Collateral	01		02		03		04		05		06		07		08		09		10		11			
		CDNS		CDNS		CDNS		CDNS		CDNS		CDNS		CDNS		CDNS		CDNS		CDNS		CDNS		CDNS	CDNS
		Quality Sterling Group		Timeline Floors Inc.		Weston Hardwood		Design Centre Inc.		Malvern Contract Interiors Inc.		Total AR		Finished Goods Inventory		Finished Goods Inventory		Finished Goods Inventory		Total Inventory		Total Collateral			
Collateral Type	AR - Regular	AR - Major	AR - Regular	AR - Major	AR - Regular	AR - Major	AR - Regular	AR - Major	AR - Regular	AR - Major															
1	Balance Carried Forward from Line 4 of Prior Certificate ****																								
2	Additions Since Prior Certificate (Gross Sales / Purchases)																								
3	Subtractions Since Prior Certificate (Gross Collections / Cost of Goods Sold)																								
3a	Credit Notes																								
3b	Non A/R Cash																								
3c	Other Adjustments (Decreases/ Increases since Prior Certificate (F3))																								
4	Balance at Computation Date (1+2+3)****																								
5	Less Ineligibles																								
6	Net Eligible Collateral (4-5)																								
7	Advance Rate																								
8	Borrowing Base Availability (6*7)																								
9	Submit For Collateral Category																								
10	Net Borrowing Base Availability (Lesser of 8 or 9)																								

AVAILABILITY																								Equivalent	
11	Total Borrowing Base Availability in CDNS																								
12	Priority Payables																								
12a	Paid Reserve																								
12b	Lienable Claims - Sub contractors																								
12c	Closing Fee, Monitoring																								
	Sheila Pasano Debt Reserve																								
13	Total Reserves in CDNS (Total of 12)																								
14	Total Available Net of Reserves																								
14a	Total Available																								
15	Loan Balance																								
16	Excess Available for Borrowing (14-15)																								

We refer to the Loan Agreement between ("Borrower") and Lender dated (the "Loan Agreement"). Terms used but not otherwise defined in this Certificate have the meaning provided for in the Loan Agreement. Borrower hereby certifies and warrants to you that the following is a true and correct computation as of the date set forth above (the "Computation Date") of the Borrowing Base, and Inventory and Account balance charges since the previous Borrowing Base Certificate provided to you (the "Prior Certificate"). Borrower hereby further certifies and warrants to you that no Event of Default or event which with the passage of time would be an event of Default has occurred.

By: _____

Title: _____

EXHIBIT B
FORM OF COMPLIANCE CERTIFICATE

(Borrower Letterhead)

Compliance Certificate

To: Waygar Capital Inc.
372 Bay Street, Suite 901
Toronto, Ontario, M5H 2W9

Dear Sirs:

I hereby certify to you pursuant to the Loan Agreement (as defined below) as follows:

1. I am a duly authorized signing officer of Quality Rugs of Canada Limited (the "**Borrower**"). Capitalized terms used herein without definition shall have the meanings given to such terms in the Loan Agreement dated as at October 10, 2019 between, *inter alios*, the Lender and the Borrower (as amended, modified, supplemented, replaced or otherwise altered, from time to time, the "**Loan Agreement**").
2. We have reviewed the terms of the Loan Agreement, and have made, or have caused to be made under our supervision, a review in reasonable detail of the transactions and the financial condition of the Borrower during the immediately preceding month.
3. The review described in Section 2 above did not disclose the existence during or at the end of such month, and we have no knowledge of the existence and continuance on the date hereof, of any condition or event, which constitutes an Event of Default except as set forth on Schedule I attached hereto. Described on Schedule I attached hereto are the exceptions, if any, to this Section 3 listing, in detail, the nature of the condition or event, the period during which it existed and the action which the Borrower have taken, are taking, or propose to take with respect to such condition or event.
4. We further certify that, based on the review described in Section 2 above, none of the Credit Parties have at any time during or at the end of such month, except as specifically described on Schedule II attached hereto, or as permitted by the Loan Agreement, done any of the following:
 - (a) Changed corporate name(s), or transacted business under any trade name, style, or fictitious name, other than those previously described to you and set forth in the Credit Documents;
 - (b) Changed the location of our chief executive offices, changed jurisdictions of incorporation, changed type of organizations or changed the location of or disposed of any properties or assets (other than in the ordinary course of business or as otherwise permitted by the Loan Agreement), or established any new asset locations;

- (c) Permitted or suffered to exist any security interest in or liens upon any of our properties, whether real or personal, other than as specifically permitted in the Credit Documents; or
- (d) Become aware of, obtained knowledge of, or received notification of, any breach or violation of any material covenant contained in any Credit Document.

5. Attached hereto as Schedule III are the calculations used in determining, as of the end of such month, whether the Credit Parties are in compliance with the covenants set forth in the Loan Agreement. In particular:

- (a) **[EBITDA, on a consolidated basis, is \$_____ for the period ending _____;] [Note: Only included for when Fiscal 2020 financial statements received, otherwise]**
- (b) aggregate Unfunded Capital Expenditures for the current fiscal year are \$_____;
- (c) Excess Availability is \$_____; and
- (d) all Priority Claims are current.

6. We further certify that, other than as set out in Schedule IV hereto, the Borrower has paid in full all rents and other amounts due and payable with respect to any premises leased or occupied by the Credit Parties during such month, including without limitation any charges for warehousing or storage Inventory.

The foregoing certifications are made and delivered this day of _____, 20__.

Very truly yours,

QUALITY RUGS OF CANADA LIMITED

By: _____
Name:
Title:

Schedules:

- SCHEDULE I - Events of Default (Section 3)
- SCHEDULE II - Changes (Section 4)
- SCHEDULE III - Financial Test Calculations (Section 5)
- SCHEDULE IV - Rent Roll (Section 6)

**SCHEDULE A
DISCLOSURE SCHEDULE**

See Information Certificate, which is incorporated by reference herein

INFORMATION CERTIFICATE

Dated: October 10, 2019

Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P.
372 Bay Street, Suite 901
Toronto, Ontario M5H 2W9

In order to assist you in the continuing evaluation of the financing you are considering of **QUALITY RUGS OF CANADA LIMITED**, together with the entities listed on **Schedule 1** (collectively, the “**Debtors**”) and to expedite the preparation of any documentation which may be required and to induce you to provide such financing to the Debtors, we represent and warrant to you the following information about the Debtors, their organisational structure and other matters of interest to you:

1. The full and exact name of each of the Debtors as set forth in their respective Certificates of Incorporation or other constating documents are as set out in **Schedule 1**.
2. Each of the Debtors uses and owns the trade name(s) in the operation of its business (e.g. billing, advertising, etc.; note: do not include names which are product names only) set out in **Schedule 2**. In the event any trade name appears on an invoice, a sample copy of such invoice is annexed.
3. The date and jurisdiction of incorporation or formation of each of the Debtors is as set out in **Schedule 3** and each of the Debtors is validly existing under those laws. None of the Debtors has never been involved in a bankruptcy or reorganisation except as set out in **Schedule 3**.
4. Each of the Debtors is duly qualified and authorized to transact business as a foreign or extra-provincial corporation in the jurisdictions listed on **Schedule 4**.
5. Since the date of incorporation or formation, the name of each of the Debtors has not been changed, except as set out in **Schedule 5**:
6. Since the date of incorporation or formation, each of the Debtors has made or entered into the only amalgamations or acquisitions listed on **Schedule 6**.
7. Set out on **Schedule 7** are: (a) all of the locations at which each of the Debtors conducts business and/or maintains inventory or other assets; (b) an indication of the chief executive office of each of the Debtors; (c) an indication of the location of the books and records of the Debtors pertaining to accounts, contract rights and inventory; and (d) whether each of such locations is owned, leased from or operated by third parties and if leased from or operated by third parties, the third party’s name and address.
8. The premises which are owned by the Debtors are only subject to the mortgages set out in **Schedule 8**.

9. The name of the shareholders, unitholders or owners of other equity interests in each of the Debtors and their equity ownership details are as set out in **Schedule 9**.
 10. Other than the shareholders, unitholders or owners of other equity interests in each of the Debtors set out in **Schedule 9**, each of the Debtors is affiliated with, or has ownership in, the corporations, partnerships or other entities set out in **Schedule 10**.
 11. Set out in **Schedule 11** is a list of the officers (with titles) and directors of each of Debtors, and a list of the person(s) who will have signing authority in respect of all transactions with you on behalf of each of the Debtors.
 12. There are no judgements, litigation, administrative investigations or proceedings pending by or against any of the Debtors or any of their respective officers/principals, except as set out in **Schedule 12**.
 13. At the present time, there are no delinquent taxes due (including, but not limited to, all payroll taxes, personal property taxes, real estate taxes or income taxes) except as set out in **Schedule 13**.
 14. Details of any indebtedness, liabilities or obligations of each of the Debtors (including indebtedness to related parties, affiliates and employees), together with any details of any security held for such indebtedness, liabilities or obligations are set out in **Schedule 14**.
 15. Each of the Debtors has not guaranteed and is not otherwise liable for the obligations of others, except as follows set out in **Schedule 15**.
 16. Each of the Debtors does not own or license any trademarks, industrial designs, patents, copyrights or other intellectual property, except as set out in **Schedule 16**.
 17. The fiscal year end of each of the Debtors is set out in **Schedule 17**.
 18. Each of the Debtors has no pension or benefits plans other than as set out on **Schedule 18**.
 19. Each of the Debtors has no material contracts or agreements other than as set out on **Schedule 19**.
 20. Each of the Debtors requires no permits or licenses to operate its respective business other than as set out on **Schedule 20**.
 21. Each of the Debtors has no policies of insurance other than as set out on **Schedule 21**.
 22. Each Debtors' Canada Revenue Agency Business Number, Corporations Tax number, GST number, Payroll Number and Import/Export Number is set out on **Schedule 22**.
-

23. Chartered Accountants for the Debtors is the firm of:

Name: MNP LLP

Address: 50 Burnhamthorpe Road West, Suite 900, Mississauga, Ontario, L5B 3C2

Partner Handling Relationship: James Molyneux

Were statements unaudited for any fiscal year? MNP LLP has audited the statements for the last 5+ years.


Were statements uncertified for any fiscal year? See above note.

24. Prompt written notice will be given to you of any change or amendment with respect to any of the foregoing. Until such notice is received by you, you shall be entitled to rely upon the foregoing in all respects.


[SIGNATURE PAGE FOLLOWS]

DATED as of the date first mentioned above.


QUALITY RUGS OF CANADA LIMITED

By: 
Name: Joseph R. Pacione
Title: President


WESTON HARDWOOD DESIGN CENTRE INC.

By: 
Name: Joseph R. Pacione
Title: President


TIMELINE FLOORS INC.

By: 
Name: John Anthony Pacione
Title: Secretary

JOSEPH DOUGLAS PACIONE HOLDINGS LTD.

By: 
Name: Joseph Douglas Pacione
Title: President


JOPAC ENTERPRISES LIMITED

By: 
Name: Joseph R. Pacione
Title: President

MALVERN CONTRACT INTERIORS LIMITED

By: 
Name: John Anthony Pacione
Title: Director

ONTARIO FLOORING LTD.

By: 
Name: Joseph R. Pacione
Title: President


QUALITY COMMERCIAL CARPET CORPORATION

By: 
Name: Joseph R. Pacione
Title: Chairman

JOHN ANTHONY PACIONE HOLDINGS LTD.

By: 
Name: John Anthony Pacione
Title: President

PATJO HOLDINGS INC.

By: 
Name: Joseph R. Pacione
Title: President

**SCHEDULE 1
DEBTORS**

1. Quality Rugs of Canada Limited
2. Malvern Contract Interiors Limited
3. Weston Hardwood Design Centre Inc.
4. Ontario Flooring Ltd.
5. Timeline Floors Inc.
6. Quality Commercial Carpet Corporation
7. Joseph Douglas Pacione Holdings Ltd.
8. John Anthony Pacione Holdings Ltd.
9. Jopac Enterprises Limited
10. Patjo Holdings Inc.

**SCHEDULE 2
BUSINESS AND TRADE NAMES**

Debtor	Business or Trade Names Used
Quality Rugs of Canada Limited	Quality Sterling Group
Malvern Contract Interiors Limited	None.
Weston Hardwood Design Centre Inc.	None.
Ontario Flooring Ltd.	None.
Timeline Floors Inc.	Passione Flooring (BC) Quality Sterling Group (BC) Passione Flooring and Interiors (NS)
Quality Commercial Carpet Corporation	None.
Joseph Douglas Pacione Holdings Ltd.	None.
John Anthony Pacione Holdings Ltd.	None.
Jopac Enterprises Limited	None.
Patjo Holdings Inc.	None.

**SCHEDULE 3
INCORPORATION/FORMATION DETAILS**

Debtor	Jurisdiction of Incorporation or Formation	Date of Incorporation or Formation	Bankruptcy
Quality Rugs of Canada Limited	Ontario	April 23, 1970	Clear.
Malvern Contract Interiors Limited	Ontario	November 30, 1996	Clear.
Weston Hardwood Design Centre Inc.	Ontario	October 3, 2003	Clear.
Ontario Flooring Ltd.	Ontario	June 5, 2015	Clear.
Timeline Floors Inc.	Canada	November 30, 2012	Clear.
Quality Commercial Carpet Corporation	Ontario	June 16, 1987	Clear.
Joseph Douglas Pacione Holdings Ltd.	Ontario	March 13, 1985	Clear.
John Anthony Pacione Holdings Ltd.	Ontario	March 13, 1985	Clear.
Jopac Enterprises Limited	Ontario	February 18, 1977	Clear.
Patjo Holdings Inc.	Ontario	December 31, 2003	Clear.

**SCHEDULE 4
AUTHORIZED JURISDICTIONS**

Debtor	Authorized Jurisdictions
Quality Rugs of Canada Limited	Ontario
Malvern Contract Interiors Limited	Ontario
Weston Hardwood Design Centre Inc.	Ontario
Ontario Flooring Ltd.	Ontario
Timeline Floors Inc.	CBCA Company extra provincially registered in Nova Scotia, Alberta, British Columbia
Quality Commercial Carpet Corporation	Ontario
Joseph Douglas Pacione Holdings Ltd.	Ontario
John Anthony Pacione Holdings Ltd.	Ontario
Jopac Enterprises Limited	Ontario
Patjo Holdings Inc.	Ontario

**SCHEDULE 5
PRIOR NAMES**

Debtor	Prior Names
Quality Rugs of Canada Limited	Quality Rugs of Scarborough Limited
Malvern Contract Interiors Limited	None.
Weston Hardwood Design Centre Inc.	None.
Ontario Flooring Ltd.	None.
Timeline Floors Inc.	None.
Quality Commercial Carpet Corporation	None.
Joseph Douglas Pacione Holdings Ltd.	None.
John Anthony Pacione Holdings Ltd.	None.
Jopac Enterprises Limited	352075 Ontario Limited
Patjo Holdings Inc.	None.

**SCHEDULE 6
ACQUISITIONS OR AMALGAMATIONS**

Debtor	Acquisitions or Amalgamations
Quality Rugs of Canada Limited	None.
Malvern Contract Interiors Limited	Amalgamated November 30, 1996 between Malvern Contract Interiors Limited and Parbron International Inc.
Weston Hardwood Design Centre Inc.	None.
Ontario Flooring Ltd.	None.
Timeline Floors Inc.	None.
Quality Commercial Carpet Corporation	None.
Joseph Douglas Pacione Holdings Ltd.	None.
John Anthony Pacione Holdings Ltd.	None.
Jopac Enterprises Limited	None.
Patjo Holdings Inc.	None.

**SCHEDULE 7
LOCATIONS OF ASSETS**

Debtor	Location(s)	Owned/Leased/ Warehouse	Landlord/ Warehouseman and Contact Details (if applicable)
Quality Rugs of Canada Limited	505 Cityview Blvd., Woodbridge, ON L4H 0L8	Leased	Strathern Heights Investments Inc.
Malvern Contract Interiors Limited	505 Cityview Blvd., Woodbridge, ON L4H 0L8	Leased	Strathern Heights Investments Inc.
Weston Hardwood Design Centre Inc.	505 Cityview Blvd., Woodbridge, ON L4H 0L8	Leased	Strathern Heights Investments Inc.
Ontario Flooring Ltd.	505 Cityview Blvd., Woodbridge, ON L4H 0L8	Leased	Strathern Heights Investments Inc.
Timeline Floors Inc.	British Columbia: 101- 3870 Jacombs Road, Richmond, BC	Leased	Key West Business Park Inc.
	Alberta: 9152 52 nd St. SE, Calgary, AB	Leased	Flowlift, Inc.
	Nova Scotia: 64 Burbridge Ave., Dartmouth, NS	Leased	Crossman Construction Limited
Quality Commercial Carpet Corporation	505 Cityview Blvd., Woodbridge, ON L4H 0L8	Leased	Strathern Heights Investments Inc.
Joseph Douglas Pacione Holdings Ltd.	505 Cityview Blvd., Woodbridge, ON L4H 0L8	Leased	Strathern Heights Investments Inc.
John Anthony Pacione Holdings Ltd.	505 Cityview Blvd., Woodbridge, ON L4H 0L8	Leased	Strathern Heights Investments Inc.
Jopac Enterprises Limited	505 Cityview Blvd., Woodbridge, ON L4H 0L8	Leased	Strathern Heights Investments Inc.
Patjo Holdings Inc.	505 Cityview Blvd., Woodbridge, ON L4H	Leased	Strathern Heights Investments Inc.

Debtor	Location(s)	Owned/Leased/ Warehouse	Landlord/ Warehouseman and Contact Details (if applicable)
	OL8		

**SCHEDULE 8
REAL PROPERTY MORTGAGES**

Debtor	Location(s)	Mortgagee Name and Address	Approximate Principal Balance of Mortgage
Quality Rugs of Canada Limited	N/A	N/A	N/A
Malvern Contract Interiors Limited	N/A	N/A	N/A
Weston Hardwood Design Centre Inc.	N/A	N/A	N/A
Ontario Flooring Ltd.	N/A	N/A	N/A
Timeline Floors Inc.	N/A	N/A	N/A
Quality Commercial Carpet Corporation	N/A	N/A	N/A
Joseph Douglas Pacione Holdings Ltd.	N/A	N/A	N/A
John Anthony Pacione Holdings Ltd.	N/A	N/A	N/A
Jopac Enterprises Limited	N/A	N/A	N/A
Patjo Holdings Inc.	N/A	N/A	N/A

**SCHEDULE 9
EQUITY OWNERSHIP OF DEBTORS**

Debtor	Equity Owner	Number and Class of Shares, Units or other Equity Interests	Ownership Percentage*
Quality Rugs of Canada Limited	Joseph R. Pacione Family Trust	50 Common	100%
	Joseph Douglas Pacione Family Trust	50 Common	
	John Anthony Pacione Family Trust	50 Common	
	Jopac Enterprises Limited	400 Class A Special; 100 Class V Special	
	Joseph Douglas Pacione Holdings Ltd.	25 Class V Special; 100 Class A Special	
	John Anthony Pacione Holdings ltd.	100 Class A Special; 25 Class V Special	
Malvern Contract Interiors Limited	Quality Commercial Carpet Corporation	326,340 Class A common 1 Special share	70%
Weston Hardwood Design Centre Inc.	Patjo Holdings Inc.	100 Common	100%
Ontario Flooring Ltd.	Quality Commercial Carpet Corporation	100 Common	100%
	Patjo Holdings Inc.	100,000 Class A Preference	
Timeline Floors Inc.	Quality Rugs of Canada Limited	3,000,000 Common	92%
Quality Commercial	Joseph R. Pacione	50 Common	100%

Debtor	Equity Owner	Number and Class of Shares, Units or other Equity Interests	Ownership Percentage*
Carpet Corporation	Family Trust Joseph Douglas Pacione Family Trust John Anthony Pacione Family Trust Joseph Douglas Pacione Holdings Ltd. Jopac Enterprises Limited John Anthony Pacione Holdings Ltd.	50 Common 50 Common 100 Class B Special; 25 Class V Special 100 Class V Special; 10,000 Class A Special; 400 Class B Special 25 Class V Special; 100 Class B Special	
J. Pacione Consultants Limited	Joseph R. Pacione	111 Common	100%
Joseph Douglas Pacione Holdings Ltd.	Joseph Douglas Pacione Trust	100 Common	100%
John Anthony Pacione Holdings Ltd.	John Anthony Pacione Trust	100 Common	100%
Jopac Enterprises Limited	Joseph Douglas Pacione Holdings Ltd. John Anthony Pacione Holdings Ltd. J. Pacione Consultants Limited	25 Common 25 Common 50 Common; 10,000 Class A Special; 1000 Class V Special	100%
Patjo Holdings Inc.	Quality Commercial Carpet Corporation	100 Common; 100 Class A Special	100%

Debtor	Equity Owner	Number and Class of Shares, Units or other Equity Interests	Ownership Percentage*
JoJohn Holdings Limited	John Anthony Pacione Family Trust Joseph R. Pacione Family Trust Joseph Douglas Pacione Family Trust Jopac Enterprises Limited	50 Common 50 Common 50 Common 200 Class A Special; 100 Class V Special	100%

*See attached organizational chart. All Debtors are 100% owned by affiliates of the Debtors save and except for Malvern Contract Interiors Limited, which is 30% owned by third party MCI Holding Corp. and Timeline Floors Inc. which is 7.78% owned by third party 0956322 B.C. Ltd. and 2.4% owned by third party 0955045 B.C. Ltd.

**SCHEDULE 10
AFFILIATES**

Debtor:	Name of Affiliate	Ownership Percentage or Relationship
Quality Rugs of Canada Limited	See attached organizational chart.*	
Malvern Contract Interiors Limited		
Weston Hardwood Design Centre Inc.		
Ontario Flooring Ltd.		
Timeline Floors Inc.		
Quality Commercial Carpet Corporation		
Joseph Douglas Pacione Holdings Ltd.		
John Anthony Pacione Holdings Ltd.		
Jopac Enterprises Limited		
Patjo Holdings Inc.		

*There exist other affiliates of certain of the above-listed Debtors that are not related to the operating companies.

**SCHEDULE 11
DIRECTORS, OFFICER'S SIGNING AUTHORITIES**

Debtor	Officers (with titles)	Directors	Signing Authorities for transactions
Quality Rugs of Canada Limited	Joseph R. Pacione – President John Anthony Pacione – Vice-President Joseph Douglas Pacione – Vice- President	Joseph R. Pacione	two persons, one whom holds the office of chair of the board, managing director, president, vice- president or is a director and the other of whom is a director or holds one of the said offices or the office of secretary, treasurer, assistant secretary or assistant treasurer or any other office by by-laws or board
Malvern Contract Interiors Limited	Dean Van Adestine – President Juliet Neeley – VP, Secretary and Treasurer	Joseph Douglas Pacione John Anthony Pacione Juliet Neeley	Any one of the President, Vice- President or Secretary-Treasurer
Weston Hardwood Design Centre Inc.	Joseph R. Pacione – President, Secretary and Treasurer John Anthony Pacione – VP Joseph Douglas Pacione – VP	Joseph R. Pacione	Any director or officer
Ontario Flooring Ltd.	Joseph R. Pacione – President, Secretary and Treasurer John Anthony Pacione – VP Joseph Douglas	Joseph R. Pacione	The President

Debtor	Officers (with titles)	Directors	Signing Authorities for transactions
	Pacione - VP		
Timeline Floors Inc.	John Anthony Pacione – Secretary	John Anthony Pacione Joseph Douglas Pacione	Any officer or director
Quality Commercial Carpet Corporation	Joseph R. Pacione – Chairman	Joseph R. Pacione	Any officer
Joseph Douglas Pacione Holdings Ltd.	Joseph Douglas Pacione – President and Secretary	Joseph R. Pacione Joseph Douglas Pacione	President or Secretary
John Anthony Pacione Holdings Ltd.	John Anthony Pacione – President and Secretary	Joseph R. Pacione John Anthony Pacione	President or Secretary
Jopac Enterprises Limited	Joseph R. Pacione – President and Secretary	Joseph R. Pacione	Any officer or director
Patjo Holdings Inc.	Joseph R. Pacione – President, Secretary and Treasurer John Anthony Pacione – VP Joseph Douglas Pacione - VP	Joseph R. Pacione	Any officers or any directors

**SCHEDULE 12
LITIGATION AND ADMINISTRATIVE PROCEEDINGS**

Debtor	Judgments, Litigation, Administrative Proceedings, etc.
Quality Rugs of Canada Limited	None.
Malvern Contract Interiors Limited	None.
Weston Hardwood Design Centre Inc.	None.
Ontario Flooring Ltd.	<p>File Number: CV1500123129 (Active) Date Filed: 06/18/2015 Plaintiff: Ontario Flooring Ltd. Defendant: 1379260 Ontario Inc. Case Type: Civil – Bulk Sales Act NN (\$39,999)</p> <p>*File Number: CV1700131204 (Active) Date Filed: 05/26/2017 Plaintiff: 1379260 Ontario Inc. Defendant: Joe Fazari in Trust, Joe Fazari, Ontario Flooring Ltd. Case Type: Civil – Contract Law (\$400,000) *Note that there is an indemnity for this from former principle Joe Fazari.</p>
Timeline Floors Inc.	None.
Quality Commercial Carpet Corporation	None.
Joseph Douglas Pacione Holdings Ltd.	<p>File Number: CV1900140965 (Active) Date Filed: 06/27/2019 Plaintiff: Sheila Pacione Defendant: John Douglas Pacione Holdings Ltd. (Plus Group Defendants) Case Type: Civil – Collection of Liquidated Debt (\$600,000)</p>
John Anthony Pacione Holdings Ltd.	<p>File Number: CV1900140965 (Active) Date Filed: 06/27/2019 Plaintiff: Sheila Pacione Defendant: John Anthony Pacione Holdings Ltd. (Plus Group Defendants) Case Type: Civil – Collection of Liquidated Debt (\$600,000)</p>

Debtor	Judgments, Litigation, Administrative Proceedings, etc.
Jopac Enterprises Limited	File Number: CV1900140965 (Active) Date Filed: 06/27/2019 Plaintiff: Sheila Pacione Defendant: JOPAC Enterprises Limited (Plus Group Defendants) Case Type: Civil – Collection of Liquidated Debt (\$600,000)
Patjo Holdings Inc.	None.

**SCHEDULE 13
DELINQUENT TAXES**

Debtor	Delinquent Taxes
Quality Rugs of Canada Limited	N/A
Malvern Contract Interiors Limited	N/A
Weston Hardwood Design Centre Inc.	N/A
Ontario Flooring Ltd.	N/A
Timeline Floors Inc.	N/A
Quality Commercial Carpet Corporation	N/A
Joseph Douglas Pacione Holdings Ltd.	N/A
John Anthony Pacione Holdings Ltd.	N/A
Jopac Enterprises Limited	N/A
Patjo Holdings Inc.	N/A

**SCHEDULE 14
INDEBTEDNESS**

Debtor	Creditor	Amount of Obligation	Security Provided
Quality Rugs of Canada Limited	Mohawk Carpet Distribution, Inc.	\$4,055,700 (facility A); and \$2,703,800 (facility B) [this facility has not been drawn]	Pledge and Security Agreement (Only General Security Agreement granted)
Malvern Contract Interiors Limited	Mohawk Carpet Distribution, Inc.	\$4,055,700 (facility A); and \$2,703,800 (facility B) [this facility has not been drawn]	Pledge and Security Agreement (Only General Security Agreement granted)
Weston Hardwood Design Centre Inc.	N/A	N/A	N/A
Ontario Flooring Ltd.	N/A	N/A	N/A
Timeline Floors Inc.	Mohawk Carpet Distribution, Inc.	PMSIs [NTD: To be confirmed if to be a guarantor]	Pledge and Security Agreement (Only General Security Agreement granted)
Quality Commercial Carpet Corporation	Mohawk Carpet Distribution, Inc.	\$4,055,700 (facility A); and \$2,703,800 (facility B) [this facility has not been drawn]	Pledge and Security Agreement (General Security Agreement and pledge of shares owned of Malvern Contract Interiors Limited)
Joseph Douglas Pacione Holdings Ltd.; John Anthony Pacione Holdings Ltd.; Jopac Enterprises Limited	Sheila Pacione	\$600,000 + 15% Interest	General Security Agreement
	Joseph R. Pacione	\$1,000,000 +15% Interest	General Security Agreement

Debtor	Creditor	Amount of Obligation	Security Provided
	739535 Ontario Limited (amalgamated with J. Pacione Consultants Limited) and Quality Commercial Carpet Corporation	\$2,693,409 + 15% Interest	General Security Agreement
	Jojohn Holdings Ltd.	\$787,537 + 15% Interest	General Security Agreement
	Celmar Investments Corp.	\$500,000 + 5% Interest	General Security Agreement
	Dorpal Investments Inc.	\$200,000 + 5% Interest	General Security Agreement
	Granster Holdings Inc.	\$350,000 + 5% Interest	General Security Agreement
	Krisand Holdings Inc.	\$200,000 + 5% Interest	General Security Agreement
Patjo Holdings Inc.	N/A	N/A	N/A

**SCHEDULE 15
GUARANTEES**

Debtor	Primary Obligor	Creditor	Amount of Guarantee	Security
Quality Rugs of Canada Limited	Joseph Douglas Pacione Holdings Ltd.	Sheila Pacione	Unlimited	General Security Agreement
	John Anthony Pacione Holdings Ltd.	Joseph Pacione		
	Jopac Enterprises Ltd.	739535 Ontario Limited (amalgamated with J. Pacione Consultants Limited) and Quality Commercial Carpet Corporation		
	Jojohn Holdings Ltd.			
	Krisand Holdings Inc.			
	Celmar Investments Corp.			
	Dorpal Investments Inc.			

Debtor	Primary Obligor	Creditor	Amount of Guarantee	Security
		Granster Holdings Inc.		
Malvern Contract Interiors Limited	N/A	N/A	N/A	N/A
Weston Hardwood Design Centre Inc.	N/A	N/A	N/A	N/A
Ontario Flooring Ltd.	N/A	N/A	N/A	N/A
Timeline Floors Inc.	N/A	N/A	N/A	N/A
Quality Commercial Carpet Corporation	N/A	N/A	N/A	N/A
Joseph Douglas Pacione Holdings Ltd.	N/A	N/A	N/A	N/A
John Anthony Pacione Holdings Ltd.	N/A	N/A	N/A	N/A
Jopac Enterprises Limited	N/A	N/A	N/A	N/A
Patjo Holdings Inc.	N/A	N/A	N/A	

**SCHEDULE 16
INTELLECTUAL PROPERTY
CANADIAN TRADEMARKS**

Debtor	Trademark No. and Details
Quality Rugs of Canada Limited	<p>Trademark: Quality Application No.: 0612906 Registration No: TMA391461 Type: Word Class: 27, 35, 37 Filed: 08/12/1988 Registered: 12/13/1991 Expiry Date: 12/13/2021 Restrictions: Restricted to the provinces of Ontario, Quebec and British Columbia Agent: Blakes, Cassels and Graydon LLP</p> <p>Trademark: Q & Design Application No: 0612905 Registration No: TMA379489 Type: Design Class: 27, 35, 37 Vienna Info: 26.4.1, 26.4.7, 26.4.18, 26.4.24, 27.5.1, 27.5.21 Filed: 08/12/1988 Registered: 02/08/1991 Expiry Date: 02/09/2021 Restrictions: Restricted to the provinces of Ontario, Quebec and British Columbia Agent: Blakes, Cassels and Graydon LLP</p>

US TRADEMARKS

Debtor	Trademark No. and Details
N/A	N/A

CANADIAN PATENTS

Debtor	Patent No. and Name
N/A	N/A

US PATENTS

Debtor	Patent No. and Name
N/A	N/A

INTELLECTUAL PROPERTY LICENSES

Debtor	License Details
N/A	N/A

**SCHEDULE 17
FISCAL YEAR END**

Debtor	Fiscal Year End
Quality Rugs of Canada Limited	May 31
Malvern Contract Interiors Limited	November 30
Weston Hardwood Design Centre Inc.	December 31
Ontario Flooring Ltd.	December 31
Timeline Floors Inc.	May 31
Quality Commercial Carpet Corporation	May 31
Joseph Douglas Pacione Holdings Ltd.	November 30
John Anthony Pacione Holdings Ltd.	November 30
Jopac Enterprises Limited	April 30
Patjo Holdings Inc.	November 30

SCHEDULE 18
PENSION AND BENEFIT PLANS

1. No pension plan.
2. Standard health benefit group plans with Manulife (class A executives, class B employees); policy #73922.

SCHEDULE 19
MATERIAL AGREEMENTS

1. Lease agreements in respect of the following premises, municipally known as:
 - a. 101-3870 Jacombs Road, Richmond, British Columbia
 - b. 9152 52nd St. SE, Calgary, Alberta
 - c. 64 Burbridge Ave., Dartmouth, Nova Scotia
 - d. 505 Cityview Blvd. Unit #1, Vaughan, Ontario

Note: There are agreements with some suppliers (e.g., Mohawk) that provide for volume discounts, marketing support dollars, etc., but nothing that would prevent Quality Rugs of Canada Limited from carrying on business if terminated.

Some customer contracts have change in control language and insolvency language but the most practical remedy for any issue would be for Quality Rugs of Canada Limited or an alternate complete the project. There is relatively modest customer concentration (none greater than 5-7% of revenue) so the loss of any single customer would not be overly damaging. Waygar has been provided with examples of typical customer contracts.

**SCHEDULE 20
PERMITS AND LICENSES**

1. Nil.

**SCHEDULE 21
INSURANCE POLICIES**

Insured	Insurer	Policy No.	Coverage Type(s)	Limits
Quality Rugs of Canada Limited	See attached Insurance Certificate.			
Malvern Contract Interiors Limited				
Weston Hardwood Design Centre Inc.				
Ontario Flooring Ltd.				
Timeline Floors Inc.				
Quality Commercial Carpet Corporation				
Joseph Douglas Pacione Holdings Ltd.				
John Anthony Pacione Holdings Ltd.				
Jopac Enterprises Limited				
Patjo Holdings Inc.				

**SCHEDULE 22
CORPORATE NUMBERS**

Debtor	Canada Revenue Agency Business Number	Corporations Tax number	GST number	Payroll Number	Import/Export Number
Quality Rugs of Canada Limited	104358668	RC0001	RT0001	RP0001	n/a
Malvern Contract Interiors Limited	891244790	RC0001	RT0001	n/a	n/a
Weston Hardwood Design Centre Inc.	867942104	RC0001	RT0001	n/a	n/a
Ontario Flooring Ltd.	820074920	RC0001	RT0001	n/a	n/a
Timeline Floors Inc.	838906139	RC0001	RT0001	n/a	n/a
Quality Commercial Carpet Corporation	120753843	RC0001	RT001	n/a	n/a
Joseph Douglas Pacione Holdings Ltd.	102714573	RC0001	n/a	n/a	n/a
John Anthony Pacione Holdings Ltd.	102681830	RC0001	n/a	n/a	n/a
Jopac Enterprises Limited	881875546	RC0001	n/a	n/a	n/a
Patjo Holdings Inc.	865811509	RC0001	n/a	n/a	n/a

SCHEDULE B
ADDITIONAL PERMITTED LIENS

1. For a period of 60 days from the date hereof, a promissory note dated May 8, 2014 as amended April 28, 2017, granted by Jopac Enterprises Limited, John Anthony Pacione Holdings Ltd. and Joseph Douglas Pacione Holdings Ltd. in favour of Celmar Investments Corp. in the amount of CDN\$500,000 and guaranteed by Quality Rugs of Canada Limited, which is secured by a general security agreement also provided by the foregoing, provided that, after such time such debt and security shall cease to be a Permitted Lien unless the same is subject to a subordination agreement in favour of the Lender, in form and substance satisfactory to the Lender.

SCHEDULE C
CREDITORS TO PROVIDE DISCHARGES/RELEASES

1. HSBC Bank Canada.
2. Buckwold Western Ltd.

SCHEDULE D
PPSA ESTOPPELS / NO INTEREST LETTERS REQUIRED

1. Bank of Nova Scotia (Ref No. 713263266, 711718542, 704144601, 700423524)
2. Mercedes-Benz Financial Services Canada Corporation and Mercedes Benz Financial (Ref No. 726317622, 727614126)
3. BMW Canada Inc. (Ref No. 754318098, 744532011, 722125881, 722023389)
4. GM Financial Canada Leasing Ltd. (Ref No. 754143633, 753480639, 749314881, 723261555)
5. Toyota Credit Canada Inc. (Ref No. 729746028, 710720856)
6. Royal Bank of Canada (Ref No. 721579473, 720958275)
7. Sharp Electronics of Canada Ltd. (Ref No. 710623548 and 674939034)
8. De Lage Landen Financial Services Canada Inc. (Re BC PPSA Base Registration # 956125K)

SCHEDULE E
POST-CLOSING UNDERTAKINGS

1. By not later than 30 days from the date of this Agreement, the Credit Parties shall provide for the Lenders review final audited financial statements, prepared on a combined basis, for the fiscal period ended May 31, 2019 and the same shall show no material variance from draft audited financial statements provided to the Lender prior to the date hereof.
2. By not later than 30 days from the date of this Agreement, the Credit Parties shall:
 - (a) have opened the Disbursement Accounts at the Blocked Account Bank from which the Credit Parties shall make all of their payments and disbursements, other than payments of principal, interest and unused line fees to the Lender which shall be paid from the Blocked Accounts, if required by the Lender; and
 - (b) the Credit Parties shall have opened the Blocked Accounts at the Blocked Account Bank and shall have entered into a blocked account agreement in accordance with Section 17 of this Agreement with respect to such account.
3. By not later than 30 days from the date of this Agreement, the Credit Parties shall have caused to be delivered an assignment of life insurance policies made in favour the Lender in respect of the lives of John A. Pacione and Joseph D. Pacione, in an amount of not less than \$1,000,000 each, together with all necessary certificates, confirmation and guarantees supporting such assignment as the Lender may require.
4. The Credit Parties shall use commercially reasonable efforts to, by not later than 30 days from the date of this Agreement, cause to be delivered landlord waivers in favour the Lender in respect of each of the Credit Parties' leased premises, it being understood that any the Lender may take suitable reserves for any premises where a landlord waiver has not been delivered.
5. By not later than 60 days from the date of this Agreement, the Credit Parties shall have closed all deposit or other bank accounts at all financial institutions other than the Blocked Account Bank, and, if requested, provide evidence of the same.
6. By not later than 60 days from the date of this Agreement, the Credit Parties shall have put in effect policies and procedures reasonably designed to ensure compliance by the Obligors, their Subsidiaries, and the Obligors and their Subsidiaries' respective directors, officers, employees and agents with all applicable Anti-Corruption Laws and Anti-Money Laundering Laws.
7. By not later than 60 days from the date of this Agreement, use commercially reasonable efforts to obtain the PPSA acknowledgements required under Section 16(a)(ii) of this Agreement.

8. By not later than 5 Business Days from the date hereof, evidence of the completion of the assignment of the Credit Parties' accounts receivable insurance in favour of the Lender, as first loss payee.
9. By not later than 60 days from the date hereof, the Credit Parties shall have provided a subordination agreement from Celmar Investments Corp. in form and substance satisfactory to the Lender in respect of all indebtedness and Liens granted by the Credit Parties to Celmar Investments Corp.

37191424.7

FIRST AMENDMENT TO LOAN AGREEMENT

THIS FIRST AMENDMENT TO LOAN AGREEMENT (this "Amendment") is made as of the ____ day of April, 2021, among WAYGAR CAPITAL INC., AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P. (the "Lender"), Quality RUGS OF CANADA LIMITED (the "Borrower"), as borrower, and each of MALVERN CONTRACT INTERIORS LIMITED, WESTON HARDWOOD DESIGN CENTRE INC., ONTARIO FLOORING LTD., TIMELINE FLOORS INC., QUALITY COMMERCIAL CARPET CORPORATION, JOSEPH DOUGLAS PACIONE HOLDINGS LTD., JOHN ANTHONY PACIONE HOLDINGS LTD., JOPAC ENTERPRISES LIMITED and PATJO HOLDINGS INC. (collectively, the "Guarantors").

RECTALS

- A. The Lender, the Borrower and the Guarantors have entered into a loan agreement dated October 10, 2019 (as amended, restated, supplemented or replaced from time to time, the "Loan Agreement"); and
- B. The Repayment Date under the Loan Agreement is currently scheduled to be April 19, 2021;
- C. The Borrower has requested, and the Lender has agreed, subject to the terms and conditions hereof, to extend the Repayment Date to May 15, 2021.

NOW THEREFORE, in consideration of the covenants and agreements contained in this Amendment, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.
2. **Amendments to Loan Agreement.**
 - (a) The definition of "Repayment Date" in Subsection 5(ggg) of the Loan Agreement is hereby deleted in its entirety and replaced with the following"
"(sss) "Repayment Date" means May 15, 2021."

For greater certainty, the prepayment and make whole fee required pursuant to Section 11 of the Loan Agreement shall be required to be paid in accordance with the terms and conditions thereof if the Borrower repays or prepays any of Facility A prior to May 15, 2021 (regardless of any dates set out therein).

3. **Acknowledgment and Confirmation.** The Security Agreements (including, without limitation, any guarantees) shall continue in full force and effect as general continuing collateral security for any and all of the indebtedness, liabilities and obligations of each of the Borrower and the Guarantors to Lender, including, without limitation, under, in connection with, relating to or with respect to the Loan Agreement and the Security Agreements given by the Borrower and the Guarantors, and the security interests created by the Security Agreements shall charge the property of the Borrower and the Guarantors in accordance with the terms thereof.
4. **Conditions Precedent.** The effectiveness of this Amendment shall be conditional upon each of the following, each of which must be fulfilled by the Borrower or the Guarantors in form and

substance satisfactory to the Lender or waived by the Lender in writing prior to the effectiveness hereof:

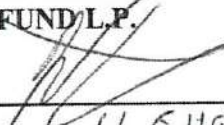
- (a) receipt, by the Lender, of an executed copy of this Amendment; and
 - (b) no Event of Default has occurred and is continuing.
5. **Representations and Warranties.** The Borrower and the Guarantors each hereby represents and warrants to the Lender as follows:
- (a) it has all requisite power and authority to execute this Amendment and any other agreements or instruments required hereunder and to perform all obligations hereunder, and this Amendment constitutes legal, valid and binding obligations, enforceable in accordance with its terms;
 - (b) the execution, delivery and performance by it of this Amendment and any other agreements or instruments required hereunder have been duly authorized by all necessary corporate or other action and do not require any authorization, consent or approval by any Governmental Entity or other Person, or violate any Applicable Laws;
 - (c) all of the representations and warranties contained in Loan Agreement are correct on and as of the date hereof as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date; and
 - (d) no Event of Default has occurred.
6. **References.** All references in the Loan Agreement to "this Agreement" shall be deemed to refer to the Loan Agreement as amended hereby; and any and all references in the other Credit Documents to the Loan Agreement shall be deemed to refer to the Loan Agreement as amended hereby. This Amendment is a Credit Document.
7. **No Other Changes.** Except as explicitly amended by this Amendment, all of the terms and conditions of the Loan Agreement shall remain in full force and effect and un-amended hereby.
8. **Costs and Expenses.** The Borrower reaffirms its agreement under the Loan Agreement to pay or reimburse the Lender on demand for all costs and expenses incurred by the Lender in connection with the Credit Documents, including without limitation all reasonable fees and disbursements of legal counsel. Without limiting the generality of the foregoing, the Borrower specifically agrees to pay all fees and disbursements of counsel to the Lender for the services performed by such counsel in connection with the preparation of this Amendment and the documents and instruments incidental hereto.
9. **Miscellaneous.** This Amendment may be executed in any number of counterparts and delivered by emailed PDF by or other similar electronic method, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same Amendment.

10. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.


[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

**WAYGAR CAPITAL INC., AS AGENT FOR
NINEPOINT CANADIAN SENIOR DEBT
MASTER FUND/L.P.**

By: 
Name: U. E. HOGG
Title: PRESIDENT / COO

QUALITY RUGS OF CANADA LIMITED

By: 
Name: J.R. PACIONE
Title: PRESIDENT


**MALVERN CONTRACT INTERIORS
LIMITED**

By: 
Name: J.A. PACIONE
Title: DIRECTOR

**WESTON HARDWOOD DESIGN CENTRE
INC.**

By: 
Name: J.R. PACIONE
Title: PRESIDENT

ONTARIO FLOORING LTD.

By: 
Name: J.R. PACIONE
Title: PRESIDENT

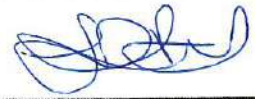
TIMELINE FLOORS INC.

By: 
Name: J.A. PACIONE
Title: SECRETARY

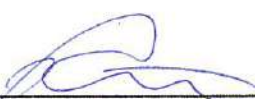
**QUALITY COMMERCIAL CARPET
CORPORATION**

By: 
Name: J.R. PACIONE
Title: CHAIRMAN


**JOSEPH DOUGLAS PACIONE HOLDINGS
LTD.**

By: 
Name: J.D. PACIONE
Title: PRESIDENT


**JOHN ANTHONY PACIONE HOLDINGS
LTD.**

By: 
Name: J.A. PACIONE
Title: PRESIDENT

JOPAC ENTERPRISES LIMITED

By: 
Name: J.R. PACIONE
Title: PRESIDENT

PATJO HOLDINGS INC.

By: 
Name: J.R. PACIONE
Title: PRESIDENT

SECOND AMENDMENT TO LOAN AGREEMENT

THIS SECOND AMENDMENT TO LOAN AGREEMENT (this "Amendment") is made as of the 6th day of May, 2021, among **WAYGAR CAPITAL INC., AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P.** (the "Lender"), **Quality RUGS OF CANADA LIMITED** (the "Borrower"), as borrower, and each of **MALVERN CONTRACT INTERIORS LIMITED, WESTON HARDWOOD DESIGN CENTRE INC., ONTARIO FLOORING LTD., TIMELINE FLOORS INC., QUALITY COMMERCIAL CARPET CORPORATION, JOSEPH DOUGLAS PACIONE HOLDINGS LTD., JOHN ANTHONY PACIONE HOLDINGS LTD., JOPAC ENTERPRISES LIMITED and PATJO HOLDINGS INC.** (collectively, the "Guarantors").

RECITALS

- A. The Lender, the Borrower and the Guarantors have entered into a loan agreement dated October 10, 2019, as amended by a first amendment to loan agreement dated April 8, 2021 (as the same be further amended, restated, supplemented or replaced from time to time, the "Loan Agreement");
- B. The Repayment Date under the Loan Agreement is currently scheduled to be May 15, 2021; and
- C. The Borrower has requested, and the Lender has agreed, subject to the terms and conditions hereof, to extend the Repayment Date to May 31, 2021.

NOW THEREFORE, in consideration of the covenants and agreements contained in this Amendment, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.
2. **Amendments to Loan Agreement.**
 - (a) The definition of "Repayment Date" in Subsection 5(ggg) of the Loan Agreement is hereby deleted in its entirety and replaced with the following"

"(ggg) "Repayment Date" means May 31, 2021."

For greater certainty, the prepayment and make whole fee required pursuant to Section 11 of the Loan Agreement shall be required to be paid in accordance with the terms and conditions thereof if the Borrower repays or prepays any of Facility A prior to May 31, 2021 (regardless of any dates set out therein).

3. **Acknowledgment and Confirmation.** The Security Agreements (including, without limitation, any guarantees) shall continue in full force and effect as general continuing collateral security for any and all of the indebtedness, liabilities and obligations of each of the Borrower and the Guarantors to Lender, including, without limitation, under, in connection with, relating to or with respect to the Loan Agreement and the Security Agreements given by the Borrower and the Guarantors, and the security interests created by the Security Agreements shall charge the property of the Borrower and the Guarantors in accordance with the terms thereof.
4. **Conditions Precedent.** The effectiveness of this Amendment shall be conditional upon each of the following, each of which must be fulfilled by the Borrower or the Guarantors in form and

substance satisfactory to the Lender or waived by the Lender in writing prior to the effectiveness hereof:

- (a) receipt, by the Lender, of an executed copy of this Amendment; and
- (b) no Event of Default has occurred and is continuing.

5. **Representations and Warranties.** The Borrower and the Guarantors each hereby represents and warrants to the Lender as follows:

- (a) it has all requisite power and authority to execute this Amendment and any other agreements or instruments required hereunder and to perform all obligations hereunder, and this Amendment constitutes legal, valid and binding obligations, enforceable in accordance with its terms;
- (b) the execution, delivery and performance by it of this Amendment and any other agreements or instruments required hereunder have been duly authorized by all necessary corporate or other action and do not require any authorization, consent or approval by any Governmental Entity or other Person, or violate any Applicable Laws;
- (c) all of the representations and warranties contained in Loan Agreement are correct on and as of the date hereof as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date; and
- (d) no Event of Default has occurred.

6. **References.** All references in the Loan Agreement to "this Agreement" shall be deemed to refer to the Loan Agreement as amended hereby; and any and all references in the other Credit Documents to the Loan Agreement shall be deemed to refer to the Loan Agreement as amended hereby. This Amendment is a Credit Document.

7. **No Other Changes.** Except as explicitly amended by this Amendment, all of the terms and conditions of the Loan Agreement shall remain in full force and effect and un-amended hereby.

8. **Costs and Expenses.** The Borrower reaffirms its agreement under the Loan Agreement to pay or reimburse the Lender on demand for all costs and expenses incurred by the Lender in connection with the Credit Documents, including without limitation all reasonable fees and disbursements of legal counsel. Without limiting the generality of the foregoing, the Borrower specifically agrees to pay all fees and disbursements of counsel to the Lender for the services performed by such counsel in connection with the preparation of this Amendment and the documents and instruments incidental hereto.

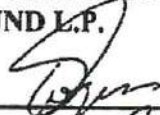
9. **Miscellaneous.** This Amendment may be executed in any number of counterparts and delivered by emailed PDF by or other similar electronic method, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same Amendment.

10. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

WAYGAR CAPITAL INC., AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P.

By: 
Name: DON ROGERS
Title: SUP


QUALITY RUGS OF CANADA LIMITED

By: 
Name: J.A. PACIONE
Title: VICE PRESIDENT

MALVERN CONTRACT INTERIORS LIMITED

By: 
Name: J.A. PACIONE
Title: DIRECTOR

WESTON HARDWOOD DESIGN CENTRE INC.

By: 
Name: J.D. PACIONE
Title: VICE PRESIDENT

ONTARIO FLOORING LTD.

By: 
Name: J.A. PACIONE
Title: VICE PRESIDENT


TIMELINE FLOORS INC.

By: 
Name: J.A. PACIONE
Title: SECRETARY

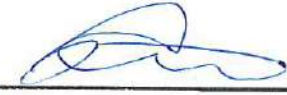
QUALITY COMMERCIAL CARPET CORPORATION

By: 
Name: J.R. PACIONE
Title: CHAIRMAN

JOSEPH DOUGLAS PACIONE HOLDINGS LTD.

By: 
Name: J.D. PACIONE
Title: PRESIDENT

JOHN ANTHONY PACIONE HOLDINGS LTD.

By: 
Name: J.A. PACIONE
Title: PRESIDENT

JOPAC ENTERPRISES LIMITED

By: 
Name: J.R. PACIONE
Title: PRESIDENT

PATJO HOLDINGS INC.

By: 
Name: J.R. PACIONE
Title: PRESIDENT

SECOND AMENDMENT TO LOAN AGREEMENT

THIS SECOND AMENDMENT TO LOAN AGREEMENT (this "Amendment") is made as of the 6th day of May, 2021, among **WAYGAR CAPITAL INC., AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P.** (the "Lender"), **Quality RUGS OF CANADA LIMITED** (the "Borrower"), as borrower, and each of **MALVERN CONTRACT INTERIORS LIMITED, WESTON HARDWOOD DESIGN CENTRE INC., ONTARIO FLOORING LTD., TIMELINE FLOORS INC., QUALITY COMMERCIAL CARPET CORPORATION, JOSEPH DOUGLAS PACIONE HOLDINGS LTD., JOHN ANTHONY PACIONE HOLDINGS LTD., JOPAC ENTERPRISES LIMITED and PATJO HOLDINGS INC.** (collectively, the "Guarantors").

RECITALS

- A. The Lender, the Borrower and the Guarantors have entered into a loan agreement dated October 10, 2019, as amended by a first amendment to loan agreement dated April 8, 2021 (as the same be further amended, restated, supplemented or replaced from time to time, the "Loan Agreement");
- B. The Repayment Date under the Loan Agreement is currently scheduled to be May 15, 2021; and
- C. The Borrower has requested, and the Lender has agreed, subject to the terms and conditions hereof, to extend the Repayment Date to May 31, 2021.

NOW THEREFORE, in consideration of the covenants and agreements contained in this Amendment, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.
2. **Amendments to Loan Agreement.**
 - (a) The definition of "Repayment Date" in Subsection 5(ggg) of the Loan Agreement is hereby deleted in its entirety and replaced with the following"

"(ggg) "Repayment Date" means May 31, 2021."

For greater certainty, the prepayment and make whole fee required pursuant to Section 11 of the Loan Agreement shall be required to be paid in accordance with the terms and conditions thereof if the Borrower repays or prepays any of Facility A prior to May 31, 2021 (regardless of any dates set out therein).

3. **Acknowledgment and Confirmation.** The Security Agreements (including, without limitation, any guarantees) shall continue in full force and effect as general continuing collateral security for any and all of the indebtedness, liabilities and obligations of each of the Borrower and the Guarantors to Lender, including, without limitation, under, in connection with, relating to or with respect to the Loan Agreement and the Security Agreements given by the Borrower and the Guarantors, and the security interests created by the Security Agreements shall charge the property of the Borrower and the Guarantors in accordance with the terms thereof.
4. **Conditions Precedent.** The effectiveness of this Amendment shall be conditional upon each of the following, each of which must be fulfilled by the Borrower or the Guarantors in form and

substance satisfactory to the Lender or waived by the Lender in writing prior to the effectiveness hereof:

- (a) receipt, by the Lender, of an executed copy of this Amendment; and
- (b) no Event of Default has occurred and is continuing.

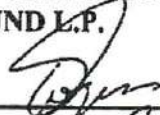
5. **Representations and Warranties.** The Borrower and the Guarantors each hereby represents and warrants to the Lender as follows:
 - (a) it has all requisite power and authority to execute this Amendment and any other agreements or instruments required hereunder and to perform all obligations hereunder, and this Amendment constitutes legal, valid and binding obligations, enforceable in accordance with its terms;
 - (b) the execution, delivery and performance by it of this Amendment and any other agreements or instruments required hereunder have been duly authorized by all necessary corporate or other action and do not require any authorization, consent or approval by any Governmental Entity or other Person, or violate any Applicable Laws;
 - (c) all of the representations and warranties contained in Loan Agreement are correct on and as of the date hereof as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date; and
 - (d) no Event of Default has occurred.
6. **References.** All references in the Loan Agreement to "this Agreement" shall be deemed to refer to the Loan Agreement as amended hereby; and any and all references in the other Credit Documents to the Loan Agreement shall be deemed to refer to the Loan Agreement as amended hereby. This Amendment is a Credit Document.
7. **No Other Changes.** Except as explicitly amended by this Amendment, all of the terms and conditions of the Loan Agreement shall remain in full force and effect and un-amended hereby.
8. **Costs and Expenses.** The Borrower reaffirms its agreement under the Loan Agreement to pay or reimburse the Lender on demand for all costs and expenses incurred by the Lender in connection with the Credit Documents, including without limitation all reasonable fees and disbursements of legal counsel. Without limiting the generality of the foregoing, the Borrower specifically agrees to pay all fees and disbursements of counsel to the Lender for the services performed by such counsel in connection with the preparation of this Amendment and the documents and instruments incidental hereto.
9. **Miscellaneous.** This Amendment may be executed in any number of counterparts and delivered by emailed PDF by or other similar electronic method, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same Amendment.

10. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

WAYGAR CAPITAL INC., AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P.

By: 
Name: DON ROGERS
Title: SUP


QUALITY RUGS OF CANADA LIMITED

By: 
Name: J.A. PACIONE
Title: VICE PRESIDENT

MALVERN CONTRACT INTERIORS LIMITED

By: 
Name: J.A. PACIONE
Title: DIRECTOR

WESTON HARDWOOD DESIGN CENTRE INC.

By: 
Name: J.D. PACIONE
Title: VICE PRESIDENT

ONTARIO FLOORING LTD.

By: 
Name: J.A. PACIONE
Title: VICE PRESIDENT


TIMELINE FLOORS INC.

By: 
Name: J.A. PACIONE
Title: SECRETARY

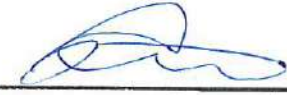
QUALITY COMMERCIAL CARPET CORPORATION

By: 
Name: J.R. PACIONE
Title: CHAIRMAN

JOSEPH DOUGLAS PACIONE HOLDINGS LTD.

By: 
Name: J.D. PACIONE
Title: PRESIDENT

JOHN ANTHONY PACIONE HOLDINGS LTD.

By: 
Name: J.A. PACIONE
Title: PRESIDENT

JOPAC ENTERPRISES LIMITED

By: 
Name: J.R. PACIONE
Title: PRESIDENT

PATJO HOLDINGS INC.

By: 
Name: J.R. PACIONE
Title: PRESIDENT

THIRD AMENDMENT TO LOAN AGREEMENT

THIS THIRD AMENDMENT TO LOAN AGREEMENT (this “**Amendment**”) is made as of the 31st day of May, 2021, among **WAYGAR CAPITAL INC., AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P.** (the “**Lender**”), **Quality RUGS OF CANADA LIMITED** (the “**Borrower**”), as borrower, and each of **MALVERN CONTRACT INTERIORS LIMITED, WESTON HARDWOOD DESIGN CENTRE INC., ONTARIO FLOORING LTD., TIMELINE FLOORS INC., QUALITY COMMERCIAL CARPET CORPORATION, JOSEPH DOUGLAS PACIONE HOLDINGS LTD., JOHN ANTHONY PACIONE HOLDINGS LTD., JOPAC ENTERPRISES LIMITED** and **PATJO HOLDINGS INC.** (collectively, the “**Guarantors**”).

RECITALS

- A. The Lender, the Borrower and the Guarantors have entered into a loan agreement dated October 10, 2019, as amended by a first amendment to loan agreement dated April 8, 2021, and as further amended by a second amendment to loan agreement dated May 6, 2021 (as the same be further amended, restated, supplemented or replaced from time to time, the “**Loan Agreement**”);
- B. The Repayment Date under the Loan Agreement is currently scheduled to be May 31, 2021; and
- C. The Borrower has requested, and the Lender has agreed, subject to the terms and conditions hereof, to (i) renew and extend the Repayment Date, and (ii) amend certain terms of the Loan Agreement.

NOW THEREFORE, in consideration of the covenants and agreements contained in this Amendment, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. **Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.
- 2. **Amendments to Loan Agreement.**
 - (a) Subsection (xiii) of the definition of “**Eligible Accounts**” in Subsection (z) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

“(xiii) that is subject to any holdbacks, provided that: (A) the portion of such Account, if any, not subject to holdbacks may be considered an Eligible Account if it meets the other criteria set out herein; and (B) 40% of the portion of an Account which is subject to holdbacks may be considered an Eligible Account in the Lender’s reasonable discretion, if it meets the other criteria set out herein;”
 - (b) The definition of “**Repayment Date**” in Subsection 5(ggg) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

“(ggg) “**Repayment Date**” means May 31, 2024, subject to the Extension Option.”
 - (c) Subsection 3(b)(f) of the Loan Agreement is deleted in its entirety and replaced with the following:

“(f) the Lender shall have received a non-refundable facility fee in the amount of one half of one percent (0.50%) of the Working Capital Accordion requested;”

- (d) Subsection 3(c)(f) of the Loan Agreement is deleted in its entirety and replaced with the following:

“(f) the Lender shall have received a non-refundable facility fee in the amount of one half of one percent (0.50%) of the Acquisition Accordion requested;”

- (e) From and after May 31, 2021, Section 10(a) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

“(a) Interest on the principal amount of the Loans made hereunder and outstanding from time to time shall be calculated at a rate of nine percent (9.0%) per annum from the date of any Borrowing hereunder (and fourteen percent (14.0%) per annum upon the occurrence of an Event of Default (the “**Default Rate**”) after the occurrence and during the continuance of an Event of Default), which interest shall be calculated daily on the daily closing principal balance owing hereunder in respect of the Loans, not in advance, and shall be payable both before and after default and/or judgment as well after as before maturity.”

- (f) Section 11 of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

“11. PREPAYMENT AND MAKE WHOLE FEE:

- (a) Facility A shall be available to be repaid and re-borrowed until the Repayment Date or the occurrence of an Event of Default.
- (b) Facility A may be prepaid and cancelled in part or in full (together with all accrued interest and other amounts payable hereunder) at any time prior to the Repayment Date, provided (i) the Borrower provides not less than 90 days’ notice of its intention to prepay and cancel in full (together with all accrued interest and other amounts payable hereunder) Facility A, (ii) any amount of Facility A prepaid and cancelled shall not be available to be re-borrowed, and (iii) (A) if such notice is given within the date that is twelve (12) months from the date hereof, the make-whole fee payable by the Borrower to the Lender shall be 2% of the then applicable Facility A Limit, or (B) if such notice is given after the date that is twelve (12) months from the date hereof but within the date that is twenty-four (24) months from the date hereof, the make-whole fee payable by the Borrower to the Lender shall be 1% of the then applicable Facility A Limit; or (C) if such notice is given after the date that is twenty-four (24) months from the date hereof, the make-whole fee payable by the Borrower to the Lender shall be 0.75% of the then applicable Facility A Limit.
- (c) The above make-whole fees are in view of the impracticality and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a calculation of Lender’s lost profits as a result thereof. Such fees shall be presumed to be the amount of damages sustained by Lender as a result of such early termination and each of the Credit Parties agrees that it is reasonable under the circumstances currently existing. All amounts received by the Lender as a prepayment of Facility A shall be

first applied against the outstanding interest owing on Facility A and then against the principal amount thereof.”

- (g) Section 22 of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

“22. FIELD EXAMINATIONS AND APPRAISALS:

The Credit Parties acknowledge that the Lender and its examiners shall, during regular business hours and on reasonable prior notice, be permitted to conduct periodic field examinations and appraisals of the Collateral and operations of the Credit Parties. Such field examinations shall not exceed one (1) and such appraisals shall not exceed one (1), both in any fiscal year prior to a Default or Event of Default which is continuing and more frequently as the Lender may determine in its sole discretion thereafter.”

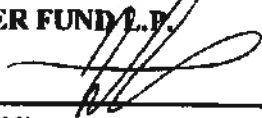
3. **Acknowledgment and Confirmation.** The Security Agreements (including, without limitation, any guarantees) shall continue in full force and effect as general continuing collateral security for any and all of the indebtedness, liabilities and obligations of each of the Borrower and the Guarantors to Lender, including, without limitation, under, in connection with, relating to or with respect to the Loan Agreement and the Security Agreements given by the Borrower and the Guarantors, and the security interests created by the Security Agreements shall charge the property of the Borrower and the Guarantors in accordance with the terms thereof.
4. **Conditions Precedent.** The effectiveness of this Amendment shall be conditional upon each of the following, each of which must be fulfilled by the Borrower or the Guarantors in form and substance satisfactory to the Lender or waived by the Lender in writing prior to the effectiveness hereof:
 - (a) receipt, by the Lender, of an executed copy of this Amendment;
 - (b) receipt, by the Lender, of the Amendment Fee (as defined below); and
 - (c) no Event of Default has occurred and is continuing.
5. **Representations and Warranties.** The Borrower and the Guarantors each hereby represents and warrants to the Lender as follows:
 - (a) it has all requisite power and authority to execute this Amendment and any other agreements or instruments required hereunder and to perform all obligations hereunder, and this Amendment constitutes legal, valid and binding obligations, enforceable in accordance with its terms;
 - (b) the execution, delivery and performance by it of this Amendment and any other agreements or instruments required hereunder have been duly authorized by all necessary corporate or other action and do not require any authorization, consent or approval by any Governmental Entity or other Person, or violate any Applicable Laws;
 - (c) all of the representations and warranties contained in Loan Agreement are correct on and as of the date hereof as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date; and

- (d) no Event of Default has occurred.
6. **Amendment Fee.** In consideration of the Lender agreeing to extend the Repayment Date and the other amendments provided hereunder, the Borrower shall pay to the Lender a renewal fee in the amount of \$170,000 (the “**Amendment Fee**”), representing approximately 0.5% of the Facility A Limit as of the date hereof. The Amendment Fee is earned and payable in full upon the execution and delivery of this Amendment.
 7. **References.** All references in the Loan Agreement to “this Agreement” shall be deemed to refer to the Loan Agreement as amended hereby; and any and all references in the other Credit Documents to the Loan Agreement shall be deemed to refer to the Loan Agreement as amended hereby. This Amendment is a Credit Document.
 8. **No Other Changes.** Except as explicitly amended by this Amendment, all of the terms and conditions of the Loan Agreement shall remain in full force and effect and un-amended hereby.
 9. **Costs and Expenses.** The Borrower reaffirms its agreement under the Loan Agreement to pay or reimburse the Lender on demand for all costs and expenses incurred by the Lender in connection with the Credit Documents, including without limitation all reasonable fees and disbursements of legal counsel. Without limiting the generality of the foregoing, the Borrower specifically agrees to pay all fees and disbursements of counsel to the Lender for the services performed by such counsel in connection with the preparation of this Amendment and the documents and instruments incidental hereto.
 10. **Miscellaneous.** This Amendment may be executed in any number of counterparts and delivered by emailed PDF by or other similar electronic method, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same Amendment.
 11. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

WAYGAR CAPITAL INC., AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P.

By: 
Name: _____
Title: **Wayne R. Ehgoetz
President & CEO**


QUALITY RUGS OF CANADA LIMITED

By: 
Name: **JA PACIONE**
Title: **VICE PRESIDENT**


MALVERN CONTRACT INTERIORS LIMITED

By: 
Name: **JA PACIONE**
Title: **DIRECTOR**

WESTON HARDWOOD DESIGN CENTRE INC.

By: 
Name: **JD PACIONE**
Title: **VICE PRESIDENT**

ONTARIO FLOORING LTD.

By: 
Name: **JA PACIONE**
Title: **VICE PRESIDENT**


TIMELINE FLOORS INC.

By: 
Name: **JA PACIONE**
Title: **SECRETARY**

QUALITY COMMERCIAL CARPET CORPORATION

By: 
Name: **JR PACIONE**
Title: **CHAIRMAN**


JOSEPH DOUGLAS PACIONE HOLDINGS LTD.

By: 
Name: **JD PACIONE**
Title: **PRESIDENT**


JOHN ANTHONY PACIONE HOLDINGS LTD.

By: 
Name: **JA PACIONE**
Title: **PRESIDENT**

JOPAC ENTERPRISES LIMITED

By: 
Name: **JR PACIONE**
Title: **PRESIDENT**

PATJO HOLDINGS INC.

By: 
Name: **JR PACIONE**
Title: **PRESIDENT**

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FOURTH AMENDMENT TO LOAN AGREEMENT

THIS FOURTH AMENDMENT TO LOAN AGREEMENT (this "Amendment") is made as of the 22nd day of September, 2021, among WAYGAR CAPITAL INC., AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P. (the "Lender"), Quality RUGS OF CANADA LIMITED (the "Borrower"), as borrower, and each of MALVERN CONTRACT INTERIORS LIMITED, WESTON HARDWOOD DESIGN CENTRE INC., ONTARIO FLOORING LTD., TIMELINE FLOORS INC., QUALITY COMMERCIAL CARPET CORPORATION, JOSEPH DOUGLAS PACIONE HOLDINGS LTD., JOHN ANTHONY PACIONE HOLDINGS LTD., JOPAC ENTERPRISES LIMITED and PATJO HOLDINGS INC. (collectively, the "Guarantors").

RECITALS

- A. The Lender, the Borrower and the Guarantors have entered into a Loan Agreement dated October 10, 2019, as amended by a First Amendment to Loan Agreement dated April 8, 2021, a Second Amendment to Loan Agreement dated May 6, 2021 and a Third Amendment to Loan Agreement (as the same be further amended, restated, supplemented or replaced from time to time, the "Loan Agreement"); and
- B. The Borrower has requested, and the Lender has agreed, subject to the terms and conditions hereof, to amend certain terms of the Loan Agreement.

NOW THEREFORE, in consideration of the covenants and agreements contained in this Amendment, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.
2. **Amendments to Loan Agreement.**
 - (a) Subsection (xiii) of the definition of "Eligible Accounts" in Subsection (z) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

“(xiii) that is subject to any holdbacks, provided that the portion of such Account, if any, not subject to holdbacks may be considered an Eligible Account if it meets the other criteria set out herein, and provided that the Lender may, in its sole discretion consider an Account which is subject holdbacks may be considered an Eligible Account in the Lender’s reasonable discretion, if it meets the other criteria set out herein;”.
 - (b) Subsection 7(a)(i) of the Credit Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

“(i) the aggregate of:
 - (A) in respect of Eligible Accounts which are not subject to any holdbacks, ninety percent (90%), reducing to eighty five percent (85%) if a Default or Event of Default has occurred which the Lender, in its sole discretion, has agreed to tolerate and not demand repayment of the Obligations hereunder, or if the dilution rate (excluding dilution resulting from the discount or write-off of Accounts which are not Eligible Accounts and

credits issued and re-invoicing related to upgrades) in respect of Accounts is greater than five percent (5%), as determined by the Lender in its sole discretion, of:

- (1) the net amount of Eligible Accounts which are within 150 days of the invoice date; plus
 - (2) the net amount of Eligible Accounts owing by Major Account Debtors which are between 150 days and 180 days of the invoice date, to a maximum amount of \$3,000,000; plus
 - (3) the net amount of Eligible Accounts owing by Major Account Debtors which are between 181 days and 210 days of the invoice date, to a maximum amount of \$2,000,000; plus
- (B) sixty percent (60%) of Eligible Accounts which are subject to holdbacks and which the Lender, in its sole discretion has agreed shall be considered an Eligible Account; plus
- (C) ninety (90%) of the Net Orderly Liquidation Value of Eligible Inventory, in each case as reflected in the then current Borrowing Base Certificate;”.

3. **Acknowledgment and Confirmation.** The Security Agreements (including, without limitation, any guarantees) shall continue in full force and effect as general continuing collateral security for any and all of the indebtedness, liabilities and obligations of each of the Borrower and the Guarantors to Lender, including, without limitation, under, in connection with, relating to or with respect to the Loan Agreement and the Security Agreements given by the Borrower and the Guarantors, and the security interests created by the Security Agreements shall charge the property of the Borrower and the Guarantors in accordance with the terms thereof.
4. **Conditions Precedent.** The effectiveness of this Amendment shall be conditional upon each of the following, each of which must be fulfilled by the Borrower or the Guarantors in form and substance satisfactory to the Lender or waived by the Lender in writing prior to the effectiveness hereof:
- (a) receipt, by the Lender, of an executed copy of this Amendment; and
 - (b) no Event of Default has occurred and is continuing.
5. **Representations and Warranties.** The Borrower and the Guarantors each hereby represents and warrants to the Lender as follows:
- (a) it has all requisite power and authority to execute this Amendment and any other agreements or instruments required hereunder and to perform all obligations hereunder, and this Amendment constitutes legal, valid and binding obligations, enforceable in accordance with its terms;
 - (b) the execution, delivery and performance by it of this Amendment and any other agreements or instruments required hereunder have been duly authorized by all necessary corporate or

other action and do not require any authorization, consent or approval by any Governmental Entity or other Person, or violate any Applicable Laws;

- (c) all of the representations and warranties contained in Loan Agreement are correct on and as of the date hereof as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date; and
 - (d) no Event of Default has occurred.
6. **References.** All references in the Loan Agreement to “this Agreement” shall be deemed to refer to the Loan Agreement as amended hereby; and any and all references in the other Credit Documents to the Loan Agreement shall be deemed to refer to the Loan Agreement as amended hereby. This Amendment is a Credit Document.
 7. **No Other Changes.** Except as explicitly amended by this Amendment, all of the terms and conditions of the Loan Agreement shall remain in full force and effect and un-amended hereby.
 8. **Costs and Expenses.** The Borrower reaffirms its agreement under the Loan Agreement to pay or reimburse the Lender on demand for all costs and expenses incurred by the Lender in connection with the Credit Documents, including without limitation all reasonable fees and disbursements of legal counsel. Without limiting the generality of the foregoing, the Borrower specifically agrees to pay all fees and disbursements of counsel to the Lender for the services performed by such counsel in connection with the preparation of this Amendment and the documents and instruments incidental hereto.
 9. **Miscellaneous.** This Amendment may be executed in any number of counterparts and delivered by emailed PDF by or other similar electronic method, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same Amendment.
 10. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

**WAYGAR CAPITAL INC., AS AGENT FOR
NINEPOINT CANADIAN SENIOR DEBT
MASTER FUND L.P.**

By: 
Name: **James Bruce**
Title: **Vice-President**


QUALITY RUGS OF CANADA LIMITED

By: 
Name: **JA PACIONE**
Title: **VICE PRESIDENT**

**MALVERN CONTRACT INTERIORS
LIMITED**

By: 
Name: **JA PACIONE**
Title: **DIRECTOR**

**WESTON HARDWOOD DESIGN CENTRE
INC.**

By: 
Name: **JD PACIONE**
Title: **VICE PRESIDENT**


ONTARIO FLOORING LTD.

By: 
Name: **JA PACIONE**
Title: **VICE PRESIDENT**

TIMELINE FLOORS INC.

By: 
Name: **JA PACIONE**
Title: **SECRETARY**

**QUALITY COMMERCIAL CARPET
CORPORATION**

By: 
Name: **JR PACIONE**
Title: **CHAIRMAN**

**JOSEPH DOUGLAS PACIONE HOLDINGS
LTD.**

By: 
Name: **JD PACIONE**
Title: **PRESIDENT**

**JOHN ANTHONY PACIONE HOLDINGS
LTD.**

By: 
Name: **JA PACIONE**
Title: **PRESIDENT**

JOPAC ENTERPRISES LIMITED

By: 
Name: **JR PACIONE**
Title: **PRESIDENT**

PATJO HOLDINGS INC.

By: 
Name: **JR PACIONE**
Title: **PRESIDENT**

FIFTH AMENDMENT TO LOAN AGREEMENT

THIS FIFTH AMENDMENT TO LOAN AGREEMENT (this “**Amendment**”) is made as of the 15th day of August, 2022, among **WAYGAR CAPITAL INC., AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P.** (the “**Lender**”), **QUALITY RUGS OF CANADA LIMITED** (the “**Borrower**”), as borrower, and each of **MALVERN CONTRACT INTERIORS LIMITED, WESTON HARDWOOD DESIGN CENTRE INC., ONTARIO FLOORING LTD., TIMELINE FLOORS INC., QUALITY COMMERCIAL CARPET CORPORATION, JOSEPH DOUGLAS PACIONE HOLDINGS LTD., JOHN ANTHONY PACIONE HOLDINGS LTD., JOPAC ENTERPRISES LIMITED** and **PATJO HOLDINGS INC.** (collectively, the “**Guarantors**”).

RECITALS

- A. The Lender, the Borrower and the Guarantors have entered into a Loan Agreement dated October 10, 2019, as amended by (i) a First Amendment to Loan Agreement dated April 8, 2021, (ii) a Second Amendment to Loan Agreement dated May 6, 2021, (iii) a Third Amendment to Loan Agreement dated May 31, 2021 and (iv) a Fourth Amendment to Loan Agreement dated September 22, 2021 (as the same be further amended, restated, supplemented or replaced from time to time, the “**Loan Agreement**”);
- B. Based on the financial information provided by the Borrower to the Lender in or around January 2022, the Borrower was in breach of the Loan Agreement by, among other things, failing to maintain the minimum Excess Availability in accordance with Section 20(d) of the Loan Agreement as at December 31, 2021, which, at the request of the Borrower, was waived in writing by the Lender;
- C. The Borrower is facing an immediate liquidity constraint and requires additional financial support to fund its working capital requirements and the Borrower has requested that the Lender provide to it further financial accommodations and extend additional credit to the Borrower;
- D. The Lender has already made certain financial accommodations and extended additional credit above and beyond the Facility A Limit by way of temporary overadvance loans in the total principal amount of \$5,940,000 as at July 31, 2022 (the “**Overadvance Amount**”). For greater clarity the Overadvance Amount forms part of the Facility A Limit, as amended herein, but does not include any amounts advanced under the SOFA Sublimit (as defined below); and
- E. The Borrower has requested, and the Lender has agreed, subject to the terms and conditions hereof, to further amend the terms of the Loan Agreement.

NOW THEREFORE, in consideration of the covenants and agreements contained in this Amendment, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. **Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.
- 2. **Amendments to Loan Agreement.**
 - (a) Any and all references to the defined term “*Acquisition Accordion*” in the Loan Agreement are hereby deleted in their entirety.

- (b) Section 3(a) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

“(a) Revolving working capital loan in the principal amount of up to a maximum principal amount of Fifty Million Dollars (\$50,000,000) (“**Facility A**”), subject to the margining formulas set out Section 7(a) below.”

- (c) Section 3(c) of the Loan Agreement is hereby deleted in its entirety, and the chronological order the Subsections are adjusted accordingly.

- (d) Section 5 of the Loan Agreement is hereby amended by adding the following defined terms, to be inserted in the correct alphabetic order, and the chronology of the other defined terms shall be adjusted accordingly:

“**SOFA Sublimit**” means the temporary structured over-formula advance facility in the principal amount up to \$6,000,000 extended by the Lender to the Borrower under Facility A as described in Section 7(a)(ii) below, subject to the reductions and the margining calculations set out therein.”

“**Subordinated Shareholder Loan**” means the shareholder loan advanced to the Borrower from the Borrower’s shareholders in the amount of \$1,000,000.”

- (e) The defined term “*Permitted Liens*” is hereby amended by replacing and updating Schedule B to the Loan Agreement, a copy of which is attached hereto at Schedule “A”.

- (f) Effective as of August 8, 2022, Section 10(a) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

“(a) Interest on the principal amount of the Loans made hereunder and outstanding from time to time shall be calculated at a rate of eleven percent (11.0%) per annum from the date of any Borrowing hereunder (and sixteen percent (16.0%) per annum upon the occurrence of an Event of Default (the “**Default Rate**”) after the occurrence and during the continuance of an Event of Default), which interest shall be calculated daily on the daily closing principal balance owing hereunder in respect of the Loans, not in advance, and shall be payable both before and after default and/or judgment as well after as before maturity.”

- (g) Subsection 7(a) of the Loan Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

“(a) The maximum amount that shall be available under the Facility A at any time and from time to time will, subject to the maximum amount contemplated in Section 8(c) of this Agreement, be determined by the Lender on the seventh (7th) Business Day of each month (or more frequently as determined by the Lender pursuant to a Borrowing Base Certificate submitted by the Borrower) and the amount of any additional Borrowings will be limited during such month (or other period as aforesaid) in accordance with the following formula (the “**Facility A Availability**”):

- (i) the aggregate of:

- (A) in respect of Eligible Accounts which are not subject to any holdbacks, ninety percent (90%), reducing to eighty five percent (85%) if a Default or Event of Default has occurred which the Lender, in its sole discretion, has agreed to tolerate and not demand repayment of the Obligations hereunder, or if the dilution rate (excluding dilution resulting from the discount or write-off of Accounts which are not Eligible Accounts and credits issued and re-invoicing related to upgrades) in respect of Accounts is greater than five percent (5%), as determined by the Lender in its sole discretion, of:
- (1) the net amount of Eligible Accounts which are within 150 days of the invoice date; plus
 - (2) the net amount of Eligible Accounts owing by Major Account Debtors which are between 150 days and 180 days of the invoice date, to a maximum amount of \$3,000,000; plus
 - (3) the net amount of Eligible Accounts owing by Major Account Debtors which are between 181 days and 210 days of the invoice date, to a maximum amount of \$2,000,000; plus
- (B) sixty percent (60%) of Eligible Accounts which are subject to holdbacks and which the Lender, in its sole discretion has agreed shall be considered an Eligible Account; plus
- (C) sixty-six and four tenths percent (66.4%) of the Net Orderly Liquidation Value of Eligible Inventory,

in each case as reflected in the then current Borrowing Base Certificate up to the maximum amount of \$50,000,000; provided that effective December 15, 2022, the SOFA Limit and the margining calculations contained in Section 7(a)(ii) below shall be terminated and cancelled, and the maximum amount shall be up to the lesser of: (i) Facility A Limit (being, \$50,000,000) and (ii) the margining formula contained in Section 7(a)(i);

- (ii) PLUS, the aggregate of:
- (A) seventy-five percent (75%) of Accounts (without duplication to those included Section 7(a)(i)) which are subject to holdbacks and which the Lender, in its sole discretion has agreed shall be considered an Eligible Account; plus
 - (B) seventy-five percent (75%) of Inventory (without duplication to those included in Section 7(a)(i)); plus
 - (C) fifty percent (50%) of Unbilled Invoices,

in each case as reflected in the then current Borrowing Base Certificate up to the SOFA Sublimit subject to the following reducing scale structure:

- (i) for the period from now to and including September 18, 2022, up to a maximum amount of \$6,000,000;
- (ii) for the period from September 19, 2022 to and including November 13, 2022, up to a maximum amount of \$3,000,000;
- (iii) for the period from November 14, 2022 to and including December 14, 2022, up to a maximum amount of \$2,000,000; and
- (iv) from and after December 15, 2022, no availability under the SOFA Limit which shall be cancelled and of no further effect,

in each case the SOFA Limit shall be reduced accordingly. For the avoidance of any doubt, the SOFA Limit shall be terminated effective December 15, 2022.

For the purposes of calculating, “**Unbilled Invoices**” shall mean any unbilled work or pending invoices for installations completed by the Credit Parties, which eligibility shall be determined based on weekly reporting/listings to be delivered to and accepted by the Lender;

- (iii) LESS, the aggregate of:
 - (A) the amount of Facility A then outstanding (including under the SOFA Sublimit), together with all amounts owing by the Credit Parties to the Lender under this Agreement or any other Credit Document (for greater clarity shall exclude any credit facilities extended to North Wood Carpet & Tile Company Ltd.);
 - (B) reserves, determined by the Lender in its sole discretion, in respect of actual and/or potential Priority Claims and/or Statutory Liens against the Credit Parties
 - (C) the Related Party Debt Reserve; and
 - (D) any other reserves determined by the Lender in its reasonable discretion.”
- (h) Section 20(a)(iv) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:
 - “(iv) it shall not permit any cash receipts or revenues to be used to service any debt obligations owed to, or owed by, any Affiliates or Related Persons, including in respect of the Subordinated Shareholder Loan, unless in connection with a

Permitted Lien (excluding the Subordinated Shareholder Loan) or as otherwise permitted pursuant to this Agreement;”

- (i) Section 20(e)(xviii) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

“(xviii) other than the Subordinated Shareholder Loan, incur or repay any indebtedness of any kind, other than trade payables in the ordinary course of business and pursuant to or as otherwise expressly permitted under this Agreement or any subordination, intercreditor or priority agreement to which the Lender is a party, except for arm’s length trade debts, obligations or other liabilities incurred in the ordinary course of business; provided that, the Credit Parties shall only be permitted to repay the Subordinated Shareholder Loan so long as (i) no Event of Default has occurred and is continuing; (ii) Excess Availability is at least \$1,500,000 (excluding the SOFA Sublimit (if applicable)); and (iii) the Borrower has at least \$1,000,000 of unencumbered cash on hand in its operating accounts, after deducting any outstanding fees or expenses owed by the Borrower to the Lender, in each case, both at the time of making such payment and for a period of at least three (3) months post payment based on the most recent cash flow projections submitted to and accepted by the Lender;”

- (j) Section 21 of the Loan Agreement is hereby amended by inserting the following new Subsection (f) after Subsection 21(e), and adjusting the existing chronological order the subsections accordingly:

“(f) weekly, by close of business on Thursday, on a consolidated basis, (i) a listing of all accounts receivable balances reflecting billing to date, on a roll-forward basis, including a summary of “open-batches” and collections; and (ii) a 12-week cash flow including actuals versus variances (with forecasts updated bi-monthly), including commentary (the “**Weekly Cash Flow**”).”

- (k) Section 25 of the Loan Agreement is hereby amended by inserting a new Subsection (r) immediately after Subsection 25(q) as follows:

“(r) if at any time there is a negative variance to the Weekly Cash Flow in excess of 15% of the projections compared week to week, on a cumulative basis, contained in the most recent rolling Weekly Cash Flow submitted by the Borrower to the Lender, measured weekly, subject to any force majeure events;”

3. **Reinstatement of Excess Availability.** Each of the Credit Parties hereby acknowledges and agrees that Section 20(d) of the Loan Agreement shall be reinstated in full, such that, effective immediately, the Credit Parties shall maintain, at all times, not less than \$500,000 of Excess Availability.
4. **Acknowledgment of WC Accordion.** The Borrower and the Lender acknowledge and agree that the Borrower previously exercised and drew under the Working Capital Accordion provided for in the Loan Agreement. Accordingly, the Borrower and the Lender acknowledge and agree that Working Capital Accordion has been fully utilized and is no longer available.
5. **Acknowledgment and Confirmation.** The Security Agreements (including, without limitation, any guarantees) shall continue in full force and effect as general continuing collateral security for

any and all of the indebtedness, liabilities and obligations of each of the Borrower and the Guarantors to Lender, including, without limitation, under, in connection with, relating to or with respect to the Loan Agreement and the Security Agreements given by the Borrower and the Guarantors, and the security interests created by the Security Agreements shall charge the property of the Borrower and the Guarantors in accordance with the terms thereof.

6. **Conditions Precedent.** The effectiveness of this Amendment shall be conditional upon each of the following, each of which must be fulfilled by the Borrower or the Guarantors in form and substance satisfactory to the Lender or waived by the Lender in writing prior to the effectiveness hereof:
 - (a) receipt, by the Lender, of an executed copy of this Amendment;
 - (b) receipt, by the Lender, of evidence that the Borrower has received the Subordinated Shareholder Loan in the amount of not less than \$1,000,000, including the signed underlying agreement;
 - (c) within 15 days from the date hereof, receipt by the Lender, of confirmation that an independent examiner and/or appraiser has been engaged to carry out a field examination and appraisals of the Collateral and operations of the Credit Parties; and
 - (d) other than as set forth in this Amendment or otherwise waived in writing by the Lender, no Event of Default has occurred and is continuing.
7. **Amendment Fee.** In consideration of the Lender agreeing to extend the accommodations and the other amendments provided hereunder, the Borrower shall pay to the Lender an amendment fee in the amount of \$100,000 (the “**Amendment Fee**”). The Amendment Fee is earned upon the execution of this Amendment by the Credit Parties but payable upon the earlier of (i) repayment of the Subordinated Shareholder Loan; and (ii) the Repayment Date.
8. **Blocked Account Activation.** The Borrower hereby acknowledges and confirms that on August 31, 2022, the Lenders shall be submitting and/or delivering an executed Activation Notice, in connection with the Blocked Accounts maintained at the Blocked Account Bank, in accordance with the Blocked Account Agreement, to the Blocked Account Bank, which shall activate the Lender’s cash dominion over such accounts.
9. **Representations and Warranties.** The Borrower and the Guarantors each hereby represents and warrants to the Lender as follows:
 - (a) it has all requisite power and authority to execute this Amendment and any other agreements or instruments required hereunder and to perform all obligations hereunder, and this Amendment constitutes legal, valid and binding obligations, enforceable in accordance with its terms;
 - (b) the execution, delivery and performance by it of this Amendment and any other agreements or instruments required hereunder have been duly authorized by all necessary corporate or other action and do not require any authorization, consent or approval by any Governmental Entity or other Person, or violate any Applicable Laws;

- (c) all of the representations and warranties contained in Loan Agreement are correct on and as of the date hereof as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date; and
 - (d) no Event of Default has occurred and is continuing other than as set forth in this Amendment and which has been waived in writing by the Lender.
10. **References.** All references in the Loan Agreement to “this Agreement” shall be deemed to refer to the Loan Agreement as amended hereby; and any and all references in the other Credit Documents to the Loan Agreement shall be deemed to refer to the Loan Agreement as amended hereby. This Amendment is a Credit Document.
 11. **No Other Changes.** Except as explicitly amended by this Amendment, all of the terms and conditions of the Loan Agreement shall remain in full force and effect and un-amended hereby.
 12. **Costs and Expenses.** The Borrower reaffirms its agreement under the Loan Agreement to pay or reimburse the Lender on demand for all costs and expenses incurred by the Lender in connection with the Credit Documents, including without limitation all reasonable fees and disbursements of legal counsel. Without limiting the generality of the foregoing, the Borrower specifically agrees to pay all fees and disbursements of counsel to the Lender for the services performed by such counsel in connection with the preparation of this Amendment and the documents and instruments incidental hereto.
 13. **Miscellaneous.** This Amendment may be executed in any number of counterparts and delivered by emailed PDF by or other similar electronic method, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same Amendment.
 14. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

**WAYGAR CAPITAL INC., AS AGENT FOR
NINEPOINT CANADIAN SENIOR DEBT
MASTER FUND L.P.**

By: 
Name: **James Bruce**
Title: **Vice-President**

QUALITY RUGS OF CANADA LIMITED

By: _____
Name:
Title:

**MALVERN CONTRACT INTERIORS
LIMITED**

By: _____
Name:
Title:

**WESTON HARDWOOD DESIGN CENTRE
INC.**

By: _____
Name:
Title:

ONTARIO FLOORING LTD.

By: _____
Name:
Title:

TIMELINE FLOORS INC.

By: _____
Name:
Title:

**QUALITY COMMERCIAL CARPET
CORPORATION**

By: _____
Name:
Title:

**JOSEPH DOUGLAS PACIONE HOLDINGS
LTD.**

By: _____
Name:
Title:

**JOHN ANTHONY PACIONE HOLDINGS
LTD.**

By: _____
Name:
Title:

JOPAC ENTERPRISES LIMITED

By: _____
Name:
Title:

PATJO HOLDINGS INC.


By: _____
Name:
Title:

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

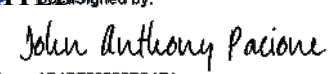
WAYGAR CAPITAL INC., AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P.

By: _____
Name:
Title:

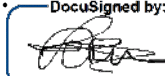
QUALITY RUGS OF CANADA LIMITED

DocuSigned by:
By: 
Name: Joseph R. Pacione
Title: President


MALVERN CONTRACT INTERIORS LIMITED

DocuSigned by:
By: 
Name: John Anthony Pacione
Title: Director

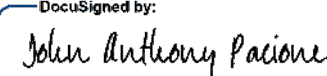
WESTON HARDWOOD DESIGN CENTRE INC.

DocuSigned by:
By: 
Name: Joseph R. Pacione
Title: President, Secretary & Treasurer

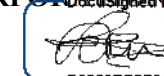
ONTARIO FLOORING LTD.

DocuSigned by:
By: 
Name: Joseph R. Pacione
Title: President, Secretary & Treasurer

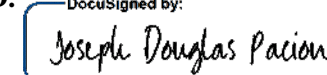
TIMELINE FLOORS INC.

DocuSigned by:
By: 
Name: John Anthony Pacione
Title: Secretary

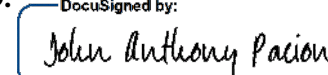
QUALITY COMMERCIAL CARPET CORPORATION

DocuSigned by:
By: 
Name: Joseph R. Pacione
Title: Chairman

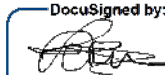
JOSEPH DOUGLAS PACIONE HOLDINGS LTD.

DocuSigned by:
By: 
Name: Joseph Douglas Pacione
Title: President & Secretary


JOHN ANTHONY PACIONE HOLDINGS LTD.

DocuSigned by:
By: 
Name: John Anthony Pacione
Title: President & Secretary

JOPAC ENTERPRISES LIMITED

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By: 
Name: Joseph R. Pacione
Title: President & Secretary

PATJO HOLDINGS INC.

DocuSigned by:
By: 
Name: Joseph R. Pacione
Title: President, Secretary & Treasurer

SCHEDULE "A"

**SCHEDULE B
ADDITIONAL PERMITTED LIENS**

1. The Subordinated Shareholder Loan, which is secured by a general security agreement, provided that the same is subject to a subordination agreement in favour of the Lender, in form and substance satisfactory to the Lender.

This is Exhibit "C" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:
Matilda Lici
7CE576F4AA3D4CA...

A Commissioner, etc.
Matilda Lici

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as amended, restated, supplemented, replaced or otherwise altered, from time to time, this “**Agreement**”) is made as of October 10, 2019.

B E T W E E N :

**WAYGAR CAPITAL INC., as agent for NINEPOINT
CANADIAN SENIOR DEBT MASTER FUND L.P.**

(herein called the “**Lender**”),

- and -

QUALITY RUGS OF CANADA LIMITED a corporation
incorporated under the laws of Ontario

(herein called the “**Debtor**”),

WHEREAS:

- A. The Debtor, among others, has entered into the Loan Agreement (as defined below), pursuant to which it will become indebted to the Lender; and
- B. To secure the payment and performance of the Obligations (as defined below), the Debtor has agreed to execute and deliver this Agreement to the Lender, and to grant to the Lender, security interests in respect of the Collateral in accordance with the terms of this Agreement.

THIS AGREEMENT WITNESSES that, in consideration of the promises contained herein and other good and valuable consideration, the Debtor agrees with the Lender as follows:

ARTICLE 1 - INTERPRETATION

1.01 Defined Terms

All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

“**Collateral**” has the meaning given to such term in Section 2.02.

“**Loan Agreement**” means the loan agreement made as of the date hereof between, *inter alios*, the Lender and the Debtor, as the same may be amended, restated, modified or replaced from time to time, and pursuant to which the Lender established certain credit facilities in favour of the Borrower.

“**Obligations**” means all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to

the Lender or remaining unpaid by the Borrower to the Lender including, without limitation, under or in connection with the Loan Agreement or any other Credit Document to which the Borrower is a party.

1.02 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this General Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

1.04 Headings

The insertion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Currency

Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of Canada.

1.06 Applicable Law and Attornment Clause

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.07 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.08 Time of the Essence

Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

1.09 Terms Defined by the PPSA

Unless there is something in the context or subject-matter inconsistent therewith, words and phrases not otherwise herein defined that are defined in the PPSA shall have the meanings ascribed thereto respectively by the PPSA.

ARTICLE 2 - SECURITY INTEREST

2.01 Grant of Security Interest

As general, continuing and collateral security for the payment and performance of all Obligations, the Debtor hereby grants to the Lender a security interest in the Collateral.

2.02 Description of Collateral

The following undertaking, property and assets of the Debtor shall be subject to the security interest in favour of the Lender created by this Agreement:

(a) **Accounts**

all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor, whether or not earned by performance including, without limitation, all intercompany loans and advances made by the Debtor to its affiliates; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to the said debts, amounts, claims and moneys or any part thereof, all of which are herein called the "**Accounts**";

(b) **Inventory**

all goods or chattels now or hereafter forming the inventory of the Debtor including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale or resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, all of which are herein called the "**Inventory**";

(c) **Equipment**

all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not Inventory, all of which are herein called the "**Equipment**";

(d) **Intangibles**

all intangible property now owned or hereafter acquired by the Debtor and which is not Accounts including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the "**Intangibles**";

(e) **Documents of Title**

any writing now or hereafter owned by the Debtor that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts, all of which are herein called the "**Documents of Title**";

(f) **Money**

all money now or hereafter owned by the Debtor, whether such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency, all of which are herein called the "**Money**";

(g) **Chattel Paper**

all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the "**Chattel Paper**";

(h) **Instruments**

all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act (Canada)*) of the Debtor, and all other writings of the Debtor that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment and all letters of credit and advices of credit of the Debtor provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder, all of which are herein called the "**Instruments**";

(i) **Investment Property**

all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefor and, subject to Section 2.06, dividends and income derived therefrom, all of which are herein called the “**Investment Property**”;

(j) **Documents**

all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the “**Documents**”;

(k) **Proceeds**

all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the “**Proceeds**”;

(l) **Leaseholds**

subject to Section 2.05, all leases, now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor, all of which are herein called the “**Leaseholds**”; and

(m) **Undertaking**

all present and future personal property, business, and undertaking of the Debtor not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds or Leaseholds, all of which are herein called the “**Undertaking**”.

The Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds, Leaseholds and Undertaking are herein collectively called the “**Collateral**”.

2.03 Further Description of Collateral

Without limiting the generality of the description of Collateral as set out in Section 2.02, for greater certainty the Collateral shall include all present and future personal property of the Debtor located on or about or in transit to or from the location(s) set out in the Disclosure Schedule to the Loan Agreement.

2.04 Attachment of Security Interest

The parties hereby acknowledge that:

- (a) value has been given;
- (b) the Debtor has rights in the Collateral; and
- (c) the parties have not agreed to postpone the time for attachment of the security interest created by this Agreement.

2.05 Exception re: Leaseholds and Contractual Rights

The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this Agreement, but the Debtor agrees to stand possessed of such last day in trust for such person as the Lender may direct and the Debtor shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this Agreement in any contractual rights would constitute a breach or cause the acceleration of such contract, said security interest shall not be granted hereunder but the Debtor shall hold its interest therein in trust for the Lender, shall use its best efforts to obtain the appropriate consents to the attachment of said security interest and shall grant a security interest in such contractual rights to the Lender forthwith upon obtaining the appropriate consents to the attachment of said security interest.

2.06 Collateral Consisting of Investment Property

If any of the Collateral consists of Investment Property and after the occurrence and continuation of an Event of Default, (a) the Debtor authorizes the Lender to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear of record as the sole owner thereof; provided, that until the security hereby constituted becomes enforceable, the Lender shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the security hereby constituted becomes enforceable, the Debtor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee as such record owner, and agrees that no proxy or proxies given by the Lender to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Investment Property, as defined in the *Securities Transfer Act, 2006* (Ontario), which "control" shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after security hereby constituted becomes enforceable, without further consent by the Debtor.

2.07 Income from and Interest on Collateral Consisting of Investment Property

- (a) Until the security hereby constituted becomes enforceable, the Debtor reserves the right to receive all income from or interest on the Collateral consisting of Investment Property, and if the Lender receives any such income or interest prior to the security hereby constituted becoming enforceable, the Lender shall pay such income or interest promptly to the Debtor.
- (b) After the security hereby constituted becomes enforceable, the Debtor will not demand or receive any income from or interest on such Collateral, and if the Debtor receives any such income or interest without any demand by it, such income or interest shall be held by the Debtor in trust for the Lender in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be delivered to the Lender in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Lender may apply the net cash receipts from such income or interest to payment of any of the Obligations, provided that the Lender shall account for and pay over to the Debtor any such income or interest remaining after payment in full of the Obligations.

ARTICLE 3 - WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Warranties and Covenants

The Debtor hereby warrants, covenants and agrees with the Lender as follows:

- (a) The Debtor will keep its chief executive office where it keeps its records concerning the Accounts located at the address set out in the Loan Agreement for notices, or, upon 20 Business Days prior notice to the Lender, at such other location in a jurisdiction where all actions required by Section 6.03 shall have been taken.
- (b) The Collateral is now and will be located at or in transit to the address(es) set out in the Disclosure Schedule to the Loan Agreement. In the event the Collateral becomes located at any address not set out in the Disclosure Schedule to the Loan Agreement, the Debtor shall promptly notify the Lender in writing of the details thereof.
- (c) The Debtor shall keep the Collateral in good condition and repair.
- (d) The Debtor agrees to promptly notify the Lender in writing of the acquisition by the Debtor of any personal property which is not of the nature or type described by the definition of Collateral, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this Agreement or additional security agreements as may be reasonably required by the Lender in order that a security interest shall attach to such personal property.

- (e) The Debtor shall obtain, observe and perform all its obligations under leases, licenses and agreements, preserve its rights, powers, licenses, privileges, franchises and goodwill, and comply with all Applicable Laws, rules and regulations in a proper and efficient manner so as to preserve and protect the Collateral, the security interest created by this Agreement and the business and undertaking of the Debtor.
- (f) The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to this Agreement, or becoming affixed to any real property.
- (g) The Debtor shall deliver to the Lender from time to time as requested by the Lender all items of Collateral comprising Investment Property (to the extent certificated). Such delivery shall be effected by depositing with the Lender all certificates representing such Investment Property (to the extent certificated). All certificates so deposited shall, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on the transfer of the shares represented thereby and shall be duly endorsed in blank for transfer or shall be attached to duly executed powers of attorney or forms of transfer.
- (h) The Debtor shall deliver to the Lender upon the request of the Lender from time to time all items of Collateral comprising Documents of Title, Chattel Paper, Instruments and Documents.
- (i) The Debtor shall pay all reasonable costs and expenses of the Lender, its agents, officers and employees (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) incurred with respect to:
 - (i) the preparation, perfection, execution and filing of this Agreement and the filing of financing statement(s) and financing change statement(s) with respect to this Agreement;
 - (ii) dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the security interest created by this Agreement;
 - (iii) the exercising of any or all of the rights, remedies and powers of the Lender under this Agreement; and
 - (iv) recovering or repossessing the Collateral and any other proceedings taken for the purpose of enforcing the remedies provided herein, including, without limitation, the appointment of a receiver, manager or receiver and manager, whether by order of the court or by private appointment.
- (j) The Debtor shall indemnify the Lender for all reasonable costs and expenses as set out in Sections 3.01(i) and 3.02 and agrees that if such costs and expenses are not paid when due, all such costs and expenses shall be payable by the Debtor to

the Lender on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

3.02 Performance of Covenants by the Lender

The Lender may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this Agreement that the Debtor fails to perform and that the Lender is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Lender will not be obligated to perform any such covenant on behalf of the Debtor and no such performance by the Lender will require the Lender further to perform the Debtor's covenants nor operate as a derogation of the rights and remedies of the Lender under this Agreement.

ARTICLE 4 - RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

4.01 General Restrictions

Except as herein provided or except as provided in the Loan Agreement, the Debtor shall not, without the prior written consent of the Lender:

- (a) sell, lease or otherwise dispose of the Collateral or any part thereof;
- (b) release, surrender or abandon possession of the Collateral or any part thereof; or
- (c) move or transfer the Collateral or any part thereof from its present location except to and from the locations listed of the Disclosure Schedule to the Loan Agreement and with the prior written consent of the Lender, any other location.

4.02 Permitted Sales

The Debtor may, at any time, without the consent of the Lender:

- (a) lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of its business so that the purchaser thereof takes title clear of the security interest created by this Agreement but if such sale, lease or other dealing with results in an Account, such Account shall be subject to the security interest created by this Agreement;
- (b) sell or otherwise dispose of such part of its Equipment which is not necessary to or useful in connection with its business and undertaking, or which has become worn out or damaged or otherwise unsuitable for its purpose; provided that such Equipment is replaced or has nominal value; and
- (c) continue to collect, at its own expense, all amounts due or to become due to the Debtor under the Accounts; and in connection with such collections, take (and, at the Lender's direction, shall take) such action as the Debtor or the Lender may deem necessary or advisable to enforce collection of the Accounts; provided, however, that the Lender shall have the right at any time upon the security hereby

constituted becoming enforceable to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Lender and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Lender and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done.

After the security hereby constituted becomes enforceable,

- (d) all money or other form of payment received by the Debtor in respect of the Accounts shall be received in trust for the benefit of the Lender hereunder, shall be segregated from other funds of the Debtor and shall be forthwith paid over to the Lender in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 5.07; and
- (e) the Debtor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon without prior written consent of the Lender.

4.03 Release by the Lender

The Lender may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

4.04 Proceeds Held in Trust

All Proceeds that are monies collected or received by the Debtor will be received by the Debtor in trust for the Lender and will be forthwith paid to the Lender. The Lender shall not exercise its rights under this Section 4.04, and the Debtor's trust obligations under this Section 4.04 need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted becomes enforceable.

ARTICLE 5 - DEFAULT AND ENFORCEMENT

5.01 Enforcement

The security hereby constituted shall immediately become enforceable upon the Obligations being declared immediately due and payable pursuant to Section 25 of the Loan Agreement.

5.02 Remedies

At any time after the happening of any event by which the security hereby constituted becomes enforceable, the Lender shall have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the “**Receiver**”) of the Collateral and to remove any Receiver so appointed and to appoint another if the Lender so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Lender hereunder, and in addition, shall have the power to carry on the business of the Debtor;
- (b) to make payments to parties having prior charges or encumbrances on properties on which the Lender may hold charges or encumbrances;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral with power to exclude the Debtor, its agents and its servants therefrom;
- (e) to preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Lender shall deem advisable;
- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement including, without limitation, the power to purchase on credit, the power to borrow in the Debtor’s name or in the name of the Receiver and to advance its own money to the Debtor at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of the Lender, and to grant security interests in the Collateral in priority to the security interest created by this Agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment of credit; provided that
 - (i) the Lender or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomsoever for such period of time as is commercially reasonable;
 - (ii) the Lender or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
 - (iii) subject to Section 5.07, the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such proceeds are received by the Lender or the Receiver in cash or such other form of compensation as may be acceptable to the Lender, in its sole discretion;

- (h) to enjoy and exercise all of the rights and remedies of a secured party under the PPSA;
- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
 - (i) the Collateral is perishable;
 - (ii) the Lender or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
 - (iii) the Collateral is of a type customarily sold on a recognized market;
 - (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
 - (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral; or
 - (vi) the Receiver disposes of the Collateral in the course of the Debtor's business;
- (k) to have Investment Property included in the Collateral registered on the books of the issuers of such Investment Property in the name of the Lender or such nominee of the Lender as the Lender shall direct;
- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Lender, the Receiver or the Debtor for the purpose of exercising any of the rights, powers and remedies set out in this Section 5.02, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
- (m) at the sole option of the Lender, provided notice is given in the manner required by the PPSA to the Debtor and to any other person to whom the PPSA requires notice be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

5.03 Receiver as Agent

The Receiver shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Lender shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Debtor hereby irrevocably authorizes the Lender to give instructions to the Receiver relating to the performance of its duties as set out herein.

5.04 Expenses of Enforcement

The Debtor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Lender and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Debtor to the Lender and the Receiver pursuant to this Section 5.04 shall be payable on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

5.05 Indulgences and Releases

Either the Lender or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Lender or the Receiver may see fit without prejudice to the Obligations or the right of the Lender and the Receiver to repossess, hold, collect and realize the Collateral.

5.06 No Liability for Failure to Exercise Remedies

The Lender and the Receiver shall not be liable or accountable to the Debtor or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.02, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Lender, the Receiver, the Debtor or any other party in respect of the same.

5.07 Proceeds of Disposition

Subject to the claims, if any, of the prior secured creditors of the Debtor, all monies received by the Lender or by the Receiver pursuant to Section 5.02 shall be applied as follows:

- (a) first, in payment of all costs and expenses incurred by the Lender in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the costs and expenses referred to in Sections 3.01(i) and 3.02 and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 5.04;
- (b) second, in payment of all amounts of money borrowed or advanced by either of the Lender or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;
- (c) third, to the payment or prepayment of the Obligations, provided that if there are not sufficient moneys to pay all of the Obligations, the Lender may apply the

moneys available to such part or parts thereof as the Lender, in its sole discretion, may determine; and

- (d) fourth, in payment of any surplus in accordance with Applicable Law.

5.08 Debtor Liable for Deficiency

If the monies received by the Lender or the Receiver pursuant to Section 5.02 are not sufficient to pay the claims set out in Sections 5.07(a), (b) and (c), the Debtor shall immediately pay the Lender the amount of such deficiency.

5.09 Restriction on Debtor

Upon the Lender taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Lender; however, all other powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor shall be unaffected by such events.

5.10 Rights Cumulative

All rights and remedies of the Lender set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this Agreement.

5.11 Care by the Lender

The Lender shall exercise reasonable care in the custody and preservation of any of the Collateral in the Lender's possession if it takes such action for that purpose as the Debtor requests in writing, but failure of the Lender to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Lender to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

5.12 Standards of Sale

Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Lender which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;

- (b) Collateral may be disposed of by public sale following one advertisement in a newspaper or trade publication having general circulation in the location of such Collateral at least seven days prior to such sale;
- (c) Collateral may be disposed of by private sale after receipt by the Lender of two written offers;
- (d) the purchaser or lessee of such Collateral may be a customer of the Lender;
- (e) the disposition may be for cash or credit, or part cash and part credit; and
- (f) the Lender may establish a reserve bid in respect of all or any portion of the Collateral.

ARTICLE 6 - GENERAL

6.01 Waiver

Any breach by the Debtor of any of the provisions contained in this Agreement or any default by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder, may only be waived by the Lender in writing, provided that no such waiver by the Lender shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.02 The Lender as Attorney

Upon the occurrence of an Event of Default (as defined in the Loan Agreement), the Debtor hereby irrevocably appoints the Lender and any person further designated by the Lender to be the attorney of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Lender. The power of attorney hereby granted is coupled with an interest, is irrevocable and shall extend to the successor and assigns of the Debtor. The Debtor agrees to be bound by any representations and actions made or taken in good faith by the Lender pursuant to this power of attorney in accordance with the terms thereof and hereby waives any and all defences which may be available to it to contest, negate or disaffirm the actions of the Lender taken in good faith under this power of attorney.

6.03 Further Assurances

The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances and take all such further action or cause such further action to be taken as the Lender shall reasonably require for the better assuring, charging, assigning and conferring unto the Lender a security interest in the Collateral or property intended to be charged hereunder, or which the Debtor may

hereafter become bound to charge in favour of the Lender, for the purpose of accomplishing and effecting the intention of this Agreement.

6.04 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and this Agreement is terminated.

6.05 No Obligation to Advance

Neither the execution nor delivery of this Agreement shall obligate the Lender to advance any moneys to the Debtor.

6.06 Consumer Goods

Notwithstanding any other clause in this Agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.07 Notices

Any demand, notice or other communication in connection with this Agreement shall be in writing and shall be delivered in accordance with the Loan Agreement.

6.08 Successors and Assigns

This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Debtor and its successors and permitted assigns.

6.09 Amalgamation of Debtor

The Debtor hereby acknowledges and agrees that, subject to compliance with the Loan Agreement, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term "Debtor", when used herein, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interest granted hereby:

- (a) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation;
- (b) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of amalgamation and any "Obligations" of the amalgamated corporation to the Lender thereafter arising; and

- (c) shall attach to "Collateral" owned by each corporation amalgamating with the Debtor and by the amalgamated corporation, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

6.10 Entire Agreement

Except for the Loan Agreement and any document, agreement or instrument delivered pursuant thereto or referred to therein, this Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and undertakings, both written and oral, in respect of the subject matter hereof.

6.11 Receipt of Financing Statement, etc

The receipt by the Debtor's legal counsel of a financing statement or financing change statement shall be deemed to be receipt of same by the Debtor.

6.12 Acknowledgment

The Debtor hereby acknowledges receipt of an executed copy of this Agreement.

6.13 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.

6.14 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page hereof to the other party by facsimile transmission or emailed PDF and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date first written above.

QUALITY RUGS OF CANADA LIMITED

Per: 
Name: _____
Title: JOSEPH R. PACIONE
PRESIDENT

Per: _____
Name: _____
Title: _____
We have the authority to bind the Corporation

37343656.2

This is Exhibit "D" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:

Matilda Lici

7CE576E4AA3D4CA

A Commissioner, etc.
Matilda Lici

SHARE PLEDGE AGREEMENT

THIS SHARE PLEDGE AGREEMENT (as amended, restated, supplemented, replaced or otherwise altered, from time to time, this “**Agreement**”) is dated as of October 10, 2019 and made by **QUALITY RUGS OF CANADA LIMITED** (the “**Pledgor**”) to and in favour of **WAYGAR CAPITAL INC.**, as agent for **NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P.** (the “**Lender**”).

WHEREAS:

- A. The Pledgor, as borrower, is indebted or liable or may become indebted or liable to the Lender in connection with a loan agreement dated with effect as of the date hereof (as amended, restated or supplemented from time to time, the “**Loan Agreement**”), by and among, *inter alios*, the Borrower, the Guarantors and the Lender; and
- B. As a condition to extending credit to the Pledgor under the Loan Agreement, the Lender has required, and the Pledgor has agreed, to grant a security interest in and pledge the Collateral (as defined below) to the Lender in order to secure the payment and performance of the Obligations (as defined below).

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants herein contained the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions.

All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith:

“**Collateral**” means the property and assets subject to the Lien constituted by Section 2.1 hereof, including, without limitation, the Pledged Securities;

“**Guarantors**” means, collectively, Malvern Contract Interiors Limited, Weston Hardwood Design Centre Inc., Ontario Flooring Ltd., Timeline Floors Inc., Quality Commercial Carpet Corporation, Joseph Douglas Pacione Holdings Ltd., John Anthony Pacione Holdings Ltd., Jopac Enterprises Limited and Patjo Holdings Inc.;

“**Obligations**” means any and all debts, indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, now or anytime hereafter owing by the Pledgor to the Lender in connection with the Loan Agreement and the other Credit Documents; and

“**Pledged Securities**” means all of the shares in the capital of Timeline Floors Inc. now owned or hereafter acquired by the Pledgor including, without limitation, the shares listed in **Schedule “A”** hereto.

1.2 Sections and Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms “**this Agreement**”, “**hereof**”, “**hereunder**” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings.

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organisations and corporations.

ARTICLE 2 GRANT OF SECURITY INTEREST AND PLEDGE

2.1 Grant and Pledge of Collateral.

As general and continuing collateral security for the payment and performance of all Obligations, the Pledgor hereby, subject to Permitted Liens, mortgages, charges, assigns, transfers, delivers, pledges, hypothecates and creates a Lien in, to and in favour of the Lender, all right, title and interest which the Pledgor now have or may hereafter acquire in and to the following:

- (a) all Pledged Securities, together with any renewals thereof, substitutions thereof or additions thereto and all certificates and instruments evidencing or representing the Pledged Securities;
- (b) any and all dividends, as and where declared, whether in shares, money or property, received or receivable upon or in respect of any Pledged Securities and all interest payments and money or other property paid or payable on account of any return on, or repayment of, capital in respect of any Pledged Securities or that will in any way be charged to, or be payable out of, the capital of the Borrower in respect thereof;
- (c) any and all other property that may at any time be received or receivable by or otherwise distributed to the Pledgor in respect of, or in substitution for, or in addition to, or in exchange for, or on account of, any of the foregoing, including, without limitation, any shares or other securities resulting from the subdivision, consolidation, change, conversion or reclassification of any of the Pledged Securities, or the reorganization or amalgamation of the Borrower with any other body corporate, or the occurrence of any event which results in the substitution or exchange of the Pledged Securities; and
- (d) any and all cash, securities and other proceeds in respect of the foregoing and all rights and interest of the Pledgor in respect thereof or evidenced thereby

including, without limiting the generality of the foregoing, all money received or receivable from time to time by the Pledgor in connection with the sale of any of the Pledged Securities.

2.2 Delivery of Collateral.

All certificates, instruments or other documents representing the Pledged Securities, duly endorsed in blank for transfer or accompanied by powers of attorney satisfactory to the Lender, shall forthwith be delivered immediately to and remain in the custody of the Lender or its nominee. All certificates, instruments or other documents representing or evidencing any additional Pledged Securities hereinafter acquired by the Pledgor shall forthwith after issuance be delivered to and remain in the custody of the Lender or its nominee. All Pledged Securities may, at the option of the Lender, be registered in the name of the Lender or its nominee. The Pledgor shall execute and deliver to the Lender a certified copy of a resolution of the directors or shareholders of the Borrower or any consents required under such constating documents, as applicable, consenting to the transfers contemplated by this Agreement.

2.3 Attachment.

The Pledgor and the Lender hereby acknowledge that value has been given, the Pledgor has rights in the Collateral and the Pledgor and the Lender have not agreed to postpone the time for attachment.

2.4 Control.

The Pledgor agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Collateral, as defined in the *Securities Transfer Act, 2006* (Ontario), which "control" shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after the security hereby constituted becomes enforceable, without further consent by the Pledgor.

ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Representations and Warranties of the Pledgor.

The Pledgor hereby represents and warrants to the Lender, upon each of which representations and warranties the Lender specifically relies, as follows:

- (a) the Pledgor is and will be the sole legal and beneficial owner of the Collateral now in existence or acquired hereafter, free of any Lien other than Liens in favour of the Lender and Permitted Liens with full right to mortgage, charge, assign, transfer, deliver, pledge and hypothecate the Pledged Securities to the Lender in accordance with the provisions of this Agreement;

- (b) any shares of Timeline Floors Inc. forming part of the Pledged Securities will be validly issued, fully paid and non-assessable and shall not be subject to any Lien in favour of Timeline Floors Inc.;
- (c) except to the extent disclosed to the Lender in writing, there is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Pledgor would be required to sell or otherwise dispose of any of the Pledged Securities; and
- (d) the Lien created hereby will constitute a valid perfected Lien in the Pledged Securities upon delivery of the share certificates representing the Pledged Securities to the Lender or upon registration of notice thereof in prescribed form under applicable personal property security legislation, if such registration is required in order to perfect a Lien in the Pledged Securities.

3.2 Covenants of Pledgor.

The Pledgor hereby covenants to and in favour of the Lender that until all the Obligations are indefeasibly performed and paid in full, it shall:

- (a) defend the Lender's right, title and Lien in and to the Collateral;
- (b) save as to the Permitted Transactions set out in the Loan Agreement and the provisions therein in respect thereto, except to the extent permitted by Section 4.2, not (and shall not purport to) sell or dispose of, transfer, relinquish or otherwise deal with, any of its interest in the Pledged Securities or other Collateral or incur or permit to exist any Lien other than Permitted Liens or any Lien that is in favour of the Lender in or with respect to any of the Pledged Securities or other Collateral;
- (c) ensure that, at the request of the Lender, all Pledged Securities shall be registered in the name of the Lender or its nominee, that any certificates representing the Pledged Securities shall be forthwith delivered to and remain in the custody of the Lender or its nominee, and that all certificates, instruments or other documents representing or evidencing any Pledged Securities shall forthwith after issuance be delivered to, and remain in the custody of, the Lender or its nominee;
- (d) ensure that such stock powers of attorney and similar documents with respect to the Pledged Securities as the Lender may reasonably request, satisfactory in the form and substance to the Lender, shall be delivered to the Lender or its nominee from time to time upon request; and
- (e) not, with respect to the Pledged Securities, enter into, amend, or waive any right or obligation under, any shareholder agreement, voting agreement, voting trust, trust deed, irrevocable proxy or other similar agreements or instruments.

**ARTICLE 4
DEALING WITH COLLATERAL**

4.1 Rights and Duties of the Lender.

- (a) The Lender shall have and be entitled to exercise all such powers hereunder as are specifically delegated to the Lender by the terms hereof, together with such powers as are incidental thereto. The Lender may execute any of its duties hereunder by or through agents or employees and shall be entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its duties hereunder.

- (b) The Lender and any nominee on its behalf shall be bound to exercise in the holding of the Pledged Securities and other Collateral the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Lender and any other nominee on its behalf shall be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for this purpose as the Pledgor shall reasonably request in writing, but failure of the Lender or its nominee to comply with any such request shall not in and of itself be deemed a failure to exercise reasonable care, and no failure of the Lender or its nominee to preserve or protect any rights with respect to the Collateral, or to do any act with respect to preservation of the Collateral not so requested by the Pledgor, shall in and of itself be deemed a failure to exercise reasonable care in the custody or preservation of the Collateral. Neither the Lender nor any nominee acting on its behalf, nor any director, officer or employee of the Lender shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for their own gross negligence or wilful misconduct. The Lender is hereby released from all responsibilities for any depreciation in or loss of value of any part of the Collateral except for such depreciation or loss of value that is the result of the Lender's (or its authorized agents' or nominee's or that of its officers, directors or employees) gross negligence or wilful misconduct.

4.2 Voting Rights.

- (a) Unless an Event of Default has occurred that is not waived in writing by the Lender, the Pledgor is entitled to exercise all the rights and powers of a holder of such securities including, without limitation, the right to vote from time to time exercisable in respect of the Collateral and to give proxies, consents and waivers in respect thereof. No such action may be taken if it would violate or be inconsistent with the Loan Agreement, any other document to which the Pledgor is a party, or this Agreement or any other agreements relating thereto or hereto or would have the effect of reducing the value of the Collateral as security for the Obligations or imposing any restriction on the transferability of any of the Collateral.

- (b) Upon the occurrence of an Event of Default that is not waived in writing by the Lender, the rights and powers of the Pledgor as a holder of such securities including, without limitation, the right to vote the Collateral, will cease immediately and the Lender will have the right to exercise the rights and powers related to such Collateral, including, without limitation, the right to vote unless the Lender shall have given a notice to the Pledgor permitting the Pledgor to continue to exercise such rights and powers subject to any limitations set forth in such notice.
- (c) Prior to the occurrence of an Event of Default that is not waived in writing by the Lender, the Lender shall deliver promptly to the Pledgor all notices, statements or other communications received by it or its nominee. At any time after the occurrence of an Event of Default that is not waived in writing by the Lender, the Pledgor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee.

4.3 Dividends and Interest Payments.

- (a) Unless an Event of Default has occurred that is not waived in writing by the Lender, the Pledgor is entitled to receive all dividend payments or other distributions or interest payments in respect of the Collateral in accordance with the terms of the Loan Agreement.
- (b) Upon the occurrence of an Event of Default that is not waived in writing by the Lender, all rights of the Pledgor pursuant to Section 4.3(a) shall cease and the Lender will have the sole and exclusive right and authority to receive and retain all payments that the Pledgor would otherwise be authorised to retain pursuant to Section 4.3(a). All money and other property received by the Lender pursuant to the provisions of this Section 4.3(b) may be applied on account of the Obligations or may be retained by the Lender as additional Collateral hereunder and be applied in accordance with the provisions of the Loan Agreement.

ARTICLE 5 REMEDIES

5.1 Remedies

- (a) On or after the occurrence of an Event of Default that is not waived in writing by the Lender, (i) any or all of the Obligations will at the option of the Lender become immediately due and payable or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonour, all of which are expressly waived, (ii) the obligation, if any, of the Lender to extend further credit to the Pledgor will cease, (iii) any or all security granted hereby will, at the option of the Lender, become immediately enforceable, and (iv) in addition to any right or remedy provided by Applicable Laws, the Lender will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently or both:

- (i) transfer any part of the Collateral into the name of the Lender or its nominee;
 - (ii) vote any of the Collateral (whether or not registered in the name of the Lender or its nominee) and give or withhold all consents and waivers in respect thereof;
 - (iii) exercise all rights of conversion, exchange or subscription, or any other rights, privileges or options pertaining to any of the Collateral, including, without limitation, the right to exchange at its discretion any of the Collateral upon the amalgamation, arrangement, merger, consolidation or other reorganization of the issuer of the Collateral, all without liability except to account for property actually received by the Lender;
 - (iv) from time to time realise upon, collect, sell, transfer, assign, give options to purchase or otherwise dispose of and deliver any Collateral in such manner as may seem advisable to the Lender. For such purposes each requirement relating thereto and prescribed by law or otherwise is hereby waived by the Pledgor to the extent permitted by law and in any offer or sale of any of the Collateral the Lender is authorized to comply with any limitation or restriction in connection with such offer or sale as the Lender may be advised by counsel is necessary in order to avoid any violation of Applicable Laws, or in order to obtain any required approval of the sale or of the purchase by any governmental or regulatory authority or official. Such compliance will not result in such sale being considered (or deemed) not to have been made in a commercially reasonable manner nor will the Lender be liable or accountable to the Pledgor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction;
 - (v) purchase any of the Collateral, whether in connection with a sale made under the power of sale herein contained or pursuant to judicial proceedings or otherwise; and
 - (vi) accept the Collateral in satisfaction of the Obligations upon notice to the Pledgors of its intention to do so in the manner required by law.
- (b) The Lender may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up securities, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) release any part of the Collateral or otherwise deal with the Pledgor, debtors of the Pledgor, sureties and others and with the Collateral and other security as the Lender sees fit without prejudice to the liability of the Pledgor to the Lender or the Lender's rights hereunder.
- (c) The Lender will not be liable or responsible for any failure to seize, collect, realise, or obtain payment with respect to the Collateral and is not bound to

institute proceedings or to take other steps for the purpose of seizing, collecting, realising or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Lender, the Pledgor or any other person, in respect of the Collateral.

- (d) The Lender may apply any proceeds of realisation of the Collateral to payment of reasonable expenses in connection with the preservation and realisation of the Collateral as above described and the Lender may apply any balance of such proceeds to payment of the Obligations in accordance with the terms of the Loan Agreement.

5.2 Payment of Expenses.

The Lender may charge on its own behalf and also pay to others all reasonable out-of-pocket expenses of the Lender and others, including the fees and disbursements of any experts or advisers (including, without limitation, reasonable legal fees) retained by the Lender, incurred in connection with realising, collecting, selling, transferring, delivering or obtaining payment for the Collateral, or in connection with the administration of any amendment of this Agreement or incidental to the care, safekeeping or otherwise of any Collateral. The Lender may deduct the amount of such expenses from any proceeds of disposition of the Lender.

ARTICLE 6 GENERAL

6.1 Benefit of the Agreement.

This Agreement will enure to the benefit of and be binding upon the successors and assigns of the parties hereto.

6.2 Amendments and Waivers.

No amendments to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

6.3 Assignment.

The rights, title and interest of the Lender under this Agreement may only be assigned by the Lender in accordance with the provisions of the Loan Agreement. The Pledgor may not assign their obligations under this Agreement without the prior written consent of the Lender.

6.4 Severability.

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the

remaining part of such provision and all other provisions hereof will continue in full force and effect.

6.5 Notices.

Any demand, notice or other communication to be given in connection with this Agreement shall be given in accordance with the provisions of the Loan Agreement.

6.6 Additional Continuing Security.

This Agreement and the Lien granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Lender and this Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Lender.

6.7 Further Assurances.

The Pledgor must at its expense from time to time do, execute and deliver, or cause to be done, executed and delivered, all such financing statements, further assignments, documents, acts, matters and things as may be reasonably requested by the Lender for the purpose of giving effect to this Agreement or for the purpose of establishing compliance with the representations, warranties and covenants herein contained.

6.8 Power of Attorney.

Upon the occurrence of an Event of Default, the Pledgor hereby irrevocably constitute and appoint any duly appointed officer of the Lender the true and lawful attorney of the Pledgor, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Pledgor whenever and wherever the officer may deem necessary or expedient and from time to time to exercise all rights and powers and to perform all acts of ownership in respect of the Collateral in accordance with this Agreement.

6.9 Discharge.

The Pledgor will not be released or discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by the Lender which shall not be unreasonably withheld or delayed. The Lender shall, upon indefeasible satisfaction of all of the Obligations of the Pledgor to the Lender, execute such releases and discharges as the Pledgor may reasonably require, all at the request and sole cost and expense of the Pledgor and return to the Pledgor all Pledged Securities together with all other Collateral in the possession of the Lender and its nominees.

6.10 Governing Law and Attornment.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

6.11 Entire Agreement.

This Agreement has been entered into pursuant to the provisions of the Loan Agreement and is subject to all the terms and conditions thereof and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the rights and obligations of the parties will be governed by the provisions of the Loan Agreement, provided, however, that the existence of remedies in this Agreement which are not contained in the Loan Agreement shall not constitute a conflict or inconsistency with the Loan Agreement. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Lender and the Pledgor with respect to the subject matter hereof except as expressly set forth herein or in the Loan Agreement and the other documents delivered in connection with the Loan Agreement.

6.12 Executed Copy.

The Pledgor acknowledges receipt of a fully-executed copy of this Agreement.

6.13 Paramourncy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.

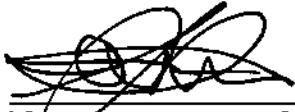
6.14 Counterpart

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page hereof to the other party by facsimile transmission or emailed PDF and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the undersigned has executed and delivered this Agreement as of the date first referred to above.

QUALITY RUGS OF CANADA LIMITED

By: 
Name: Joseph R. Pacione
Title: President

By: _____
Name:
Title:

I have the authority to bind the Corporation

SCHEDULE "A"

Pledged Securities

1. 3,000,000 common shares in the capital of Timeline Floors Inc., represented by share certificate no. C-3, issued to the Borrower.

37344010.2

NUMBER OF SHARES 3,000,000

CERTIFICATE NUMBER C-3

CLASS Common

DATE OF ISSUE February 12, 2019

CORPORATION **TIMELINE FLOORS INC.**

REGISTERED HOLDER

**Quality Rugs of Canada
Limited**

TRANSFER (OR ALLOTMENT) FROM

3,000,000 from Treasury

CERTIFICATE RECEIVED

DATE _____ 20__

Signature _____

C-3

Share Certificate
Number

Common

Class of Shares

3,000,000

Number of shares

THIS CERTIFIES THAT **Quality Rugs of Canada Limited**

is the registered holder of the above described fully paid shares in the capital of

TIMELINE FLOORS INC.

Incorporated under the "Canada Business Corporations Act"

IN WITNESS WHEREOF the Corporation has caused this
Certificate to be signed by its duly authorized officer(s) this
day of



POWER OF ATTORNEY TO TRANSFER SHARES

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____: Three million (3,000,000) Common Shares Timeline Floors Inc. (the "**Corporation**"), registered in the name of the undersigned on the books of the Corporation and represented by Certificate No. C-3, and the undersigned hereby irrevocably constitutes and appoints _____ its true and lawful attorney to transfer such shares on the books of the Corporation and to make and execute all necessary acts of assignment and transfer as may be necessary to give effect to such transfer, with full power of substitution in this matter.

DATED this _____ day of _____, _____.

QUALITY RUGS OF CANADA LIMITED

By: 
Name: Joseph R. Pacione
Title: President

By: _____
Name:
Title:

I/We have authority to bind the Corporation.

This is Exhibit "E" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:

Matilda Lici

7CE576F4AA3D4CA...

A Commissioner, etc.
Matilda Lici

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(1275)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED

FILE CURRENCY : 27NOV 2022

ENQUIRY NUMBER 20221128105521.28 CONTAINS 70 PAGE(S), 39 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

AIRD & BERLIS LLP
ATTN: SHANNON MORRIS
HOLD FOR PICK UP
TORONTO ON M5J2T9

CONTINUED...

2



(crj6 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(1276)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
788346297

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CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20221109 1808 1532 4444	P PPSA	7

01

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02

DEBTOR NAME

BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

03

ADDRESS SUITE 1 505 CITYVIEW BLVD VAUGHAN ONTARIO CORPORATION NO. ON L4H0L8

04

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05

DEBTOR NAME

BUSINESS NAME ADDRESS ONTARIO CORPORATION NO.

06

ADDRESS ONTARIO CORPORATION NO.

07

SECURED PARTY / LIEN CLAIMANT ROYAL BANK OF CANADA

08

ADDRESS 10 YORK MILLS ROAD 3RD FLOOR TORONTO ON M2P 0A2

09

COLLATERAL CLASSIFICATION		MOTOR VEHICLE		AMOUNT	DATE OF	NO FIXED			
CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED	MATURITY	OR	MATURITY DATE
	X					X	44288		28OCT2029

10

YEAR MAKE MODEL V.I.N.
MOTOR VEHICLE 2023 GMC TERRAIN 3GKALTEG2PL125103

11

VEHICLE

12

GENERAL COLLATERAL DESCRIPTION

13

14

15

REGISTERING AGENT D + H LIMITED PARTNERSHIP
ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

16

17

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
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TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
786581343

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01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20220909 1809 1532 5579 P PPSA 7

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS SUITE 1 505 CITYVIEW BLVD VAUGHAN ONTARIO CORPORATION NO.
ON L4H0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / ROYAL BANK OF CANADA
09 LIEN CLAIMANT ADDRESS 10 YORK MILLS ROAD 3RD FLOOR TORONTO ON M2P 0A2

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X 40558 29AUG2029

11 YEAR MAKE MODEL V.I.N.
12 MOTOR 2022 GMC TERRAIN 3GKALTEV0NL249169
VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING D + H LIMITED PARTNERSHIP
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
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ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
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(1278)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
786530952

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01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20220908 1314 1532 9767 P PPSA 07

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 505 CITYVIEW BV SUITE 1SUITE 1 VAUGHAN ONTARIO CORPORATION NO.
ON L4H0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / THE BANK OF NOVA SCOTIA
09 LIEN CLAIMANT

09 ADDRESS 10 WRIGHT BOULEVARD STRATFORD ON N5A7X9

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X 41141.59

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2022 GMC TERRAIN 3GKALTEV6NL248642

13 GENERAL OUR SECURITY INTEREST IS LIMITED TO THE MOTOR VEHICLES LISTED ABOVE
14 COLLATERAL AND THE PROCEEDS OF THOSE VEHICLES
15 DESCRIPTION

16 REGISTERING D + H LIMITED PARTNERSHIP
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
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PROVINCE OF ONTARIO
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CERTIFICATE

REPORT : PSSR060
PAGE : 5
(1279)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
786457008

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01
CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 2 20220906 1525 6005 2272 P PPSA 06

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 505 CITYVIEW BLVD, UNIT 1 VAUGHAN ONTARIO CORPORATION NO.
ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / CWB NATIONAL LEASING INC.
LIEN CLAIMANT

09 ADDRESS 1525 BUFFALO PL. (3115669) WINNIPEG MB R3T 1L9

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL ALL TELEPHONE SYSTEM PACKAGE OF EVERY NATURE OR KIND DESCRIBED IN
14 COLLATERAL AGREEMENT NUMBER 3115669, BETWEEN THE SECURED PARTY AND THE DEBTOR,
15 DESCRIPTION AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS,

16 REGISTERING
17 AGENT

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

6



(crj1fv 05/2022)



RUN NUMBER : 332
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ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
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CERTIFICATE

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(1280)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
786457008

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01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
002 2 20220906 1525 6005 2272

02 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME

03 DEBTOR NAME BUSINESS NAME ADDRESS ONTARIO CORPORATION NO.

04 ADDRESS

05 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME

06 DEBTOR NAME BUSINESS NAME ADDRESS ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT

09 ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

12
13 GENERAL ACCESSORIES, SUBSTITUTIONS AND PROCEEDS OF ANY KIND DERIVED DIRECTLY
14 COLLATERAL OR INDIRECTLY THEREFROM.
15 DESCRIPTION

16 REGISTERING AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

7

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 7
(1281)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
784854792

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01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 1 20220713 1252 4085 1049 P PPSA 07

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 505 CITYVIEW BV SUITE 1SUITE 1 VAUGHAN

ONTARIO CORPORATION NO.
ON L4H0L8

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 BUSINESS NAME

07 ADDRESS

ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT THE BANK OF NOVA SCOTIA

09 ADDRESS 10 WRIGHT BOULEVARD STRATFORD

ON N5A7X9

COLLATERAL CLASSIFICATION

10 CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
X X X 40351.82

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.
2022 GMC TERRAIN 3CKALTEV4NL261633

13 GENERAL COLLATERAL DESCRIPTION OUR SECURITY INTEREST IS LIMITED TO THE MOTOR VEHICLES LISTED ABOVE AND THE PROCEEDS OF THOSE VEHICLES

14 REGISTERING AGENT D + H LIMITED PARTNERSHIP

15 ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 8

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 8
(1282)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
784021455

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01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20220616 0824 4085 0167 P PPSA 05

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 1 505 CITYVIEW BLVD WOODBRIDGE ONTARIO CORPORATION NO.
ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / BMW CANADA INC.
09 LIEN CLAIMANT

09 ADDRESS 50 ULTIMATE DRIVE RICHMOND HILL ON L4S 0C8

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X 102523.00 X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2022 BMW X6 XDRIVE40I 5UXCY6C03N9M64308

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING D + H LIMITED PARTNERSHIP
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 9

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 9
(1283)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
782152758

00
01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20220420 1103 1532 9269 P PPSA 05

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 1 505 CITYVIEW BLVD WOODBRIDGE ONTARIO CORPORATION NO.
ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / BMW CANADA INC.
09 LIEN CLAIMANT ADDRESS 50 ULTIMATE DRIVE RICHMOND HILL ON L4S 0C8

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X 68890.71 X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2022 BMW 530I XDRIVE SEDAN WBA13BJ01NCJ77522

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING D + H LIMITED PARTNERSHIP
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 10

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 10
(1284)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
780569856

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20220223 0821 1532 0134 P PPSA 05

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 1-505 CITYVIEW BLVD WOODBRIDGE ONTARIO CORPORATION NO.
ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / BMW CANADA INC.
09 LIEN CLAIMANT ADDRESS 50 ULTIMATE DRIVE RICHMOND HILL ON L4S 0C8

10 COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X 46616.34 X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2022 BMW X1 XDRIVE28I WBXJG9C04N5U75812

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING D + H LIMITED PARTNERSHIP
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 11

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(ej1fv 05/2022)

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 11
(1285)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
780266871

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01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
01 003 20220208 1411 1462 6730 P PPSA 6

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED ONTARIO CORPORATION NO.
04 ADDRESS 505 CITYVIEW BLVD WOODBRIDGE ON L4H0L8
05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME QUALITY STERLING GROUP ONTARIO CORPORATION NO.
07 ADDRESS 505 CITYVIEW BLVD WOODBRIDGE ON L4H0L8
08 SECURED PARTY / TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC.
09 LIEN CLAIMANT ADDRESS 630 - 401 THE WEST MALL TORONTO ON M9C5J5

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL MATERIAL HANDLING EQUIPMENT TOGETHER WITH ALL PARTS, ATTACHMENTS,
14 COLLATERAL ACCESSORIES, ADDITIONS, BATTERIES, CHARGERS, REPAIR PARTS, AND OTHER
15 DESCRIPTION EQUIPMENT PLACED ON OR FORMING PART OF THE GOODS DESCRIBED HEREIN

16 REGISTERING PPSA CANADA INC. - (8154)
17 AGENT ADDRESS 110 SHEPPARD AVE EAST, SUITE 303 TORONTO ON M2N6Y8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY, ***

CONTINUED... 12

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 12
(1286)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LTEN

FILE NUMBER
780266871

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
01 02 003 20220208 1411 1462 6730 P PPSA 6

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

04 ADDRESS

ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS

ONTARIO CORPORATION NO.

08 SECURED PARTY /
09 LTEN CLAIMANT ADDRESS

COLLATERAL CLASSIFICATION
10 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 YEAR MAKE MODEL V.I.N.
12 MOTOR VEHICLE

13 GENERAL WITH ANY PROCEEDS THEREOF AND THEREFROM INCLUDING, WITHOUT
14 LIMITATION, ALL GOODS, SECURITIES, INSTRUMENTS, DOCUMENTS OF TITLE,
15 CHATTEL PAPER AND INTANGIBLES (AS DEFINED IN THE PERSONAL PROPERTY

16 REGISTERING PPSA CANADA INC. - (8154)
17 AGENT

ADDRESS 110 SHEPPARD AVE EAST, SUITE 303 TORONTO ON M2N6Y8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 13

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
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CERTIFICATE

REPORT : PSSR060
PAGE : 13
(1287)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
780266871

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01 CAUTION FILING PAGE NO. OF PAGES TOTAL MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER PERIOD
03 003 20220208 1411 1462 6730 P PPSA 6

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

04 ADDRESS

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL SECURITY ACT)
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING PPSA CANADA INC. - (8154)
AGENT ADDRESS 110 SHEPPARD AVE EAST, SUITE 303 TORONTO ON M2N6Y8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 14

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
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ENQUIRY RESPONSE
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REPORT : PSSR060
PAGE : 14
(1288)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER				
01	01	001		20220928 1404 1462 9784					
21	RECORD REFERENCED	FILE NUMBER	780266871						
22	PAGE AMENDED	NO	SPECIFIC PAGE AMENDED	CHANGE REQUIRED B RENEWAL	RENEWAL YEARS CORRECT PERIOD				
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME				
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	QUALITY RUGS OF CANADA LIMITED						
25	OTHER CHANGE REASON/ DESCRIPTION								
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME				
03/	TRANSFEE	BUSINESS NAME							
04/07	ADDRESS	ONTARIO CORPORATION NO.							
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE							
08	ADDRESS								
09	COLLATERAL CLASSIFICATION								
10	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	DATE OF MATURITY	OR	NO FIXED MATURITY DATE	
11	MOTOR VEHICLE GENERAL	YEAR	MAKE	MODEL	V. I. N.				
12	VEHICLE DESCRIPTION								
13	GENERAL DESCRIPTION								
14	COLLATERAL DESCRIPTION								
15	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	ADDRESS	TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC. 630 - 401 THE WEST MALL TORONTO			ON	M9C5J5		

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 15

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj2hv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 15
(1289)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
780266889

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
01 003 20220208 1411 1462 6731 P PPSA 6

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED ONTARIO CORPORATION NO.
04 ADDRESS 505 CITYVIEW BLVD WOODBRIDGE ON L4H0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME QUALITY STERLING GROUP ONTARIO CORPORATION NO.
07 ADDRESS 505 CITYVIEW BLVD WOODBRIDGE ON L4H0L8

08 SECURED PARTY / TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC.
09 LIEN CLAIMANT ADDRESS 630 - 401 THE WEST MALL TORONTO ON M9C5J5

10 COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL MATERIAL HANDLING EQUIPMENT TOGETHER WITH ALL PARTS, ATTACHMENTS,
14 COLLATERAL ACCESSORIES, ADDITIONS, BATTERIES, CHARGERS, REPAIR PARTS, AND OTHER
15 DESCRIPTION EQUIPMENT PLACED ON OR FORMING PART OF THE GOODS DESCRIBED HEREIN

16 REGISTERING PPSA CANADA INC. - (8154)
17 AGENT ADDRESS 110 SHEPPARD AVE EAST, SUITE 303 TORONTO ON M2N6Y8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 16

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 16
(1290)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
780266889

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER NUMBER PERIOD
02 003 20220208 1411 1462 6731 P PPSA 6

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

04 ADDRESS ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY /
LIEN CLAIMANT
09 ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL WITH ANY PROCEEDS THEREOF AND THEREFROM INCLUDING, WITHOUT
14 COLLATERAL LIMITATION, ALL GOODS, SECURITIES, INSTRUMENTS, DOCUMENTS OF TITLE,
15 DESCRIPTION CHATTEL PAPER AND INTANGIBLES (AS DEFINED IN THE PERSONAL PROPERTY

16 REGISTERING PPSA CANADA INC. - (8154)
17 AGENT ADDRESS 110 SHEPPARD AVE EAST, SUITE 303 TORONTO ON M2N6Y8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 17

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 17
(1291)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
780266889

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	03	003		20220208 1411 1462 6731	P PPSA	6

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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DEBTOR NAME	BUSINESS NAME
-------------	---------------

ONTARIO CORPORATION NO.

ADDRESS

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

DEBTOR NAME	BUSINESS NAME
-------------	---------------

ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY / LIEN CLAIMANT	ADDRESS
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ADDRESS

COLLATERAL CLASSIFICATION	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
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MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.
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GENERAL COLLATERAL DESCRIPTION	SECURITY ACT)
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REGISTERING AGENT	ADDRESS	PPSA CANADA INC. - (8154)	TORONTO	ON	M2N6Y8
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REGISTERING AGENT	ADDRESS	PPSA CANADA INC. - (8154)	TORONTO	ON	M2N6Y8
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REGISTERING AGENT	ADDRESS	PPSA CANADA INC. - (8154)	TORONTO	ON	M2N6Y8
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REGISTERING AGENT	ADDRESS	PPSA CANADA INC. - (8154)	TORONTO	ON	M2N6Y8
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REGISTERING AGENT	ADDRESS	PPSA CANADA INC. - (8154)	TORONTO	ON	M2N6Y8
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REGISTERING AGENT	ADDRESS	PPSA CANADA INC. - (8154)	TORONTO	ON	M2N6Y8
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REGISTERING AGENT	ADDRESS	PPSA CANADA INC. - (8154)	TORONTO	ON	M2N6Y8
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*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 18

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(ej11v 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 18
(1292)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
780266898

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
01 003 20220208 1411 1462 6732 P PPSA 6

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED ONTARIO CORPORATION NO.
04 ADDRESS 505 CITYVIEW BLVD WOODBRIDGE ON L4H0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME QUALITY STERLING GROUP ONTARIO CORPORATION NO.
07 ADDRESS 505 CITYVIEW BLVD WOODBRIDGE ON L4H0L8

08 SECURED PARTY / TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC.
09 LIEN CLAIMANT ADDRESS 630 - 401 THE WEST MALL TORONTO ON M9C5J5

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL MATERIAL HANDLING EQUIPMENT TOGETHER WITH ALL PARTS, ATTACHMENTS,
14 COLLATERAL ACCESSORIES, ADDITIONS, BATTERIES, CHARGERS, REPAIR PARTS, AND OTHER
15 DESCRIPTION EQUIPMENT PLACED ON OR FORMING PART OF THE GOODS DESCRIBED HEREIN

16 REGISTERING PPSA CANADA INC. - (8154)
17 AGENT ADDRESS 110 SHEPPARD AVE EAST, SUITE 303 TORONTO ON M2N6Y8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 19

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(cij1fv 05/2022)

RUN NUMBER : 332
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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 19
(1293)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
780266898

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CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	02	003		20220208 1411 1462 6732	P PPSA	6

01

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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02

03

04

05

06

07

08

09

10

COLLATERAL CLASSIFICATION		MOTOR VEHICLE	AMOUNT	DATE OF	NO. FIXED
CONSUMER GOODS	INVENTORY EQUIPMENT	ACCOUNTS OTHER INCLUDED		MATURITY OR	MATURITY DATE

11

12

13

14

15

16

17

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
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GENERAL COLLATERAL DESCRIPTION WITH ANY PROCEEDS THEREOF AND THEREFROM INCLUDING, WITHOUT LIMITATION, ALL GOODS, SECURITIES, INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER AND INTANGIBLES (AS DEFINED IN THE PERSONAL PROPERTY

REGISTERING AGENT PPSA CANADA INC. - (8154)
ADDRESS 110 SHEPPARD AVE EAST, SUITE 303 TORONTO ON M2N6Y8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 20

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 20
(1294)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
780266898

00
01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
03 003 20220208 1411 1462 6732 P PPSA 6

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

04 ADDRESS ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY /
LIEN CLAIMANT
09 ADDRESS

10 COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 YEAR MAKE MODEL V.I.N.
12 MOTOR VEHICLE

13 GENERAL SECURITY ACT)
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING PPSA CANADA INC. - (8154)
AGENT ADDRESS 110 SHEPPARD AVE EAST, SUITE 303 TORONTO ON M2N6Y8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 21

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
 RUN DATE : 2022/11/28
 ID : 20221128105521.28

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 21
 (1295)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
 FILE CURRENCY : 27NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	01	001		20220921 1402 1462 6402	
21	RECORD REFERENCED	FILE NUMBER	780266898		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED B RENEWAL	RENEWAL YEARS 1	CORRECT PERIOD
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	QUALITY RUGS OF CANADA LIMITED		
25	OTHER CHANGE REASON/ DESCRIPTION				
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/	TRANSFEEE	BUSINESS NAME			
04/07	ADDRESS	ONTARIO CORPORATION NO.			
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08	ADDRESS				
09	COLLATERAL CLASSIFICATION				
10	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED
11	MOTOR VEHICLE GENERAL	YEAR	MAKE	MODEL	V.I.N.
12	VEHICLE				
13	GENERAL				
14	COLLATERAL DESCRIPTION				
15	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	ADDRESS	TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC. 630 - 401 THE WEST MALL TORONTO		
16				ON	M9C5J5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 22

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj21v 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 22
(1296)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
780266907

00
01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
01 003 20220208 1411 1462 6733 P PPSA 6

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED ONTARIO CORPORATION NO.
04 ADDRESS 505 CITYVIEW BLVD WOODBRIDGE ON L4H0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME QUALITY STERLING GROUP ONTARIO CORPORATION NO.
07 ADDRESS 505 CITYVIEW BLVD WOODBRIDGE ON L4H0L8

08 SECURED PARTY / LIEN CLAIMANT TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC.
09 ADDRESS 630 - 401 THE WEST MALL TORONTO ON M9C5J5

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL MATERIAL HANDLING EQUIPMENT TOGETHER WITH ALL PARTS, ATTACHMENTS,
14 COLLATERAL ACCESSORIES, ADDITIONS, BATTERIES, CHARGERS, REPAIR PARTS, AND OTHER
15 DESCRIPTION EQUIPMENT PLACED ON OR FORMING PART OF THE GOODS DESCRIBED HEREIN

16 REGISTERING PPSA CANADA INC. - (8154)
17 AGENT ADDRESS 110 SHEPPARD AVE EAST, SUITE 303 TORONTO ON M2N6Y8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 23

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(ej1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 23
(1297)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
780266907

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
02 003 20220208 1411 1462 6733 P PPSA 6

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

04 ADDRESS ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY /
LIEN CLAIMANT
09 ADDRESS

10 COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL WITH ANY PROCEEDS THEREOF AND THEREFROM INCLUDING, WITHOUT
14 COLLATERAL LIMITATION, ALL GOODS, SECURITIES, INSTRUMENTS, DOCUMENTS OF TITLE,
15 DESCRIPTION CHATTEL PAPER AND INTANGIBLES (AS DEFINED IN THE PERSONAL PROPERTY

16 REGISTERING PPSA CANADA INC. - (8154)
17 AGENT ADDRESS 110 SHEPPARD AVE EAST, SUITE 303 TORONTO ON M2N6Y8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 24

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 24
(1298)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
780266907

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
03 003 20220208 1411 1462 6733 P PPSA 6

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

04 ADDRESS ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY /
LIEN CLAIMANT
09 ADDRESS

10 COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 YEAR MAKE MODEL V.I.N.
12

13 GENERAL SECURITY ACT)
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING PPSA CANADA INC. - (8154)
AGENT ADDRESS 110 SHEPPARD AVE EAST, SUITE 303 TORONTO ON M2N6Y8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 25

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 25
(1299)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	01	001		20220929 1708 1462 0594	
21 RECORD REFERENCED	FILE NUMBER	780266907			
	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
22			B RENEWAL	1	
23 REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME	
24 DEBTOR/ TRANSFEROR	BUSINESS NAME	QUALITY RUGS OF CANADA LIMITED			
25 OTHER CHANGE					
26 REASON/					
27 DESCRIPTION					
28					
02/ DEBTOR/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
03/ TRANSFEREE	BUSINESS NAME				
04/07	ADDRESS				ONTARIO CORPORATION NO.
29 ASSIGNOR					
08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE					
09	ADDRESS				
	COLLATERAL CLASSIFICATION				
	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED
10					DATE OF AMOUNT MATURITY OR NO FIXED MATURITY DATE
11 MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.	
12 GENERAL					
13 COLLATERAL					
14 DESCRIPTION					
15 REGISTERING AGENT OR		TOYOTA INDUSTRIES COMMERCIAL FINANCE CANADA, INC.			
16 SECURED PARTY/	ADDRESS	630 - 401 THE WEST MALL TORONTO ON M9C5J5			
17 LIEN CLAIMANT					

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 26

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 26
(1300)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
778788504

CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
01 001 1 20211206 0845 1532 8386 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 1 505 CITYVIEW BLVD WOODBRIDGE ONTARIO CORPORATION NO. ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT BMW CANADA INC.
09 ADDRESS 50 ULTIMATE DRIVE RICHMOND HILL ON L4S 0C8

COLLATERAL CLASSIFICATION
10 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X 90303 X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2021 BMW X3 M 5YMTS0C05M9H93052

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT D + H LIMITED PARTNERSHIP
17 ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 27

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj11v 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 27
(1301)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
778291281

01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 1 20211117 1035 1532 2557 P PPSA 04

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 1-505 CITYVIEW BLVD VAUGHAN ONTARIO CORPORATION NO. ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT GM FINANCIAL CANADA LEASING LTD.

09 ADDRESS 2001 SHEPPARD AVE. STE 600 TORONTO ON M2J 4Z8

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X 82442.00 03NOV2025

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2021 GMC TRUCKS SIERRA 1500 4WD 3CTU9FEL4MG477836

13 GENERAL COLLATERAL DESCRIPTION

14 REGISTERING AGENT D + H LIMITED PARTNERSHIP
15 ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 28

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY /
LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 28
(1302)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
775624212

00
01 CAUTION FILING PAGE NO. OF PAGES TOTAL MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 2 20210820 1608 1532 2808 P PPSA 04

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 1-505 CITYVIEW BLVD VAUGHAN ONTARIO CORPORATION NO.
ON L4H0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT CANADIAN DEALER LEASE SERVICES INC.

09 ADDRESS 372 BAY STREET, SUITE 1800 TORONTO ON M5H2W9

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X 78949.93

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2022 LAND ROVER DEFENDER 110 SALEP7RU2N2066098

13 GENERAL OUR SECURITY INTEREST IS LIMITED TO THE MOTOR VEHICLES LISTED ABOVE
14 COLLATERAL AND THE PROCEEDS OF THOSE VEHICLES
15 DESCRIPTION

16 REGISTERING D + H LIMITED PARTNERSHIP
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 29

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 29
(1303)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
775624212

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01 CAUTION PAGING TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
002 2 20210820 1608 1532 2808

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

04 ADDRESS ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / BANK OF NOVA SCOTIA - DLAC
09 LIEN CLAIMANT ADDRESS 44 KING STREET W, SCOTIA PLAZA TORONTO ON M5H1H1

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 YEAR MAKE MODEL V.I.N.
12 MOTOR VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
17 AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 30

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 30
(1304)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM IC FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
773998092

00
01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20210630 1119 1532 4062 P PPSA 03

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS UNIT-1, 505 CITYVIEW DRIVE., 1 WOODBRIDGE ONTARIO CORPORATION NO.
ON L4H0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / FORD CREDIT CANADA LEASING, DIVISION OF CANADIAN ROAD LEASING COMPANY
09 LTEN CLAIMANT

09 ADDRESS PO BOX 2400 EDMONTON AB T5J 5C7

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNT'S OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2021 FORD MUSTG 1FA6P8CFXM5101369

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING D + H LIMITED PARTNERSHIP
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 31

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 31
(1305)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
773958375

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	2		20210629 1430 1219 5849	P PPSA	04

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

		QUALITY RUGS OF CANADA LIMITED		
--	--	--------------------------------	--	--

ADDRESS	ON	ONTARIO CORPORATION NO.
1-505 CITYVIEW BLVD WOODBRIDGE		L4H 0L8

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

--	--	--	--	--

ADDRESS	ON	ONTARIO CORPORATION NO.
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SECURED PARTY / LIEN CLAIMANT	ADDRESS	ON	REGISTRATION NO.
CANADIAN DEALER LEASE SERVICES INC.	372 BAY STREET, SUITE 1800 TORONTO		M5H 2W9

COLLATERAL CLASSIFICATION	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO. FIXED MATURITY DATE
					X	73484		

MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.
	2021	JAGUAR	F-PACE	SADCT2FU3MA673153

GENERAL COLLATERAL DESCRIPTION: OUR SECURITY INTEREST IS LIMITED TO THE MOTOR VEHICLES LISTED ABOVE AND THE PROCEEDS OF THOSE VEHICLES

REGISTERING AGENT	ADDRESS	ON	REGISTRATION NO.
TERANET COLLATERAL MANAGEMENT SOLUTIONS CORPORATION (BNS)	2 ROBERT SPECK PARKWAY, 15TH FL MISSISSAUGA		L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 32

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 32
(1306)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
773958375

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	002	2		20210629 1430 1219 5849		

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 BUSINESS NAME

ONTARIO CORPORATION NO.

04 ADDRESS

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 BUSINESS NAME

ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT BANK OF NOVA SCOTIA - DLAC

09 ADDRESS 44 KING STREET W, SCOTIA PLAZA TORONTO ON M5H 1H1

COLLATERAL CLASSIFICATION		MOTOR VEHICLE		AMOUNT	DATE OF MATURITY	NO FIXED MATURITY DATE
CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	INCLUDED		

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

12

13 GENERAL COLLATERAL DESCRIPTION

14

15 REGISTERING AGENT

16 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

33

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj)tv 05/2022



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 33
(1307)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
771711453

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
01 001 20210420 1048 1529 2864 P PPSA 7

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 505 CITYVIEW BLVD #SUITE 1 WOODBRIDGE ONTARIO CORPORATION NO.
ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / ROYAL BANK OF CANADA
LIEN CLAIMANT

09 ADDRESS 10 YORK MILLS ROAD 3RD FLOOR TORONTO ON M2P 0A2

10 COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2021 CADILLAC XT6 1GYKFRS0MZ140481

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING CANADIAN SECURITIES REGISTRATION SYSTEMS
17 AGENT ADDRESS 4126 NORLAND AVENUE BURNABY BC V5G 3S8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 34

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 34
(1308)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
771431202

00
01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20210412 0928 1219 3589 P PPSA 06

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED ONTARIO CORPORATION NO.
04 ADDRESS 505 CITYVIEW BV SUITE 1SUITE 1 WOODBRIDGE ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / THE BANK OF NOVA SCOTIA
09 LIEN CLAIMANT ADDRESS 10 WRIGHT BOULEVARD STRATFORD ON N5A 7X9

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X 25702

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2021 HONDA SXS10M3PM 1HFVB04D1M4500340

13 GENERAL OUR SECURITY INTEREST IS LIMITED TO THE MOTOR VEHICLES LISTED ABOVE
14 COLLATERAL AND THE PROCEEDS OF THOSE VEHICLES
15 DESCRIPTION

16 REGISTERING TERANET COLLATERAL MANAGEMENT SOLUTIONS CORPORATION (BNS)
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FL MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 35

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 35
(1309)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
770937444

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20210326 1015 1532 4771 P PPSA 04

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 1-505 CITYVIEW BLVD VAUGHAN ONTARIO CORPORATION NO.
ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / GM FINANCIAL CANADA LEASING LTD.
LIEN CLAIMANT

09 ADDRESS 2001 SHEPPARD AVE. STE 600 TORONTO ON M2J 4Z8

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X 49173.00 12MAR2025

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2021 CADILLAC XT5 AWD 1GYKNGRS5MZ110710

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING D + H LIMITED PARTNERSHIP
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 36

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 36
(1310)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
768935466

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
01 001 20201231 1033 1529 4554 P PPSA 7

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 505 CITYVIEW BLVD #SUITE 1 WOODBRIDGE ONTARIO CORPORATION NO.
ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / ROYAL BANK OF CANADA
09 LIEN CLAIMANT ADDRESS 10 YORK MILLS ROAD 3RD FLOOR TORONTO ON M2P 0A2

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2021 CHEVROLET EXPRESS CARGO 1GCWGAF74M1164013

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING CANADIAN SECURITIES REGISTRATION SYSTEMS
17 AGENT ADDRESS 4126 NORLAND AVENUE BURNABY BC V5G 3S8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 37

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 37
(1311)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
767626677

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	2		20201112 1049 1532 7122	P PPSA	03

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

02				
03		BUSINESS NAME	QUALITY RUGS OF CANADA LIMITED	

04	ADDRESS	1-505 CITYVIEW BLVD	WOODBIDGE	ONTARIO CORPORATION NO.	ON	L4H 0L8
----	---------	---------------------	-----------	-------------------------	----	---------

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

05				
06		BUSINESS NAME	QUALITY RUGS OF CANADA LIMITED	

07	ADDRESS	70 HUMBER VALLEY CRESCENT	KING CITY	ONTARIO CORPORATION NO.	ON	L7B 1B7
----	---------	---------------------------	-----------	-------------------------	----	---------

08	SECURED PARTY / LIEN CLAIMANT	GM FINANCIAL CANADA LEASING LTD.				
----	-------------------------------	----------------------------------	--	--	--	--

09	ADDRESS	2001 SHEPPARD AVE. STE 600	TORONTO	ON	M2J 4Z8
----	---------	----------------------------	---------	----	---------

COLLATERAL CLASSIFICATION						
CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR NO FIXED MATURITY DATE
X		X	X	X	76972.00	05NOV2023

MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.
11	2021	GMC TRUCKS	SIERRA 1500 4WD	1GTP9EEL2MZ114197

13 GENERAL THE FULL DEBTOR NAME IS - JOHN ANTHONY PACIONE

14 COLLATERAL DESCRIPTION

16 REGISTERING AGENT D + H LIMITED PARTNERSHIP

17	ADDRESS	2 ROBERT SPECK PARKWAY, 15TH FLOOR	MISSISSAUGA	ON	L4Z 1H8
----	---------	------------------------------------	-------------	----	---------

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 38

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(erj)tv 05/2022



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 38
(1312)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
767626677

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	002	2		20201112 1049 1532 7122		

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
	30OCT1970	JOHN	A	PACIONE

BUSINESS NAME	ADDRESS	CITY	ONTARIO CORPORATION NO.
	70 HUMBER VALLEY CRESCENT	KING CITY	ON L7B 1B7

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
	30OCT1970	JOHN		PACIONE

BUSINESS NAME	ADDRESS	CITY	ONTARIO CORPORATION NO.
	70 HUMBER VALLEY CRESCENT	KING CITY	ON L7B 1B7

SECURED PARTY / LIEN CLAIMANT
ADDRESS

COLLATERAL CLASSIFICATION		MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED
CONSUMER GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED		MATURITY OR	MATURITY DATE

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

GENERAL COLLATERAL DESCRIPTION

REGISTERING AGENT
ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 39

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY /
LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 39
(1313)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
767250207

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20201030 1300 1901 1749	P PPSA	06

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

DEBTOR NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

ADDRESS 505 CITYVIEW BLVD, #1 VAUGHAN ONTARIO CORPORATION NO. ON L4H 0L8

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

DEBTOR NAME BUSINESS NAME

ADDRESS ONTARIO CORPORATION NO.

SECURED PARTY / LIEN CLAIMANT SHARP ELECTRONICS OF CANADA LTD

ADDRESS 5035 SOUTH SERVICE ROAD BURLINGTON ON L7L 6M9

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
		X		X			

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

GENERAL COLLATERAL DESCRIPTION PHOTOCOPIERS AND PRINTERS WITH ALL ACCESSORIES

REGISTERING AGENT ESC CORPORATE SERVICES LTD.

ADDRESS 201-1325 POLSON DRIVE VERNON BC V1T 8H2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 40

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 40
(1314)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
760685094

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20200306 1048 1532 2085 P PPSA 04

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED ONTARIO CORPORATION NO.
04 ADDRESS 1-505 CITYVIEW BLVD WOODBRIDGE ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME QUALITY RUGS OF CANADA LTD. ONTARIO CORPORATION NO.
07 ADDRESS 1-505 CITYVIEW BLVD WOODBRIDGE ON L4H 0L8

08 SECURED PARTY / GM FINANCIAL CANADA LEASING LTD.
09 LIEN CLAIMANT ADDRESS 2001 SHEPPARD AVE. STE 600 TORONTO ON M2J 4Z8

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X 65331.00 03MAR2024

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2020 GMC TRUCKS ACADIA AWD 1GKKNXLS0LZ132938

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING D + H LIMITED PARTNERSHIP
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 41

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(ej1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 41
(1315)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
760367907

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01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20200225 1457 1751 9547 P PPSA 04

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 505 CITYVIEW BOULEVARD UNIT 1 VAUGHAN ONTARIO CORPORATION NO.
ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / HAV-A-KAR LEASING LTD
LIEN CLAIMANT

09 ADDRESS 4077 CHESSWOOD DRIVE TORONTO ON M3J 2R8

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X 68872 X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2020 JEEP GLADIATOR RUBICON 1C6JJTBG5LL185458

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING HAV-A-KAR LEASING LTD
17 AGENT ADDRESS 4077 CHESSWOOD DRIVE TORONTO ON M3J 2R8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 42

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 42
(1316)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
760151304

00
01 CAUTION PILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 2 20200218 0836 1532 5028 P PPSA 05

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED
04 ADDRESS 505 CITYVIEW BLVD WOODBRIDGE ONTARIO CORPORATION NO. ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME 14DEC1967 JOSEPH PACIONE
07 BUSINESS NAME ADDRESS 943 PORTMINSTER CRT NEWMARKET ONTARIO CORPORATION NO. ON L3X 1L8

08 SECURED PARTY / LIEN CLAIMANT BMW CANADA INC.
09 ADDRESS 50 ULTIMATE DRIVE RICHMOND HILL ON L4S 0C8

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X 144950.9 X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2019 BMW M850I XDRIVE COUPE WBABC4C55KBU96853

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING D + H LIMITED PARTNERSHIP
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 43

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 43
(1317)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
760151304

01 CAUTION PAGING TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
002 2 20200218 0836 1532 5028

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME 14DEC1967 JOE D PACIONE
BUSINESS NAME

04 ADDRESS 943 PORTMINSTER CRT NEWMARKET ONTARIO CORPORATION NO.
ON L3X 1L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME 14DEC1967 JOSEPH D PACIONE
BUSINESS NAME

07 ADDRESS 943 PORTMINSTER CRT NEWMARKET ONTARIO CORPORATION NO.
ON L3X 1L8

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT
17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 44

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 44
(1318)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
759925422

00
01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
PILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20200206 1235 1532 4481 P PPSA 05

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 505 CITYVIEW BLVD UNIT 1 WOODBRIDGE ONTARIO CORPORATION NO.
ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / TOYOTA CREDIT CANADA INC.
09 LIEN CLAIMANT

09 ADDRESS 80 MICRO COURT MARKHAM ON L3R 9Z5

COLLATERAL CLASSIFICATION

10 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X 04FEB2025

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2020 LEXUS NX300 JTJSARDZ4L5012627

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING D + H LIMITED PARTNERSHIP
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 45

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRÉTÉS MOBILIÈRES

(ej1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 45
(1319)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
759824577

00
01 CAUTION PAGING TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20200204 0840 1532 9304 P PPSA 05

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

QUALITY RUGS OF CANADA LTD

04 ADDRESS 1-505 CITYVIEW BLVD WOODERIDGE ONTARIO CORPORATION NO. ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / BMW CANADA INC.
09 LIEN CLAIMANT

09 ADDRESS 50 ULTIMATE DRIVE RICHMOND HILL ON L4S 0C8

COLLATERAL CLASSIFICATION

10 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X 100972 X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2020 BMW X5 XDRIVE 40I 5UXCR6C03L9C10577

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING D + H LIMITED PARTNERSHIP
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FLOOR MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 46

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 46
(1320)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
756274833

01 CAUTION PILLING 001 PAGE NO. OF 4 TOTAL PAGES 4 MOTOR VEHICLE SCHEDULE 20191007 1654 1590 6939 REGISTRATION NUMBER REGISTERED UNDER P PPSA REGISTRATION PERIOD 5

02 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 505 CITYVIEW BOULEVARD, UNIT 1 VAUGHAN ONTARIO CORPORATION NO. ON L4H 0L8

05 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME JOPAC ENTERPRISES LIMITED

07 ADDRESS 505 CITYVIEW BOULEVARD, UNIT 1 VAUGHAN ONTARIO CORPORATION NO. ON L4H 0L8

08 SECURED PARTY / LIEN CLAIMANT J. PACIONE CONSULTANTS LIMITED

09 ADDRESS 505 CITYVIEW BOULEVARD, UNIT 1 VAUGHAN ON L4H 0L8

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

12 GENERAL COLLATERAL DESCRIPTION

13 REGISTERING AGENT GARDINER ROBERTS LLP (GT)

14 ADDRESS 3100 - 40 KING STREET WEST TORONTO ON M5H 3Y2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 47

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 47
(1321)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
756274833

00

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	002	4		20191007 1654 1590 6939		

01

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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02

DEBTOR NAME	BUSINESS NAME	JOHN ANTHONY PACIONE HOLDINGS LTD.		
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03

ADDRESS	505 CITYVIEW BOULEVARD, UNIT 1	VAUGHAN	ONTARIO CORPORATION NO.	ON L4H 0L8
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04

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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05

DEBTOR NAME	BUSINESS NAME	JOSEPH DOUGLAS PACIONE HOLDINGS LTD.		
-------------	---------------	--------------------------------------	--	--

06

ADDRESS	505 CITYVIEW BOULEVARD, UNIT 1	VAUGHAN	ONTARIO CORPORATION NO.	ON L4H 0L8
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07

SECURED PARTY / LIEN CLAIMANT	JOJOHN HOLDINGS LTD.			
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08

ADDRESS	505 CITYVIEW BOULEVARD, UNIT 1	VAUGHAN	ON	L4H 0L8
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09

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
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10

MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.
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11

12

13 GENERAL COLLATERAL DESCRIPTION

14

15

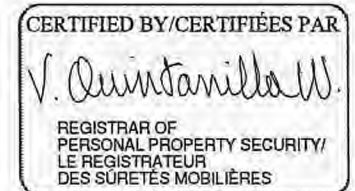
16 REGISTERING AGENT

17

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 48



(crj1iv 05/2022)

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
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CERTIFICATE

REPORT : PSSR060
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(1322)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
756274833

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01

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	003	4		20191007 1654 1590 6939		

02

DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03

NAME BUSINESS NAME

ONTARIO CORPORATION NO.

04

ADDRESS

05

DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06

NAME BUSINESS NAME

ONTARIO CORPORATION NO.

07

ADDRESS

08

SECURED PARTY / LIEN CLAIMANT QUALITY COMMERCIAL CARPET CORPORATION

09

ADDRESS 505 CITYVIEW BOULEVARD, UNIT 1 VAUGHAN ON L4H 0L8

10

COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11

MOTOR YEAR MAKE MODEL V.I.N.

12

VEHICLE

13

GENERAL

14

COLLATERAL

15

DESCRIPTION

16

REGISTERING

17

AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

49

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
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CERTIFICATE

REPORT : PSSR060
PAGE : 49
(1323)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
756274833

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CAUTION PILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	004	4		20191007 1654 1590 6939		

01

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

02

DEBTOR NAME	BUSINESS NAME
-------------	---------------

03

ADDRESS	ONTARIO CORPORATION NO.
---------	-------------------------

04

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

05

DEBTOR NAME	BUSINESS NAME
-------------	---------------

06

ADDRESS	ONTARIO CORPORATION NO.
---------	-------------------------

07

SECURED PARTY / LIEN CLAIMANT JOSEPH R. PACIONE

08

ADDRESS 505 CITYVIEW BOULEVARD, UNIT 1 VAUGHAN ON L4H 0L8

09

COLLATERAL CLASSIFICATION		MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED			
CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED	MATURITY	OR	MATURITY DATE

10

MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.
---------------	------	------	-------	--------

11

GENERAL COLLATERAL DESCRIPTION

12

REGISTERING AGENT	ADDRESS
-------------------	---------

13

14

15

16

17

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 50

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
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ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 50
(1324)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
756215838

00
01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 1 20191004 1537 1590 6783 P PPSA 15

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 505 CITYVIEW BOULEVARD, UNIT 1 VAUGHAN ONTARIO CORPORATION NO. ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT MOHAWK CARPET DISTRIBUTION, INC.

09 ADDRESS 160 SOUTH INDUSTRIAL ROAD CALHOUN GA 30701

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X X X

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTERING AGENT GARDINER ROBERTS LLP (GT)

17 ADDRESS 22 ADELAIDE STREET WEST TORONTO ON M5H 4E3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 51

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(ej1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 51
(1325)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
756109989

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20191002 1735 1793 1038 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED ONTARIO CORPORATION NO.
04 ADDRESS 505 CITYVIEW BLVD., UNIT 1 VAUGHAN ON L4H0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / WAYGAR CAPITAL INC., AS AGENT
09 LIEN CLAIMANT ADDRESS 372 BAY STREET, SUITE 901 TORONTO ON M5H2W9

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AIRD & BERLIS LLP (AC-152026)
17 AGENT ADDRESS 181 BAY STREET, SUITE 1800 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 52

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crj1fv 05/2022)

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 52
(1326)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
755214435

00
01 CAUTION PILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER PERIOD
01 001 20190906 1942 1531 7798 P PPSA 4

02 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME
03 QUALITY RUGS OF CANADA LIMITED
04 ADDRESS 1-505 CITIVIEW BLVD WOODBRIDGE ON L4H 0L8 ONTARIO CORPORATION NO.

05 DEBTOR NAME DATE OF BIRTH BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME
06 QUALITY RUGS OF CANADA
07 ADDRESS 1-505 CITIVIEW BLVD WOODBRIDGE ON L4H 0L8 ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT GM FINANCIAL CANADA LEASING LTD.
09 ADDRESS 2001 SHEPPARD AVE. STE 600 TORONTO ON M2J 4Z8

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
X X X 29999 06SEP2019

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.
2019 BUICK ENCORE KL4CJ2SB8KB864557

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT CANADIAN SECURITIES REGISTRATION SYSTEMS
17 ADDRESS 4126 NORLAND AVENUE BURNABY BC V5G 3S8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 53

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1iv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 53
(1327)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
731817765

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01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20170912 1412 1590 2135 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

04 QUALITY RUGS OF CANADA
ADDRESS 505 CITYVIEW BOULEVARD VAUGHAN ONTARIO CORPORATION NO.
ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / JOJOHN HOLDINGS LTD.
09 LIEN CLAIMANT

ADDRESS 505 CITYVIEW BOULEVARD VAUGHAN ON L4H 0L8

10 COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING GARDINER ROBERTS LLP (AO)
17 AGENT ADDRESS 3600-22 ADELAIDE STREET WEST TORONTO ON M5H 4E3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 54

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(ej1fv 05/2022)



RUN NUMBER : 332
 RUN DATE : 2022/11/28
 ID : 20221128105521.28

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 54
 (1328)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
 FILE CURRENCY : 27NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20191001 1245 1590 6409	
21	RECORD REFERENCED	FILE NUMBER	731817765		
22	PAGE AMENDED	NO	SPECIFIC PAGE AMENDED	CHANGE REQUIRED E TRANSFER	RENEWAL YEARS
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	QUALITY RUGS OF CANADA		
25	OTHER CHANGE REASON/ DESCRIPTION				
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
05					
03/	TRANSFEEE	BUSINESS NAME	QUALITY RUGS OF CANADA LIMITED		
06					
04/07	ADDRESS	20 EAST BEAVER CREEK ROAD		RICHMOND HILL	ONTARIO CORPORATION NO. ON L4B 1G6
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08					
09	ADDRESS				
10	COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	DATE OF MATURITY	NO FIXED MATURITY DATE
		GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT	OR MATURITY DATE
11	MOTOR VEHICLE GENERAL DESCRIPTION	YEAR MAKE	MODEL	V.I.N.	
12					
13					
14					
15					
16	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	ADDRESS	GARDINER ROBERTS LLP (AE) 3600-22 ADELAIDE STREET WEST	TORONTO	ON M5H 4E3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 55

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTRATEUR
 DES SÛRETÉS MOBILIÈRES

(cr)2fv 05/2022



RUN NUMBER : 332
 RUN DATE : 2022/11/28
 ID : 20221128105521.28

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 55
 (1329)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
 FILE CURRENCY : 27NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20191008 1130 1590 6994	
21	RECORD REFERENCED	FILE NUMBER	731817765		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
		X	A AMENDMENT		
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	QUALITY RUGS OF CANADA LIMITED		
25	OTHER CHANGE				
26	REASON/ DESCRIPTION	TO AMEND THE ADDRESS OF THE DEBTOR ON REGISTRATION 20191001 1245 1590 6409.			
27					
28					
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/ TRANSFEREE	BUSINESS NAME	QUALITY RUGS OF CANADA LIMITED		
03/					
04/07	ADDRESS	505 CITYVIEW BOULEVARD, UNIT 1		VAUGHAN	ONTARIO CORPORATION NO. ON L4H 0L8
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08					
09	ADDRESS				
	COLLATERAL CLASSIFICATION				
	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED	
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR	MATURITY DATE
10					
11	MOTOR VEHICLE GENERAL	YEAR MAKE	MODEL	V.I.N.	
12					
13					
14	COLLATERAL DESCRIPTION				
15					
16	REGISTERING AGENT OR	GARDINER ROBERTS LLP (GT)			
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	3600-22 ADELAIDE STREET WEST		TORONTO ON M5H 4E3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 56

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
 REGISTRAR OF
 PERSONAL PROPERTY SECURITY/
 LE REGISTREUR
 DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 56
(1330)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
		PAGES SCHEDULE NUMBER UNDER
01	01	001 20220817 1733 1590 6425
21	RECORD FILE NUMBER	731817765
	REFERENCED	
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT
		B RENEWAL YEARS PERIOD
		5
23	REFERENCE	FIRST GIVEN NAME INITIAL SURNAME
24	DEBTOR/ TRANSFEROR	BUSINESS NAME QUALITY RUGS OF CANADA LIMITED
25	OTHER CHANGE	
26	REASON/	
27	DESCRIPTION	
28		
02/	DATE OF BIRTH	FIRST GIVEN NAME INITIAL SURNAME
05	DEBTOR/	
03/	TRANSFeree	BUSINESS NAME
06		
04/07	ADDRESS	ONTARIO CORPORATION NO.
29	ASSIGNOR	
	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE	
08		
09	ADDRESS	
	COLLATERAL CLASSIFICATION	
	CONSUMER	MOTOR VEHICLE
	GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	DATE OF AMOUNT MATURETY OR NO FIXED MATURETY DATE
10		
11	MOTOR	YEAR MAKE MODEL V.I.N.
12	VEHICLE	
13	GENERAL	
14	COLLATERAL	
15	DESCRIPTION	
16	REGISTERING AGENT OR	GARDINER ROBERTS LLP (A. EISENBERG)
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS 3600-22 ADELAIDE STREET WEST TORONTO ON M5H 4E3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 57

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 57
(1331)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
731817783

00
01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER PERIOD
001 1 20170912 1413 1590 2136 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY COMMERCIAL CARPET CORPORATION

04 ADDRESS 505 CITYVIEW BOULEVARD VAUGHAN ONTARIO CORPORATION NO. ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT QUALITY RUGS OF CANADA
09 ADDRESS 505 CITYVIEW BOULEVARD VAUGHAN ON L4H 0L8

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
X X X X X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT GARDINER ROBERTS LLP (AO)
17 ADDRESS 3600-22 ADELAIDE STREET WEST TORONTO ON M5H 4E3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 58

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1iv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
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REPORT : PSSR060
PAGE : 58
(1332)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
		SCHEDULE NUMBER UNDER
01	001	1 20191009 1557 1590 7179
21	RECORD FILE NUMBER	731817783
	REFERENCED	
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT
		D ASSIGNMENT YEARS PERIOD
23	REFERENCE	FIRST GIVEN NAME INITIAL SURNAME
24	DEBTOR/ TRANSFEROR	BUSINESS NAME QUALITY COMMERCIAL CARPET CORPORATION
25	OTHER CHANGE	
26	REASON/	
27	DESCRIPTION	
28		
02/	DATE OF BIRTH	FIRST GIVEN NAME INITIAL SURNAME
05	DEBTOR/	
03/	TRANSFeree	BUSINESS NAME
06		
04/07	ADDRESS	ONTARIO CORPORATION NO.
29	ASSIGNOR	QUALITY RUGS OF CANADA
	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE	
08		QUALITY RUGS OF CANADA LIMITED
09	ADDRESS	505 CITYVIEW BOULEVARD, UNIT 1 VAUGHAN ONT L4H 0L8
	COLLATERAL CLASSIFICATION	
	CONSUMER	MOTOR VEHICLE DATE OF NO. FIXED
	GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	AMOUNT MATURITY OR MATURITY DATE
10		
11	MOTOR	YEAR MAKE MODEL V.I.N.
12	VEHICLE	
13	GENERAL	
14	COLLATERAL	
15	DESCRIPTION	
16	REGISTERING AGENT OR	GARDINER ROBERTS LLP (GT)
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS 3600-22 ADELAIDE STREET WEST TORONTO ON M5H 4E3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 59

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(crj2tv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 59
(1333)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	01	001		20220817 1733 1590 6427	
21	RECORD REFERENCED	FILE NUMBER	731817783		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED B RENEWAL	RENEWAL YEARS 5	CORRECT PERIOD
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	QUALITY RUGS OF CANADA LIMITED		
25	OTHER CHANGE REASON/ DESCRIPTION				
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/ TRANSFEREE	BUSINESS NAME			
06					ONTARIO CORPORATION NO.
04/07	ADDRESS				
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08					
09	ADDRESS				
	COLLATERAL CLASSIFICATION				
	CONSUMER	MOTOR VEHICLE	DATE OF	NO. FIXED	
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	AMOUNT MATURITY OR	MATURITY DATE	
10	YEAR	MAKE	MODEL	V.I.N.	
11	MOTOR VEHICLE GENERAL				
12	VEHICLE DESCRIPTION				
13	GENERAL				
14	COLLATERAL DESCRIPTION				
15	REGISTERING AGENT OR	GARDINER ROBERTS LLP (A. EISENBERG)			
16	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	3600-22 ADELAIDE STREET WEST	TORONTO	ON M5H 4E3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 60

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(rij2fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 60
(1334)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
731817801

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20170912 1413 1590 2137	P PPSA	5

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
		WESTON		HARDWOOD DESIGN CENTRE INC.

ADDRESS	ON	L4H 0L8
505 CITYVIEW BOULEVARD VAUGHAN		

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME

ADDRESS	ON	L4H 0L8

SECURED PARTY / LIEN CLAIMANT	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
		QUALITY RUGS OF CANADA		

ADDRESS	ON	L4H 0L8
505 CITYVIEW BOULEVARD VAUGHAN		

COLLATERAL CLASSIFICATION	CONSUMER GOODS	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
	X	X	X	X	X

MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.

GENERAL COLLATERAL DESCRIPTION

REGISTERING AGENT	ADDRESS	TORONTO	ON	M5H 4E3
	GARDINER ROBERTS LLP (AO) 3600-22 ADELAIDE STREET WEST			

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 61

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 61
(1335)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20191009 1558 1590 7180	
21	RECORD REFERENCED	FILE NUMBER	731817801		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
			D ASSIGNMENT		
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	WESTON HARDWOOD DESIGN CENTRE INC.		
25	OTHER CHANGE				
26	REASON/				
27	DESCRIPTION				
28					
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/				
03/	TRANSFeree	BUSINESS NAME			
06					
04/07	ADDRESS	ONTARIO CORPORATION NO.			
29	ASSIGNOR	QUALITY RUGS OF CANADA			
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE	QUALITY RUGS OF CANADA LIMITED			
09	ADDRESS	505 CITYVIEW BOULEVARD, UNIT 1	VAUGHAN	ONT	L4H 0L8
	COLLATERAL CLASSIFICATION				
	CONSUMER	MOTOR VEHICLE	DATE OF	NO. FIXED	
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR	MATURITY DATE
10					
11	MOTOR	YEAR MAKE	MODEL	V.I.N.	
12	VEHICLE				
13	GENERAL				
14	COLLATERAL				
15	DESCRIPTION				
16	REGISTERING AGENT OR	GARDINER ROBERTS LLP (GT)			
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	3600-22 ADELAIDE STREET WEST	TORONTO	ON M5H 4E3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 62

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj21v 05/2022)

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 62
(1336)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	01	001		20220817 1733 1590 6426	
21	RECORD REFERENCED	FILE NUMBER	731817801		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED B RENEWAL	RENEWAL YEARS 5	CORRECT PERIOD
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	QUALITY RUGS OF CANADA LIMITED		
25	OTHER CHANGE REASON/ DESCRIPTION				
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/ TRANSFEREE	BUSINESS NAME			
06			ONTARIO CORPORATION NO.		
04/07	ADDRESS				
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08					
09	ADDRESS				
	COLLATERAL CLASSIFICATION				
	CONSUMER GOODS	MOTOR VEHICLE INCLUDED	DATE OF MATURITY	NO. FIXED OR	NO. FIXED MATURITY DATE
10	YEAR MAKE	MODEL	V.I.N.		
11	MOTOR VEHICLE GENERAL DESCRIPTION				
12					
13					
14					
15					
16	REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT	ADDRESS	GARDINER ROBERTS LLP (A. EISENBERG) 3600-22 ADELAIDE STREET WEST	TORONTO	ON M5H 4E3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 63

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 63
(1337)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LTEN

00 FILE NUMBER
730556946

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20170803 1613 1219 5286 P PPSA 06

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED

04 ADDRESS 505 CITYVIEW BLVD WOODBRIDGE ONTARIO CORPORATION NO.
ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / THE BANK OF NOVA SCOTIA
09 LTEN CLAIMANT

ADDRESS 4715 TAHOE BOULEVARD MISSISSAUGA ON L4W 0B4

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X 28778

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2017 GMC SAVANA 1GTW7AFF7H1107009

13 GENERAL OUR SECURITY INTEREST IS LIMITED TO THE MOTOR VEHICLES LISTED ABOVE
14 COLLATERAL AND THE PROCEEDS OF THOSE VEHICLES
15 DESCRIPTION

16 REGISTERING D+H LIMITED PARTNERSHIP (BNS)
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FL MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 64

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 64
(1338)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
728902998

00
01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20170620 1051 1219 1911 P PPSA 06

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA LIMITED ONTARIO CORPORATION NO.
04 ADDRESS 505 CITYVIEW BLVD WOODBRIDGE ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / THE BANK OF NOVA SCOTIA
09 LIEN CLAIMANT ADDRESS 4715 TAHOE BOULEVARD MISSISSAUGA ON L4W 0B4

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X 33226

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE 2014 GMC SIERRA 1500 3GTU2VEC5EG274695

13 GENERAL OUR SECURITY INTEREST IS LIMITED TO THE MOTOR VEHICLES LISTED ABOVE
14 COLLATERAL AND THE PROCEEDS OF THOSE VEHICLES
15 DESCRIPTION

16 REGISTERING D+H LIMITED PARTNERSHIP (BNS)
17 AGENT ADDRESS 2 ROBERT SPECK PARKWAY, 15TH FL MISSISSAUGA ON L4Z 1H8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 65

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 65
(1339)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
722566125

00
01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20161116 1556 1590 1314 P PPSA 15

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME QUALITY RUGS OF CANADA

04 ADDRESS 1-505 CITYVIEW BLVD. VAUGHAN ONTARIO CORPORATION NO.
ON L4H 0L8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT MOHAWK CARPET DISTRIBUTION, INC.
09 ADDRESS 160 SOUTH INDUSTRIAL ROAD CALHOUN GA 30701

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X X

11 YEAR MAKE MODEL V.I.N.
12 MOTOR VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING OSLER, HOSKIN & HARCOURT LLP (M.ROCHKIN/E.WILLIAMS/1175354)
17 AGENT ADDRESS 1 FIRST CANADIAN PL, PO BOX 50 TORONTO, ON M5X 1B8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 66

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(cr)1iv 05/2022

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 66
(1340)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL MOTOR VEHICLE PAGES SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	
01	001	1	20191001 1244 1590 6407		
21	RECORD REFERENCED	FILE NUMBER	722566125		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
			E TRANSFER		
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	QUALITY RUGS OF CANADA		
25	OTHER CHANGE REASON/ DESCRIPTION				
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/	TRANSFEE	BUSINESS NAME	QUALITY RUGS OF CANADA LIMITED		
04/07	ADDRESS	20 EAST BEAVER CREEK ROAD	RICHMOND HILL	ONTARIO CORPORATION NO.	ON L4B 1G6
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08	ADDRESS				
09	COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED
		GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR	MATURITY DATE
10	YEAR	MAKE	MODEL	V.I.N.	
11	MOTOR VEHICLE GENERAL DESCRIPTION				
12	REGISTERING AGENT OR	GARDINER ROBERTS LLP (AE)			
13	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	3600-22 ADELAIDE STREET WEST	TORONTO	ON M5H 4E3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 67

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 67
(1341)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20191008 1131 1590 6996	
21	RECORD REFERENCED	FILE NUMBER	722566125		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED A AMENDMENT	RENEWAL YEARS	CORRECT PERIOD
		X			
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	QUALITY RUGS OF CANADA LIMITED		
25	OTHER CHANGE				
26	REASON/ DESCRIPTION	TO AMEND THE ADDRESS OF THE DEBTOR ON REGISTRATION 20191001 1244 1590 6407.			
28					
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/ TRANSFEREE	BUSINESS NAME	QUALITY RUGS OF CANADA LIMITED		
06					ONTARIO CORPORATION NO.
04/07	ADDRESS	505 CITYVIEW BOULEVARD, UNIT 1	VAUGHAN	ON	L4H 0L8
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08					
09	ADDRESS				
	COLLATERAL CLASSIFICATION				
	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED
					DATE OF AMOUNT MATURITY OR NO FIXED MATURITY DATE
10					
11	MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.
12	GENERAL				
13	COLLATERAL DESCRIPTION				
14	REGISTERING AGENT OR	GARDINER ROBERTS LLP (GT)			
15	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	3600-22 ADELAIDE STREET WEST	TORONTO	ON M5H 4E3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 58

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 68
(1342)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
718240725

00
01 CAUTION FILING PAGE NO. OF PAGES TOTAL MOTOR VEHICLE REGISTRATION REGISTERED UNDER REGISTRATION PERIOD
001 1 20160704 1222 1219 4431 P PPSA 07

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 BUSINESS NAME QUALITY RUGS OF CANADA LIMITED ONTARIO CORPORATION NO.
04 ADDRESS 505 CITY VIEW BLVD #1 WOODBRIDGE ON L4H 0L8

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT THE BANK OF NOVA SCOTIA
09 ADDRESS 4715 TAHOE BOULEVARD MISSISSAUGA ON L4W 0B4

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
X X X 21431

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.
2016 CHEVROLET EQUINOX 2GNALCEK8G6277950

13 GENERAL COLLATERAL DESCRIPTION
14 OUR SECURITY INTEREST IS LIMITED TO THE MOTOR VEHICLES LISTED ABOVE
15 AND THE PROCEEDS OF THOSE VEHICLES

16 REGISTERING AGENT D+H LIMITED PARTNERSHIP (BNS)
17 ADDRESS 939 EGLINTON AVENUE EAST, SUITE 201 TORONTO ON M4G 4H7

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 69

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 69
(1343)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
788346297	20221109 1808 1532 4444			
786581343	20220909 1809 1532 5579			
786530952	20220908 1314 1532 9767			
786457008	20220906 1525 6005 2272			
784854792	20220713 1252 4085 1049			
784021455	20220616 0824 4085 0167			
782152758	20220420 1103 1532 9269			
780569856	20220223 0821 1532 0134			
780266871	20220208 1411 1462 6730	20220928 1404 1462 9784		
780266889	20220208 1411 1462 6731			
780266898	20220208 1411 1462 6732	20220921 1402 1462 6402		
780266907	20220208 1411 1462 6733	20220929 1708 1462 0594		
778788504	20211206 0845 1532 8386			
778291281	20211117 1035 1532 2557			
775624212	20210820 1608 1532 2808			
773998092	20210630 1119 1532 4062			
773958375	20210629 1430 1219 5849			
771711453	20210420 1048 1529 2864			
771431202	20210412 0928 1219 3589			
770937444	20210326 1015 1532 4771			
768935466	20201231 1033 1529 4554			
767626677	20201112 1049 1532 7122			
767250207	20201030 1300 1901 1749			
760685094	20200306 1048 1532 2085			
760367907	20200225 1457 1751 9547			
760151304	20200218 0836 1532 5028			
759925422	20200206 1235 1532 4481			
759824577	20200204 0840 1532 9304			
756274833	20191007 1654 1590 6939			
756215838	20191004 1537 1590 6783			

CONTINUED... 70

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj6 05/2022)

RUN NUMBER : 332
RUN DATE : 2022/11/28
ID : 20221128105521.28

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 70
(1344)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 27NOV 2022

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
756109989	20191002 1735 1793 1038			
755214435	20190906 1942 1531 7798			
731817765	20170912 1412 1590 2135	20191001 1245 1590 6409	20191008 1130 1590 6994	20220817 1733 1590 6425
731817783	20170912 1413 1590 2136	20191009 1557 1590 7179	20220817 1733 1590 6427	
731817801	20170912 1413 1590 2137	20191009 1558 1590 7180	20220817 1733 1590 6426	
730556946	20170803 1613 1219 5286			
728902998	20170620 1051 1219 1911			
722566125	20161116 1556 1590 1314	20191001 1244 1590 6407	20191008 1131 1590 6996	
718240725	20160704 1222 1219 4431			

51 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crfj6 05/2022)



This is Exhibit "F" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:
Matilda Lici
7CE576F4AA3D4CA...

A Commissioner, etc.
Matilda Lici



De Lage Landen Financial Services Canada Inc.
3450 Superior Court, Unit 1
Oakville, Ontario L6L 0C4
Tel: (877) 500-5355
Fax: (877) 500-5356

October 25, 2019

WAYGAR CAPITAL INC.
& AIRD & BERLIS LLP

Attention: To whom it may concern

Dear Ladies/Sirs:

RE: Timeline Floors Inc (the "Debtor")

We confirm that we are the secured party identified in the Registration(s) listed on Schedule "A" filed against the Debtor pursuant to certain federal, provincial or territorial legislation dealing with the registration of personal property security in one or more provinces or territories of Canada.

We confirm that the Registration(s) perfects a security interest created by our agreement with the Debtor in respect of the personal property listed in Schedule "B" together with all attachments, accessories and additions thereto and all proceeds derived therefrom (collectively, the "**Secured Assets**") and in no other present or future personal property of the Debtor.

Furthermore, we confirm that the Registration(s) will not be used now or in the future to perfect a security interest in any of the undertaking, property or assets of the Debtor other than the Secured Assets.

This letter shall enure to the benefit of the addressee and its successors and assigns and shall be binding on the undersigned and its successors and assigns.

Should you require any assistance or further information with respect to this matter, please contact the undersigned.

Yours truly,

A handwritten signature in cursive script, appearing to read 'Alma Toric'.

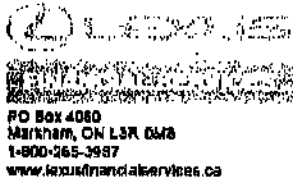
Alma Toric
Portfolio Services Administration

SCHEDULE "A"
REGISTRATIONS

Jurisdiction	Registration Number	Reference File Number
BC	956125K	

SCHEDULE "B"
SECURED ASSETS

Description	Serial#	Model
MASTORAK PALLET RACKING		



Sunday, October 13, 2019

ACKNOWLEDGEMENT

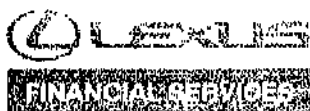
FROM: TOYOTA CREDIT CANADA INC. ("TCCI")
TO: AIRD & BERLIS LLP
 WAYGAR CAPITAL INC
RE: QUALITY RUGS OF CANADA ("DEBTOR")
REGISTRATION # 20170712 1634 1532 6082
FILE # 729746028

The undersigned, TCCI, hereby acknowledges that the only security interest granted by the Debtor(s) as noted above to TCCI for the above-referenced PPSA filing is a security interest in a:

2017 LEXUS IS3-CM1D2T JTHCM1D27H5023985
 and any proceeds arising therefrom (The "Collateral").

The undersigned will not rely on the Registration to perfect a security interest in any asset of the Debtor(s) other than the Collateral.

Customer Service Department
 TOYOTA CREDIT CANADA INC.



PO Box 4080
Markham, ON L3R 0M6
1-800-295-3987
www.lexusfinancialservices.ca

October 13, 2019

QUALITY RUGS OF CANADA
505 CITYVIEW BLVD
WOODBRIIDGE ON L4H 0L8

To Whom It May Concern:

RE: 2015 LEXUS GS3-CE1BLT CR JTHCE1BL6FA008939 File # 152026

Toyota Credit Canada Inc. is pleased to advise you that we no longer have an interest in the above referenced vehicle.

If we can be of further assistance, please contact our Customer Service department at the number shown above.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Johnston', written in a cursive style.

TOYOTA CREDIT CANADA INC.
Customer Service Department

BMW Financial Services Canada



To: Waygar Capital Inc
Fax: 11111
Attention: Waygar Capital Inc

Debtor: Quality Rugs Of Canada Limited
PPSA File Number: 744532011
Year/Make/Model: 2019 BMW 750i xdrive Sedan
Vehicle Identification: WBA7B0C54KG527451
Date: October 3, 2019
Subject: **PPSA Letter**

Sir/Madam,

BMW Financial Services Canada, a division of BMW Canada Inc., has registered a financing statement in respect of the motor vehicle leased or financed to the Debtor named above.

You have requested clarification and confirmation by BMW Financial Services Canada regarding the collateral secured by our PPSA registration.

The undersigned acknowledges and confirms that the financing statement bearing file# 744532011, and registered under the PPSA, perfects only a security interest in the property described below.

- (a) The motor vehicle leased or financed by BMW Financial Services Canada to the Debtor being a 2019 BMW 750i xdrive Sedan, Vehicle Identification Number WBA7B0C54KG527451;
- (b) All proceeds from any dealing with the property described in section (a); and
- (c) Rights to insurance payments or any other payments as indemnity or compensation for loss of or damage to the property described in paragraph (a) or (b).

BMW Financial Services Canada reserves the right to rely on this registration to perfect any security interest granted by the Debtor in respect to products leased or financed by BMW Financial Services Canada after the date hereof.

If you have any questions, please contact us at 1-800-3000-BMW, Monday through Thursday, 9:00 a.m. to 8:00 p.m. ET; Friday, 9:00 a.m. to 6:00 p.m. ET, or by mail.

Sincerely,

Kouanan Abdoul Kader Kone
Customer Interaction Center Specialist
BMW Financial Services Canada

a division of
BMW Canada Inc.
a BMW Group Company

une division de
BMW Canada Inc.
une compagnie
du BMW Group

Head Office/
Siège social
50 Ultimate Drive
Richmond Hill, ON
Canada
L4S0C8

Telephone/
Téléphone
1-800-3000-BMW

Facsimile/
Télécopieur
(866) 217-1269

Internet
www.BMWfinance.ca

BMW Financial Services Canada



To: L4H0L8
Fax: 111
Attention: L4H0L8

Debtor: Quality Rugs Of Canada Limited
PPSA File Number: 722125881
Year/Make/Model: 2016 BMW 528i xDrive Sedan
Vehicle Identification: WBA5A7C5XGG643263
Date: October 3, 2019
Subject: **PPSA Letter**

Sir/Madam,

BMW Financial Services Canada, a division of BMW Canada Inc., has registered a financing statement in respect of the motor vehicle leased or financed to the Debtor named above.

You have requested clarification and confirmation by BMW Financial Services Canada regarding the collateral secured by our PPSA registration.

The undersigned acknowledges and confirms that the financing statement bearing file# 722125881, and registered under the PPSA, perfects only a security interest in the property described below.

- (a) The motor vehicle leased or financed by BMW Financial Services Canada to the Debtor being a 2016 BMW 528i xDrive Sedan, Vehicle Identification Number WBA5A7C5XGG643263;
- (b) All proceeds from any dealing with the property described in section (a); and
- (c) Rights to insurance payments or any other payments as indemnity or compensation for loss of or damage to the property described in paragraph (a) or (b).

BMW Financial Services Canada reserves the right to rely on this registration to perfect any security interest granted by the Debtor in respect to products leased or financed by BMW Financial Services Canada after the date hereof.

If you have any questions, please contact us at 1-800-3000-BMW, Monday through Thursday, 9:00 a.m. to 8:00 p.m. ET; Friday, 9:00 a.m. to 6:00 p.m. ET, or by mail.

Sincerely,

Kouanan Abdoul Kader Kone
Customer Interaction Center Specialist
BMW Financial Services Canada

a division of
BMW Canada Inc.
a BMW Group Company

une division de
BMW Canada Inc.
une compagnie
du BMW Group

Head Office/
Siège social
50 Ultimate Drive
Richmond Hill, ON
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L4S0C8

Telephone/
Téléphone
1-800-3000-BMW

Facsimile/
Télécopieur
(866) 217-1269

Internet
www.BMWfinanca.ca

BMW Financial Services Canada



To: Waygar Capital Inc
Fax: 11
Attention: Waygar Capital Inc

Debtor: Quality Rugs Of Canada Limited
PPSA File Number: 722023389
Year/Make/Model: 2017 BMW X5 xDrive35i
Vehicle Identification: 5UXKR0C52H0U50880
Date: October 3, 2019
Subject: **PPSA Letter**

Sir/Madam,

BMW Financial Services Canada, a division of BMW Canada Inc., has registered a financing statement in respect of the motor vehicle leased or financed to the Debtor named above.

You have requested clarification and confirmation by BMW Financial Services Canada regarding the collateral secured by our PPSA registration.

The undersigned acknowledges and confirms that the financing statement bearing file# 722023389, and registered under the PPSA, perfects only a security interest in the property described below.

- (a) The motor vehicle leased or financed by BMW Financial Services Canada to the Debtor being a 2017 BMW X5 xDrive35i, Vehicle Identification Number 5UXKR0C52H0U50880;
- (b) All proceeds from any dealing with the property described in section (a); and
- (c) Rights to insurance payments or any other payments as indemnity or compensation for loss of or damage to the property described in paragraph (a) or (b).

BMW Financial Services Canada reserves the right to rely on this registration to perfect any security interest granted by the Debtor in respect to products leased or financed by BMW Financial Services Canada after the date hereof.

If you have any questions, please contact us at 1-800-3000-BMW, Monday through Thursday, 9:00 a.m. to 8:00 p.m. ET; Friday, 9:00 a.m. to 6:00 p.m. ET, or by mail.

Sincerely,

Kouanan Abdoul Kader Kone
Customer Interaction Center Specialist
BMW Financial Services Canada

a division of
BMW Canada Inc.
a BMW Group Company

une division de
BMW Canada Inc.
une compagnie
du BMW Group

Head Office/
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Richmond Hill, ON
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L4S0C8

Telephone/
Téléphone
1-800-3000-BMW

Facsimile/
Télécopieur
(866) 217-1269

Internet
www.BMWfinance.ca

BMW Financial Services Canada



To: Waygar Capital Inc
Fax: 111
Attention: Waygar Capital Inc

Debtor: Quality Rugs Of Canada Limited
PPSA File Number: 20190813091215325838
Year/Make/Model: 2019 BMW 540i xDrive Sedan
Vehicle Identification: WBAJE7C50KWW12251
Date: October 3, 2019
Subject: **PPSA Letter**

Sir/Madam,

BMW Financial Services Canada, a division of BMW Canada Inc., has registered a financing statement in respect of the motor vehicle leased or financed to the Debtor named above.

You have requested clarification and confirmation by BMW Financial Services Canada regarding the collateral secured by our PPSA registration.

The undersigned acknowledges and confirms that the financing statement bearing file# 20190813091215325838, and registered under the PPSA, perfects only a security interest in the property described below.

- (a) The motor vehicle leased or financed by BMW Financial Services Canada to the Debtor being a 2019 BMW 540i xDrive Sedan, Vehicle Identification Number WBAJE7C50KWW12251;
- (b) All proceeds from any dealing with the property described in section (a); and
- (c) Rights to insurance payments or any other payments as indemnity or compensation for loss of or damage to the property described in paragraph (a) or (b).

BMW Financial Services Canada reserves the right to rely on this registration to perfect any security interest granted by the Debtor in respect to products leased or financed by BMW Financial Services Canada after the date hereof.

a division of
BMW Canada Inc.
a BMW Group Company

une division de
BMW Canada Inc.
une compagnie
du BMW Group

Head Office/
Siège social
50 Ultimate Drive
Richmond Hill, ON
Canada
L4S0C8

Telephone/
Téléphone
1-800-3000-BMW

Facsimile/
Télécopieur
(666) 217-1269

Internet
www.BMWfinance.ca

If you have any questions, please contact us at 1-800-3000-BMW, Monday through Thursday, 9:00 a.m. to 8:00 p.m. ET; Friday, 9:00 a.m. to 6:00 p.m. ET, or by mail.

Sincerely,

Kouanan Abdoul Kader Kone
Customer Interaction Center Specialist
BMW Financial Services Canada



October 9, 2019

VIA EMAIL

TO: WAYGAR CAPITAL INC.
AND TO: AIRD & BERLIS LLP
AND TO: QUALITY RUGS OF CANADA LIMITED (the "Debtor")
(Collectively the "Addressee(s)")

Dear Sir/Madam:

Re: QUALITY RUGS OF CANADA LIMITED and their respective predecessor, successors and assigns (collectively the "Customer(s)")
PPSA Registration Numbers (set out below) (the "Registration(s)")

In response to your enquiry with respect to the Registration(s) against the Customer(s) under the *Personal Property Security Act* of the Province of Ontario, we confirm that the Registration(s) will not now or in the future perfect a security interest in any assets of the Customer(s) other than the following vehicle(s) and its proceeds:

Reference File Number	Registration Number	Vehicle
755214435	20190906 1942 1531 7798	2019 BUICK ENCORE AWD KL4CJ2SB8KB864557
753480639	20190718 1040 1529 7552	2019 CADILLAC ESCALADE AWD 1GYS4CKJ4KR343861
749314881	20190321 1941 1531 2607	2019 GMC TRUCKS SIERRA 1500 4WD 1GTP9EED6KZ141568
723261555	20161209 1040 1529 9916	2017 CHEVROLET TRUCKS EQUINOX 2WD 2GNALBEK4H1538323

This confirmation shall enure to the benefit of the Addressee(s) and its/their successors and assigns and shall be binding upon the undersigned and its successors and assigns.

Yours truly,

GM FINANCIAL

Per: Renee Marinos
TL Dealer Support

GM Financial Canada Leasing Ltd. / Société de Location GM Financial Canada Ltée
2001 Sheppard Avenue East • Suite 600 • Toronto • Ontario • M2J 4Z8
Telephone 1-877-346-5469 / Fax 1-866-861-4100

October 2, 2019

Waygar Capital Inc.

RE: Reference File No.(s) 727614126—20170512 1940 1531 9984 (the "Registration") under the *Personal Property Security Act (Ontario)* against Quality Rug of Canada Ltd. (the "Debtor")

Dear Sirs,

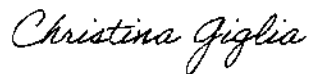
The undersigned is the secured party under the Registration. We are advised that Waygar Capital Inc. has requested the herein acknowledgement.

We confirm that Mercedes-Benz Financial Services, a business unit of Mercedes-Benz Financial Services Canada Corporation, is the secured party under one or more Security Agreements or Lease Agreements, as the case may be. Our records indicate the collateral covered by the Registration is limited to the following:

Year/Make/Model: 2017 Mercedes-Benz CLS63MS
VIN#: WDDLJ7GB4HA194506, together with all present and future attachments or accessories, additions, alterations and repairs thereto, as well as to all proceeds of the collateral including without limitation proceeds and/or replacements derived directly or indirectly from any dealing with the collateral or that indemnifies or compensates the Debtor for the destruction or damage to or loss of the collateral.

We trust the above information is sufficient to meet your needs. If you require further details of our security interest please contact us at 1-888-532-7362.

Sincerely,



Christina Giglia
Customer Service Representative
Mercedes-Benz Financial Services

October 2, 2019

Waygar Capital Inc.

RE: Reference File No.(s) 726317622-- 20170405 1436 1530 5159 (the "Registration") under the *Personal Property Security Act (Ontario)* against Malvern Contract Interiors Ltd. (the "Debtor")

Dear Sirs,

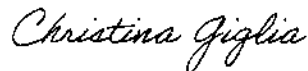
The undersigned is the secured party under the Registration. We are advised that Waygar Capital Inc. has requested the herein acknowledgement.

We confirm that Mercedes-Benz Financial Services, a business unit of Mercedes-Benz Financial Services Canada Corporation, is the secured party under one or more Security Agreements or Lease Agreements, as the case may be. Our records indicate the collateral covered by the Registration is limited to the following:

Year/Make/Model: 2016 Mercedes-Benz GLE350d 4M
VIN#: 4JGDA2EB9GA630474, together with all present and future attachments or accessories, additions, alterations and repairs thereto, as well as to all proceeds of the collateral including without limitation proceeds and/or replacements derived directly or indirectly from any dealing with the collateral or that indemnifies or compensates the Debtor for the destruction or damage to or loss of the collateral.

We trust the above information is sufficient to meet your needs. If you require further details of our security interest please contact us at 1-888-532-7362.

Sincerely,



Christina Giglia
Customer Service Representative
Mercedes-Benz Financial Services

ACKNOWLEDGMENT

TO: WAYGAR CAPITAL INC. (the "Secured Party")
AND TO: AIRD & BERLIS LLP
RE: Malvern Contract Interiors Limited and Quality Rugs of Canada Limited,
(collectively, the "Debtors")

The undersigned hereby refers to registrations against, among others, the Debtors in favour of the undersigned under the *Personal Property Security Act* (Ontario) or any other applicable personal property security statute in any and all applicable jurisdictions (the "PPSA"), including, without limitation, the following registrations (the "Existing Registrations"):

File No.	Registration Number	Collateral Classification	Existing Security Description
713263266	20160112 1548 1219 5117	Other, Motor Vehicle	2013 JAGUAR XF SAJXJ0EF2D8U05018
711718542	20151112 1422 1219 0597	Other, Motor Vehicle	2012 LAND ROVER RANGE ROVER SPORT SALSK2D43CA745537
704144601	20150310 1527 1219 7698	Other, Motor Vehicle	2015 CHEVROLET SILVERADO 1500 1GCRCPFH1FZ156736
700423524	20141003 1805 1219 1757	Other, Motor Vehicle	2014 CHEVROLET SILVERADO 1500 3GCUKPEC8EG259734


For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby confirms and agrees with the Secured Party as follows:

1. The Existing Registrations relate solely to the collateral described under the heading "Existing Security Description" above (collectively, the "Existing Security").
2. The undersigned has no security interests and will not assert any priority based on the Existing Registrations or otherwise with respect to any present or after acquired assets of the Debtors other than in respect of the Existing Security.
3. The undersigned has not assigned or encumbered the Existing Security or the Existing Registrations.
4. The undersigned agrees not to assign the Existing Security or Existing Registrations.
5. The Existing Registrations will not be subsequently used by the undersigned to claim any further security interests in any present and future property, assets and undertakings of the Debtors.
6. The undersigned acknowledges that the Secured Party is relying on this Acknowledgement in making certain accommodations of credit available to the Debtors.

7. The undersigned hereby consents to the granting of security by the Debtors to the Secured Party and confirms that it does not create default under the Existing Security.
8. This Acknowledgement shall be binding upon the undersigned and its successors and assigns and shall enure to the benefit of the addressees and their successors and assigns.

Dated this 7th day of October, 2019.

THE BANK OF NOVA SCOTIA

Per: 
Name: Jessica Sevan
Title: Senior Specialist

Per: _____
Name:
Title:

I have authority to bind the Bank

This is Exhibit "G" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:

Matilda Lici

7CE576F4AA3D4CA...

A Commissioner, etc.
Matilda Lici

SUBORDINATION AND POSTPONEMENT AGREEMENT

TO: Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. (the “**Lender**”)

DATED: October 10, 2019

RECITALS

- A. Quality Rugs of Canada Limited, Jopac Enterprises Limited, John Anthony Pacione Holdings Ltd. and Joseph Douglas Pacione Holdings Ltd. (collectively, the “**Credit Parties**”) are now or may hereafter become indebted or liable or further indebted or liable to any of the undersigned (each, a “**Subordinator**”, and collectively, the “**Subordinators**”) or to any subsidiary or other affiliate directly or indirectly owned or controlled by any of the Subordinators (each, a “**Subordinator Affiliate**” and collectively, the “**Subordinator Affiliates**”).
- B. The Credits Parties have granted and may hereafter grant security interests, claims, charges, liens or other encumbrances (collectively, the “**Subordinator Security**”) in favour of any of the Subordinators or Subordinator Affiliates as security for the repayment and discharge of all indebtedness, obligations and liabilities of any kind, present or future, direct or indirect, absolute or contingent, matured or not, joint or several, of the Credit Parties to any of the Subordinators or Subordinator Affiliates, whether as principal or surety, together with all expenses (including legal fees on a full indemnification basis) incurred by any of the Subordinators, any of the Subordinator Affiliates or their respective receivers or agents in the preparation, perfection and enforcement of security or other agreements held by any of the Subordinators or Subordinator Affiliates in respect of such indebtedness, obligations or liabilities, and interest thereon (collectively, the “**Subordinator Indebtedness**”).
- C. The Subordinators have registered or may hereinafter register under the *Personal Property Security Act* (Ontario) or other applicable personal property security legislations in other applicable jurisdictions (collectively and as applicable, the “**PPSA**”) in connection with the Subordinator Security.
- D. The Credit Parties have granted and may hereafter grant security interests, claims, charges, liens or other encumbrances (collectively, the “**Lender Security**”) in favour of the Lender as security for the repayment and discharge of all indebtedness, obligations and liabilities of any kind, present or future, direct or indirect, absolute or contingent, matured or not, joint or several, of the Debtor to the Lender, whether as principal or surety, together with all expenses (including legal fees on a full indemnification basis) incurred by the Lender or its receivers or agents in the preparation, perfection and enforcement of security and other agreements held by the Lender in respect of such indebtedness, obligations or liabilities and interest thereon (collectively, the “**Lender Indebtedness**”).
- E. The Lender has or may hereafter register against the Credit Parties under the PPSA in connection with the Lender Security.

- F. Each of the Subordinators has agreed to enter into this Subordination and Postponement Agreement (this “**Agreement**”) in favour of the Lender.

NOW THEREFORE for value received and intending to be legally bound, each of the undersigned covenants and agrees as follows:

1. All Subordinator Indebtedness is postponed, subordinated and junior and subject to all Lender Indebtedness.
2. All Subordinator Security is postponed, subordinated and subject to all Lender Security, notwithstanding that any priority provided by any principle of law, equity or statute or the relative order of execution, delivery, creation, grant, registration, advance, attachment, possession, perfection or non-perfection, default, demand, notice, crystallization, enforceability or enforcement of the Lender Security or the Subordinator Security, or any other matter or thing whatsoever, in law or in equity, the Subordinator Security in and to any and all of the Credit Parties’ assets, any and all proceeds therefrom, and any and all insurance claims and proceeds in connection therewith, which the Subordinators or the Subordinators Affiliates may now have or hereinafter obtain and which may or may not be perfected by any existing registrations or any subsequent registrations under the PPSA, shall be fully and unconditionally subordinated to the Lender Security in favour of the Lender
3. In order to effectuate this Agreement, in the event of any receivership, bankruptcy, liquidation or winding-up of any of the Credit Parties or upon any realization of any Subordinator Security and if the amount of the Lender Indebtedness at such time is not paid in full, each of the Subordinators authorizes the Lender and agrees to cause each of the Subordinator Affiliates to authorize the Lender to collect and receive any dividends or payments which may be payable to any of the Subordinators or such Subordinator Affiliates from the Credit Parties of the Lender Indebtedness and to apply the amount of the dividends or payments so collected by the Lender in payment of the balance of the Lender Indebtedness, with the surplus, if any, to be paid to any of the Subordinators or such Subordinator Affiliates.
4. Save and except a Permitted Payment, no Subordinator Indebtedness shall be paid or withdrawn without either:
 - (a) the Lender having provided its prior written consent; or
 - (b) the Lender having indefeasibly received all amounts due and owing in respect of the Lender Indebtedness.

For the purpose of this section, the term “**Permitted Payments**” means all payments or withdrawals on account of Subordinator Indebtedness representing:

- (a) interest calculated and paid in accordance with the scheduled terms of repayment existing as of the date hereof pursuant to that instrument more particularly described in Schedule “A” attached hereto, provided that no such payment or withdrawal shall be made at any time the Credit Parties are, or if such payment or

withdrawal would cause the Credit Parties to be, in default of any of their covenants, terms, conditions or agreements with the Lender;

- (b) principal paid in accordance with the scheduled terms of repayment existing as of the date hereof pursuant to that instrument more particularly described in Schedule "A" attached hereto, provided that (i) no such payment or withdrawal shall be made at any time the Credit Parties are, or that such payment or withdrawal would cause the Credit Parties to be, in default of any of its covenants, terms, conditions or agreements with the Lender; and
 - (c) any other amounts to which the Lender has provided its prior written consent.
5. Each of the Subordinators agrees that it will not, and agrees to cause each of the Subordinator Affiliates not to, realize or exercise any right to collect the Subordinator Indebtedness (other than a demand for payment of such) or (ii) pursuant to any of the Subordinator Security, without the occurrence of one of the following events:
- (a) the Lender having provided its prior written consent; or
 - (b) default by the Debtor in respect of the Subordinator Indebtedness which has not been remedied during the 90 days period following the Lender having been provided with written notice by any of the Subordinators of such default.
6. Any payments, including Permitted Payments, which may be received by any of the Subordinators or Subordinator Affiliates from the Credit Parties of the Lender Indebtedness on account of or otherwise for the benefit of the Credit Parties in contravention of the foregoing shall be received in trust and as mandatory for the Lender and shall be paid over to the Lender forthwith upon receipt but no such payment shall have the effect of reducing the Lender Indebtedness until the same has been applied in permanent reduction of the Lender Indebtedness.
7. Each of the Subordinators shall at all times and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all and singular every such further act, deed, transfer, assignment, assurance, document or instrument as the Lender may reasonably require for the better accomplishing and effectuating of this Agreement and the provisions contained herein, and every officer of the Lender and each of them is irrevocably appointed attorneys or attorney to execute, at any time following default by the Credit Parties or any Subordinator hereunder, in the name and on behalf of each of the Subordinators any document or instrument for the said purpose.
8. This Agreement shall be binding upon each of the Subordinators and their respective successors and assigns including any successor by reason of amalgamation of or any other change in any of the Subordinators and shall enure to the benefit of the Lender and its successors and assigns.
9. In the event that this Agreement is executed by more than one party, the obligations of each of the undersigned shall be joint and several (solidary for the Province of Quebec), but the failure of any other party or parties to sign this or any other agreement with the

Lender shall in no way limit or otherwise affect the liability of any of the undersigned to the Lender.

10. Except with the prior written consent of the Lender, none of the Subordinators shall assign, and will cause each Subordinator Affiliate not to assign, any Subordinator Security or any part thereof to any other party.
11. The Lender may assign, transfer and deliver to any transferee any of the Lender Indebtedness or any security, documents or instruments held by the Lender in respect thereof provided that no such assignment, transfer or delivery shall release any of the Subordinators from the covenants and agreements herein contained; and thereafter the Lender shall be fully discharged from all responsibility with respect to the Lender Indebtedness and security, documents and instruments so assigned, transferred or delivered. Such transferee shall be vested with all powers and rights of the Lender under such security, documents or instruments but the Lender shall retain all rights and powers with respect to any such security, documents or instruments not so assigned, transferred or delivered.
12. This Agreement is in addition to all, and not in substitution for or merged in any, other agreement, security, document and instrument now or hereafter held by the Lender.
13. This Agreement shall be construed in accordance with and be governed by the laws of the Province of Ontario and the federal laws applicable therein and for the purpose of legal proceedings this Agreement shall be deemed to have been made in the said jurisdiction and to be performed there and the courts of that jurisdiction shall have jurisdiction over all disputes which may arise under this Agreement and each of the Subordinators irrevocably and unconditionally submits to the non-exclusive jurisdiction of such courts, provided always that nothing contained in this Agreement shall prevent the Lender from proceeding at its election against any of the Subordinators in the courts of any other appropriate province, state, country or jurisdiction.
14. If one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby.
15. This Agreement may be executed in any number of counterparts which may also be delivered by facsimile or .pdf file transmitted by email, all of which shall be deemed to be an original and all such counterparts, facsimiles and .pdf files taken together shall constitute one Agreement, and any of the parties to this Agreement may execute this Agreement by signing any such counterpart. This Agreement shall be effective when each party to this Agreement has executed a counterpart and has delivered the same to the Lender. For purposes of this paragraph, a facsimile or .pdf copy of an executed counterpart of this Agreement shall be deemed to be an original.
16. Any notice, demand, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement may be delivered, transmitted by facsimile machine ("fax") or, providing that postal service throughout Canada is fully operative, mailed by ordinary prepaid mail to the Subordinators hereto, if to the

Subordinators: Granster Holdings Inc.
195 Greenbrooke Drive
Woodbridge, Ontario L4L 8L1

Attention: _____
Email: _____

Krisand Holdings Inc.
6 Louvre Circle
Brampton, Ontario L6P 1W2

Attention: _____
Email: _____

Dorpal Investments Inc.
82 Harvester Crescent
Woodbridge, Ontario L4L 8Y1

Attention: _____
Email: _____

Celmar Investments Corp.
324 Richviwe Avenue
Toronto, Ontario M5P 3G5

Attention: _____
Email: _____

Lender, at: Waygar Capital Inc.
372 Bay Street, Suite 901
Toronto, Ontario, M5H 2W9

Attention: Wayne Ehgoetz/Geoffrey Hiscock
Emails: wehgoetz@waygarcapital.com
ghiscock@waygarcapital.com

and each of the parties hereto shall be deemed to have received such notice or statement on the day of delivery, if delivered on a business day, the business day immediately following the day of delivery, if delivered on a day other than a business day, on the business day following transmission, if transmitted by fax, or three (3) business days after mailing, if mailed.

17. Words importing the singular include the plural and *vice versa*; and words importing gender shall include all genders.

[signature page follows]

DATED as of the date first written above.

GRANSTER HOLDINGS INC.

By: 

Name:

Title:

By: _____

Name:

Title:

KRISAND HOLDINGS INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

DORPAL INVESTMENTS INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

CELMAR INVESTMENTS CORP.

By: _____

Name:

Title:

By: _____

Name:

Title:

DATED as of the date first written above.

GRANSTER HOLDINGS INC.

By: _____
Name:
Title:
By: _____
Name:
Title:

KRISAND HOLDINGS INC.

By: *J. Della Mattia*
Name:
Title:
By: _____
Name:
Title:

DORPAL INVESTMENTS INC.

By: _____
Name:
Title:
By: _____
Name:
Title:

CELMAR INVESTMENTS CORP.

By: _____
Name:
Title:
By: _____
Name:
Title:

DATED as of the date first written above.

GRANSTER HOLDINGS INC.

By: _____
Name:
Title:
By: _____
Name:
Title:

KRISAND HOLDINGS INC.

By: _____
Name:
Title:
By: _____
Name:
Title:

DORPAL INVESTMENTS INC.

By: _____
Name: DOMENIC LAVALLE
Title: PRESIDENT
By: _____
Name:
Title:

CELMAR INVESTMENTS CORP.

By: _____
Name:
Title:
By: _____
Name:
Title:


TO: Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. (the "Lender")

ACKNOWLEDGEMENT


The undersigned acknowledges receipt of notice in writing of the subordination, postponement and assignment contained in the foregoing Agreement; and agrees to the terms thereof and not to make any payment to any of the Subordinators or to any of the Subordinator Affiliates except as therein provided.

Dated as of October 10, 2019.


JOSEPH DOUGLAS PACIONE HOLDINGS LTD.

By: 
Name: Joseph Douglas Pacione
Title: President


JOHN ANTHONY PACIONE HOLDINGS LTD.

By: 
Name: John Anthony Pacione
Title: President

JOPAC ENTERPRISES LIMITED

By: 
Name: Joseph R. Pacione
Title: President

QUALITY RUGS OF CANADA LIMITED

By: 
Name: Joseph R. Pacione
Title: President



ONTARIO PPSA Amendment Registration
2C - E - Transfer by Debtor CONFIRMATION

PPSA Ref File No.: 728467065

Expiry Date: N/A

Registration Number: 20191001 1244 1590 6408

CONFIRMATION DEBTOR NAME (BUSINESS)

QUALITY RUGS OF CANADA

TRANSFEREES

BUSINESS TRANSFEREES			
	BUSINESS NAME	ONTARIO CORPORATION NUMBER	ADDRESS
1	QUALITY RUGS OF CANADA LIMITED		20 EAST BEAVER CREEK ROAD RICHMOND HILL ON L4B 1G6

REGISTERING AGENT

NAME	ADDRESS
GARDINER ROBERTS LLP (AE)	3600-22 ADELAIDE STREET WEST TORONTO ON M5H 4E3



ONTARIO PPSA Amendment Registration
2C - A - Amendment CONFIRMATION

PPSA Ref File No.: 728467065

Expiry Date: N/A

Registration Number: 20191008 1130 1590 6995

REGISTRATION TYPE: N/A

CAUTION FILING: N

TERM OF REGISTRATION (YEARS): N/A

MOTOR VEHICLE SCHEDULE: N

AMEND PAGE: No Specific Page to Amend

CONFIRMATION DEBTOR NAME (BUSINESS)

QUALITY RUGS OF CANADA LIMITED

REASON FOR AMENDMENT

TO AMEND THE ADDRESS OF THE DEBTOR ON REGISTRATION 20191001 1244
1590 6408.

DEBTORS

Business Debtors		
	BUSINESS NAME	ADDRESS
	ONTARIO CORPORATION NUMBER	
1	QUALITY RUGS OF CANADA LIMITED	505 CITYVIEW BOULEVARD, UNIT 1 VAUGHAN ON L4H 0L8

REGISTERING AGENT

NAME	ADDRESS
GARDINER ROBERTS LLP (GT)	3600-22 ADELAIDE STREET WEST TORONTO ON M5H 4E3

RUN NUMBER : 247
 RUN DATE : 2019/09/04
 ID : 20190904160535.36

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY SEARCH RESPONSE

REPORT : PSSR060
 PAGE : 18
 (2366)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
 FILE CURRENCY : 03SEP 2019

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00	FILE NUMBER							
	728467065							
	CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD	
01		001	4		20170607 1059 1590 5460	P PPSA	5	
02	DEBTOR	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME			
03	NAME	BUSINESS NAME	QUALITY RUGS OF CANADA				ONTARIO CORPORATION NO.	
04		ADDRESS	505 CITYVIEW BLVD., UNIT 1		VAUGHAN	ON	L4H 0L8	
05	DEBTOR	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME			
06	NAME	BUSINESS NAME	JOPAC ENTERPRISES LIMITED				ONTARIO CORPORATION NO.	
07		ADDRESS	20 EAST BEAVER CREEK ROAD		RICHMOND HILL	ON	L4B 1G6	
08	SECURED PARTY / LIEN CLAIMANT		GRANSTER HOLDINGS INC.					
09		ADDRESS	195 GREENBROOKE DRIVE		WOODBRIDGE	ON	L4L 8L1	
	COLLATERAL CLASSIFICATION							
	CONSUMER			MOTOR VEHICLE	AMOUNT	DATE OF MATURITY	OR NO FIXED MATURITY DATE	
10	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	INCLUDED			
	X	X	X	X	X			
	YEAR MAKE			MODEL	V.I.N.			
11	MOTOR							
12	VEHICLE							
13	GENERAL							
14	COLLATERAL							
15	DESCRIPTION							
16	REGISTERING AGENT	GARDINER ROBERTS LLP (GT)						
17		ADDRESS	3100 - 40 KING STREET WEST		TORONTO	ON	M5H 3Y2	
		*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***						

CONTINUED... 19

RUN NUMBER : 247
RUN DATE : 2019/09/04
ID : 20190904160535.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY SEARCH RESPONSE

REPORT : PSSR060
PAGE : 19
(2367)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 03SEP 2019

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER

00 728467065
CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
01 002 4 20170607 1059 1590 5460

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR

03 NAME BUSINESS NAME JOHN ANTHONY PACIONE HOLDINGS LTD.

ONTARIO CORPORATION NO.

04 ADDRESS 20 EAST BEAVER CREEK ROAD RICHMOND HILL ON L4B 1G6

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR

06 NAME BUSINESS NAME JOSEPH DOUGLAS PACIONE HOLDINGS LTD.

ONTARIO CORPORATION NO.

07 ADDRESS 20 EAST BEAVER CREEK ROAD RICHMOND HILL ON L4B 1G6

08 SECURED PARTY / KRISAND HOLDINGS INC.

LIEN CLAIMANT

09 ADDRESS 6 LOUVRE CIRCLE BRAMPTON ON L6P 1W2

COLLATERAL CLASSIFICATION

CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

10 YEAR MAKE MODEL V.I.N.

11 MOTOR

12 VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTERING

AGENT

17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 20

RUN NUMBER : 247
RUN DATE : 2019/09/04
ID : 20190904160535.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY SEARCH RESPONSE

REPORT : PSSR060
PAGE : 20
(2368)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 03SEP 2019
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
728467065

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	003	4		20170607 1059 1590 5460		

01 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR NAME BUSINESS NAME ONTARIO CORPORATION NO.

04 ADDRESS DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT DORPAL INVESTMENTS INC.

09 ADDRESS 82 HARVESTER CRESCENT WOODBRIDGE ON L4L 8Y1

COLLATERAL CLASSIFICATION	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE

10 YEAR MAKE MODEL V.I.N.

11 MOTOR VEHICLE GENERAL COLLATERAL DESCRIPTION REGISTERING AGENT

17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 21

RUN NUMBER : 247
RUN DATE : 2019/09/04
ID : 20190904160535.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY SEARCH RESPONSE

REPORT : PSSR060
PAGE : 21
(2369)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 03SEP 2019

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
728467065

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	004	4		20170607 1059 1590 5460		

01 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR NAME BUSINESS NAME ONTARIO CORPORATION NO.

04 ADDRESS DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT CELMAR INVESTMENTS CORP.

09 ADDRESS 324 RICHVIEW AVENUE TORONTO ON M5P 3G5

10 COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE

11 YEAR MAKE MODEL V.I.N.

12 MOTOR VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTERING AGENT

17 ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 22

This is Exhibit "H" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:

Matilda Lici

7CE576F4AA3D4CA...

A Commissioner, etc.
Matilda Lici

SUBORDINATION AGREEMENT

THIS AGREEMENT is made the 10th day of October, 2019 between ECHELON INSURANCE (together with its successors and assigns, the "**Subordinate Creditor**") MALVERN CONTRACT INTERIORS LIMITED, JOJOHN HOLDINGS LTD., JOSEPH DOUGLAS PACIONE HOLDINGS LTD., QUALITY RUGS OF CANADA LIMITED, JOPAC ENTERPRISES LIMITED, JOHN ANTHONY PACIONE HOLDINGS LTD., WESTON HARDWOOD DESIGN CENTRE INC. and ONTARIO FLOORING LTD. (together with their respective successors and assigns, collectively, the "**Debtor**"), and WAYGAR CAPITAL INC. as agent (together with its successors and assigns the "**Senior Lender**"), and delivered pursuant to bonding agreements (the "**Subordinated Loan Agreement**") between the Debtor and the Subordinate Creditor pursuant to which the Debtor has guaranteed the bonds posted by the Subordinated Creditor.

WHEREAS the Debtor is or may be indebted to the Subordinate Creditor pursuant the Subordinated Loan Agreement (such guarantees being referred to as the "**Subordinated Indebtedness**");

AND WHEREAS the Debtor has delivered security agreements dated the date hereof in favour of the Subordinated Creditor as security for the Subordinated Indebtedness;

AND WHEREAS the Debtors are indebted to the Senior Lender pursuant to the loan agreement dated the date hereof, as the same may be amended from time to time (the "**Senior Loan Agreement**") and have given security to the Senior Lender in connection therewith.

AND WHEREAS the Subordinate Creditor has agreed to postpone repayment by the Debtor of all Subordinated Debt (as hereinafter defined) owing to it to the repayment by the Debtor of all present and future indebtedness and liability of the Debtor to the Senior Lender and to subordinate all security given by Debtor to the Subordinated Creditor in favour of all security from time to time given by the Debtor to the Senior Lender;

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto make the following covenants, acknowledgements and agreements.

1. **Subordination and Postponement**: The Debtor and the Subordinate Creditor hereby covenant and agree that all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Debtor to the Subordinate Creditor, including the Subordinated Indebtedness (the "**Subordinate Debt**") and all liens, charges, pledges, security interests and other security agreements of any nature or kind, now or hereafter granted by the Debtor to the Subordinate Creditor to secure all or any part of the Subordinate Debt (the "**Subordinate Security**") are hereby deferred, postponed and subordinated in all respects by the Subordinate Creditor to the prior repayment in full by the Debtor of all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Debtor to the Senior Lender (including pursuant to the Senior Loan Agreement), (collectively, the "**Senior Debt**") and all liens, charges pledges, guarantees, security interests and other security agreements of any

nature or kind now or hereafter granted by the Debtor to the Senior Lender through assignment or otherwise to secure all or any part of the Senior Debt (the "Senior Security").

2. **Repayment of Subordinate Debt:** The Debtor may not make and the Subordinate Creditor may not accept payments from the Debtor in connection with the Subordinate Debt except in accordance with this Agreement.
3. **Payment of Senior Debt.** The Subordinate Creditor agrees that, at any time, the Debtor may make and the Senior Lender may accept any payment or prepayment in respect of the Senior Debt, or any part thereof, whether or not any default or event of default has occurred.
4. **Set-Off:** The Subordinate Creditor hereby waives all rights to claim or otherwise interpose any claims, deductions, setoffs or counterclaims of any nature or kind, whether contractual, legal or equitable, including without limitation, any and all amounts and obligations of whatsoever nature and kind owing by the Debtor to the Subordinate Creditor against or in connection with the Subordinate Debt and any action or proceeding with respect to this Agreement or any matter arising therefor or relating hereto.
5. **Redemption:** The Debtor shall not and the Subordinate Creditor shall not require the Debtor to, redeem, retire, defease, purchase or otherwise acquire the Subordinate Debt (except as permitted hereunder or with the prior written consent of the Senior Lender which may be arbitrarily withheld in the sole discretion of the Senior Lender), or set aside or otherwise deposit or invest any sums for such purpose.
6. **Notices regarding Subordinate Debt:** The Debtor and the Subordinate Creditor shall furnish to the Senior Lender all copies of notices or demands or proceedings in connection with the Subordinate Debt concurrently with the sending thereof.
7. **Restriction on Enforcement:** The Subordinate Creditor agrees that it shall not take any steps whatsoever to enforce payment of the Subordinate Debt or to enforce the Subordinate Security (including, without limitation, rights of set-off, commencement of bankruptcy proceedings, initiating an action, appointing or making application to a court for an order appointing an agent or a receiver or receiver manager or by any other means of enforcement whatsoever) until (i) the Senior Debt has been paid in full and the Senior Lender has agreed to discharge its security, or (ii) the Senior Lender has consented to the enforcement of the Subordinate Debt and/or the Subordinate Security (which consent shall be in the sole and absolute discretion of the Senior Lender). Nothing in this Section 7 shall preclude the Subordinate Creditor from filing a proof of claim in connection with any bankruptcy or similar proceedings of the Debtor.
8. **Senior Lender's Rights:**
 - a) The Senior Lender, in its absolute discretion or in the absolute discretion of any authorized officer or agent, and without diminishing the obligations of the Subordinate Creditor hereunder, may grant time or other indulgences to the Debtor and any other person or persons now or hereafter liable to the Senior Lender in respect of the payment of the Senior Debt, and may give up, modify, vary, exchange, renew or abstain from taking advantage of the Senior Security in whole or in part and may discharge part or parts of or accept any composition or arrangements or realize upon the Senior Security when and in such manner

- as the Senior Lender or any authorized officer or agent thereof may think expedient, and in no such case shall the Senior Lender be responsible for any neglect or omission with respect to the Senior Security or any part thereof;
- b) The Subordinate Creditor shall not be released or exonerated from its obligations hereunder by extension of time periods or any other forbearance whatsoever, whether as to time, performance or otherwise or by any release, discharge, loss or alteration in or dealing with all or any part of the Senior Debt and the Senior Security or by any failure or delay in giving any notice required under this Agreement or under the Senior Debt or Senior Security or any part thereof, the waiver by the Senior Lender of compliance with any conditions precedent to any advance of funds, or by any modification or alteration of the Senior Debt or the Senior Security or any part thereof, or by anything done, suffered or permitted by the Senior Lender, or as a result of the method or terms of payment under the Senior Debt or Senior Security or any assignment or other transfer of all or any part of the Senior Debt or the Senior Security or any part thereof;
 - c) The Senior Lender shall not be bound to seek or exhaust any recourse against the Debtor or any other person or against the property or assets of the Debtor or any other person or against any security, guarantee or indemnity before being entitled to the benefit of the Subordinate Creditor's obligations hereunder and the Senior Lender may enforce the various remedies available to it and may realize upon the various security documents, guarantees and indemnities or any part thereof, held by it in such order as the Senior Lender may determine appropriate; and
 - d) The Senior Lender shall be entitled to advance its own monies as it sees fit in order to preserve or protect the assets of the Debtor or any part thereof, and all such sums advanced to the extent reasonably advanced to preserve and protect the assets of the Debtor or any part thereof, shall constitute part of the Senior Debt and shall be secured by the Senior Security.
 - e) Notwithstanding the above postponement and subordination, in the event the Senior Lender commences any action to enforce its security, appoints a receiver or applies for a court appointed receiver then the Subordinate Creditor may take any steps necessary to preserve the validity or priority of its security (provided the Subordinate Creditor shall not be entitled to enforce its security) including commencing any legal proceedings for a non-payment for the purposes of obtaining a monetary judgement (provided the Subordinate Creditor shall not be entitled to enforce any judgment granted until such time as the Senior Lender is paid in full), but at all times the Subordinate Creditor's security position will remain postponed and subordinated to the Senior Lender's security as above.
 - f) Notwithstanding anything to the contrary in this Agreement, the Subordinate Creditor agrees that it will not take any steps or proceedings to challenge the validity or enforceability of any of the Senior Debt or the Senior Security, or any other steps or proceedings whatsoever whereby the Senior Security or the priority or rights of the Senior Lender shall or might be defeated or impaired. For greater certainty, the Subordinate Creditor shall not assert any right or claim, whether in law or equity, which might impair the validity and effectiveness of the Senior Security or the priority of the Senior Security.

- If at any time a receiver (or a receiver and manager) is appointed in respect of all or any portion of the property, assets and undertaking of a Credit Party either by private appointment by of the Senior Lender or by a court upon application of the Senior Lender, such receiver (or receiver and manager) shall have complete management, control and possession of such property, assets and undertaking.
9. **Liquidation, Dissolution, Bankruptcy, etc.**: In the event of distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of the Debtor, or the proceeds thereof, to creditors in connection with the bankruptcy, liquidation or winding-up of the Debtor or in connection with any composition with creditors or scheme of arrangement to which the Debtor is a party, the Senior Lender shall be entitled to receive payment in full (including interest accruing to the date of receipt of such payment at the applicable rate whether or not allowed as a claim in any such proceeding) of the Senior Debt before the Subordinate Creditor is entitled to receive any direct or indirect payment or distribution of any cash or other assets of the Debtor on account of the Subordinate Debt, and the Senior Lender shall be entitled to receive directly, for application in payment of such Senior Debt (to the extent necessary to pay all Senior Debt in full after giving effect to any substantially concurrent payment or distribution to the Lender in respect of the Senior Debt), any payment or distribution of any kind or character, whether in cash or other assets, which shall be payable or deliverable upon or with respect to the Subordinate Debt. To the extent any payment of Senior Debt (whether by or on behalf of the Debtor, as proceeds of security or enforcement of any right of set-off or otherwise) is declared to be fraudulent preference or otherwise preferential, set aside or required to be paid to a trustee, receiver or other similar person under any bankruptcy, insolvency, receivership or similar law, then if such payment is recoverable by, or paid over to, such trustee, receiver or other person, the Senior Debt or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.
10. **Payments Received by the Subordinate Creditor**: Except as otherwise provided for herein, if, prior to the payment in full of the Senior Debt, the Subordinate Creditor or any person on its behalf shall receive any payment from or distribution of assets of the Debtor on account of the Subordinate Debt, then the Subordinate Creditor shall, and shall cause such other person to, receive and hold such payment or distribution in trust for the benefit of the Senior Lender and promptly pay the same over or deliver to the Senior Lender in precisely the form received by the Subordinate Creditor or such other person on its behalf, (except for any necessary endorsement or assignment) and such payment or distribution shall be applied by the Senior Lender to the repayment of the Senior Debt.
11. **No Release**. The rights of the parties and the priorities of the security and obligations set out in this Agreement will apply irrespective of any matter or thing, including:
- a) Any exercise or non-exercise by the Lender of any right, remedy, power or privilege in any of the Senior Loan Documents (being the Senior Loan Agreement and all documents and security delivered pursuant to or in connection with in the Senior Loan Agreement);
 - b) Any waiver, consent, extension, indulgence or other action, inaction or omission by the Senior Lender under or in respect of this Agreement, or any of the Senior Loan Documents;

- c) Any default by the Debtor under, any limitation on the liability of the Debtor or on the method or terms of payment under, or any irregularity or other defect in, any of the Senior Loan Documents or the Senior Security;
 - d) The lack of authority or revocation thereof by any other party;
 - e) The failure of the Senior Lender to file or enforce a claim of any kind;
 - f) Any defence based upon an election of remedies by the Senior Lender which destroys or otherwise impairs the subrogation rights of the Subordinate Creditor or the right of the Subordinate Creditor to proceed against the Debtor for reimbursement, or both;
 - g) Any merger, consolidation or amalgamation of any of the Subordinate Creditor or the Debtor into or with any other person; or
 - h) Any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting any of the Subordinate Creditor or the Debtor.
12. **No Debtor/Subordinate Creditor Rights**: Nothing contained in this Agreement shall confer any rights or benefits on the Debtor or the Subordinate Creditor.
13. **Further Assurances**: The parties hereto shall forthwith, and from time to time, execute and do all deeds, documents and things which may be necessary or advisable, in the reasonable opinion of the Senior Lender's counsel, to give full effect to the subordination contained herein and the rights and remedies of the Senior Lender hereunder, in accordance with the intent of this Agreement.
14. **Successors and Assigns**:
- a) This Agreement is binding upon each of the Senior Lender, the Subordinate Creditor and the Debtor and their respective successors and assigns and, subject to subsection 15 (b) below, shall enure to the benefit of each of the Senior Lender, the Subordinate Creditor, the Debtor, and their respective successors and permitted assigns.
 - b) The Subordinate Creditor shall not be entitled to assign all or any part of its rights and obligations under this Agreement or the Subordinate Debt or the Subordinate Security unless, prior to entering into such assignment, the proposed assignee enters into a written agreement with the Senior Lender pursuant to which the proposed assignee agrees to be bound by the terms hereof in effect as of the date of such assignment and, if reasonably required by the Senior Lender, the Subordinate Creditor delivers to the Senior Lender a favourable opinion of counsel to the proposed assignee confirming the enforceability of such agreement against such proposed assignee, in forms and content reasonably satisfactory to the Senior Lender's counsel.

Except in accordance with subsections 15(a) and 15(b) hereof, third parties shall have no rights or benefits under this Agreement

15. **Governing Law:** This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
16. **Headings:** The division of this Agreement into Sections and the insertion of headings are for convenience only and shall not affect the construction or interpretation of this Agreement.
17. **Acknowledgement:** The Debtor hereby acknowledges receipt of a copy of this agreement and accepts and further agrees with the Senior Lender to give effect to all of the provisions of this Agreement.
18. **Termination:** This Agreement shall terminate upon the repayment in full of the Senior Debt and termination of all commitments of the Senior Lender under the Loan Agreement.
19. **Facsimile:** This Agreement may be executed and delivered by facsimile transmission and Senior Lender may rely on all such facsimile signatures as though such facsimile signatures were original signatures.
20. **Counterparts:** This Agreement may be executed in any number of counterparts, which when taken together shall constitute one and the same Agreement.
21. **Power of Attorney:** The Subordinate Creditor covenants and agrees to, upon the occurrence of an event of default under the Senior Loan Agreement and upon the request of the Senior Lender, release and discharge any and all liens relating to the Subordinate Security. Should the Subordinate Creditor fail to comply with its covenant contained herein, the Subordinate Creditor irrevocably designates and appoints the Senior Lender (and all persons designated by the Senior Lender) as the Subordinate Creditor's true and lawful attorney in fact, and authorizes the Senior Lender, in Subordinate Creditor's or Senior Lender's name, to do all acts and things which are necessary, in the Senior Lender's determination, to fulfil Subordinate Creditor's obligations under this Section 22.
22. **No Rights Conferred on Debtor.** Nothing in this Agreement will be construed as conferring any rights upon the Debtor or any third party. The terms and conditions hereof are and will be for the sole and exclusive benefit of the parties other than the Debtor. The Debtor, by its execution of this Agreement, hereby agrees to be bound by, and will act in accordance with, the terms, provisions and intent of this Agreement; however, the Debtor will not take any right, benefit or advantage in the Debtor being a party to this Agreement, and this Agreement may be amended, modified, supplemented or restated without notice to, or the consent of, the Debtor.
23. **Consent.** The Debtor hereby irrevocably consents to each creditor providing the other creditor with such information, financial or otherwise, regarding the Debtor and its indebtedness as may be deemed advisable by such creditors from time to time.
24. **Paramountcy.** If there is a conflict or inconsistency between the provisions of this Agreement and the provisions of any other agreement which is referred to herein or delivered pursuant hereto, as between the creditors, the provisions of this Agreement will prevail, provided that nothing in this Agreement is intended to or will impair, as between the Debtor and either of the creditors, the obligations of the Debtor to pay its indebtedness when due.

25. **Application of Payments.** All payments received by the Senior Lender may be applied in whole or in part to any part of the Senior Debt as the Senior Lender in its sole discretion deems appropriate.
26. **Consent to Subordinated Indebtedness.** Subject to the terms of this Agreement, the Senior Lender consents to the Debtor incurring the Subordinated Indebtedness dated the date hereof (true copies of which have been delivered to the Senior Lender) and giving general security agreements dated the date hereof in connection thereafter (true copies of which have been delivered to the Senior Lender).
27. **Interpretation.** As used herein, Debtor means, as the context requires, all or any of MALVERN CONTRACT INTERIORS LIMITED, JOJOHN HOLDINGS LTD., JOSEPH DOUGLAS PACIONE HOLDINGS LTD., QUALITY RUGS OF CANADA LIMITED, JOPAC ENTERPRISES LIMITED, JOHN ANTHONY PACIONE HOLDINGS LTD., WESTON HARDWOOD DESIGN CENTRE INC. and ONTARIO FLOORING LTD.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the date first written above.

ECHELON INSURANCE

By: Chris Long
Name: Chris Long
Title: Financial Analyst

By: Abdul Gulsha
Name: Abdul Gulsha
Title: Underwriter

TO: Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. (the "Lender")

ACKNOWLEDGEMENT

The undersigned acknowledges receipt of notice in writing of the subordination, postponement and assignment contained in the foregoing Agreement; and agrees to the terms thereof and not to make any payment to the Subordinator Creditor except as therein provided.

Dated as of Oct 9, 2019.

QUALITY RUGS OF CANADA LIMITED
aka Sterling Tile & Carpet

By: 
Name: _____
Title: _____

MALVERN CONTRACT INTERIORS LIMITED

By: 
Name: _____
Title: _____

WESTON HARDWOOD DESIGN CENTRE INC.

By: 
Name: _____
Title: _____

ONTARIO FLOORING LTD.

By: 
Name: _____
Title: _____

JOJOHN HOLDINGS LTD.

By: 
Name: _____
Title: _____


PATJO HOLDINGS INC.

By: 
Name: _____
Title: _____


JOPAC ENTERPRISES LIMITED

By: 
Name: _____
Title: _____

JOSEPH DOUGLAS PACIONE HOLDINGS LTD.

By: 
Name: _____
Title: _____

**JOHN ANTHONY PACIONE HOLDINGS
LTD.**

By: 
Name: _____
Title: _____

This is Exhibit "I" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:
Matilda Lici
7CE576F4AA3D4CA...

A Commissioner, etc.
Matilda Lici

INTER-LENDER AGREEMENT

THIS AGREEMENT dated made as of the 10 day of October, 2019

BETWEEN:

MOHAWK CARPET DISTRIBUTION, INC., a corporation incorporated under the laws of the state of Delaware

(“Mohawk”)

- and -

WAYGAR CAPITAL INC., AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P., with its office at 372 Bay Street, Suite 901, Toronto, Ontario, M5H 2W9

(“Waygar”)

- and -

QUALITY RUGS OF CANADA LIMITED, a corporation incorporated under the laws of the Province of Ontario

(“QRC”)

- and -

QUALITY COMMERCIAL CARPET CORPORATION, a corporation incorporated under the laws of the Province of Ontario

(“QCCC”)

- and -

MALVERN CONTRACT INTERIOR LIMITED, a corporation incorporated under the laws of the Province of Ontario

(“Malvern”)

- and -

TIMELINE FLOORS INC., a corporation incorporated under the federal laws of Canada

(“Timeline”)

(Malvern, QRC, QCCC and Timeline each, a **“Debtor”**; collectively, the **“Debtors”**)

RECITALS

- A. Each of the Debtors may now be or hereafter become indebted or liable to Waygar including, without limitation, in connection with the credit facilities made available by Waygar to QRC (all of which present and future indebtedness and liability, whether direct or indirect, absolute or contingent, matured or not, extended or renewed, is collectively referred to as the “**Waygar Indebtedness**”).
- B. As collateral security for the Waygar Indebtedness, Waygar has obtained and may hereafter obtain security from each of the Debtors over various Assets of each of the Debtors and the Shares in the capital of the Debtors (the “**Waygar Security**”), including, without limitation, the security described in Schedule “A” attached hereto.
- C. Each of the Debtors may from time to time purchase certain inventory (collectively, the “**Mohawk Supplied Inventory**”) from Mohawk.
- D. Each of the Debtors may now be or hereafter become indebted or liable to Mohawk including, without limitation, in connection with the credit facilities made available by Mohawk to each of the Debtors and the Purchase-Money Indebtedness (all of which present and future indebtedness and liability, whether direct or indirect, absolute or contingent, matured or not, extended or renewed, is collectively referred to as the “**Mohawk Indebtedness**”).
- E. As collateral security for the Mohawk Indebtedness, Mohawk has obtained and may hereafter obtain security from each of the Debtors over various assets of each of the Debtors (the “**Mohawk Security**”), including, without limitation, the security described in Schedule “B” attached hereto
- F. The parties have agreed to enter into this Agreement in order to settle and establish the relative rights, entitlement and priorities of Mohawk and Waygar pursuant to Mohawk Security and Waygar Security, respectively, and in respect of the payment of the Mohawk Indebtedness and Waygar Indebtedness.

NOW THEREFORE THIS AGREEMENT WITNESS that in consideration of the premises and other good and valuable consideration, each of the parties hereto covenants, undertakes, declares and agrees as follows:

ARTICLE 1 DEFINITIONS

- 1.1 In this Agreement, the following terms have the following meanings:
 - (a) “**All Other Assets**” means all Assets and all Shares, other than the Mohawk Supplied Inventory and Proceeds of Realization in respect of the Mohawk Supplied Inventory, but including, for greater certainty, all other Proceeds in respect of the Mohawk Supplied Inventory.

- (b) “**Assets**” means, in respect of a Debtor, all property, assets and undertaking, both present and future, of such Debtor.
- (c) “**Credit Agreement**” means any agreement governing a Lender's Indebtedness, as amended, restated, supplemented or replaced from time to time.
- (d) “**Demand**” means any notification by any Lender to the Debtor of a demand for payment under its respective Credit Agreement or Security.
- (e) “**Enforcement Action**” means, in respect of a Debtor, any proceeding or action relating to or effecting enforcement of Security or Lien charging the Assets of a Debtor, the bankruptcy, insolvency, winding-up, dissolution, reorganization or liquidation of a Debtor, whether voluntary or involuntary, any proposal or proceeding commenced by or in respect of a Debtor, under the *Bankruptcy and Insolvency Act* (Canada), any proposed composition or arrangement in respect of a Debtor, under the *Companies' Creditors Arrangement Act* (Canada), or any distribution, or general assignment of assets of a Debtor, or proceeds thereof among its creditors in any manner whatsoever including, without limitation, the delivery of a notice of intent to enforce security under the *Bankruptcy and Insolvency Act* (Canada).
- (f) “**Event of Default**” means any default or event of default specified in any agreement governing a Lender's Indebtedness or in any Security entitling a Lender to demand or accelerate payment of any Indebtedness and which shall include any default or event of default which, upon the passage of time or provision of notice, would entitle a Lender to demand or accelerate payment of any Indebtedness.
- (g) “**Indebtedness**” means any of the Mohawk Indebtedness and the Waygar Indebtedness.
- (h) “**Lenders**” means Mohawk and Waygar and “**Lender**” means any one of them.
- (i) “**Lien**” on any asset or property means any hypothec, mortgage, deed of trust, lien, pledge, charge, security interest, restrictive covenant or easement or encumbrance of any kind in respect of such asset or property, whether or not filed, recorded or otherwise perfected or effective under applicable Law, or any preference, priority or preferential arrangement of any kind or nature whatsoever intended as security including the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset or property.
- (j) “**Malvern Shares**” all of the issued and outstanding shares owned by QCCC in the capital of Malvern.
- (k) “**Priority Assets**” means such Assets that are subject to a Prior Lender's Prior Security.

- (l) **“Prior Lender”** means, with respect to any particular Asset, the Lender having first priority to such Asset pursuant to the terms of this Agreement.
- (m) **“Prior Security”** means, with respect to any particular Asset, the Security of a Lender which is in priority to the Security of the Subordinate Lender in such Asset pursuant to the terms of this Agreement.
- (n) **“Proceeds”** means identifiable or traceable personal property in any form derived directly or indirectly from any dealing with the Assets of any of the Debtors or the proceeds therefrom including, without limitation, any accounts receivable or payment representing indemnity or compensation for loss or damage to any Assets of any of the Debtors or proceeds therefrom, trade-ins, lease or sale proceeds and cash.
- (o) **“Proceeds of Realization”** means all Proceeds derived from any sale of disposition of, or other enforcement or realization proceedings with respect to the Debtors' Assets (i) after any Demand or Event of Default, (ii) upon any dissolution, liquidation, winding-up, reorganization (including any proposal under the *Bankruptcy and Insolvency Act* (Canada) and any reorganization under the *Companies' Creditors Arrangement Act* (Canada)), bankruptcy, insolvency or receivership of any of the Debtors or any other arrangement or marshaling of the Debtors' Assets that is similar thereto, (iii) upon the enforcement of, or any action taken with respect to, any of the Security, (iv) as insurance or expropriation proceeds or any other payment representing indemnity or compensation for loss of, damage to or interruption in the business, operation or enjoyment of all or any part of the Debtors' Assets or any proceeds thereof (including money, choses in action, securities, assets and other property), or (v) as a result of the exercise of any right of set off or other similar right or remedy, in each case net of all costs, charges and expenses or liabilities incurred in connection with such sale, disposition, enforcement or realization, including legal fees and all proper costs, charges, expenses and liabilities of any Receiver.
- (p) **“Purchase-Money Indebtedness”** means the unpaid purchase price owing by a Debtor to Mohawk in respect of Mohawk Supplied Inventory.
- (q) **“Receiver”** means a receiver, interim receiver, receiver and manager or other person having similar powers or authority appointed by a Lender in respect of any portion of the Assets.
- (r) **“Security”** means the Mohawk Security and the Waygar Security or any one of them, as the case may be.
- (s) **“Shares”** means all of the shares in the capital of each of the Debtors.
- (t) **“Subordinate Lender”** means, with respect to any particular Asset, the Lender whose interests are subordinate to the Prior Lender in such Asset pursuant to the terms of this Agreement.

**ARTICLE 2
PRIORITIES**

- 2.1 With respect to the Mohawk Supplied Inventory of each of the Debtors (excluding, for greater certainty, any Proceeds other than Proceeds of Realization in respect thereof), the Lenders' Security shall rank in priority as follows:
- (a) first priority - Mohawk Security to the extent of the Purchase-Money Indebtedness owing in respect of such Mohawk Supplied Inventory;
 - (b) second priority - Waygar Security; and
 - (c) third priority - Mohawk Security.
- 2.2 With respect to the All Other Assets (other than the Malvern Shares) of each of the Debtors, the Lenders' Security shall rank in priority as follows:
- (a) first priority - Waygar Security; and
 - (b) second priority - Mohawk Security.
- 2.3 With respect to the Malvern Shares, the Lenders' Security shall rank in priority as follows:
- (a) first priority - Mohawk Security; and
 - (b) second priority - Waygar Security.
- 2.4 The Security of each Lender shall be postponed and subordinated to and in favour of the Security of the other Lenders to the extent necessary to give effect to the priority rankings referred to above so that such Security shall be encumbrances upon the Assets and the Proceeds thereof in the same manner and to the same extent as if they had attached and had been executed, delivered, registered or filed for the purpose of perfecting such Security and advanced in order of the respective priorities as indicated above.
- 2.5 Nothing contained in this Agreement is intended to or shall impair the obligations of the Debtor to pay to each of the Lenders their respective Indebtedness, including the principal thereof and the interest thereon, as and when the same shall become due and payable in accordance with their respective terms nor shall anything in this Agreement prevent any of the Lenders from exercising all remedies otherwise permitted by applicable law upon default under the terms of their respective Security, subject to the priorities and other terms contained in this Agreement.
- 2.6 The priorities, subordinations, postponements and forbearance contained herein shall apply in all events and circumstances regardless of:
- (a) the date of execution, attachment, registration or perfection of any security interest held by any of the Lenders; or

- (b) the date of any advance or advances made to any of the Debtors by any of the Lenders; or
 - (c) the date of default by any of the Debtors under any of the Security or the dates of crystallization of any floating charges held by any of the Lenders; or
 - (d) any priority granted by any principle of law or any statute.
- 2.7 Any insurance proceeds received by any of the Debtors or by any of the Lenders in respect of the collateral charged by any of the Security shall be dealt with according to the preceding provisions hereof as though such insurance proceeds were paid or payable as proceeds of realization of the collateral for which they compensate.
- 2.8 If any of the Security is claimed by a trustee in bankruptcy, or found by a court of competent jurisdiction, to be unenforceable, invalid, unregistered or unperfected, then the foregoing provisions of this Article 2 shall not apply to such security to the extent that such security is so claimed or found to be unenforceable, invalid, unregistered or unperfected as against a third party unless the secured party shall be diligently contesting such claim or appealing such decision and has provided the other secured party with a satisfactory indemnity.

ARTICLE 3 CONSENT

- 3.1 Waygar acknowledges its consent to the creation and issue by each of the Debtors to Mohawk of Mohawk Security, and to the incurring by any of the Debtors of the indebtedness secured thereby and that the creation, issue, existence and incurring of the same does not constitute a default or event of default under Waygar Security.
- 3.2 Mohawk acknowledges its consent to the creation and issue by each of the Debtors to Waygar of Waygar Security, and to the incurring by any of the Debtors of the indebtedness secured thereby and that the creation, issue, existence and incurring of the same does not constitute a default or event of default under Mohawk Security.

ARTICLE 4 ENFORCEMENT ACTION

- 4.1 Each of the parties hereto shall permit a Prior Lender and its respective employees, agents and contractors, access at all reasonable times to any Priority Assets and to permit such Prior Lender to remove such Priority Assets from the premises of any of the Debtors at all reasonable times without interference, provided that such Prior Lender shall promptly repair any damage caused to the premises by the removal of any such Priority Assets.
- 4.2 Subject to Section 4.3, each of the Lenders agrees that it will use its best efforts to give prompt written notice (a "**Notice of Enforcement**") to the other Lender of any action taken by them against any of the Debtors to enforce its Security. Such notice may be given prior to or forthwith after taking such action, but failure to give such notice will not

give any Lender any cause of action or right to damages or other remedy against one another.

- 4.3 Mohawk may not take any Enforcement Action pursuant to any Mohawk Security or against any Debtor without:
- (a) the prior written consent of Waygar;
 - (b) satisfaction and termination of all of Waygar Indebtedness; or
 - (c) not less than 90 days written Notice of Enforcement being provided by Mohawk to Waygar following the occurrence of an Event of Default in the Mohawk Indebtedness.
- 4.4 Notwithstanding the foregoing, Mohawk may: (i) issue a demand for payment following the occurrence of an Event of Default in the Mohawk Indebtedness; (ii) issue one or more statutory notices in connection with the Mohawk Security at any time after such statutory notices have been issued in connection with the Waygar Security or any Receiver appointed by Waygar; and (iii) present or file a proof of claim or other motion commenced under or pursuant to any insolvency legislation as may be reasonably necessary to establish Mohawk's entitlement to monies owing to it by a Debtor.

ARTICLE 5 DEBTORS

- 5.1 Each of the Debtors confirms to and agrees with each of the Lenders that:
- (a) so long as any of the Indebtedness of any of the Debtors herein referred to remains outstanding, it shall stand possessed of its Assets so charged for respective Lender in accordance with their respective interests and priorities as herein set out;
 - (b) none of the provisions of this Agreement create any rights in favour of any of the Debtors or affect the manner in which any of the Lenders or any receiver and manager appointed by them over the Assets of any of the Debtors exercises its rights under any of its Security; and
 - (c) each of the Debtors shall promptly provide each of the Lenders upon request with any information which either reasonably requests about the business and affairs of any of the Debtors.

ARTICLE 6 GENERAL

- 6.1 Notwithstanding any of the priorities set out herein, Waygar may operate bank accounts of each of the Debtors maintained by Waygar in the ordinary course. All Proceeds of the Assets of each of the Debtors, other than Proceeds of Realization in respect of Mohawk

Supplied Inventory, when deposited in any of the Debtors' bank accounts (other than a trust account), shall be subject to Waygar's prior right of setoff.


- 6.2 From time to time upon request therefore, each of the Lenders may advise each other of any information which it may have relating to the affairs of any of the Debtors, including its business and financial affairs and the particulars of the indebtedness and liability of any of the Debtors to each other and all security held by each therefor. Each of the Debtors consents to any such exchange of information.
- 6.3 No Lender shall take any action to defeat the priorities set forth in this Agreement. Each of the Lenders waives any right the other may have to require the other to marshal in its favour.
- 6.4 Each of the Lenders and the Debtors shall do, perform, execute and deliver all acts, deeds and documents as may be necessary from time to time to give full force and effect to the intent of this Agreement; provided, however, that no consent of any of the Debtors shall be necessary to any amendment of the terms hereof by the Lenders unless the interests of any of the Debtors are directly affected thereby.
- 6.5 This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof.
- 6.6 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.
- 6.7 Where there is any conflict between the provisions in this Agreement regarding the priority of the security of the parties hereto and similar provisions in any of the Security, the provisions of this Agreement will prevail.
- 6.8 No Lender shall assign all or part of any of its respective Security, as the case may be, without first obtaining a written agreement from the assignee under which the assignee agrees to be bound by the terms of this Agreement.
- 6.9 Each Lender shall provide prompt written notice of the satisfaction and termination of such Lender's Indebtedness to the other Lender.
- 6.10 Following the satisfaction and termination of either Lender's Indebtedness, this Agreement shall automatically terminate.
- 6.11 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

[signature pages follow]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above under the hands of their duly authorized officers.

LENDERS:

**WAYGAR CAPITAL INC., AS AGENT
FOR NINEPOINT CANADIAN SENIOR
DEBT MASTER FUND L.P.**

By: 
Name: Wayne Engoetz
Title: President and CEO

**MOHAWK CARPET DISTRIBUTION,
INC.**

By: _____
Name: _____
Title: _____

DEBTORS:

**QUALITY COMMERCIAL CARPET
CORPORATION**

By: _____
Name: _____
Title: _____

**MALVERN CONTRACT INTERIOR
LIMITED**

By: _____
Name: _____
Title: _____

TIMELINE FLOORS INC.

By: _____
Name: _____
Title: _____

QUALITY RUGS OF CANADA LIMITED

By: _____
Name: _____ c/s
Title: _____


IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above under the hands of their duly authorized officers.

LENDERS:

**WAYGAR CAPITAL INC., AS AGENT
FOR NINEPOINT CANADIAN SENIOR
DEBT MASTER FUND L.P.**

By: _____
Name:
Title:

**MOHAWK CARPET DISTRIBUTION,
INC.**

By: 
Name: David Toney
Title: Vice President

DEBTORS:

**QUALITY COMMERCIAL CARPET
CORPORATION**

By: _____
Name:
Title:

**MALVERN CONTRACT INTERIOR
LIMITED**

By: _____
Name:
Title:

QUALITY RUGS OF CANADA LIMITED

By: _____
Name: _____ c/s
Title:

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above under the hands of their duly authorized officers.

LENDERS:

**WAYGAR CAPITAL INC., AS AGENT
FOR NINEPOINT CANADIAN SENIOR
DEBT MASTER FUND L.P.**


By: _____
Name:
Title:

**MOHAWK CARPET DISTRIBUTION,
INC.**


By: _____
Name:
Title:

DEBTORS:


**QUALITY COMMERCIAL CARPET
CORPORATION**

By:  _____
Name: Joseph R. Pacione
Title: Chairman


**MALVERN CONTRACT INTERIOR
LIMITED**

By:  _____
Name: John Anthony Pacione
Title: Director

TIMELINE FLOORS INC.

By:  _____
Name: John Anthony Pacione
Title: Secretary

QUALITY RUGS OF CANADA LIMITED

By:  _____
Name: Joseph R. Pacione c/s
Title: President

Schedule "A"

Waygar Security

Waygar Security

1. Guarantee of the obligations of QRC to Waygar, granted by QCC in favour of Waygar.
2. Guarantee of the obligations of QRC to Waygar, granted by Malvern in favour of Waygar.
3. Guarantee of the obligations of QRC to Waygar, granted by Timeline in favour of Waygar.
4. General security agreement over all present and after acquired personal property of the QRC in favour of Waygar.
5. General security agreement over all present and after acquired personal property of the QCCC in favour of Waygar.
6. General security agreement over all present and after acquired personal property of the Malvern in favour of Waygar.
7. General security agreement over all present and after acquired personal property of the Timeline in favour of Waygar.
8. Pledges of all of the Shares of each of QRC, QCCC and Malvern in favour of Waygar granted by the shareholders of each of QRC, QCC and Malvern.
9. Pledge of all of the Shares of Timeline owned by QCCC.
10. Assignment of Insurance made by each of the Debtors in favour of Waygar.

Schedule "B"

Mohawk Security

Mohawk Security

- I. amended and restated pledge and security agreement granted by each Debtor in favour of Mohawk Carpet Distribution, Inc.

37304839.2
37304839.10



ONTARIO PPSA Amendment Registration
2C - E - Transfer by Debtor CONFIRMATION

PPSA Ref File No.: 722566125

Expiry Date: N/A

Registration Number: 20191001 1244 1590 6407

CONFIRMATION DEBTOR NAME (BUSINESS)

QUALITY RUGS OF CANADA

TRANSFEREES

BUSINESS TRANSFEREES			
	BUSINESS NAME	ONTARIO CORPORATION NUMBER	ADDRESS
1	QUALITY RUGS OF CANADA LIMITED		20 EAST BEAVER CREEK ROAD RICHMOND HILL ON L4B 1G6

REGISTERING AGENT

NAME	ADDRESS
GARDINER ROBERTS LLP (AE)	3600-22 ADELAIDE STREET WEST TORONTO ON M5H 4E3



ONTARIO PPSA Amendment Registration
2C - A - Amendment CONFIRMATION

PPSA Ref File No.: 722566125

Expiry Date: N/A

Registration Number: 20191008 1131 1590 6996

REGISTRATION TYPE: N/A

CAUTION FILING: N

TERM OF REGISTRATION (YEARS): N/A

MOTOR VEHICLE SCHEDULE: N

AMEND PAGE: No Specific Page to Amend

CONFIRMATION DEBTOR NAME (BUSINESS)

QUALITY RUGS OF CANADA LIMITED

REASON FOR AMENDMENT

TO AMEND THE ADDRESS OF THE DEBTOR ON REGISTRATION 20191001 1244
1590 6407.

DEBTORS

Business Debtors		
	BUSINESS NAME ONTARIO CORPORATION NUMBER	ADDRESS
1	QUALITY RUGS OF CANADA LIMITED	505 CITYVIEW BOULEVARD, UNIT 1 VAUGHAN ON L4H 0L8

REGISTERING AGENT

NAME	ADDRESS
GARDINER ROBERTS LLP (GT)	3600-22 ADELAIDE STREET WEST TORONTO ON M5H 4E3

RUN NUMBER : 247
RUN DATE : 2019/09/04
ID : 20190904160535.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY SEARCH RESPONSE

REPORT : PSSR060
PAGE : 27
(2375)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : QUALITY RUGS OF CANADA LIMITED
FILE CURRENCY : 03SEP 2019
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
722566125

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20161116 1556 1590 1314	P PPSA	15

01 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR NAME BUSINESS NAME QUALITY RUGS OF CANADA

03 ADDRESS 1-505 CITYVIEW BLVD. VAUGHAN ONTARIO CORPORATION NO. ON L4H 0L8

04 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR NAME BUSINESS NAME

06 ADDRESS

07 SECURED PARTY / LIEN CLAIMANT MOHAWK CARPET DISTRIBUTION, INC.

08 ADDRESS 160 SOUTH INDUSTRIAL ROAD CALHOUN GA 30701

09 COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
X	X	X	X	X				

10 YEAR MAKE MODEL V.I.N.

11 MOTOR VEHICLE GENERAL COLLATERAL DESCRIPTION REGISTERING AGENT OSLER, HOSKIN & HARCOURT LLP (M.ROCHKIN/E.WILLIAMS/1175354)

12 ADDRESS 1 FIRST CANADIAN PL, PO BOX 50 TORONTO, ON M5X 1B8

13 *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 28

This is Exhibit "J" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:

Matilda Lici

7CE576F4AA3D4CA...

A Commissioner, etc.

Matilda Lici

GUARANTEE AGREEMENT

TO: Waygar Capital Inc., as agent for
Ninepoint Canadian Senior Debt Master Fund L.P. (the "Lender")
372 Bay Street, Suite 901
Toronto, Ontario, M5H 2W9

Attention: **Wayne Ehgoetz and Geoffrey Hiscock**
Email: [wehgoetz@waygarcapital.com/](mailto:wehgoetz@waygarcapital.com)
ghiscock@waygarcapital.com

DATED: October 10, 2019

WHEREAS:

- A. As security for the payment of the full amount of the indebtedness, liabilities and obligations of Quality Rugs of Canada Limited (the "**Borrower**") to the Lender, the undersigned (the "**Guarantor**") has agreed to guarantee payment of the Borrower's present and future indebtedness, liabilities and obligations to the Lender on the terms and subject to the conditions hereinafter set forth; and
- B. It is in the best interests of the Guarantor to execute and deliver this Agreement, inasmuch as the Guarantor will derive substantial direct and indirect benefits from the provision of credit by the Lender to the Borrower;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the Guarantor hereby covenants to and for the benefit of the Lender as follows:

ARTICLE 1 INTERPRETATION

1.01 Defined Terms. All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith:

"**Loan Agreement**" means the loan agreement dated as of the date hereof among, *inter alios*, the Lender, the Borrower and the Guarantor, as the same may be amended, restated modified, supplemented or replaced from time to time.

"**Obligations**" means all debts, obligations and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender or remaining unpaid by the Borrower to the Lender, including, without limitation, under or in connection with the Loan Agreement.

1.02 Other Usages. References to "this Agreement", "the agreement", "hereof", "herein", "hereto" and like references refer to this Guarantee Agreement, as amended, modified,

supplemented or replaced from time to time, and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Plural and Singular. Where the context so requires, words importing the singular number shall include the plural and vice versa.

1.04 Headings. The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Currency. Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of Canada.

1.06 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.07 Time of the Essence. Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

ARTICLE 2 GUARANTEE

2.01 Guarantee. The Guarantor hereby unconditionally, absolutely and irrevocably guarantees the full and punctual payment to the Lender as and when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise of all of the Obligations, whether for principal, interest, fees, expenses, indemnities or otherwise.

2.02 Acceleration of Guarantee. The Guarantor agrees that, in the event of the insolvency of the Guarantor, or the inability or failure (after any applicable grace periods) of the Guarantor to pay debts as they become due, or an assignment by the Guarantor for the benefit of creditors, or the commencement of any proceeding in respect of the Guarantor under any bankruptcy, insolvency or similar laws, and if such event shall occur at a time when any of the Obligations may not then be due and payable, the Guarantor will pay to the Lender forthwith the full amount which would be payable hereunder by the Guarantor if all such Obligations were then due and payable.

2.03 Nature of Guarantee. The guarantee under this Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable guarantee of payment when due and not of collection, and shall remain in full force and effect until all Obligations have been paid in full, all obligations of the Guarantor hereunder have been paid in full and any and all commitments of the Lender to the Borrower have been permanently terminated. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Loan Agreement under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Lender with respect thereto. The

Guarantor renounces all benefits of discussion and division. The liability of the Guarantor under this Agreement shall be absolute, unconditional and irrevocable irrespective of, and without being lessened or limited by:

- (a) any lack of validity, legality, effectiveness or enforceability of any Credit Document;
- (b) the failure of the Lender:
 - (i) to assert any claim or demand or to enforce any right or remedy against the Borrower or any other Person (including any other guarantor) under the provisions of any Credit Document, or otherwise, or
 - (ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any of the Obligations;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other extension, compromise, indulgence or renewal of any Obligation;
- (d) any reduction, limitation, variation, impairment, discontinuance or termination of the Obligations for any reason (other than by reason of any payment which is not required to be rescinded), including any claim of waiver, release, discharge, surrender, alteration or compromise, and shall not be subject to (and the Guarantor hereby waives any right to or claim of) any defence or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, the Obligations or otherwise (other than by reason of any payment which is not required to be rescinded);
- (e) any amendment to, rescission, waiver or other modification of, or any consent to any departure from, any of the terms of any Credit Document or any other guarantees or security;
- (f) any addition, exchange, release, discharge, renewal, realization or non-perfection of any collateral security for the Obligations or any amendment to, or waiver or release or addition of, or consent to departure from, any other guarantee held by the Lender as security for any of the Obligations;
- (g) the loss of or in respect of or the unenforceability of any other guarantee or other security which the Lender may now or hereafter hold in respect of the Obligations, whether occasioned by the fault of the Lender or otherwise;
- (h) any change in the name of the Borrower or in the constating documents, capital structure, capacity or constitution of the Borrower, the bankruptcy or insolvency of the Borrower, the sale of any or all of the Borrower's business or assets; or

- (i) any other circumstance (other than final payment in full of all Obligations) which might otherwise constitute a defence available to, or a legal or equitable discharge of, the Borrower, any surety or any guarantor.

2.04 Enforcement. Upon any of the Obligations becoming due and payable, the Guarantor shall forthwith pay to the Lender the total amount of such Obligations and the Lender may apply the sum so paid against such of such Obligations as the Lender may see fit and change any such application in whole or in part from time to time. A written statement of the Lender as to the amount remaining unpaid to the Lender by the Borrower at any time shall be conclusive evidence against the Guarantor, absent manifest error, as to the amount remaining unpaid to the Lender by the Borrower at such time.

2.05 Guarantee in Addition to Other Security. The guarantee under this Agreement shall be in addition to and not in substitution for any other guarantee or other security which the Lender may now or hereafter hold in respect of the Obligations, and the Lender shall be under no obligation to marshal in favour of the Guarantor any other guarantee or other security or any moneys or other assets which the Lender may be entitled to receive or may have a claim upon.

2.06 Reinstatement. The guarantee under this Agreement and all other terms of this Agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is rescinded or must otherwise be returned or restored by the Lender by reason of the insolvency, bankruptcy or reorganization of the Borrower or for any other reason not involving the wilful misconduct of the Lender, all as though such payment had not been made.

2.07 Waiver of Notice, etc. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Agreement.

2.08 Subrogation Rights. Until satisfaction in full of all of the Obligations, all dividends, compositions, proceeds of security or payments received by the Lender from the Borrower or others in respect of the Obligations shall be regarded for all purposes as payments in gross without any right on the part of the Guarantor to claim the benefit thereof in reduction of the liability under this Agreement. The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Agreement, by any payment made hereunder or otherwise, until the prior satisfaction in full of all of the Obligations. Any amount paid to the Guarantor on account of any such subrogation rights prior to the satisfaction in full of all Obligations shall be held in trust for the benefit of the Lender and shall immediately be paid to the Lender and credited and applied against the Obligations, whether matured or unmatured; provided, however, that if

- (a) the Guarantor has made payment to the Lender of all or any part of the Obligations, and
- (b) all Obligations have been paid in full and all commitments of the Lender to the Borrower have been permanently terminated,

the Lender agrees that, at the Guarantor's request, the Lender will execute and deliver to the Guarantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations resulting from such payment by the Guarantor. In furtherance of the foregoing, for so long as any Obligations or any commitments of the Lender to the Borrower remain outstanding, the Guarantor hereby postpones any and all claims it may have against the Borrower, and subordinates any security it may have in relation thereto, to the claims and security of the Lender against the Borrower, hereby assigns to the Lender any and all claims and security it may have against the Borrower and agrees to refrain from taking any action or commencing any proceeding against the Borrower or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise, to recover any amounts in respect of payments made hereunder to the Lender, although the Guarantor may take such actions as may be necessary to preserve its claims against the Borrower. In the event any payments are made by the Borrower to the Guarantor in contravention of the preceding sentence, the Guarantor shall hold the amount so received in trust for the Lender and shall forthwith pay such amount to the Lender.

2.09 Advances After Certain Events. All advances, renewals and credits made or granted by the Lender purportedly to or for the Borrower after the bankruptcy or insolvency of the Borrower, but before the Lender has received notice thereof, shall be deemed to form part of the Obligations, and all advances, renewals and credits obtained from the Lender purportedly by or on behalf of the Borrower shall be deemed to form part of the Obligations, notwithstanding any lack or limitation of power, incapacity or disability of the Borrower or of the directors or agents thereof and notwithstanding that the Borrower may not be a legal entity and notwithstanding any irregularity, defect or informality in the obtaining of such advances, renewals or credits, whether or not the Lender has knowledge thereof. The Guarantor will indemnify the Lender for any such advance, renewal or credit that is not repaid to the Lender.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.01 Representations and Warranties. To induce the Lender to extend credit to the Borrower, the Guarantor hereby represents and warrants to the Lender as follows and acknowledges and confirms that the Lender is relying upon such representations and warranties in extending credit to the Borrower:

- (a) **Power.** The Guarantor has full power and authority to enter into this Guarantee and any other related documents to which he is a party and to do all acts and execute and deliver all other documents as are required hereunder or thereunder to be done, observed or performed by him in accordance with their terms.
- (b) **Enforcement of Documents.** The Guarantor has duly executed and delivered this Agreement. This Agreement is a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor by the Lender in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other similar

laws limiting the enforcement of creditors' rights generally and the fact that the courts may deny the granting or enforcement of equitable remedies.

- (c) **Solvency.** The Guarantor has not:
- (i) admitted its inability to pay its debts generally as they become due or failed to pay its debts generally as they become due;
 - (ii) filed an assignment or petition in bankruptcy or a petition to take advantage of any insolvency statute;
 - (iii) made an assignment for the benefit of its creditors;
 - (iv) consented to the appointment of a receiver of the whole or any substantial part of its assets;
 - (v) filed a petition, answer or proposal, or a notice of intention to file a petition, answer or proposal seeking a reorganization, arrangement, adjustment or composition under applicable bankruptcy laws or any other Applicable Law or statute; or
 - (vi) been adjudged by a court having jurisdiction a bankrupt or insolvent, nor has a decree or order of a court having jurisdiction been entered for the appointment of a receiver, liquidator, trustee or assignee in bankruptcy with such decree or order having remained in force and undischarged or unstayed for a period of thirty days.

3.02 Survival of Representations and Warranties. All of the representations and warranties of the Guarantor contained in Section 3.01 shall survive the execution and delivery of this Agreement until the Obligations have been repaid in full, notwithstanding any investigation made at any time by or on behalf of the Lender.

ARTICLE 4 GENERAL CONTRACT PROVISIONS

4.01 Notices. All notices, requests, demands, directions and other communications provided for herein shall be in writing and shall be delivered in accordance with the provisions of the Loan Agreement.

4.02 Further Assurances. The Guarantor shall do, execute and deliver or shall cause to be done, executed and delivered all such further acts, documents and things as the Lender may reasonably request for the purpose of giving effect to this Agreement.

4.03 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective

to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

4.04 Successors and Assigns. This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Guarantor and the Guarantor's successors and assigns.

4.05 Amendments and Waivers. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

4.06 Entire Agreement. This Agreement and the agreements referred to herein constitute the entire agreement between the parties hereto and supersede any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the subject matter hereof.

4.07 No Waiver; Remedies; No Duty. In addition to, and not in limitation of, Section 2.03 and Section 2.07, no failure on the part of the Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. The Lender has no duty or responsibility to provide the Guarantor with any credit or other information concerning the Borrower's affairs, financial condition or business which may come into the Lender's possession.


4.08 Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.

4.09 Counterparts. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery by facsimile or by electronic transmission in portable document format (PDF) of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF the Guarantor has executed this Agreement as of the date first written above.

**WESTON HARDWOOD DESIGN CENTRE
INC.**

By: 
Name: JOSEPH R. PACIONE
Title: PRESIDENT

By: _____
Name:
Title:

I have the authority to bind the Corporation.

37343819.2

GUARANTEE AGREEMENT

TO: Waygar Capital Inc., as agent for
Ninepoint Canadian Senior Debt Master Fund L.P. (the “Lender”)
372 Bay Street, Suite 901
Toronto, Ontario, M5H 2W9

Attention: **Wayne Ehgoetz and Geoffrey Hiscock**
Email: [wehgoetz@waygarcapital.com/](mailto:wehgoetz@waygarcapital.com)
ghiscock@waygarcapital.com

DATED: October 10, 2019

WHEREAS:

- A. As security for the payment of the full amount of the indebtedness, liabilities and obligations of Quality Rugs of Canada Limited (the “Borrower”) to the Lender, the undersigned (the “Guarantor”) has agreed to guarantee payment of the Borrower’s present and future indebtedness, liabilities and obligations to the Lender on the terms and subject to the conditions hereinafter set forth; and
- B. It is in the best interests of the Guarantor to execute and deliver this Agreement, inasmuch as the Guarantor will derive substantial direct and indirect benefits from the provision of credit by the Lender to the Borrower;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the Guarantor hereby covenants to and for the benefit of the Lender as follows:

ARTICLE 1 INTERPRETATION

1.01 Defined Terms. All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith:

“**Loan Agreement**” means the loan agreement dated as of the date hereof among, *inter alios*, the Lender, the Borrower and the Guarantor, as the same may be amended, restated modified, supplemented or replaced from time to time.

“**Obligations**” means all debts, obligations and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender or remaining unpaid by the Borrower to the Lender, including, without limitation, under or in connection with the Loan Agreement.

1.02 Other Usages. References to “this Agreement”, “the agreement”, “hereof”, “herein”, “hereto” and like references refer to this Guarantee Agreement, as amended, modified,

supplemented or replaced from time to time, and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Plural and Singular. Where the context so requires, words importing the singular number shall include the plural and vice versa.

1.04 Headings. The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Currency. Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of Canada.

1.06 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.07 Time of the Essence. Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

ARTICLE 2 GUARANTEE

2.01 Guarantee. The Guarantor hereby unconditionally, absolutely and irrevocably guarantees the full and punctual payment to the Lender as and when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise of all of the Obligations, whether for principal, interest, fees, expenses, indemnities or otherwise.

2.02 Acceleration of Guarantee. The Guarantor agrees that, in the event of the insolvency of the Guarantor, or the inability or failure (after any applicable grace periods) of the Guarantor to pay debts as they become due, or an assignment by the Guarantor for the benefit of creditors, or the commencement of any proceeding in respect of the Guarantor under any bankruptcy, insolvency or similar laws, and if such event shall occur at a time when any of the Obligations may not then be due and payable, the Guarantor will pay to the Lender forthwith the full amount which would be payable hereunder by the Guarantor if all such Obligations were then due and payable.

2.03 Nature of Guarantee. The guarantee under this Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable guarantee of payment when due and not of collection, and shall remain in full force and effect until all Obligations have been paid in full, all obligations of the Guarantor hereunder have been paid in full and any and all commitments of the Lender to the Borrower have been permanently terminated. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Loan Agreement under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Lender with respect thereto. The

Guarantor renounces all benefits of discussion and division. The liability of the Guarantor under this Agreement shall be absolute, unconditional and irrevocable irrespective of, and without being lessened or limited by:

- (a) any lack of validity, legality, effectiveness or enforceability of any Credit Document;
- (b) the failure of the Lender:
 - (i) to assert any claim or demand or to enforce any right or remedy against the Borrower or any other Person (including any other guarantor) under the provisions of any Credit Document, or otherwise, or
 - (ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any of the Obligations;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other extension, compromise, indulgence or renewal of any Obligation;
- (d) any reduction, limitation, variation, impairment, discontinuance or termination of the Obligations for any reason (other than by reason of any payment which is not required to be rescinded), including any claim of waiver, release, discharge, surrender, alteration or compromise, and shall not be subject to (and the Guarantor hereby waives any right to or claim of) any defence or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, the Obligations or otherwise (other than by reason of any payment which is not required to be rescinded);
- (e) any amendment to, rescission, waiver or other modification of, or any consent to any departure from, any of the terms of any Credit Document or any other guarantees or security;
- (f) any addition, exchange, release, discharge, renewal, realization or non-perfection of any collateral security for the Obligations or any amendment to, or waiver or release or addition of, or consent to departure from, any other guarantee held by the Lender as security for any of the Obligations;
- (g) the loss of or in respect of or the unenforceability of any other guarantee or other security which the Lender may now or hereafter hold in respect of the Obligations, whether occasioned by the fault of the Lender or otherwise;
- (h) any change in the name of the Borrower or in the constating documents, capital structure, capacity or constitution of the Borrower, the bankruptcy or insolvency of the Borrower, the sale of any or all of the Borrower's business or assets; or

- (i) any other circumstance (other than final payment in full of all Obligations) which might otherwise constitute a defence available to, or a legal or equitable discharge of, the Borrower, any surety or any guarantor.

2.04 Enforcement. Upon any of the Obligations becoming due and payable, the Guarantor shall forthwith pay to the Lender the total amount of such Obligations and the Lender may apply the sum so paid against such of such Obligations as the Lender may see fit and change any such application in whole or in part from time to time. A written statement of the Lender as to the amount remaining unpaid to the Lender by the Borrower at any time shall be conclusive evidence against the Guarantor, absent manifest error, as to the amount remaining unpaid to the Lender by the Borrower at such time.

2.05 Guarantee in Addition to Other Security. The guarantee under this Agreement shall be in addition to and not in substitution for any other guarantee or other security which the Lender may now or hereafter hold in respect of the Obligations, and the Lender shall be under no obligation to marshal in favour of the Guarantor any other guarantee or other security or any moneys or other assets which the Lender may be entitled to receive or may have a claim upon.

2.06 Reinstatement. The guarantee under this Agreement and all other terms of this Agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is rescinded or must otherwise be returned or restored by the Lender by reason of the insolvency, bankruptcy or reorganization of the Borrower or for any other reason not involving the wilful misconduct of the Lender, all as though such payment had not been made.

2.07 Waiver of Notice, etc. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Agreement.

2.08 Subrogation Rights. Until satisfaction in full of all of the Obligations, all dividends, compositions, proceeds of security or payments received by the Lender from the Borrower or others in respect of the Obligations shall be regarded for all purposes as payments in gross without any right on the part of the Guarantor to claim the benefit thereof in reduction of the liability under this Agreement. The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Agreement, by any payment made hereunder or otherwise, until the prior satisfaction in full of all of the Obligations. Any amount paid to the Guarantor on account of any such subrogation rights prior to the satisfaction in full of all Obligations shall be held in trust for the benefit of the Lender and shall immediately be paid to the Lender and credited and applied against the Obligations, whether matured or unmatured; provided, however, that if

- (a) the Guarantor has made payment to the Lender of all or any part of the Obligations, and
- (b) all Obligations have been paid in full and all commitments of the Lender to the Borrower have been permanently terminated,

the Lender agrees that, at the Guarantor's request, the Lender will execute and deliver to the Guarantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations resulting from such payment by the Guarantor. In furtherance of the foregoing, for so long as any Obligations or any commitments of the Lender to the Borrower remain outstanding, the Guarantor hereby postpones any and all claims it may have against the Borrower, and subordinates any security it may have in relation thereto, to the claims and security of the Lender against the Borrower, hereby assigns to the Lender any and all claims and security it may have against the Borrower and agrees to refrain from taking any action or commencing any proceeding against the Borrower or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise, to recover any amounts in respect of payments made hereunder to the Lender, although the Guarantor may take such actions as may be necessary to preserve its claims against the Borrower. In the event any payments are made by the Borrower to the Guarantor in contravention of the preceding sentence, the Guarantor shall hold the amount so received in trust for the Lender and shall forthwith pay such amount to the Lender.

2.09 Advances After Certain Events. All advances, renewals and credits made or granted by the Lender purportedly to or for the Borrower after the bankruptcy or insolvency of the Borrower, but before the Lender has received notice thereof, shall be deemed to form part of the Obligations, and all advances, renewals and credits obtained from the Lender purportedly by or on behalf of the Borrower shall be deemed to form part of the Obligations, notwithstanding any lack or limitation of power, incapacity or disability of the Borrower or of the directors or agents thereof and notwithstanding that the Borrower may not be a legal entity and notwithstanding any irregularity, defect or informality in the obtaining of such advances, renewals or credits, whether or not the Lender has knowledge thereof. The Guarantor will indemnify the Lender for any such advance, renewal or credit that is not repaid to the Lender.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.01 Representations and Warranties. To induce the Lender to extend credit to the Borrower, the Guarantor hereby represents and warrants to the Lender as follows and acknowledges and confirms that the Lender is relying upon such representations and warranties in extending credit to the Borrower:

- (a) **Power.** The Guarantor has full power and authority to enter into this Guarantee and any other related documents to which he is a party and to do all acts and execute and deliver all other documents as are required hereunder or thereunder to be done, observed or performed by him in accordance with their terms.
- (b) **Enforcement of Documents.** The Guarantor has duly executed and delivered this Agreement. This Agreement is a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor by the Lender in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other similar

laws limiting the enforcement of creditors' rights generally and the fact that the courts may deny the granting or enforcement of equitable remedies.

- (c) **Solvency.** The Guarantor has not:
- (i) admitted its inability to pay its debts generally as they become due or failed to pay its debts generally as they become due;
 - (ii) filed an assignment or petition in bankruptcy or a petition to take advantage of any insolvency statute;
 - (iii) made an assignment for the benefit of its creditors;
 - (iv) consented to the appointment of a receiver of the whole or any substantial part of its assets;
 - (v) filed a petition, answer or proposal, or a notice of intention to file a petition, answer or proposal seeking a reorganization, arrangement, adjustment or composition under applicable bankruptcy laws or any other Applicable Law or statute; or
 - (vi) been adjudged by a court having jurisdiction a bankrupt or insolvent, nor has a decree or order of a court having jurisdiction been entered for the appointment of a receiver, liquidator, trustee or assignee in bankruptcy with such decree or order having remained in force and undischarged or unstayed for a period of thirty days.

3.02 Survival of Representations and Warranties. All of the representations and warranties of the Guarantor contained in Section 3.01 shall survive the execution and delivery of this Agreement until the Obligations have been repaid in full, notwithstanding any investigation made at any time by or on behalf of the Lender.

ARTICLE 4 GENERAL CONTRACT PROVISIONS

4.01 Notices. All notices, requests, demands, directions and other communications provided for herein shall be in writing and shall be delivered in accordance with the provisions of the Loan Agreement.

4.02 Further Assurances. The Guarantor shall do, execute and deliver or shall cause to be done, executed and delivered all such further acts, documents and things as the Lender may reasonably request for the purpose of giving effect to this Agreement.

4.03 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective

to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

4.04 Successors and Assigns. This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Guarantor and the Guarantor's successors and assigns.

4.05 Amendments and Waivers. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

4.06 Entire Agreement. This Agreement and the agreements referred to herein constitute the entire agreement between the parties hereto and supersede any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the subject matter hereof.

4.07 No Waiver; Remedies; No Duty. In addition to, and not in limitation of, Section 2.03 and Section 2.07, no failure on the part of the Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. The Lender has no duty or responsibility to provide the Guarantor with any credit or other information concerning the Borrower's affairs, financial condition or business which may come into the Lender's possession.

4.08 Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.

4.09 Counterparts. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery by facsimile or by electronic transmission in portable document format (PDF) of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF the Guarantor has executed this Agreement as of the date first written above.

MALVERN CONTRACT INTERIORS LIMITED

By: 
Name: JOHN ANTHONY PACIONE
Title: DIRECTOR

By: _____
Name:
Title:

I have the authority to bind the Corporation.

37343797.2

GUARANTEE AGREEMENT

TO: Waygar Capital Inc., as agent for
Ninepoint Canadian Senior Debt Master Fund L.P. (the “Lender”)
372 Bay Street, Suite 901
Toronto, Ontario, M5H 2W9

Attention: **Wayne Ehgoetz and Geoffrey Hiscock**
Email: [wehgoetz@waygarcapital.com/](mailto:wehgoetz@waygarcapital.com)
ghiscock@waygarcapital.com

DATED: October 10, 2019

WHEREAS:

- A. As security for the payment of the full amount of the indebtedness, liabilities and obligations of Quality Rugs of Canada Limited (the “Borrower”) to the Lender, the undersigned (the “Guarantor”) has agreed to guarantee payment of the Borrower’s present and future indebtedness, liabilities and obligations to the Lender on the terms and subject to the conditions hereinafter set forth; and
- B. It is in the best interests of the Guarantor to execute and deliver this Agreement, inasmuch as the Guarantor will derive substantial direct and indirect benefits from the provision of credit by the Lender to the Borrower;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the Guarantor hereby covenants to and for the benefit of the Lender as follows:

ARTICLE 1 INTERPRETATION

1.01 Defined Terms. All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith:

“**Loan Agreement**” means the loan agreement dated as of the date hereof among, *inter alios*, the Lender, the Borrower and the Guarantor, as the same may be amended, restated modified, supplemented or replaced from time to time.

“**Obligations**” means all debts, obligations and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender or remaining unpaid by the Borrower to the Lender, including, without limitation, under or in connection with the Loan Agreement.

1.02 Other Usages. References to “this Agreement”, “the agreement”, “hereof”, “herein”, “hereto” and like references refer to this Guarantee Agreement, as amended, modified,

supplemented or replaced from time to time, and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Plural and Singular. Where the context so requires, words importing the singular number shall include the plural and vice versa.

1.04 Headings. The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Currency. Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of Canada.

1.06 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.07 Time of the Essence. Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

ARTICLE 2 GUARANTEE

2.01 Guarantee. The Guarantor hereby unconditionally, absolutely and irrevocably guarantees the full and punctual payment to the Lender as and when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise of all of the Obligations, whether for principal, interest, fees, expenses, indemnities or otherwise.

2.02 Acceleration of Guarantee. The Guarantor agrees that, in the event of the insolvency of the Guarantor, or the inability or failure (after any applicable grace periods) of the Guarantor to pay debts as they become due, or an assignment by the Guarantor for the benefit of creditors, or the commencement of any proceeding in respect of the Guarantor under any bankruptcy, insolvency or similar laws, and if such event shall occur at a time when any of the Obligations may not then be due and payable, the Guarantor will pay to the Lender forthwith the full amount which would be payable hereunder by the Guarantor if all such Obligations were then due and payable.

2.03 Nature of Guarantee. The guarantee under this Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable guarantee of payment when due and not of collection, and shall remain in full force and effect until all Obligations have been paid in full, all obligations of the Guarantor hereunder have been paid in full and any and all commitments of the Lender to the Borrower have been permanently terminated. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Loan Agreement under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Lender with respect thereto. The

Guarantor renounces all benefits of discussion and division. The liability of the Guarantor under this Agreement shall be absolute, unconditional and irrevocable irrespective of, and without being lessened or limited by:

- (a) any lack of validity, legality, effectiveness or enforceability of any Credit Document;
- (b) the failure of the Lender:
 - (i) to assert any claim or demand or to enforce any right or remedy against the Borrower or any other Person (including any other guarantor) under the provisions of any Credit Document, or otherwise, or
 - (ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any of the Obligations;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other extension, compromise, indulgence or renewal of any Obligation;
- (d) any reduction, limitation, variation, impairment, discontinuance or termination of the Obligations for any reason (other than by reason of any payment which is not required to be rescinded), including any claim of waiver, release, discharge, surrender, alteration or compromise, and shall not be subject to (and the Guarantor hereby waives any right to or claim of) any defence or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, the Obligations or otherwise (other than by reason of any payment which is not required to be rescinded);
- (e) any amendment to, rescission, waiver or other modification of, or any consent to any departure from, any of the terms of any Credit Document or any other guarantees or security;
- (f) any addition, exchange, release, discharge, renewal, realization or non-perfection of any collateral security for the Obligations or any amendment to, or waiver or release or addition of, or consent to departure from, any other guarantee held by the Lender as security for any of the Obligations;
- (g) the loss of or in respect of or the unenforceability of any other guarantee or other security which the Lender may now or hereafter hold in respect of the Obligations, whether occasioned by the fault of the Lender or otherwise;
- (h) any change in the name of the Borrower or in the constating documents, capital structure, capacity or constitution of the Borrower, the bankruptcy or insolvency of the Borrower, the sale of any or all of the Borrower's business or assets; or

- (i) any other circumstance (other than final payment in full of all Obligations) which might otherwise constitute a defence available to, or a legal or equitable discharge of, the Borrower, any surety or any guarantor.

2.04 Enforcement. Upon any of the Obligations becoming due and payable, the Guarantor shall forthwith pay to the Lender the total amount of such Obligations and the Lender may apply the sum so paid against such of such Obligations as the Lender may see fit and change any such application in whole or in part from time to time. A written statement of the Lender as to the amount remaining unpaid to the Lender by the Borrower at any time shall be conclusive evidence against the Guarantor, absent manifest error, as to the amount remaining unpaid to the Lender by the Borrower at such time.

2.05 Guarantee in Addition to Other Security. The guarantee under this Agreement shall be in addition to and not in substitution for any other guarantee or other security which the Lender may now or hereafter hold in respect of the Obligations, and the Lender shall be under no obligation to marshal in favour of the Guarantor any other guarantee or other security or any moneys or other assets which the Lender may be entitled to receive or may have a claim upon.

2.06 Reinstatement. The guarantee under this Agreement and all other terms of this Agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is rescinded or must otherwise be returned or restored by the Lender by reason of the insolvency, bankruptcy or reorganization of the Borrower or for any other reason not involving the wilful misconduct of the Lender, all as though such payment had not been made.

2.07 Waiver of Notice, etc. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Agreement.

2.08 Subrogation Rights. Until satisfaction in full of all of the Obligations, all dividends, compositions, proceeds of security or payments received by the Lender from the Borrower or others in respect of the Obligations shall be regarded for all purposes as payments in gross without any right on the part of the Guarantor to claim the benefit thereof in reduction of the liability under this Agreement. The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Agreement, by any payment made hereunder or otherwise, until the prior satisfaction in full of all of the Obligations. Any amount paid to the Guarantor on account of any such subrogation rights prior to the satisfaction in full of all Obligations shall be held in trust for the benefit of the Lender and shall immediately be paid to the Lender and credited and applied against the Obligations, whether matured or unmatured; provided, however, that if

- (a) the Guarantor has made payment to the Lender of all or any part of the Obligations, and
- (b) all Obligations have been paid in full and all commitments of the Lender to the Borrower have been permanently terminated,

the Lender agrees that, at the Guarantor's request, the Lender will execute and deliver to the Guarantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations resulting from such payment by the Guarantor. In furtherance of the foregoing, for so long as any Obligations or any commitments of the Lender to the Borrower remain outstanding, the Guarantor hereby postpones any and all claims it may have against the Borrower, and subordinates any security it may have in relation thereto, to the claims and security of the Lender against the Borrower, hereby assigns to the Lender any and all claims and security it may have against the Borrower and agrees to refrain from taking any action or commencing any proceeding against the Borrower or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise, to recover any amounts in respect of payments made hereunder to the Lender, although the Guarantor may take such actions as may be necessary to preserve its claims against the Borrower. In the event any payments are made by the Borrower to the Guarantor in contravention of the preceding sentence, the Guarantor shall hold the amount so received in trust for the Lender and shall forthwith pay such amount to the Lender.

2.09 Advances After Certain Events. All advances, renewals and credits made or granted by the Lender purportedly to or for the Borrower after the bankruptcy or insolvency of the Borrower, but before the Lender has received notice thereof, shall be deemed to form part of the Obligations, and all advances, renewals and credits obtained from the Lender purportedly by or on behalf of the Borrower shall be deemed to form part of the Obligations, notwithstanding any lack or limitation of power, incapacity or disability of the Borrower or of the directors or agents thereof and notwithstanding that the Borrower may not be a legal entity and notwithstanding any irregularity, defect or informality in the obtaining of such advances, renewals or credits, whether or not the Lender has knowledge thereof. The Guarantor will indemnify the Lender for any such advance, renewal or credit that is not repaid to the Lender.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.01 Representations and Warranties. To induce the Lender to extend credit to the Borrower, the Guarantor hereby represents and warrants to the Lender as follows and acknowledges and confirms that the Lender is relying upon such representations and warranties in extending credit to the Borrower:

- (a) **Power.** The Guarantor has full power and authority to enter into this Guarantee and any other related documents to which he is a party and to do all acts and execute and deliver all other documents as are required hereunder or thereunder to be done, observed or performed by him in accordance with their terms.
- (b) **Enforcement of Documents.** The Guarantor has duly executed and delivered this Agreement. This Agreement is a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor by the Lender in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other similar

laws limiting the enforcement of creditors' rights generally and the fact that the courts may deny the granting or enforcement of equitable remedies.

- (c) **Solvency.** The Guarantor has not:
- (i) admitted its inability to pay its debts generally as they become due or failed to pay its debts generally as they become due;
 - (ii) filed an assignment or petition in bankruptcy or a petition to take advantage of any insolvency statute;
 - (iii) made an assignment for the benefit of its creditors;
 - (iv) consented to the appointment of a receiver of the whole or any substantial part of its assets;
 - (v) filed a petition, answer or proposal, or a notice of intention to file a petition, answer or proposal seeking a reorganization, arrangement, adjustment or composition under applicable bankruptcy laws or any other Applicable Law or statute; or
 - (vi) been adjudged by a court having jurisdiction a bankrupt or insolvent, nor has a decree or order of a court having jurisdiction been entered for the appointment of a receiver, liquidator, trustee or assignee in bankruptcy with such decree or order having remained in force and undischarged or unstayed for a period of thirty days.

3.02 Survival of Representations and Warranties. All of the representations and warranties of the Guarantor contained in Section 3.01 shall survive the execution and delivery of this Agreement until the Obligations have been repaid in full, notwithstanding any investigation made at any time by or on behalf of the Lender.

ARTICLE 4 GENERAL CONTRACT PROVISIONS

4.01 Notices. All notices, requests, demands, directions and other communications provided for herein shall be in writing and shall be delivered in accordance with the provisions of the Loan Agreement.

4.02 Further Assurances. The Guarantor shall do, execute and deliver or shall cause to be done, executed and delivered all such further acts, documents and things as the Lender may reasonably request for the purpose of giving effect to this Agreement.

4.03 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective

to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

4.04 Successors and Assigns. This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Guarantor and the Guarantor's successors and assigns.

4.05 Amendments and Waivers. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

4.06 Entire Agreement. This Agreement and the agreements referred to herein constitute the entire agreement between the parties hereto and supersede any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the subject matter hereof.

4.07 No Waiver; Remedies; No Duty. In addition to, and not in limitation of, Section 2.03 and Section 2.07, no failure on the part of the Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. The Lender has no duty or responsibility to provide the Guarantor with any credit or other information concerning the Borrower's affairs, financial condition or business which may come into the Lender's possession.


4.08 Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.

4.09 Counterparts. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery by facsimile or by electronic transmission in portable document format (PDF) of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF the Guarantor has executed this Agreement as of the date first written above.

QUALITY COMMERCIAL CARPET CORPORATION

By: 
Name: JOSEPH R. PACIONE
Title: CHAIRMAN

By: _____
Name:
Title:

I have the authority to bind the Corporation.

37343894.2

GUARANTEE AGREEMENT

TO: Waygar Capital Inc., as agent for
Ninepoint Canadian Senior Debt Master Fund L.P. (the “**Lender**”)
372 Bay Street, Suite 901
Toronto, Ontario, M5H 2W9

Attention: **Wayne Ehgoetz and Geoffrey Hiscock**
Email: [wehgoetz@waygarcapital.com/](mailto:wehgoetz@waygarcapital.com)
ghiscock@waygarcapital.com

DATED: October 10, 2019

WHEREAS:

- A. As security for the payment of the full amount of the indebtedness, liabilities and obligations of Quality Rugs of Canada Limited (the “**Borrower**”) to the Lender, the undersigned (the “**Guarantor**”) has agreed to guarantee payment of the Borrower’s present and future indebtedness, liabilities and obligations to the Lender on the terms and subject to the conditions hereinafter set forth; and
- B. It is in the best interests of the Guarantor to execute and deliver this Agreement, inasmuch as the Guarantor will derive substantial direct and indirect benefits from the provision of credit by the Lender to the Borrower;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the Guarantor hereby covenants to and for the benefit of the Lender as follows:

ARTICLE 1 INTERPRETATION

1.01 Defined Terms. All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith:

“**Loan Agreement**” means the loan agreement dated as of the date hereof among, *inter alios*, the Lender, the Borrower and the Guarantor, as the same may be amended, restated modified, supplemented or replaced from time to time.

“**Obligations**” means all debts, obligations and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender or remaining unpaid by the Borrower to the Lender, including, without limitation, under or in connection with the Loan Agreement.

1.02 Other Usages. References to “this Agreement”, “the agreement”, “hereof”, “herein”, “hereto” and like references refer to this Guarantee Agreement, as amended, modified,

supplemented or replaced from time to time, and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Plural and Singular. Where the context so requires, words importing the singular number shall include the plural and vice versa.

1.04 Headings. The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Currency. Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of Canada.

1.06 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.07 Time of the Essence. Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

ARTICLE 2 GUARANTEE

2.01 Guarantee. The Guarantor hereby unconditionally, absolutely and irrevocably guarantees the full and punctual payment to the Lender as and when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise of all of the Obligations, whether for principal, interest, fees, expenses, indemnities or otherwise.

2.02 Acceleration of Guarantee. The Guarantor agrees that, in the event of the insolvency of the Guarantor, or the inability or failure (after any applicable grace periods) of the Guarantor to pay debts as they become due, or an assignment by the Guarantor for the benefit of creditors, or the commencement of any proceeding in respect of the Guarantor under any bankruptcy, insolvency or similar laws, and if such event shall occur at a time when any of the Obligations may not then be due and payable, the Guarantor will pay to the Lender forthwith the full amount which would be payable hereunder by the Guarantor if all such Obligations were then due and payable.

2.03 Nature of Guarantee. The guarantee under this Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable guarantee of payment when due and not of collection, and shall remain in full force and effect until all Obligations have been paid in full, all obligations of the Guarantor hereunder have been paid in full and any and all commitments of the Lender to the Borrower have been permanently terminated. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Loan Agreement under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Lender with respect thereto. The

Guarantor renounces all benefits of discussion and division. The liability of the Guarantor under this Agreement shall be absolute, unconditional and irrevocable irrespective of, and without being lessened or limited by:

- (a) any lack of validity, legality, effectiveness or enforceability of any Credit Document;
- (b) the failure of the Lender:
 - (i) to assert any claim or demand or to enforce any right or remedy against the Borrower or any other Person (including any other guarantor) under the provisions of any Credit Document, or otherwise, or
 - (ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any of the Obligations;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other extension, compromise, indulgence or renewal of any Obligation;
- (d) any reduction, limitation, variation, impairment, discontinuance or termination of the Obligations for any reason (other than by reason of any payment which is not required to be rescinded), including any claim of waiver, release, discharge, surrender, alteration or compromise, and shall not be subject to (and the Guarantor hereby waives any right to or claim of) any defence or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, the Obligations or otherwise (other than by reason of any payment which is not required to be rescinded);
- (e) any amendment to, rescission, waiver or other modification of, or any consent to any departure from, any of the terms of any Credit Document or any other guarantees or security;
- (f) any addition, exchange, release, discharge, renewal, realization or non-perfection of any collateral security for the Obligations or any amendment to, or waiver or release or addition of, or consent to departure from, any other guarantee held by the Lender as security for any of the Obligations;
- (g) the loss of or in respect of or the unenforceability of any other guarantee or other security which the Lender may now or hereafter hold in respect of the Obligations, whether occasioned by the fault of the Lender or otherwise;
- (h) any change in the name of the Borrower or in the constating documents, capital structure, capacity or constitution of the Borrower, the bankruptcy or insolvency of the Borrower, the sale of any or all of the Borrower's business or assets; or

- (i) any other circumstance (other than final payment in full of all Obligations) which might otherwise constitute a defence available to, or a legal or equitable discharge of, the Borrower, any surety or any guarantor.

2.04 Enforcement. Upon any of the Obligations becoming due and payable, the Guarantor shall forthwith pay to the Lender the total amount of such Obligations and the Lender may apply the sum so paid against such of such Obligations as the Lender may see fit and change any such application in whole or in part from time to time. A written statement of the Lender as to the amount remaining unpaid to the Lender by the Borrower at any time shall be conclusive evidence against the Guarantor, absent manifest error, as to the amount remaining unpaid to the Lender by the Borrower at such time.

2.05 Guarantee in Addition to Other Security. The guarantee under this Agreement shall be in addition to and not in substitution for any other guarantee or other security which the Lender may now or hereafter hold in respect of the Obligations, and the Lender shall be under no obligation to marshal in favour of the Guarantor any other guarantee or other security or any moneys or other assets which the Lender may be entitled to receive or may have a claim upon.

2.06 Reinstatement. The guarantee under this Agreement and all other terms of this Agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is rescinded or must otherwise be returned or restored by the Lender by reason of the insolvency, bankruptcy or reorganization of the Borrower or for any other reason not involving the wilful misconduct of the Lender, all as though such payment had not been made.

2.07 Waiver of Notice, etc. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Agreement.

2.08 Subrogation Rights. Until satisfaction in full of all of the Obligations, all dividends, compositions, proceeds of security or payments received by the Lender from the Borrower or others in respect of the Obligations shall be regarded for all purposes as payments in gross without any right on the part of the Guarantor to claim the benefit thereof in reduction of the liability under this Agreement. The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Agreement, by any payment made hereunder or otherwise, until the prior satisfaction in full of all of the Obligations. Any amount paid to the Guarantor on account of any such subrogation rights prior to the satisfaction in full of all Obligations shall be held in trust for the benefit of the Lender and shall immediately be paid to the Lender and credited and applied against the Obligations, whether matured or unmatured; provided, however, that if

- (a) the Guarantor has made payment to the Lender of all or any part of the Obligations, and
- (b) all Obligations have been paid in full and all commitments of the Lender to the Borrower have been permanently terminated,

the Lender agrees that, at the Guarantor's request, the Lender will execute and deliver to the Guarantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations resulting from such payment by the Guarantor. In furtherance of the foregoing, for so long as any Obligations or any commitments of the Lender to the Borrower remain outstanding, the Guarantor hereby postpones any and all claims it may have against the Borrower, and subordinates any security it may have in relation thereto, to the claims and security of the Lender against the Borrower, hereby assigns to the Lender any and all claims and security it may have against the Borrower and agrees to refrain from taking any action or commencing any proceeding against the Borrower or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise, to recover any amounts in respect of payments made hereunder to the Lender, although the Guarantor may take such actions as may be necessary to preserve its claims against the Borrower. In the event any payments are made by the Borrower to the Guarantor in contravention of the preceding sentence, the Guarantor shall hold the amount so received in trust for the Lender and shall forthwith pay such amount to the Lender.

2.09 Advances After Certain Events. All advances, renewals and credits made or granted by the Lender purportedly to or for the Borrower after the bankruptcy or insolvency of the Borrower, but before the Lender has received notice thereof, shall be deemed to form part of the Obligations, and all advances, renewals and credits obtained from the Lender purportedly by or on behalf of the Borrower shall be deemed to form part of the Obligations, notwithstanding any lack or limitation of power, incapacity or disability of the Borrower or of the directors or agents thereof and notwithstanding that the Borrower may not be a legal entity and notwithstanding any irregularity, defect or informality in the obtaining of such advances, renewals or credits, whether or not the Lender has knowledge thereof. The Guarantor will indemnify the Lender for any such advance, renewal or credit that is not repaid to the Lender.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.01 Representations and Warranties. To induce the Lender to extend credit to the Borrower, the Guarantor hereby represents and warrants to the Lender as follows and acknowledges and confirms that the Lender is relying upon such representations and warranties in extending credit to the Borrower:

- (a) **Power.** The Guarantor has full power and authority to enter into this Guarantee and any other related documents to which he is a party and to do all acts and execute and deliver all other documents as are required hereunder or thereunder to be done, observed or performed by him in accordance with their terms.
- (b) **Enforcement of Documents.** The Guarantor has duly executed and delivered this Agreement. This Agreement is a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor by the Lender in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other similar

laws limiting the enforcement of creditors' rights generally and the fact that the courts may deny the granting or enforcement of equitable remedies.

- (c) **Solvency.** The Guarantor has not:
- (i) admitted its inability to pay its debts generally as they become due or failed to pay its debts generally as they become due;
 - (ii) filed an assignment or petition in bankruptcy or a petition to take advantage of any insolvency statute;
 - (iii) made an assignment for the benefit of its creditors;
 - (iv) consented to the appointment of a receiver of the whole or any substantial part of its assets;
 - (v) filed a petition, answer or proposal, or a notice of intention to file a petition, answer or proposal seeking a reorganization, arrangement, adjustment or composition under applicable bankruptcy laws or any other Applicable Law or statute; or
 - (vi) been adjudged by a court having jurisdiction a bankrupt or insolvent, nor has a decree or order of a court having jurisdiction been entered for the appointment of a receiver, liquidator, trustee or assignee in bankruptcy with such decree or order having remained in force and undischarged or unstayed for a period of thirty days.

3.02 Survival of Representations and Warranties. All of the representations and warranties of the Guarantor contained in Section 3.01 shall survive the execution and delivery of this Agreement until the Obligations have been repaid in full, notwithstanding any investigation made at any time by or on behalf of the Lender.

ARTICLE 4 GENERAL CONTRACT PROVISIONS

4.01 Notices. All notices, requests, demands, directions and other communications provided for herein shall be in writing and shall be delivered in accordance with the provisions of the Loan Agreement.

4.02 Further Assurances. The Guarantor shall do, execute and deliver or shall cause to be done, executed and delivered all such further acts, documents and things as the Lender may reasonably request for the purpose of giving effect to this Agreement.

4.03 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective

to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

4.04 Successors and Assigns. This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Guarantor and the Guarantor's successors and assigns.

4.05 Amendments and Waivers. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

4.06 Entire Agreement. This Agreement and the agreements referred to herein constitute the entire agreement between the parties hereto and supersede any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the subject matter hereof.

4.07 No Waiver; Remedies; No Duty. In addition to, and not in limitation of, Section 2.03 and Section 2.07, no failure on the part of the Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. The Lender has no duty or responsibility to provide the Guarantor with any credit or other information concerning the Borrower's affairs, financial condition or business which may come into the Lender's possession.


4.08 Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.

4.09 Counterparts. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery by facsimile or by electronic transmission in portable document format (PDF) of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF the Guarantor has executed this Agreement as of the date first written above.

ONTARIO FLOORING LTD.

By: 
Name: JOSEPH R. PACIONE
Title: PRESIDENT

By: _____
Name:
Title:

I have the authority to bind the Corporation.

37343844.2

GUARANTEE AGREEMENT

TO: Waygar Capital Inc., as agent for
Ninepoint Canadian Senior Debt Master Fund L.P. (the "Lender")
372 Bay Street, Suite 901
Toronto, Ontario, M5H 2W9

Attention: **Wayne Ehgoetz and Geoffrey Hiscock**
Email: [wehgoetz@waygarcapital.com/](mailto:wehgoetz@waygarcapital.com)
ghiscock@waygarcapital.com

DATED: October 10, 2019

WHEREAS:

- A. As security for the payment of the full amount of the indebtedness, liabilities and obligations of Quality Rugs of Canada Limited (the "**Borrower**") to the Lender, the undersigned (the "**Guarantor**") has agreed to guarantee payment of the Borrower's present and future indebtedness, liabilities and obligations to the Lender on the terms and subject to the conditions hereinafter set forth; and
- B. It is in the best interests of the Guarantor to execute and deliver this Agreement, inasmuch as the Guarantor will derive substantial direct and indirect benefits from the provision of credit by the Lender to the Borrower;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the Guarantor hereby covenants to and for the benefit of the Lender as follows:

ARTICLE 1 INTERPRETATION

1.01 Defined Terms. All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith:

"**Loan Agreement**" means the loan agreement dated as of the date hereof among, *inter alios*, the Lender, the Borrower and the Guarantor, as the same may be amended, restated modified, supplemented or replaced from time to time.

"**Obligations**" means all debts, obligations and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender or remaining unpaid by the Borrower to the Lender, including, without limitation, under or in connection with the Loan Agreement.

1.02 Other Usages. References to "this Agreement", "the agreement", "hereof", "herein", "hereto" and like references refer to this Guarantee Agreement, as amended, modified,

supplemented or replaced from time to time, and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Plural and Singular. Where the context so requires, words importing the singular number shall include the plural and vice versa.

1.04 Headings. The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Currency. Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of Canada.

1.06 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.07 Time of the Essence. Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

ARTICLE 2 GUARANTEE

2.01 Guarantee. The Guarantor hereby unconditionally, absolutely and irrevocably guarantees the full and punctual payment to the Lender as and when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise of all of the Obligations, whether for principal, interest, fees, expenses, indemnities or otherwise.

2.02 Acceleration of Guarantee. The Guarantor agrees that, in the event of the insolvency of the Guarantor, or the inability or failure (after any applicable grace periods) of the Guarantor to pay debts as they become due, or an assignment by the Guarantor for the benefit of creditors, or the commencement of any proceeding in respect of the Guarantor under any bankruptcy, insolvency or similar laws, and if such event shall occur at a time when any of the Obligations may not then be due and payable, the Guarantor will pay to the Lender forthwith the full amount which would be payable hereunder by the Guarantor if all such Obligations were then due and payable.

2.03 Nature of Guarantee. The guarantee under this Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable guarantee of payment when due and not of collection, and shall remain in full force and effect until all Obligations have been paid in full, all obligations of the Guarantor hereunder have been paid in full and any and all commitments of the Lender to the Borrower have been permanently terminated. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Loan Agreement under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Lender with respect thereto. The

Guarantor renounces all benefits of discussion and division. The liability of the Guarantor under this Agreement shall be absolute, unconditional and irrevocable irrespective of, and without being lessened or limited by:

- (a) any lack of validity, legality, effectiveness or enforceability of any Credit Document;
- (b) the failure of the Lender:
 - (i) to assert any claim or demand or to enforce any right or remedy against the Borrower or any other Person (including any other guarantor) under the provisions of any Credit Document, or otherwise, or
 - (ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any of the Obligations;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other extension, compromise, indulgence or renewal of any Obligation;
- (d) any reduction, limitation, variation, impairment, discontinuance or termination of the Obligations for any reason (other than by reason of any payment which is not required to be rescinded), including any claim of waiver, release, discharge, surrender, alteration or compromise, and shall not be subject to (and the Guarantor hereby waives any right to or claim of) any defence or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, the Obligations or otherwise (other than by reason of any payment which is not required to be rescinded);
- (e) any amendment to, rescission, waiver or other modification of, or any consent to any departure from, any of the terms of any Credit Document or any other guarantees or security;
- (f) any addition, exchange, release, discharge, renewal, realization or non-perfection of any collateral security for the Obligations or any amendment to, or waiver or release or addition of, or consent to departure from, any other guarantee held by the Lender as security for any of the Obligations;
- (g) the loss of or in respect of or the unenforceability of any other guarantee or other security which the Lender may now or hereafter hold in respect of the Obligations, whether occasioned by the fault of the Lender or otherwise;
- (h) any change in the name of the Borrower or in the constating documents, capital structure, capacity or constitution of the Borrower, the bankruptcy or insolvency of the Borrower, the sale of any or all of the Borrower's business or assets; or

- (i) any other circumstance (other than final payment in full of all Obligations) which might otherwise constitute a defence available to, or a legal or equitable discharge of, the Borrower, any surety or any guarantor.

2.04 Enforcement. Upon any of the Obligations becoming due and payable, the Guarantor shall forthwith pay to the Lender the total amount of such Obligations and the Lender may apply the sum so paid against such of such Obligations as the Lender may see fit and change any such application in whole or in part from time to time. A written statement of the Lender as to the amount remaining unpaid to the Lender by the Borrower at any time shall be conclusive evidence against the Guarantor, absent manifest error, as to the amount remaining unpaid to the Lender by the Borrower at such time.

2.05 Guarantee in Addition to Other Security. The guarantee under this Agreement shall be in addition to and not in substitution for any other guarantee or other security which the Lender may now or hereafter hold in respect of the Obligations, and the Lender shall be under no obligation to marshal in favour of the Guarantor any other guarantee or other security or any moneys or other assets which the Lender may be entitled to receive or may have a claim upon.

2.06 Reinstatement. The guarantee under this Agreement and all other terms of this Agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is rescinded or must otherwise be returned or restored by the Lender by reason of the insolvency, bankruptcy or reorganization of the Borrower or for any other reason not involving the wilful misconduct of the Lender, all as though such payment had not been made.

2.07 Waiver of Notice, etc. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Agreement.

2.08 Subrogation Rights. Until satisfaction in full of all of the Obligations, all dividends, compositions, proceeds of security or payments received by the Lender from the Borrower or others in respect of the Obligations shall be regarded for all purposes as payments in gross without any right on the part of the Guarantor to claim the benefit thereof in reduction of the liability under this Agreement. The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Agreement, by any payment made hereunder or otherwise, until the prior satisfaction in full of all of the Obligations. Any amount paid to the Guarantor on account of any such subrogation rights prior to the satisfaction in full of all Obligations shall be held in trust for the benefit of the Lender and shall immediately be paid to the Lender and credited and applied against the Obligations, whether matured or unmatured; provided, however, that if

- (a) the Guarantor has made payment to the Lender of all or any part of the Obligations, and
- (b) all Obligations have been paid in full and all commitments of the Lender to the Borrower have been permanently terminated,

the Lender agrees that, at the Guarantor's request, the Lender will execute and deliver to the Guarantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations resulting from such payment by the Guarantor. In furtherance of the foregoing, for so long as any Obligations or any commitments of the Lender to the Borrower remain outstanding, the Guarantor hereby postpones any and all claims it may have against the Borrower, and subordinates any security it may have in relation thereto, to the claims and security of the Lender against the Borrower, hereby assigns to the Lender any and all claims and security it may have against the Borrower and agrees to refrain from taking any action or commencing any proceeding against the Borrower or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise, to recover any amounts in respect of payments made hereunder to the Lender, although the Guarantor may take such actions as may be necessary to preserve its claims against the Borrower. In the event any payments are made by the Borrower to the Guarantor in contravention of the preceding sentence, the Guarantor shall hold the amount so received in trust for the Lender and shall forthwith pay such amount to the Lender.

2.09 Advances After Certain Events. All advances, renewals and credits made or granted by the Lender purportedly to or for the Borrower after the bankruptcy or insolvency of the Borrower, but before the Lender has received notice thereof, shall be deemed to form part of the Obligations, and all advances, renewals and credits obtained from the Lender purportedly by or on behalf of the Borrower shall be deemed to form part of the Obligations, notwithstanding any lack or limitation of power, incapacity or disability of the Borrower or of the directors or agents thereof and notwithstanding that the Borrower may not be a legal entity and notwithstanding any irregularity, defect or informality in the obtaining of such advances, renewals or credits, whether or not the Lender has knowledge thereof. The Guarantor will indemnify the Lender for any such advance, renewal or credit that is not repaid to the Lender.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.01 Representations and Warranties. To induce the Lender to extend credit to the Borrower, the Guarantor hereby represents and warrants to the Lender as follows and acknowledges and confirms that the Lender is relying upon such representations and warranties in extending credit to the Borrower:

- (a) **Power.** The Guarantor has full power and authority to enter into this Guarantee and any other related documents to which he is a party and to do all acts and execute and deliver all other documents as are required hereunder or thereunder to be done, observed or performed by him in accordance with their terms.
- (b) **Enforcement of Documents.** The Guarantor has duly executed and delivered this Agreement. This Agreement is a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor by the Lender in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other similar

laws limiting the enforcement of creditors' rights generally and the fact that the courts may deny the granting or enforcement of equitable remedies.

- (c) **Solvency.** The Guarantor has not:
- (i) admitted its inability to pay its debts generally as they become due or failed to pay its debts generally as they become due;
 - (ii) filed an assignment or petition in bankruptcy or a petition to take advantage of any insolvency statute;
 - (iii) made an assignment for the benefit of its creditors;
 - (iv) consented to the appointment of a receiver of the whole or any substantial part of its assets;
 - (v) filed a petition, answer or proposal, or a notice of intention to file a petition, answer or proposal seeking a reorganization, arrangement, adjustment or composition under applicable bankruptcy laws or any other Applicable Law or statute; or
 - (vi) been adjudged by a court having jurisdiction a bankrupt or insolvent, nor has a decree or order of a court having jurisdiction been entered for the appointment of a receiver, liquidator, trustee or assignee in bankruptcy with such decree or order having remained in force and undischarged or unstayed for a period of thirty days.

3.02 Survival of Representations and Warranties. All of the representations and warranties of the Guarantor contained in Section 3.01 shall survive the execution and delivery of this Agreement until the Obligations have been repaid in full, notwithstanding any investigation made at any time by or on behalf of the Lender.

ARTICLE 4 GENERAL CONTRACT PROVISIONS

4.01 Notices. All notices, requests, demands, directions and other communications provided for herein shall be in writing and shall be delivered in accordance with the provisions of the Loan Agreement.

4.02 Further Assurances. The Guarantor shall do, execute and deliver or shall cause to be done, executed and delivered all such further acts, documents and things as the Lender may reasonably request for the purpose of giving effect to this Agreement.

4.03 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective

to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

4.04 Successors and Assigns. This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Guarantor and the Guarantor's successors and assigns.

4.05 Amendments and Waivers. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

4.06 Entire Agreement. This Agreement and the agreements referred to herein constitute the entire agreement between the parties hereto and supersede any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the subject matter hereof.

4.07 No Waiver; Remedies; No Duty. In addition to, and not in limitation of, Section 2.03 and Section 2.07, no failure on the part of the Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. The Lender has no duty or responsibility to provide the Guarantor with any credit or other information concerning the Borrower's affairs, financial condition or business which may come into the Lender's possession.

4.08 Paramountcy. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.

4.09 Counterparts. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery by facsimile or by electronic transmission in portable document format (PDF) of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF the Guarantor has executed this Agreement as of the date first written above.

TIMELINE FLOORS INC.

By: 
Name: JOHN ANTHONY PACIONE
Title: SECRETARY

By: _____
Name:
Title:

I have the authority to bind the Corporation.

37343877.2

This is Exhibit "K" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:

Matilda Lici

7CE576F4AA3D4CA...

A Commissioner, etc.
Matilda Lici

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as amended, restated, supplemented, replaced or otherwise altered, from time to time, this “**Agreement**”) is made as of October 10, 2019.

B E T W E E N :

**WAYGAR CAPITAL INC., as agent for NINEPOINT
CANADIAN SENIOR DEBT MASTER FUND L.P.**

(herein called the “**Lender**”),

- and -

MALVERN CONTRACT INTERIORS LIMITED a
corporation incorporated under the laws of Ontario

(herein called the “**Debtor**”),

WHEREAS:

- A. Quality Rugs of Canada Limited (the “**Borrower**”) and the Debtor, among others, have entered into the Loan Agreement (as defined below), pursuant to which the Borrower will become indebted to the Lender;
- B. The Debtor has guaranteed the obligations of the Borrower to the Lender pursuant to a guarantee dated as of the date hereof; and
- C. To secure the payment and performance of the Obligations (as defined below), the Debtor has agreed to execute and deliver this Agreement to the Lender, and to grant to the Lender, security interests in respect of the Collateral in accordance with the terms of this Agreement.

THIS AGREEMENT WITNESSES that, in consideration of the promises contained herein and other good and valuable consideration, the Debtor agrees with the Lender as follows:

ARTICLE 1 - INTERPRETATION

1.01 Defined Terms

All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

“**Collateral**” has the meaning given to such term in Section 2.02.

“**Loan Agreement**” means the loan agreement made as of the date hereof between, *inter alios*, the Lender, the Borrower and the Debtor, as the same may be amended, restated,

modified or replaced from time to time, and pursuant to which the Lender established certain credit facilities in favour of the Borrower.

“Obligations” means all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender or remaining unpaid by the Borrower to the Lender including, without limitation, under or in connection with the Loan Agreement or any other Credit Document to which the Borrower is a party.

1.02 Other Usages

References to “this Agreement”, “hereof”, “herein”, “hereto” and like references refer to this General Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

1.04 Headings

The insertion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Currency

Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of Canada.

1.06 Applicable Law and Attornment Clause

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.07 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.08 Time of the Essence

Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

1.09 Terms Defined by the PPSA

Unless there is something in the context or subject-matter inconsistent therewith, words and phrases not otherwise herein defined that are defined in the PPSA shall have the meanings ascribed thereto respectively by the PPSA.

ARTICLE 2 - SECURITY INTEREST

2.01 Grant of Security Interest

As general, continuing and collateral security for the payment and performance of all Obligations, the Debtor hereby grants to the Lender a security interest in the Collateral.

2.02 Description of Collateral

The following undertaking, property and assets of the Debtor shall be subject to the security interest in favour of the Lender created by this Agreement:

(a) **Accounts**

all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor, whether or not earned by performance including, without limitation, all intercompany loans and advances made by the Debtor to its affiliates; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to the said debts, amounts, claims and moneys or any part thereof, all of which are herein called the "**Accounts**";

(b) **Inventory**

all goods or chattels now or hereafter forming the inventory of the Debtor including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale or resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, all of which are herein called the "**Inventory**";

(c) **Equipment**

all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any

kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not Inventory, all of which are herein called the "Equipment";

(d) **Intangibles**

all intangible property now owned or hereafter acquired by the Debtor and which is not Accounts including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the "Intangibles";

(e) **Documents of Title**

any writing now or hereafter owned by the Debtor that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts, all of which are herein called the "Documents of Title";

(f) **Money**

all money now or hereafter owned by the Debtor, whether such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency, all of which are herein called the "Money";

(g) **Chattel Paper**

all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the "Chattel Paper";

(h) **Instruments**

all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings of the Debtor that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment and all letters of credit and advices of credit of the Debtor provided that such letters of credit and advices of credit state that they

must be surrendered upon claiming payment thereunder, all of which are herein called the "**Instruments**";

(i) **Investment Property**

all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefor and, subject to Section 2.06, dividends and income derived therefrom, all of which are herein called the "**Investment Property**";

(j) **Documents**

all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the "**Documents**";

(k) **Proceeds**

all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the "**Proceeds**";

(l) **Leaseholds**

subject to Section 2.05, all leases, now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor, all of which are herein called the "**Leaseholds**"; and

(m) **Undertaking**

all present and future personal property, business, and undertaking of the Debtor not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds or Leaseholds, all of which are herein called the "**Undertaking**".

The Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds, Leaseholds and Undertaking are herein collectively called the "**Collateral**".

2.03 Further Description of Collateral

Without limiting the generality of the description of Collateral as set out in Section 2.02, for greater certainty the Collateral shall include all present and future personal property of the Debtor located on or about or in transit to or from the location(s) set out in the Disclosure Schedule to the Loan Agreement.

2.04 Attachment of Security Interest

The parties hereby acknowledge that:

- (a) value has been given;
- (b) the Debtor has rights in the Collateral; and
- (c) the parties have not agreed to postpone the time for attachment of the security interest created by this Agreement.

2.05 Exception re: Leaseholds and Contractual Rights

The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this Agreement, but the Debtor agrees to stand possessed of such last day in trust for such person as the Lender may direct and the Debtor shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this Agreement in any contractual rights would constitute a breach or cause the acceleration of such contract, said security interest shall not be granted hereunder but the Debtor shall hold its interest therein in trust for the Lender, shall use its best efforts to obtain the appropriate consents to the attachment of said security interest and shall grant a security interest in such contractual rights to the Lender forthwith upon obtaining the appropriate consents to the attachment of said security interest.

2.06 Collateral Consisting of Investment Property

If any of the Collateral consists of Investment Property and after the occurrence and continuation of an Event of Default, (a) the Debtor authorizes the Lender to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear of record as the sole owner thereof; provided, that until the security hereby constituted becomes enforceable, the Lender shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the security hereby constituted becomes enforceable, the Debtor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee as such record owner, and agrees that no proxy or proxies given by the Lender to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Investment Property, as

defined in the *Securities Transfer Act, 2006* (Ontario), which "control" shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after security hereby constituted becomes enforceable, without further consent by the Debtor.

2.07 Income from and Interest on Collateral Consisting of Investment Property

- (a) Until the security hereby constituted becomes enforceable, the Debtor reserves the right to receive all income from or interest on the Collateral consisting of Investment Property, and if the Lender receives any such income or interest prior to the security hereby constituted becoming enforceable, the Lender shall pay such income or interest promptly to the Debtor.
- (b) After the security hereby constituted becomes enforceable, the Debtor will not demand or receive any income from or interest on such Collateral, and if the Debtor receives any such income or interest without any demand by it, such income or interest shall be held by the Debtor in trust for the Lender in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be delivered to the Lender in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Lender may apply the net cash receipts from such income or interest to payment of any of the Obligations, provided that the Lender shall account for and pay over to the Debtor any such income or interest remaining after payment in full of the Obligations.

ARTICLE 3 - WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Warranties and Covenants

The Debtor hereby warrants, covenants and agrees with the Lender as follows:

- (a) The Debtor will keep its chief executive office where it keeps its records concerning the Accounts located at the address set out in the Loan Agreement for notices, or, upon 20 Business Days prior notice to the Lender, at such other location in a jurisdiction where all actions required by Section 6.03 shall have been taken.
- (b) The Collateral is now and will be located at or in transit to the address(es) set out in the Disclosure Schedule to the Loan Agreement. In the event the Collateral becomes located at any address not set out in the Disclosure Schedule to the Loan Agreement, the Debtor shall promptly notify the Lender in writing of the details thereof.
- (c) The Debtor shall keep the Collateral in good condition and repair.

- (d) The Debtor agrees to promptly notify the Lender in writing of the acquisition by the Debtor of any personal property which is not of the nature or type described by the definition of Collateral, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this Agreement or additional security agreements as may be reasonably required by the Lender in order that a security interest shall attach to such personal property.
- (e) The Debtor shall obtain, observe and perform all its obligations under leases, licenses and agreements, preserve its rights, powers, licenses, privileges, franchises and goodwill, and comply with all Applicable Laws, rules and regulations in a proper and efficient manner so as to preserve and protect the Collateral, the security interest created by this Agreement and the business and undertaking of the Debtor.
- (f) The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to this Agreement, or becoming affixed to any real property.
- (g) The Debtor shall deliver to the Lender from time to time as requested by the Lender all items of Collateral comprising Investment Property (to the extent certificated). Such delivery shall be effected by depositing with the Lender all certificates representing such Investment Property (to the extent certificated). All certificates so deposited shall, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on the transfer of the shares represented thereby and shall be duly endorsed in blank for transfer or shall be attached to duly executed powers of attorney or forms of transfer.
- (h) The Debtor shall deliver to the Lender upon the request of the Lender from time to time all items of Collateral comprising Documents of Title, Chattel Paper, Instruments and Documents.
- (i) The Debtor shall pay all reasonable costs and expenses of the Lender, its agents, officers and employees (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) incurred with respect to:
 - (i) the preparation, perfection, execution and filing of this Agreement and the filing of financing statement(s) and financing change statement(s) with respect to this Agreement;
 - (ii) dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the security interest created by this Agreement;
 - (iii) the exercising of any or all of the rights, remedies and powers of the Lender under this Agreement; and
 - (iv) recovering or repossessing the Collateral and any other proceedings taken for the purpose of enforcing the remedies provided herein, including,

without limitation, the appointment of a receiver, manager or receiver and manager, whether by order of the court or by private appointment.

- (j) The Debtor shall indemnify the Lender for all reasonable costs and expenses as set out in Sections 3.01(i) and 3.02 and agrees that if such costs and expenses are not paid when due, all such costs and expenses shall be payable by the Debtor to the Lender on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

3.02 Performance of Covenants by the Lender

The Lender may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this Agreement that the Debtor fails to perform and that the Lender is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Lender will not be obligated to perform any such covenant on behalf of the Debtor and no such performance by the Lender will require the Lender further to perform the Debtor's covenants nor operate as a derogation of the rights and remedies of the Lender under this Agreement.

ARTICLE 4 - RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

4.01 General Restrictions

Except as herein provided or except as provided in the Loan Agreement, the Debtor shall not, without the prior written consent of the Lender:

- (a) sell, lease or otherwise dispose of the Collateral or any part thereof;
- (b) release, surrender or abandon possession of the Collateral or any part thereof; or
- (c) move or transfer the Collateral or any part thereof from its present location except to and from the locations listed of the Disclosure Schedule to the Loan Agreement and with the prior written consent of the Lender, any other location.

4.02 Permitted Sales

The Debtor may, at any time, without the consent of the Lender:

- (a) lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of its business so that the purchaser thereof takes title clear of the security interest created by this Agreement but if such sale, lease or other dealing with results in an Account, such Account shall be subject to the security interest created by this Agreement;
- (b) sell or otherwise dispose of such part of its Equipment which is not necessary to or useful in connection with its business and undertaking, or which has become worn out or damaged or otherwise unsuitable for its purpose; provided that such Equipment is replaced or has nominal value; and

- (c) continue to collect, at its own expense, all amounts due or to become due to the Debtor under the Accounts; and in connection with such collections, take (and, at the Lender's direction, shall take) such action as the Debtor or the Lender may deem necessary or advisable to enforce collection of the Accounts; provided, however, that the Lender shall have the right at any time upon the security hereby constituted becoming enforceable to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Lender and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Lender and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done.

After the security hereby constituted becomes enforceable,

- (d) all money or other form of payment received by the Debtor in respect of the Accounts shall be received in trust for the benefit of the Lender hereunder, shall be segregated from other funds of the Debtor and shall be forthwith paid over to the Lender in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 5.07; and
- (e) the Debtor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon without prior written consent of the Lender.

4.03 Release by the Lender

The Lender may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

4.04 Proceeds Held in Trust

All Proceeds that are monies collected or received by the Debtor will be received by the Debtor in trust for the Lender and will be forthwith paid to the Lender. The Lender shall not exercise its rights under this Section 4.04, and the Debtor's trust obligations under this Section 4.04 need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted becomes enforceable.

ARTICLE 5 - DEFAULT AND ENFORCEMENT

5.01 Enforcement

The security hereby constituted shall immediately become enforceable upon the Obligations being declared immediately due and payable pursuant to Section 25 of the Loan Agreement.

5.02 Remedies

At any time after the happening of any event by which the security hereby constituted becomes enforceable, the Lender shall have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "Receiver") of the Collateral and to remove any Receiver so appointed and to appoint another if the Lender so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Lender hereunder, and in addition, shall have the power to carry on the business of the Debtor;
- (b) to make payments to parties having prior charges or encumbrances on properties on which the Lender may hold charges or encumbrances;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral with power to exclude the Debtor, its agents and its servants therefrom;
- (e) to preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Lender shall deem advisable;
- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement including, without limitation, the power to purchase on credit, the power to borrow in the Debtor's name or in the name of the Receiver and to advance its own money to the Debtor at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of the Lender, and to grant security interests in the Collateral in priority to the security interest created by this Agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment of credit; provided that
 - (i) the Lender or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomsoever for such period of time as is commercially reasonable;
 - (ii) the Lender or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
 - (iii) subject to Section 5.07, the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such

proceeds are received by the Lender or the Receiver in cash or such other form of compensation as may be acceptable to the Lender, in its sole discretion;

- (h) to enjoy and exercise all of the rights and remedies of a secured party under the PPSA;
- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
 - (i) the Collateral is perishable;
 - (ii) the Lender or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
 - (iii) the Collateral is of a type customarily sold on a recognized market;
 - (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
 - (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral; or
 - (vi) the Receiver disposes of the Collateral in the course of the Debtor's business;
- (k) to have Investment Property included in the Collateral registered on the books of the issuers of such Investment Property in the name of the Lender or such nominee of the Lender as the Lender shall direct;
- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Lender, the Receiver or the Debtor for the purpose of exercising any of the rights, powers and remedies set out in this Section 5.02, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
- (m) at the sole option of the Lender, provided notice is given in the manner required by the PPSA to the Debtor and to any other person to whom the PPSA requires notice be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

5.03 Receiver as Agent

The Receiver shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Lender shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Debtor hereby irrevocably authorizes the Lender to give instructions to the Receiver relating to the performance of its duties as set out herein.

5.04 Expenses of Enforcement

The Debtor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Lender and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Debtor to the Lender and the Receiver pursuant to this Section 5.04 shall be payable on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

5.05 Indulgences and Releases

Either the Lender or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Lender or the Receiver may see fit without prejudice to the Obligations or the right of the Lender and the Receiver to repossess, hold, collect and realize the Collateral.

5.06 No Liability for Failure to Exercise Remedies

The Lender and the Receiver shall not be liable or accountable to the Debtor or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.02, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Lender, the Receiver, the Debtor or any other party in respect of the same.

5.07 Proceeds of Disposition

Subject to the claims, if any, of the prior secured creditors of the Debtor, all monies received by the Lender or by the Receiver pursuant to Section 5.02 shall be applied as follows:

- (a) first, in payment of all costs and expenses incurred by the Lender in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the costs and expenses referred to in Sections 3.01(i) and 3.02 and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 5.04;

- (b) second, in payment of all amounts of money borrowed or advanced by either of the Lender or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;
- (c) third, to the payment or prepayment of the Obligations, provided that if there are not sufficient moneys to pay all of the Obligations, the Lender may apply the moneys available to such part or parts thereof as the Lender, in its sole discretion, may determine; and
- (d) fourth, in payment of any surplus in accordance with Applicable Law.

5.08 Debtor Liable for Deficiency

If the monies received by the Lender or the Receiver pursuant to Section 5.02 are not sufficient to pay the claims set out in Sections 5.07(a), (b) and (c), the Debtor shall immediately pay the Lender the amount of such deficiency.

5.09 Restriction on Debtor

Upon the Lender taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Lender; however, all other powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor shall be unaffected by such events.

5.10 Rights Cumulative

All rights and remedies of the Lender set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this Agreement.

5.11 Care by the Lender

The Lender shall exercise reasonable care in the custody and preservation of any of the Collateral in the Lender's possession if it takes such action for that purpose as the Debtor requests in writing, but failure of the Lender to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Lender to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

5.12 Standards of Sale

Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Lender which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public sale following one advertisement in a newspaper or trade publication having general circulation in the location of such Collateral at least seven days prior to such sale;
- (c) Collateral may be disposed of by private sale after receipt by the Lender of two written offers;
- (d) the purchaser or lessee of such Collateral may be a customer of the Lender;
- (e) the disposition may be for cash or credit, or part cash and part credit; and
- (f) the Lender may establish a reserve bid in respect of all or any portion of the Collateral.

ARTICLE 6 - GENERAL

6.01 Waiver

Any breach by the Debtor of any of the provisions contained in this Agreement or any default by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder, may only be waived by the Lender in writing, provided that no such waiver by the Lender shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.02 The Lender as Attorney

Upon the occurrence of an Event of Default (as defined in the Loan Agreement), the Debtor hereby irrevocably appoints the Lender and any person further designated by the Lender to be the attorney of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Lender. The power of attorney hereby granted is coupled with an interest, is irrevocable and shall extend to the successor and assigns of the Debtor. The Debtor agrees to be bound by any representations and actions made or taken in good faith by the Lender pursuant to this power of attorney in accordance with the terms thereof and hereby waives any and all defences which may be available to it to contest, negate or disaffirm the actions of the Lender taken in good faith under this power of attorney.

6.03 Further Assurances

The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances and take all such further action or cause such further action to be taken as the Lender shall reasonably require for the better assuring, charging, assigning and conferring unto the Lender a security interest in the Collateral or property intended to be charged hereunder, or which the Debtor may hereafter become bound to charge in favour of the Lender, for the purpose of accomplishing and effecting the intention of this Agreement.

6.04 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and this Agreement is terminated.

6.05 No Obligation to Advance

Neither the execution nor delivery of this Agreement shall obligate the Lender to advance any moneys to the Debtor.

6.06 Consumer Goods

Notwithstanding any other clause in this Agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.07 Notices

Any demand, notice or other communication in connection with this Agreement shall be in writing and shall be delivered in accordance with the Loan Agreement.

6.08 Successors and Assigns

This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Debtor and its successors and permitted assigns.

6.09 Amalgamation of Debtor

The Debtor hereby acknowledges and agrees that, subject to compliance with the Loan Agreement, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term "Debtor", when used herein, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interest granted hereby:

- (a) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation;

- (b) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of amalgamation and any "Obligations" of the amalgamated corporation to the Lender thereafter arising; and
- (c) shall attach to "Collateral" owned by each corporation amalgamating with the Debtor and by the amalgamated corporation, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

6.10 Entire Agreement

Except for the Loan Agreement and any document, agreement or instrument delivered pursuant thereto or referred to therein, this Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and undertakings, both written and oral, in respect of the subject matter hereof.

6.11 Receipt of Financing Statement, etc

The receipt by the Debtor's legal counsel of a financing statement or financing change statement shall be deemed to be receipt of same by the Debtor.

6.12 Acknowledgment

The Debtor hereby acknowledges receipt of an executed copy of this Agreement.

6.13 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.

6.14 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page hereof to the other party by facsimile transmission or emailed PDF and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date first written above.

MALVERN CONTRACT INTERIORS LIMITED

Per: 
Name: JOHN ANTHONY PACIONE
Title: DIRECTOR

Per: _____
Name:
Title:
We have the authority to bind the Corporation

37343663.2

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as amended, restated, supplemented, replaced or otherwise altered, from time to time, this “**Agreement**”) is made as of October 10, 2019.

B E T W E E N :

**WAYGAR CAPITAL INC., as agent for NINEPOINT
CANADIAN SENIOR DEBT MASTER FUND L.P.**

(herein called the “**Lender**”),

- and -

ONTARIO FLOORING LTD., a corporation incorporated under
the laws of Ontario

(herein called the “**Debtor**”),

WHEREAS:

- A. Quality Rugs of Canada Limited (the “**Borrower**”) and the Debtor, among others, have entered into the Loan Agreement (as defined below), pursuant to which the Borrower will become indebted to the Lender;
- B. The Debtor has guaranteed the obligations of the Borrower to the Lender pursuant to a guarantee dated as of the date hereof; and
- C. To secure the payment and performance of the Obligations (as defined below), the Debtor has agreed to execute and deliver this Agreement to the Lender, and to grant to the Lender, security interests in respect of the Collateral in accordance with the terms of this Agreement.

THIS AGREEMENT WITNESSES that, in consideration of the promises contained herein and other good and valuable consideration, the Debtor agrees with the Lender as follows:

ARTICLE 1 - INTERPRETATION

1.01 Defined Terms

All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

“**Collateral**” has the meaning given to such term in Section 2.02.

“**Loan Agreement**” means the loan agreement made as of the date hereof between, *inter alios*, the Lender, the Borrower and the Debtor, as the same may be amended, restated,

modified or replaced from time to time, and pursuant to which the Lender established certain credit facilities in favour of the Borrower.

“Obligations” means all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender or remaining unpaid by the Borrower to the Lender including, without limitation, under or in connection with the Loan Agreement or any other Credit Document to which the Borrower is a party.

1.02 Other Usages

References to “this Agreement”, “hereof”, “herein”, “hereto” and like references refer to this General Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

1.04 Headings

The insertion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Currency

Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of Canada.

1.06 Applicable Law and Attornment Clause

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.07 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.08 Time of the Essence

Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

1.09 Terms Defined by the PPSA

Unless there is something in the context or subject-matter inconsistent therewith, words and phrases not otherwise herein defined that are defined in the PPSA shall have the meanings ascribed thereto respectively by the PPSA.

ARTICLE 2 - SECURITY INTEREST

2.01 Grant of Security Interest

As general, continuing and collateral security for the payment and performance of all Obligations, the Debtor hereby grants to the Lender a security interest in the Collateral.

2.02 Description of Collateral

The following undertaking, property and assets of the Debtor shall be subject to the security interest in favour of the Lender created by this Agreement:

(a) **Accounts**

all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor, whether or not earned by performance including, without limitation, all intercompany loans and advances made by the Debtor to its affiliates; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to the said debts, amounts, claims and moneys or any part thereof, all of which are herein called the "**Accounts**";

(b) **Inventory**

all goods or chattels now or hereafter forming the inventory of the Debtor including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale or resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, all of which are herein called the "**Inventory**";

(c) **Equipment**

all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any

kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not Inventory, all of which are herein called the "**Equipment**";

(d) **Intangibles**

all intangible property now owned or hereafter acquired by the Debtor and which is not Accounts including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the "**Intangibles**";

(e) **Documents of Title**

any writing now or hereafter owned by the Debtor that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts, all of which are herein called the "**Documents of Title**";

(f) **Money**

all money now or hereafter owned by the Debtor, whether such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency, all of which are herein called the "**Money**";

(g) **Chattel Paper**

all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the "**Chattel Paper**";

(h) **Instruments**

all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings of the Debtor that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment and all letters of credit and advices of credit of the Debtor provided that such letters of credit and advices of credit state that they

must be surrendered upon claiming payment thereunder, all of which are herein called the "**Instruments**";

(i) **Investment Property**

all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefor and, subject to Section 2.06, dividends and income derived therefrom, all of which are herein called the "**Investment Property**";

(j) **Documents**

all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the "**Documents**";

(k) **Proceeds**

all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the "**Proceeds**";

(l) **Leaseholds**

subject to Section 2.05, all leases, now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor, all of which are herein called the "**Leaseholds**"; and

(m) **Undertaking**

all present and future personal property, business, and undertaking of the Debtor not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds or Leaseholds, all of which are herein called the "**Undertaking**".

The Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds, Leaseholds and Undertaking are herein collectively called the "**Collateral**".

2.03 Further Description of Collateral

Without limiting the generality of the description of Collateral as set out in Section 2.02, for greater certainty the Collateral shall include all present and future personal property of the Debtor located on or about or in transit to or from the location(s) set out in the Disclosure Schedule to the Loan Agreement.

2.04 Attachment of Security Interest

The parties hereby acknowledge that:

- (a) value has been given;
- (b) the Debtor has rights in the Collateral; and
- (c) the parties have not agreed to postpone the time for attachment of the security interest created by this Agreement.

2.05 Exception re: Leaseholds and Contractual Rights

The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this Agreement, but the Debtor agrees to stand possessed of such last day in trust for such person as the Lender may direct and the Debtor shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this Agreement in any contractual rights would constitute a breach or cause the acceleration of such contract, said security interest shall not be granted hereunder but the Debtor shall hold its interest therein in trust for the Lender, shall use its best efforts to obtain the appropriate consents to the attachment of said security interest and shall grant a security interest in such contractual rights to the Lender forthwith upon obtaining the appropriate consents to the attachment of said security interest.

2.06 Collateral Consisting of Investment Property

If any of the Collateral consists of Investment Property and after the occurrence and continuation of an Event of Default, (a) the Debtor authorizes the Lender to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear of record as the sole owner thereof; provided, that until the security hereby constituted becomes enforceable, the Lender shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the security hereby constituted becomes enforceable, the Debtor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee as such record owner, and agrees that no proxy or proxies given by the Lender to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Investment Property, as

defined in the *Securities Transfer Act, 2006* (Ontario), which "control" shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after security hereby constituted becomes enforceable, without further consent by the Debtor.

2.07 Income from and Interest on Collateral Consisting of Investment Property

- (a) Until the security hereby constituted becomes enforceable, the Debtor reserves the right to receive all income from or interest on the Collateral consisting of Investment Property, and if the Lender receives any such income or interest prior to the security hereby constituted becoming enforceable, the Lender shall pay such income or interest promptly to the Debtor.
- (b) After the security hereby constituted becomes enforceable, the Debtor will not demand or receive any income from or interest on such Collateral, and if the Debtor receives any such income or interest without any demand by it, such income or interest shall be held by the Debtor in trust for the Lender in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be delivered to the Lender in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Lender may apply the net cash receipts from such income or interest to payment of any of the Obligations, provided that the Lender shall account for and pay over to the Debtor any such income or interest remaining after payment in full of the Obligations.

ARTICLE 3 - WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Warranties and Covenants

The Debtor hereby warrants, covenants and agrees with the Lender as follows:

- (a) The Debtor will keep its chief executive office where it keeps its records concerning the Accounts located at the address set out in the Loan Agreement for notices, or, upon 20 Business Days prior notice to the Lender, at such other location in a jurisdiction where all actions required by Section 6.03 shall have been taken.
- (b) The Collateral is now and will be located at or in transit to the address(es) set out in the Disclosure Schedule to the Loan Agreement. In the event the Collateral becomes located at any address not set out in the Disclosure Schedule to the Loan Agreement, the Debtor shall promptly notify the Lender in writing of the details thereof.
- (c) The Debtor shall keep the Collateral in good condition and repair.

- (d) The Debtor agrees to promptly notify the Lender in writing of the acquisition by the Debtor of any personal property which is not of the nature or type described by the definition of Collateral, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this Agreement or additional security agreements as may be reasonably required by the Lender in order that a security interest shall attach to such personal property.
- (e) The Debtor shall obtain, observe and perform all its obligations under leases, licenses and agreements, preserve its rights, powers, licenses, privileges, franchises and goodwill, and comply with all Applicable Laws, rules and regulations in a proper and efficient manner so as to preserve and protect the Collateral, the security interest created by this Agreement and the business and undertaking of the Debtor.
- (f) The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to this Agreement, or becoming affixed to any real property.
- (g) The Debtor shall deliver to the Lender from time to time as requested by the Lender all items of Collateral comprising Investment Property (to the extent certificated). Such delivery shall be effected by depositing with the Lender all certificates representing such Investment Property (to the extent certificated). All certificates so deposited shall, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on the transfer of the shares represented thereby and shall be duly endorsed in blank for transfer or shall be attached to duly executed powers of attorney or forms of transfer.
- (h) The Debtor shall deliver to the Lender upon the request of the Lender from time to time all items of Collateral comprising Documents of Title, Chattel Paper, Instruments and Documents.
- (i) The Debtor shall pay all reasonable costs and expenses of the Lender, its agents, officers and employees (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) incurred with respect to:
 - (i) the preparation, perfection, execution and filing of this Agreement and the filing of financing statement(s) and financing change statement(s) with respect to this Agreement;
 - (ii) dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the security interest created by this Agreement;
 - (iii) the exercising of any or all of the rights, remedies and powers of the Lender under this Agreement; and
 - (iv) recovering or repossessing the Collateral and any other proceedings taken for the purpose of enforcing the remedies provided herein, including,

without limitation, the appointment of a receiver, manager or receiver and manager, whether by order of the court or by private appointment.

- (j) The Debtor shall indemnify the Lender for all reasonable costs and expenses as set out in Sections 3.01(i) and 3.02 and agrees that if such costs and expenses are not paid when due, all such costs and expenses shall be payable by the Debtor to the Lender on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

3.02 Performance of Covenants by the Lender

The Lender may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this Agreement that the Debtor fails to perform and that the Lender is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Lender will not be obligated to perform any such covenant on behalf of the Debtor and no such performance by the Lender will require the Lender further to perform the Debtor's covenants nor operate as a derogation of the rights and remedies of the Lender under this Agreement.

ARTICLE 4 - RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

4.01 General Restrictions

Except as herein provided or except as provided in the Loan Agreement, the Debtor shall not, without the prior written consent of the Lender:

- (a) sell, lease or otherwise dispose of the Collateral or any part thereof;
- (b) release, surrender or abandon possession of the Collateral or any part thereof; or
- (c) move or transfer the Collateral or any part thereof from its present location except to and from the locations listed of the Disclosure Schedule to the Loan Agreement and with the prior written consent of the Lender, any other location.

4.02 Permitted Sales

The Debtor may, at any time, without the consent of the Lender:

- (a) lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of its business so that the purchaser thereof takes title clear of the security interest created by this Agreement but if such sale, lease or other dealing with results in an Account, such Account shall be subject to the security interest created by this Agreement;
- (b) sell or otherwise dispose of such part of its Equipment which is not necessary to or useful in connection with its business and undertaking, or which has become worn out or damaged or otherwise unsuitable for its purpose; provided that such Equipment is replaced or has nominal value; and

- (c) continue to collect, at its own expense, all amounts due or to become due to the Debtor under the Accounts; and in connection with such collections, take (and, at the Lender's direction, shall take) such action as the Debtor or the Lender may deem necessary or advisable to enforce collection of the Accounts; provided, however, that the Lender shall have the right at any time upon the security hereby constituted becoming enforceable to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Lender and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Lender and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done.

After the security hereby constituted becomes enforceable,

- (d) all money or other form of payment received by the Debtor in respect of the Accounts shall be received in trust for the benefit of the Lender hereunder, shall be segregated from other funds of the Debtor and shall be forthwith paid over to the Lender in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 5.07; and
- (e) the Debtor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon without prior written consent of the Lender.

4.03 Release by the Lender

The Lender may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

4.04 Proceeds Held in Trust

All Proceeds that are monies collected or received by the Debtor will be received by the Debtor in trust for the Lender and will be forthwith paid to the Lender. The Lender shall not exercise its rights under this Section 4.04, and the Debtor's trust obligations under this Section 4.04 need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted becomes enforceable.

ARTICLE 5 - DEFAULT AND ENFORCEMENT

5.01 Enforcement

The security hereby constituted shall immediately become enforceable upon the Obligations being declared immediately due and payable pursuant to Section 25 of the Loan Agreement.

5.02 Remedies

At any time after the happening of any event by which the security hereby constituted becomes enforceable, the Lender shall have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Lender so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Lender hereunder, and in addition, shall have the power to carry on the business of the Debtor;
- (b) to make payments to parties having prior charges or encumbrances on properties on which the Lender may hold charges or encumbrances;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral with power to exclude the Debtor, its agents and its servants therefrom;
- (e) to preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Lender shall deem advisable;
- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement including, without limitation, the power to purchase on credit, the power to borrow in the Debtor's name or in the name of the Receiver and to advance its own money to the Debtor at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of the Lender, and to grant security interests in the Collateral in priority to the security interest created by this Agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment of credit; provided that
 - (i) the Lender or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomsoever for such period of time as is commercially reasonable;
 - (ii) the Lender or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
 - (iii) subject to Section 5.07, the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such

proceeds are received by the Lender or the Receiver in cash or such other form of compensation as may be acceptable to the Lender, in its sole discretion;

- (h) to enjoy and exercise all of the rights and remedies of a secured party under the PPSA;
- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
 - (i) the Collateral is perishable;
 - (ii) the Lender or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
 - (iii) the Collateral is of a type customarily sold on a recognized market;
 - (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
 - (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral; or
 - (vi) the Receiver disposes of the Collateral in the course of the Debtor's business;
- (k) to have Investment Property included in the Collateral registered on the books of the issuers of such Investment Property in the name of the Lender or such nominee of the Lender as the Lender shall direct;
- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Lender, the Receiver or the Debtor for the purpose of exercising any of the rights, powers and remedies set out in this Section 5.02, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
- (m) at the sole option of the Lender, provided notice is given in the manner required by the PPSA to the Debtor and to any other person to whom the PPSA requires notice be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

5.03 Receiver as Agent

The Receiver shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Lender shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Debtor hereby irrevocably authorizes the Lender to give instructions to the Receiver relating to the performance of its duties as set out herein.

5.04 Expenses of Enforcement

The Debtor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Lender and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Debtor to the Lender and the Receiver pursuant to this Section 5.04 shall be payable on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

5.05 Indulgences and Releases

Either the Lender or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Lender or the Receiver may see fit without prejudice to the Obligations or the right of the Lender and the Receiver to repossess, hold, collect and realize the Collateral.

5.06 No Liability for Failure to Exercise Remedies

The Lender and the Receiver shall not be liable or accountable to the Debtor or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.02, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Lender, the Receiver, the Debtor or any other party in respect of the same.

5.07 Proceeds of Disposition

Subject to the claims, if any, of the prior secured creditors of the Debtor, all monies received by the Lender or by the Receiver pursuant to Section 5.02 shall be applied as follows:

- (a) first, in payment of all costs and expenses incurred by the Lender in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the costs and expenses referred to in Sections 3.01(i) and 3.02 and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 5.04;

- (b) second, in payment of all amounts of money borrowed or advanced by either of the Lender or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;
- (c) third, to the payment or prepayment of the Obligations, provided that if there are not sufficient moneys to pay all of the Obligations, the Lender may apply the moneys available to such part or parts thereof as the Lender, in its sole discretion, may determine; and
- (d) fourth, in payment of any surplus in accordance with Applicable Law.

5.08 Debtor Liable for Deficiency

If the monies received by the Lender or the Receiver pursuant to Section 5.02 are not sufficient to pay the claims set out in Sections 5.07(a), (b) and (c), the Debtor shall immediately pay the Lender the amount of such deficiency.

5.09 Restriction on Debtor

Upon the Lender taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Lender; however, all other powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor shall be unaffected by such events.

5.10 Rights Cumulative

All rights and remedies of the Lender set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this Agreement.

5.11 Care by the Lender

The Lender shall exercise reasonable care in the custody and preservation of any of the Collateral in the Lender's possession if it takes such action for that purpose as the Debtor requests in writing, but failure of the Lender to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Lender to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

5.12 Standards of Sale

Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Lender which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public sale following one advertisement in a newspaper or trade publication having general circulation in the location of such Collateral at least seven days prior to such sale;
- (c) Collateral may be disposed of by private sale after receipt by the Lender of two written offers;
- (d) the purchaser or lessee of such Collateral may be a customer of the Lender;
- (e) the disposition may be for cash or credit, or part cash and part credit; and
- (f) the Lender may establish a reserve bid in respect of all or any portion of the Collateral.

ARTICLE 6 - GENERAL

6.01 Waiver

Any breach by the Debtor of any of the provisions contained in this Agreement or any default by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder, may only be waived by the Lender in writing, provided that no such waiver by the Lender shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.02 The Lender as Attorney

Upon the occurrence of an Event of Default (as defined in the Loan Agreement), the Debtor hereby irrevocably appoints the Lender and any person further designated by the Lender to be the attorney of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Lender. The power of attorney hereby granted is coupled with an interest, is irrevocable and shall extend to the successor and assigns of the Debtor. The Debtor agrees to be bound by any representations and actions made or taken in good faith by the Lender pursuant to this power of attorney in accordance with the terms thereof and hereby waives any and all defences which may be available to it to contest, negate or disaffirm the actions of the Lender taken in good faith under this power of attorney.

6.03 Further Assurances

The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances and take all such further action or cause such further action to be taken as the Lender shall reasonably require for the better assuring, charging, assigning and conferring unto the Lender a security interest in the Collateral or property intended to be charged hereunder, or which the Debtor may hereafter become bound to charge in favour of the Lender, for the purpose of accomplishing and effecting the intention of this Agreement.

6.04 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and this Agreement is terminated.

6.05 No Obligation to Advance

Neither the execution nor delivery of this Agreement shall obligate the Lender to advance any moneys to the Debtor.

6.06 Consumer Goods

Notwithstanding any other clause in this Agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.07 Notices

Any demand, notice or other communication in connection with this Agreement shall be in writing and shall be delivered in accordance with the Loan Agreement.

6.08 Successors and Assigns

This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Debtor and its successors and permitted assigns.

6.09 Amalgamation of Debtor

The Debtor hereby acknowledges and agrees that, subject to compliance with the Loan Agreement, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term "Debtor", when used herein, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interest granted hereby:

- (a) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation;

- (b) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of amalgamation and any "Obligations" of the amalgamated corporation to the Lender thereafter arising; and
- (c) shall attach to "Collateral" owned by each corporation amalgamating with the Debtor and by the amalgamated corporation, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

6.10 Entire Agreement

Except for the Loan Agreement and any document, agreement or instrument delivered pursuant thereto or referred to therein, this Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and undertakings, both written and oral, in respect of the subject matter hereof.

6.11 Receipt of Financing Statement, etc

The receipt by the Debtor's legal counsel of a financing statement or financing change statement shall be deemed to be receipt of same by the Debtor.

6.12 Acknowledgment

The Debtor hereby acknowledges receipt of an executed copy of this Agreement.

6.13 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.


6.14 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page hereof to the other party by facsimile transmission or emailed PDF and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date first written above.

ONTARIO FLOORING LTD.

Per: 
Name: JOSEPH R. PACIONE
Title: PRESIDENT

Per: _____
Name:
Title:
We have the authority to bind the Corporation

37343672.2

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as amended, restated, supplemented, replaced or otherwise altered, from time to time, this "Agreement") is made as of October 10, 2019.

B E T W E E N :

**WAYGAR CAPITAL INC., as agent for NINEPOINT
CANADIAN SENIOR DEBT MASTER FUND L.P.**

(herein called the "Lender"),

- and -

**WESTON HARDWOOD DESIGN CENTRE INC. a
corporation incorporated under the laws of Ontario**

(herein called the "Debtor"),

WHEREAS:

- A. Quality Rugs of Canada Limited (the "Borrower") and the Debtor, among others, have entered into the Loan Agreement (as defined below), pursuant to which the Borrower will become indebted to the Lender;
- B. The Debtor has guaranteed the obligations of the Borrower to the Lender pursuant to a guarantee dated as of the date hereof; and
- C. To secure the payment and performance of the Obligations (as defined below), the Debtor has agreed to execute and deliver this Agreement to the Lender, and to grant to the Lender, security interests in respect of the Collateral in accordance with the terms of this Agreement.

THIS AGREEMENT WITNESSES that, in consideration of the promises contained herein and other good and valuable consideration, the Debtor agrees with the Lender as follows:

ARTICLE 1 - INTERPRETATION

1.01 Defined Terms

All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

"**Collateral**" has the meaning given to such term in Section 2.02.

"**Loan Agreement**" means the loan agreement made as of the date hereof between, *inter alios*, the Lender, the Borrower and the Debtor, as the same may be amended, restated,

modified or replaced from time to time, and pursuant to which the Lender established certain credit facilities in favour of the Borrower.

“Obligations” means all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender or remaining unpaid by the Borrower to the Lender including, without limitation, under or in connection with the Loan Agreement or any other Credit Document to which the Borrower is a party.

1.02 Other Usages

References to “this Agreement”, “hereof”, “herein”, “hereto” and like references refer to this General Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

1.04 Headings

The insertion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Currency

Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of Canada.

1.06 Applicable Law and Attornment Clause

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.07 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.08 Time of the Essence

Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

1.09 Terms Defined by the PPSA

Unless there is something in the context or subject-matter inconsistent therewith, words and phrases not otherwise herein defined that are defined in the PPSA shall have the meanings ascribed thereto respectively by the PPSA.

ARTICLE 2 - SECURITY INTEREST

2.01 Grant of Security Interest

As general, continuing and collateral security for the payment and performance of all Obligations, the Debtor hereby grants to the Lender a security interest in the Collateral.

2.02 Description of Collateral

The following undertaking, property and assets of the Debtor shall be subject to the security interest in favour of the Lender created by this Agreement:

(a) **Accounts**

all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor, whether or not earned by performance including, without limitation, all intercompany loans and advances made by the Debtor to its affiliates; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to the said debts, amounts, claims and moneys or any part thereof, all of which are herein called the "**Accounts**";

(b) **Inventory**

all goods or chattels now or hereafter forming the inventory of the Debtor including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale or resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, all of which are herein called the "**Inventory**";

(c) **Equipment**

all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any

kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not Inventory, all of which are herein called the “**Equipment**”;

(d) **Intangibles**

all intangible property now owned or hereafter acquired by the Debtor and which is not Accounts including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the “**Intangibles**”;

(e) **Documents of Title**

any writing now or hereafter owned by the Debtor that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee’s possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts, all of which are herein called the “**Documents of Title**”;

(f) **Money**

all money now or hereafter owned by the Debtor, whether such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency, all of which are herein called the “**Money**”;

(g) **Chattel Paper**

all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the “**Chattel Paper**”;

(h) **Instruments**

all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings of the Debtor that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment and all letters of credit and advices of credit of the Debtor provided that such letters of credit and advices of credit state that they

must be surrendered upon claiming payment thereunder, all of which are herein called the "**Instruments**";

(i) **Investment Property**

all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefor and, subject to Section 2.06, dividends and income derived therefrom, all of which are herein called the "**Investment Property**";

(j) **Documents**

all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the "**Documents**";

(k) **Proceeds**

all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the "**Proceeds**";

(l) **Leaseholds**

subject to Section 2.05, all leases, now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor, all of which are herein called the "**Leaseholds**"; and

(m) **Undertaking**

all present and future personal property, business, and undertaking of the Debtor not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds or Leaseholds, all of which are herein called the "**Undertaking**".

The Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds, Leaseholds and Undertaking are herein collectively called the "**Collateral**".

2.03 Further Description of Collateral

Without limiting the generality of the description of Collateral as set out in Section 2.02, for greater certainty the Collateral shall include all present and future personal property of the Debtor located on or about or in transit to or from the location(s) set out in the Disclosure Schedule to the Loan Agreement.

2.04 Attachment of Security Interest

The parties hereby acknowledge that:

- (a) value has been given;
- (b) the Debtor has rights in the Collateral; and
- (c) the parties have not agreed to postpone the time for attachment of the security interest created by this Agreement.

2.05 Exception re: Leaseholds and Contractual Rights

The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this Agreement, but the Debtor agrees to stand possessed of such last day in trust for such person as the Lender may direct and the Debtor shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this Agreement in any contractual rights would constitute a breach or cause the acceleration of such contract, said security interest shall not be granted hereunder but the Debtor shall hold its interest therein in trust for the Lender, shall use its best efforts to obtain the appropriate consents to the attachment of said security interest and shall grant a security interest in such contractual rights to the Lender forthwith upon obtaining the appropriate consents to the attachment of said security interest.

2.06 Collateral Consisting of Investment Property

If any of the Collateral consists of Investment Property and after the occurrence and continuation of an Event of Default, (a) the Debtor authorizes the Lender to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear of record as the sole owner thereof; provided, that until the security hereby constituted becomes enforceable, the Lender shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the security hereby constituted becomes enforceable, the Debtor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee as such record owner, and agrees that no proxy or proxies given by the Lender to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Investment Property, as

defined in the *Securities Transfer Act, 2006* (Ontario), which "control" shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after security hereby constituted becomes enforceable, without further consent by the Debtor.

2.07 Income from and Interest on Collateral Consisting of Investment Property

- (a) Until the security hereby constituted becomes enforceable, the Debtor reserves the right to receive all income from or interest on the Collateral consisting of Investment Property, and if the Lender receives any such income or interest prior to the security hereby constituted becoming enforceable, the Lender shall pay such income or interest promptly to the Debtor.
- (b) After the security hereby constituted becomes enforceable, the Debtor will not demand or receive any income from or interest on such Collateral, and if the Debtor receives any such income or interest without any demand by it, such income or interest shall be held by the Debtor in trust for the Lender in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be delivered to the Lender in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Lender may apply the net cash receipts from such income or interest to payment of any of the Obligations, provided that the Lender shall account for and pay over to the Debtor any such income or interest remaining after payment in full of the Obligations.

ARTICLE 3 - WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Warranties and Covenants

The Debtor hereby warrants, covenants and agrees with the Lender as follows:

- (a) The Debtor will keep its chief executive office where it keeps its records concerning the Accounts located at the address set out in the Loan Agreement for notices, or, upon 20 Business Days prior notice to the Lender, at such other location in a jurisdiction where all actions required by Section 6.03 shall have been taken.
- (b) The Collateral is now and will be located at or in transit to the address(es) set out in the Disclosure Schedule to the Loan Agreement. In the event the Collateral becomes located at any address not set out in the Disclosure Schedule to the Loan Agreement, the Debtor shall promptly notify the Lender in writing of the details thereof.
- (c) The Debtor shall keep the Collateral in good condition and repair.

- (d) The Debtor agrees to promptly notify the Lender in writing of the acquisition by the Debtor of any personal property which is not of the nature or type described by the definition of Collateral, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this Agreement or additional security agreements as may be reasonably required by the Lender in order that a security interest shall attach to such personal property.
- (e) The Debtor shall obtain, observe and perform all its obligations under leases, licenses and agreements, preserve its rights, powers, licenses, privileges, franchises and goodwill, and comply with all Applicable Laws, rules and regulations in a proper and efficient manner so as to preserve and protect the Collateral, the security interest created by this Agreement and the business and undertaking of the Debtor.
- (f) The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to this Agreement, or becoming affixed to any real property.
- (g) The Debtor shall deliver to the Lender from time to time as requested by the Lender all items of Collateral comprising Investment Property (to the extent certificated). Such delivery shall be effected by depositing with the Lender all certificates representing such Investment Property (to the extent certificated). All certificates so deposited shall, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on the transfer of the shares represented thereby and shall be duly endorsed in blank for transfer or shall be attached to duly executed powers of attorney or forms of transfer.
- (h) The Debtor shall deliver to the Lender upon the request of the Lender from time to time all items of Collateral comprising Documents of Title, Chattel Paper, Instruments and Documents.
- (i) The Debtor shall pay all reasonable costs and expenses of the Lender, its agents, officers and employees (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) incurred with respect to:
 - (i) the preparation, perfection, execution and filing of this Agreement and the filing of financing statement(s) and financing change statement(s) with respect to this Agreement;
 - (ii) dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the security interest created by this Agreement;
 - (iii) the exercising of any or all of the rights, remedies and powers of the Lender under this Agreement; and
 - (iv) recovering or repossessing the Collateral and any other proceedings taken for the purpose of enforcing the remedies provided herein, including,

without limitation, the appointment of a receiver, manager or receiver and manager, whether by order of the court or by private appointment.

- (j) The Debtor shall indemnify the Lender for all reasonable costs and expenses as set out in Sections 3.01(i) and 3.02 and agrees that if such costs and expenses are not paid when due, all such costs and expenses shall be payable by the Debtor to the Lender on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

3.02 Performance of Covenants by the Lender

The Lender may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this Agreement that the Debtor fails to perform and that the Lender is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Lender will not be obligated to perform any such covenant on behalf of the Debtor and no such performance by the Lender will require the Lender further to perform the Debtor's covenants nor operate as a derogation of the rights and remedies of the Lender under this Agreement.

ARTICLE 4 - RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

4.01 General Restrictions

Except as herein provided or except as provided in the Loan Agreement, the Debtor shall not, without the prior written consent of the Lender:

- (a) sell, lease or otherwise dispose of the Collateral or any part thereof;
- (b) release, surrender or abandon possession of the Collateral or any part thereof; or
- (c) move or transfer the Collateral or any part thereof from its present location except to and from the locations listed of the Disclosure Schedule to the Loan Agreement and with the prior written consent of the Lender, any other location.

4.02 Permitted Sales

The Debtor may, at any time, without the consent of the Lender:

- (a) lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of its business so that the purchaser thereof takes title clear of the security interest created by this Agreement but if such sale, lease or other dealing with results in an Account, such Account shall be subject to the security interest created by this Agreement;
- (b) sell or otherwise dispose of such part of its Equipment which is not necessary to or useful in connection with its business and undertaking, or which has become worn out or damaged or otherwise unsuitable for its purpose; provided that such Equipment is replaced or has nominal value; and

- (c) continue to collect, at its own expense, all amounts due or to become due to the Debtor under the Accounts; and in connection with such collections, take (and, at the Lender's direction, shall take) such action as the Debtor or the Lender may deem necessary or advisable to enforce collection of the Accounts; provided, however, that the Lender shall have the right at any time upon the security hereby constituted becoming enforceable to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Lender and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Lender and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done.

After the security hereby constituted becomes enforceable,

- (d) all money or other form of payment received by the Debtor in respect of the Accounts shall be received in trust for the benefit of the Lender hereunder, shall be segregated from other funds of the Debtor and shall be forthwith paid over to the Lender in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 5.07; and
- (e) the Debtor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon without prior written consent of the Lender.

4.03 Release by the Lender

The Lender may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

4.04 Proceeds Held in Trust

All Proceeds that are monies collected or received by the Debtor will be received by the Debtor in trust for the Lender and will be forthwith paid to the Lender. The Lender shall not exercise its rights under this Section 4.04, and the Debtor's trust obligations under this Section 4.04 need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted becomes enforceable.

ARTICLE 5 - DEFAULT AND ENFORCEMENT

5.01 Enforcement

The security hereby constituted shall immediately become enforceable upon the Obligations being declared immediately due and payable pursuant to Section 25 of the Loan Agreement.

5.02 Remedies

At any time after the happening of any event by which the security hereby constituted becomes enforceable, the Lender shall have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Lender so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Lender hereunder, and in addition, shall have the power to carry on the business of the Debtor;
- (b) to make payments to parties having prior charges or encumbrances on properties on which the Lender may hold charges or encumbrances;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral with power to exclude the Debtor, its agents and its servants therefrom;
- (e) to preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Lender shall deem advisable;
- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement including, without limitation, the power to purchase on credit, the power to borrow in the Debtor's name or in the name of the Receiver and to advance its own money to the Debtor at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of the Lender, and to grant security interests in the Collateral in priority to the security interest created by this Agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment of credit; provided that
 - (i) the Lender or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomsoever for such period of time as is commercially reasonable;
 - (ii) the Lender or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
 - (iii) subject to Section 5.07, the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such

proceeds are received by the Lender or the Receiver in cash or such other form of compensation as may be acceptable to the Lender, in its sole discretion;

- (h) to enjoy and exercise all of the rights and remedies of a secured party under the PPSA;
- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
 - (i) the Collateral is perishable;
 - (ii) the Lender or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
 - (iii) the Collateral is of a type customarily sold on a recognized market;
 - (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
 - (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral; or
 - (vi) the Receiver disposes of the Collateral in the course of the Debtor's business;
- (k) to have Investment Property included in the Collateral registered on the books of the issuers of such Investment Property in the name of the Lender or such nominee of the Lender as the Lender shall direct;
- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Lender, the Receiver or the Debtor for the purpose of exercising any of the rights, powers and remedies set out in this Section 5.02, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
- (m) at the sole option of the Lender, provided notice is given in the manner required by the PPSA to the Debtor and to any other person to whom the PPSA requires notice be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

5.03 Receiver as Agent

The Receiver shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Lender shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Debtor hereby irrevocably authorizes the Lender to give instructions to the Receiver relating to the performance of its duties as set out herein.

5.04 Expenses of Enforcement

The Debtor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Lender and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Debtor to the Lender and the Receiver pursuant to this Section 5.04 shall be payable on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

5.05 Indulgences and Releases

Either the Lender or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Lender or the Receiver may see fit without prejudice to the Obligations or the right of the Lender and the Receiver to repossess, hold, collect and realize the Collateral.

5.06 No Liability for Failure to Exercise Remedies

The Lender and the Receiver shall not be liable or accountable to the Debtor or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.02, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Lender, the Receiver, the Debtor or any other party in respect of the same.

5.07 Proceeds of Disposition

Subject to the claims, if any, of the prior secured creditors of the Debtor, all monies received by the Lender or by the Receiver pursuant to Section 5.02 shall be applied as follows:

- (a) first, in payment of all costs and expenses incurred by the Lender in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the costs and expenses referred to in Sections 3.01(i) and 3.02 and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 5.04;

- (b) second, in payment of all amounts of money borrowed or advanced by either of the Lender or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;
- (c) third, to the payment or prepayment of the Obligations, provided that if there are not sufficient moneys to pay all of the Obligations, the Lender may apply the moneys available to such part or parts thereof as the Lender, in its sole discretion, may determine; and
- (d) fourth, in payment of any surplus in accordance with Applicable Law.

5.08 Debtor Liable for Deficiency

If the monies received by the Lender or the Receiver pursuant to Section 5.02 are not sufficient to pay the claims set out in Sections 5.07(a), (b) and (c), the Debtor shall immediately pay the Lender the amount of such deficiency.

5.09 Restriction on Debtor

Upon the Lender taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Lender; however, all other powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor shall be unaffected by such events.

5.10 Rights Cumulative

All rights and remedies of the Lender set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this Agreement.

5.11 Care by the Lender

The Lender shall exercise reasonable care in the custody and preservation of any of the Collateral in the Lender's possession if it takes such action for that purpose as the Debtor requests in writing, but failure of the Lender to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Lender to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

5.12 Standards of Sale

Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Lender which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public sale following one advertisement in a newspaper or trade publication having general circulation in the location of such Collateral at least seven days prior to such sale;
- (c) Collateral may be disposed of by private sale after receipt by the Lender of two written offers;
- (d) the purchaser or lessee of such Collateral may be a customer of the Lender;
- (e) the disposition may be for cash or credit, or part cash and part credit; and
- (f) the Lender may establish a reserve bid in respect of all or any portion of the Collateral.

ARTICLE 6 - GENERAL

6.01 Waiver

Any breach by the Debtor of any of the provisions contained in this Agreement or any default by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder, may only be waived by the Lender in writing, provided that no such waiver by the Lender shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.02 The Lender as Attorney

Upon the occurrence of an Event of Default (as defined in the Loan Agreement), the Debtor hereby irrevocably appoints the Lender and any person further designated by the Lender to be the attorney of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Lender. The power of attorney hereby granted is coupled with an interest, is irrevocable and shall extend to the successor and assigns of the Debtor. The Debtor agrees to be bound by any representations and actions made or taken in good faith by the Lender pursuant to this power of attorney in accordance with the terms thereof and hereby waives any and all defences which may be available to it to contest, negate or disaffirm the actions of the Lender taken in good faith under this power of attorney.

6.03 Further Assurances

The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances and take all such further action or cause such further action to be taken as the Lender shall reasonably require for the better assuring, charging, assigning and conferring unto the Lender a security interest in the Collateral or property intended to be charged hereunder, or which the Debtor may hereafter become bound to charge in favour of the Lender, for the purpose of accomplishing and effecting the intention of this Agreement.

6.04 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and this Agreement is terminated.

6.05 No Obligation to Advance

Neither the execution nor delivery of this Agreement shall obligate the Lender to advance any moneys to the Debtor.

6.06 Consumer Goods

Notwithstanding any other clause in this Agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.07 Notices

Any demand, notice or other communication in connection with this Agreement shall be in writing and shall be delivered in accordance with the Loan Agreement.

6.08 Successors and Assigns

This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Debtor and its successors and permitted assigns.

6.09 Amalgamation of Debtor

The Debtor hereby acknowledges and agrees that, subject to compliance with the Loan Agreement, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term "Debtor", when used herein, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interest granted hereby:

- (a) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation;

- (b) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of amalgamation and any "Obligations" of the amalgamated corporation to the Lender thereafter arising; and
- (c) shall attach to "Collateral" owned by each corporation amalgamating with the Debtor and by the amalgamated corporation, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

6.10 Entire Agreement

Except for the Loan Agreement and any document, agreement or instrument delivered pursuant thereto or referred to therein, this Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and undertakings, both written and oral, in respect of the subject matter hereof.

6.11 Receipt of Financing Statement, etc

The receipt by the Debtor's legal counsel of a financing statement or financing change statement shall be deemed to be receipt of same by the Debtor.

6.12 Acknowledgment

The Debtor hereby acknowledges receipt of an executed copy of this Agreement.

6.13 Paramourncy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.


6.14 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page hereof to the other party by facsimile transmission or emailed PDF and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date first written above.

WESTON HARDWOOD DESIGN CENTRE INC.

Per: 
Name: JOSEPH R. PACIONE
Title: PRESIDENT

Per: _____
Name:
Title:
We have the authority to bind the Corporation

37343667.2

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as amended, restated, supplemented, replaced or otherwise altered, from time to time, this “**Agreement**”) is made as of October 10, 2019.

B E T W E E N :

**WAYGAR CAPITAL INC., as agent for NINEPOINT
CANADIAN SENIOR DEBT MASTER FUND L.P.**

(herein called the “**Lender**”),

- and -

QUALITY COMMERCIAL CARPET CORPORATION a
corporation incorporated under the laws of Ontario

(herein called the “**Debtor**”),

WHEREAS:

- A. Quality Rugs of Canada Limited (the “**Borrower**”) and the Debtor, among others, have entered into the Loan Agreement (as defined below), pursuant to which the Borrower will become indebted to the Lender;
- B. The Debtor has guaranteed the obligations of the Borrower to the Lender pursuant to a guarantee dated as of the date hereof; and
- C. To secure the payment and performance of the Obligations (as defined below), the Debtor has agreed to execute and deliver this Agreement to the Lender, and to grant to the Lender, security interests in respect of the Collateral in accordance with the terms of this Agreement.

THIS AGREEMENT WITNESSES that, in consideration of the promises contained herein and other good and valuable consideration, the Debtor agrees with the Lender as follows:

ARTICLE 1 - INTERPRETATION

1.01 Defined Terms

All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

“**Collateral**” has the meaning given to such term in Section 2.02.

“**Loan Agreement**” means the loan agreement made as of the date hereof between, *inter alios*, the Lender, the Borrower and the Debtor, as the same may be amended, restated,

modified or replaced from time to time, and pursuant to which the Lender established certain credit facilities in favour of the Borrower.

“Obligations” means all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender or remaining unpaid by the Borrower to the Lender including, without limitation, under or in connection with the Loan Agreement or any other Credit Document to which the Borrower is a party.

1.02 Other Usages

References to “this Agreement”, “hereof”, “herein”, “hereto” and like references refer to this General Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

1.04 Headings

The insertion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Currency

Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of Canada.

1.06 Applicable Law and Attornment Clause

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.07 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.08 Time of the Essence

Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

1.09 Terms Defined by the PPSA

Unless there is something in the context or subject-matter inconsistent therewith, words and phrases not otherwise herein defined that are defined in the PPSA shall have the meanings ascribed thereto respectively by the PPSA.

ARTICLE 2 - SECURITY INTEREST

2.01 Grant of Security Interest

As general, continuing and collateral security for the payment and performance of all Obligations, the Debtor hereby grants to the Lender a security interest in the Collateral.

2.02 Description of Collateral

The following undertaking, property and assets of the Debtor shall be subject to the security interest in favour of the Lender created by this Agreement:

(a) **Accounts**

all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor, whether or not earned by performance including, without limitation, all intercompany loans and advances made by the Debtor to its affiliates; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to the said debts, amounts, claims and moneys or any part thereof, all of which are herein called the "**Accounts**";

(b) **Inventory**

all goods or chattels now or hereafter forming the inventory of the Debtor including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale or resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, all of which are herein called the "**Inventory**";

(c) **Equipment**

all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any

kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not Inventory, all of which are herein called the "**Equipment**";

(d) **Intangibles**

all intangible property now owned or hereafter acquired by the Debtor and which is not Accounts including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the "**Intangibles**";

(e) **Documents of Title**

any writing now or hereafter owned by the Debtor that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts, all of which are herein called the "**Documents of Title**";

(f) **Money**

all money now or hereafter owned by the Debtor, whether such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency, all of which are herein called the "**Money**";

(g) **Chattel Paper**

all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the "**Chattel Paper**";

(h) **Instruments**

all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings of the Debtor that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment and all letters of credit and advices of credit of the Debtor provided that such letters of credit and advices of credit state that they

must be surrendered upon claiming payment thereunder, all of which are herein called the **"Instruments"**;

(i) **Investment Property**

all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefor and, subject to Section 2.06, dividends and income derived therefrom, all of which are herein called the **"Investment Property"**;

(j) **Documents**

all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the **"Documents"**;

(k) **Proceeds**

all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the **"Proceeds"**;

(l) **Leaseholds**

subject to Section 2.05, all leases, now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor, all of which are herein called the **"Leaseholds"**; and

(m) **Undertaking**

all present and future personal property, business, and undertaking of the Debtor not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds or Leaseholds, all of which are herein called the **"Undertaking"**.

The Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds, Leaseholds and Undertaking are herein collectively called the **"Collateral"**.

2.03 Further Description of Collateral

Without limiting the generality of the description of Collateral as set out in Section 2.02, for greater certainty the Collateral shall include all present and future personal property of the Debtor located on or about or in transit to or from the location(s) set out in the Disclosure Schedule to the Loan Agreement.

2.04 Attachment of Security Interest

The parties hereby acknowledge that:

- (a) value has been given;
- (b) the Debtor has rights in the Collateral; and
- (c) the parties have not agreed to postpone the time for attachment of the security interest created by this Agreement.

2.05 Exception re: Leaseholds and Contractual Rights

The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this Agreement, but the Debtor agrees to stand possessed of such last day in trust for such person as the Lender may direct and the Debtor shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this Agreement in any contractual rights would constitute a breach or cause the acceleration of such contract, said security interest shall not be granted hereunder but the Debtor shall hold its interest therein in trust for the Lender, shall use its best efforts to obtain the appropriate consents to the attachment of said security interest and shall grant a security interest in such contractual rights to the Lender forthwith upon obtaining the appropriate consents to the attachment of said security interest.

2.06 Collateral Consisting of Investment Property

If any of the Collateral consists of Investment Property and after the occurrence and continuation of an Event of Default, (a) the Debtor authorizes the Lender to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear of record as the sole owner thereof; provided, that until the security hereby constituted becomes enforceable, the Lender shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the security hereby constituted becomes enforceable, the Debtor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee as such record owner, and agrees that no proxy or proxies given by the Lender to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Investment Property, as

defined in the *Securities Transfer Act, 2006* (Ontario), which "control" shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after security hereby constituted becomes enforceable, without further consent by the Debtor.

2.07 Income from and Interest on Collateral Consisting of Investment Property

- (a) Until the security hereby constituted becomes enforceable, the Debtor reserves the right to receive all income from or interest on the Collateral consisting of Investment Property, and if the Lender receives any such income or interest prior to the security hereby constituted becoming enforceable, the Lender shall pay such income or interest promptly to the Debtor.
- (b) After the security hereby constituted becomes enforceable, the Debtor will not demand or receive any income from or interest on such Collateral, and if the Debtor receives any such income or interest without any demand by it, such income or interest shall be held by the Debtor in trust for the Lender in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be delivered to the Lender in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Lender may apply the net cash receipts from such income or interest to payment of any of the Obligations, provided that the Lender shall account for and pay over to the Debtor any such income or interest remaining after payment in full of the Obligations.

ARTICLE 3 - WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Warranties and Covenants

The Debtor hereby warrants, covenants and agrees with the Lender as follows:

- (a) The Debtor will keep its chief executive office where it keeps its records concerning the Accounts located at the address set out in the Loan Agreement for notices, or, upon 20 Business Days prior notice to the Lender, at such other location in a jurisdiction where all actions required by Section 6.03 shall have been taken.
- (b) The Collateral is now and will be located at or in transit to the address(es) set out in the Disclosure Schedule to the Loan Agreement. In the event the Collateral becomes located at any address not set out in the Disclosure Schedule to the Loan Agreement, the Debtor shall promptly notify the Lender in writing of the details thereof.
- (c) The Debtor shall keep the Collateral in good condition and repair.

- (d) The Debtor agrees to promptly notify the Lender in writing of the acquisition by the Debtor of any personal property which is not of the nature or type described by the definition of Collateral, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this Agreement or additional security agreements as may be reasonably required by the Lender in order that a security interest shall attach to such personal property.
- (e) The Debtor shall obtain, observe and perform all its obligations under leases, licenses and agreements, preserve its rights, powers, licenses, privileges, franchises and goodwill, and comply with all Applicable Laws, rules and regulations in a proper and efficient manner so as to preserve and protect the Collateral, the security interest created by this Agreement and the business and undertaking of the Debtor.
- (f) The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to this Agreement, or becoming affixed to any real property.
- (g) The Debtor shall deliver to the Lender from time to time as requested by the Lender all items of Collateral comprising Investment Property (to the extent certificated). Such delivery shall be effected by depositing with the Lender all certificates representing such Investment Property (to the extent certificated). All certificates so deposited shall, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on the transfer of the shares represented thereby and shall be duly endorsed in blank for transfer or shall be attached to duly executed powers of attorney or forms of transfer.
- (h) The Debtor shall deliver to the Lender upon the request of the Lender from time to time all items of Collateral comprising Documents of Title, Chattel Paper, Instruments and Documents.
- (i) The Debtor shall pay all reasonable costs and expenses of the Lender, its agents, officers and employees (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) incurred with respect to:
- (i) the preparation, perfection, execution and filing of this Agreement and the filing of financing statement(s) and financing change statement(s) with respect to this Agreement;
 - (ii) dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the security interest created by this Agreement;
 - (iii) the exercising of any or all of the rights, remedies and powers of the Lender under this Agreement; and
 - (iv) recovering or repossessing the Collateral and any other proceedings taken for the purpose of enforcing the remedies provided herein, including,

without limitation, the appointment of a receiver, manager or receiver and manager, whether by order of the court or by private appointment.

- (j) The Debtor shall indemnify the Lender for all reasonable costs and expenses as set out in Sections 3.01(i) and 3.02 and agrees that if such costs and expenses are not paid when due, all such costs and expenses shall be payable by the Debtor to the Lender on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

3.02 Performance of Covenants by the Lender

The Lender may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this Agreement that the Debtor fails to perform and that the Lender is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Lender will not be obligated to perform any such covenant on behalf of the Debtor and no such performance by the Lender will require the Lender further to perform the Debtor's covenants nor operate as a derogation of the rights and remedies of the Lender under this Agreement.

ARTICLE 4 - RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

4.01 General Restrictions

Except as herein provided or except as provided in the Loan Agreement, the Debtor shall not, without the prior written consent of the Lender:

- (a) sell, lease or otherwise dispose of the Collateral or any part thereof;
- (b) release, surrender or abandon possession of the Collateral or any part thereof; or
- (c) move or transfer the Collateral or any part thereof from its present location except to and from the locations listed of the Disclosure Schedule to the Loan Agreement and with the prior written consent of the Lender, any other location.

4.02 Permitted Sales

The Debtor may, at any time, without the consent of the Lender:

- (a) lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of its business so that the purchaser thereof takes title clear of the security interest created by this Agreement but if such sale, lease or other dealing with results in an Account, such Account shall be subject to the security interest created by this Agreement;
- (b) sell or otherwise dispose of such part of its Equipment which is not necessary to or useful in connection with its business and undertaking, or which has become worn out or damaged or otherwise unsuitable for its purpose; provided that such Equipment is replaced or has nominal value; and

- (c) continue to collect, at its own expense, all amounts due or to become due to the Debtor under the Accounts; and in connection with such collections, take (and, at the Lender's direction, shall take) such action as the Debtor or the Lender may deem necessary or advisable to enforce collection of the Accounts; provided, however, that the Lender shall have the right at any time upon the security hereby constituted becoming enforceable to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Lender and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Lender and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done.

After the security hereby constituted becomes enforceable,

- (d) all money or other form of payment received by the Debtor in respect of the Accounts shall be received in trust for the benefit of the Lender hereunder, shall be segregated from other funds of the Debtor and shall be forthwith paid over to the Lender in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 5.07; and
- (e) the Debtor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon without prior written consent of the Lender.

4.03 Release by the Lender

The Lender may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

4.04 Proceeds Held in Trust

All Proceeds that are monies collected or received by the Debtor will be received by the Debtor in trust for the Lender and will be forthwith paid to the Lender. The Lender shall not exercise its rights under this Section 4.04, and the Debtor's trust obligations under this Section 4.04 need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted becomes enforceable.

ARTICLE 5 - DEFAULT AND ENFORCEMENT

5.01 Enforcement

The security hereby constituted shall immediately become enforceable upon the Obligations being declared immediately due and payable pursuant to Section 25 of the Loan Agreement.

5.02 Remedies

At any time after the happening of any event by which the security hereby constituted becomes enforceable, the Lender shall have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the “**Receiver**”) of the Collateral and to remove any Receiver so appointed and to appoint another if the Lender so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Lender hereunder, and in addition, shall have the power to carry on the business of the Debtor;
- (b) to make payments to parties having prior charges or encumbrances on properties on which the Lender may hold charges or encumbrances;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral with power to exclude the Debtor, its agents and its servants therefrom;
- (e) to preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Lender shall deem advisable;
- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement including, without limitation, the power to purchase on credit, the power to borrow in the Debtor’s name or in the name of the Receiver and to advance its own money to the Debtor at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of the Lender, and to grant security interests in the Collateral in priority to the security interest created by this Agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment of credit; provided that
 - (i) the Lender or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomsoever for such period of time as is commercially reasonable;
 - (ii) the Lender or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
 - (iii) subject to Section 5.07, the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such

proceeds are received by the Lender or the Receiver in cash or such other form of compensation as may be acceptable to the Lender, in its sole discretion;

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- (h) to enjoy and exercise all of the rights and remedies of a secured party under the PPSA;
 - (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
 - (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
 - (i) the Collateral is perishable;
 - (ii) the Lender or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
 - (iii) the Collateral is of a type customarily sold on a recognized market;
 - (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
 - (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral; or
 - (vi) the Receiver disposes of the Collateral in the course of the Debtor's business;
 - (k) to have Investment Property included in the Collateral registered on the books of the issuers of such Investment Property in the name of the Lender or such nominee of the Lender as the Lender shall direct;
 - (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Lender, the Receiver or the Debtor for the purpose of exercising any of the rights, powers and remedies set out in this Section 5.02, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
 - (m) at the sole option of the Lender, provided notice is given in the manner required by the PPSA to the Debtor and to any other person to whom the PPSA requires notice be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

5.03 Receiver as Agent

The Receiver shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Lender shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Debtor hereby irrevocably authorizes the Lender to give instructions to the Receiver relating to the performance of its duties as set out herein.

5.04 Expenses of Enforcement

The Debtor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Lender and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Debtor to the Lender and the Receiver pursuant to this Section 5.04 shall be payable on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

5.05 Indulgences and Releases

Either the Lender or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Lender or the Receiver may see fit without prejudice to the Obligations or the right of the Lender and the Receiver to repossess, hold, collect and realize the Collateral.

5.06 No Liability for Failure to Exercise Remedies

The Lender and the Receiver shall not be liable or accountable to the Debtor or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.02, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Lender, the Receiver, the Debtor or any other party in respect of the same.

5.07 Proceeds of Disposition

Subject to the claims, if any, of the prior secured creditors of the Debtor, all monies received by the Lender or by the Receiver pursuant to Section 5.02 shall be applied as follows:

- (a) first, in payment of all costs and expenses incurred by the Lender in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the costs and expenses referred to in Sections 3.01(i) and 3.02 and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 5.04;

- (b) second, in payment of all amounts of money borrowed or advanced by either of the Lender or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;
- (c) third, to the payment or prepayment of the Obligations, provided that if there are not sufficient moneys to pay all of the Obligations, the Lender may apply the moneys available to such part or parts thereof as the Lender, in its sole discretion, may determine; and
- (d) fourth, in payment of any surplus in accordance with Applicable Law.

5.08 Debtor Liable for Deficiency

If the monies received by the Lender or the Receiver pursuant to Section 5.02 are not sufficient to pay the claims set out in Sections 5.07(a), (b) and (c), the Debtor shall immediately pay the Lender the amount of such deficiency.

5.09 Restriction on Debtor

Upon the Lender taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Lender; however, all other powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor shall be unaffected by such events.

5.10 Rights Cumulative

All rights and remedies of the Lender set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this Agreement.

5.11 Care by the Lender

The Lender shall exercise reasonable care in the custody and preservation of any of the Collateral in the Lender's possession if it takes such action for that purpose as the Debtor requests in writing, but failure of the Lender to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Lender to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

5.12 Standards of Sale

Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Lender which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public sale following one advertisement in a newspaper or trade publication having general circulation in the location of such Collateral at least seven days prior to such sale;
- (c) Collateral may be disposed of by private sale after receipt by the Lender of two written offers;
- (d) the purchaser or lessee of such Collateral may be a customer of the Lender;
- (e) the disposition may be for cash or credit, or part cash and part credit; and
- (f) the Lender may establish a reserve bid in respect of all or any portion of the Collateral.

ARTICLE 6 - GENERAL

6.01 Waiver

Any breach by the Debtor of any of the provisions contained in this Agreement or any default by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder, may only be waived by the Lender in writing, provided that no such waiver by the Lender shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.02 The Lender as Attorney

Upon the occurrence of an Event of Default (as defined in the Loan Agreement), the Debtor hereby irrevocably appoints the Lender and any person further designated by the Lender to be the attorney of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Lender. The power of attorney hereby granted is coupled with an interest, is irrevocable and shall extend to the successor and assigns of the Debtor. The Debtor agrees to be bound by any representations and actions made or taken in good faith by the Lender pursuant to this power of attorney in accordance with the terms thereof and hereby waives any and all defences which may be available to it to contest, negate or disaffirm the actions of the Lender taken in good faith under this power of attorney.

6.03 Further Assurances

The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances and take all such further action or cause such further action to be taken as the Lender shall reasonably require for the better assuring, charging, assigning and conferring unto the Lender a security interest in the Collateral or property intended to be charged hereunder, or which the Debtor may hereafter become bound to charge in favour of the Lender, for the purpose of accomplishing and effecting the intention of this Agreement.

6.04 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and this Agreement is terminated.

6.05 No Obligation to Advance

Neither the execution nor delivery of this Agreement shall obligate the Lender to advance any moneys to the Debtor.

6.06 Consumer Goods

Notwithstanding any other clause in this Agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.07 Notices

Any demand, notice or other communication in connection with this Agreement shall be in writing and shall be delivered in accordance with the Loan Agreement.

6.08 Successors and Assigns

This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Debtor and its successors and permitted assigns.

6.09 Amalgamation of Debtor

The Debtor hereby acknowledges and agrees that, subject to compliance with the Loan Agreement, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term "Debtor", when used herein, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interest granted hereby:

- (a) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation;

- (b) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of amalgamation and any "Obligations" of the amalgamated corporation to the Lender thereafter arising; and
- (c) shall attach to "Collateral" owned by each corporation amalgamating with the Debtor and by the amalgamated corporation, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

6.10 Entire Agreement

Except for the Loan Agreement and any document, agreement or instrument delivered pursuant thereto or referred to therein, this Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and undertakings, both written and oral, in respect of the subject matter hereof.

6.11 Receipt of Financing Statement, etc

The receipt by the Debtor's legal counsel of a financing statement or financing change statement shall be deemed to be receipt of same by the Debtor.

6.12 Acknowledgment

The Debtor hereby acknowledges receipt of an executed copy of this Agreement.

6.13 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.

6.14 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page hereof to the other party by facsimile transmission or emailed PDF and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date first written above.

QUALITY COMMERCIAL CARPET CORPORATION

Per: 
Name: JOSEPH R. PACIONE
Title: CHAIRMAN

Per: _____
Name:
Title:
We have the authority to bind the Corporation

37343704.2

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as amended, restated, supplemented, replaced or otherwise altered, from time to time, this “**Agreement**”) is made as of October 10, 2019.

B E T W E E N :

**WAYGAR CAPITAL INC., as agent for NINEPOINT
CANADIAN SENIOR DEBT MASTER FUND L.P.**

(herein called the “**Lender**”),

- and -

TIMELINE FLOORS INC. a corporation incorporated under the
laws of Canada

(herein called the “**Debtor**”),

WHEREAS:

- A. Quality Rugs of Canada Limited (the “**Borrower**”) and the Debtor, among others, have entered into the Loan Agreement (as defined below), pursuant to which the Borrower will become indebted to the Lender;
- B. The Debtor has guaranteed the obligations of the Borrower to the Lender pursuant to a guarantee dated as of the date hereof; and
- C. To secure the payment and performance of the Obligations (as defined below), the Debtor has agreed to execute and deliver this Agreement to the Lender, and to grant to the Lender, security interests in respect of the Collateral in accordance with the terms of this Agreement.

THIS AGREEMENT WITNESSES that, in consideration of the promises contained herein and other good and valuable consideration, the Debtor agrees with the Lender as follows:

ARTICLE 1 - INTERPRETATION

1.01 Defined Terms

All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

“**Collateral**” has the meaning given to such term in Section 2.02.

“**Loan Agreement**” means the loan agreement made as of the date hereof between, *inter alios*, the Lender, the Borrower and the Debtor, as the same may be amended, restated,

modified or replaced from time to time, and pursuant to which the Lender established certain credit facilities in favour of the Borrower.

“Obligations” means all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender or remaining unpaid by the Borrower to the Lender including, without limitation, under or in connection with the Loan Agreement or any other Credit Document to which the Borrower is a party.

1.02 Other Usages

References to “this Agreement”, “hereof”, “herein”, “hereto” and like references refer to this General Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

1.04 Headings

The insertion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Currency

Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of Canada.

1.06 Applicable Law and Attornment Clause

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.07 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.08 Time of the Essence

Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

1.09 Terms Defined by the PPSA

Unless there is something in the context or subject-matter inconsistent therewith, words and phrases not otherwise herein defined that are defined in the PPSA shall have the meanings ascribed thereto respectively by the PPSA.

ARTICLE 2 - SECURITY INTEREST

2.01 Grant of Security Interest

As general, continuing and collateral security for the payment and performance of all Obligations, the Debtor hereby grants to the Lender a security interest in the Collateral.

2.02 Description of Collateral

The following undertaking, property and assets of the Debtor shall be subject to the security interest in favour of the Lender created by this Agreement:

(a) **Accounts**

all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor, whether or not earned by performance including, without limitation, all intercompany loans and advances made by the Debtor to its affiliates; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to the said debts, amounts, claims and moneys or any part thereof, all of which are herein called the "**Accounts**";

(b) **Inventory**

all goods or chattels now or hereafter forming the inventory of the Debtor including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale or resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, all of which are herein called the "**Inventory**";

(c) **Equipment**

all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any

kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not Inventory, all of which are herein called the "Equipment";

(d) **Intangibles**

all intangible property now owned or hereafter acquired by the Debtor and which is not Accounts including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the "Intangibles";

(e) **Documents of Title**

any writing now or hereafter owned by the Debtor that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts, all of which are herein called the "Documents of Title";

(f) **Money**

all money now or hereafter owned by the Debtor, whether such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency, all of which are herein called the "Money";

(g) **Chattel Paper**

all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the "Chattel Paper";

(h) **Instruments**

all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings of the Debtor that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment and all letters of credit and advices of credit of the Debtor provided that such letters of credit and advices of credit state that they

must be surrendered upon claiming payment thereunder, all of which are herein called the “**Instruments**”;

(i) **Investment Property**

all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefor and, subject to Section 2.06, dividends and income derived therefrom, all of which are herein called the “**Investment Property**”;

(j) **Documents**

all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the “**Documents**”;

(k) **Proceeds**

all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the “**Proceeds**”;

(l) **Leaseholds**

subject to Section 2.05, all leases, now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor, all of which are herein called the “**Leaseholds**”; and

(m) **Undertaking**

all present and future personal property, business, and undertaking of the Debtor not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds or Leaseholds, all of which are herein called the “**Undertaking**”.

The Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds, Leaseholds and Undertaking are herein collectively called the “**Collateral**”.

2.03 Further Description of Collateral

Without limiting the generality of the description of Collateral as set out in Section 2.02, for greater certainty the Collateral shall include all present and future personal property of the Debtor located on or about or in transit to or from the location(s) set out in the Disclosure Schedule to the Loan Agreement.

2.04 Attachment of Security Interest

The parties hereby acknowledge that:

- (a) value has been given;
- (b) the Debtor has rights in the Collateral; and
- (c) the parties have not agreed to postpone the time for attachment of the security interest created by this Agreement.

2.05 Exception re: Leaseholds and Contractual Rights

The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this Agreement, but the Debtor agrees to stand possessed of such last day in trust for such person as the Lender may direct and the Debtor shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this Agreement in any contractual rights would constitute a breach or cause the acceleration of such contract, said security interest shall not be granted hereunder but the Debtor shall hold its interest therein in trust for the Lender, shall use its best efforts to obtain the appropriate consents to the attachment of said security interest and shall grant a security interest in such contractual rights to the Lender forthwith upon obtaining the appropriate consents to the attachment of said security interest.

2.06 Collateral Consisting of Investment Property

If any of the Collateral consists of Investment Property and after the occurrence and continuation of an Event of Default, (a) the Debtor authorizes the Lender to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear of record as the sole owner thereof; provided, that until the security hereby constituted becomes enforceable, the Lender shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the security hereby constituted becomes enforceable, the Debtor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee as such record owner, and agrees that no proxy or proxies given by the Lender to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Investment Property, as

defined in the *Securities Transfer Act, 2006* (Ontario), which "control" shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after security hereby constituted becomes enforceable, without further consent by the Debtor.

2.07 Income from and Interest on Collateral Consisting of Investment Property

- (a) Until the security hereby constituted becomes enforceable, the Debtor reserves the right to receive all income from or interest on the Collateral consisting of Investment Property, and if the Lender receives any such income or interest prior to the security hereby constituted becoming enforceable, the Lender shall pay such income or interest promptly to the Debtor.
- (b) After the security hereby constituted becomes enforceable, the Debtor will not demand or receive any income from or interest on such Collateral, and if the Debtor receives any such income or interest without any demand by it, such income or interest shall be held by the Debtor in trust for the Lender in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be delivered to the Lender in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Lender may apply the net cash receipts from such income or interest to payment of any of the Obligations, provided that the Lender shall account for and pay over to the Debtor any such income or interest remaining after payment in full of the Obligations.

ARTICLE 3 - WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Warranties and Covenants

The Debtor hereby warrants, covenants and agrees with the Lender as follows:

- (a) The Debtor will keep its chief executive office where it keeps its records concerning the Accounts located at the address set out in the Loan Agreement for notices, or, upon 20 Business Days prior notice to the Lender, at such other location in a jurisdiction where all actions required by Section 6.03 shall have been taken.
- (b) The Collateral is now and will be located at or in transit to the address(es) set out in the Disclosure Schedule to the Loan Agreement. In the event the Collateral becomes located at any address not set out in the Disclosure Schedule to the Loan Agreement, the Debtor shall promptly notify the Lender in writing of the details thereof.
- (c) The Debtor shall keep the Collateral in good condition and repair.

- (d) The Debtor agrees to promptly notify the Lender in writing of the acquisition by the Debtor of any personal property which is not of the nature or type described by the definition of Collateral, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this Agreement or additional security agreements as may be reasonably required by the Lender in order that a security interest shall attach to such personal property.
- (e) The Debtor shall obtain, observe and perform all its obligations under leases, licenses and agreements, preserve its rights, powers, licenses, privileges, franchises and goodwill, and comply with all Applicable Laws, rules and regulations in a proper and efficient manner so as to preserve and protect the Collateral, the security interest created by this Agreement and the business and undertaking of the Debtor.
- (f) The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to this Agreement, or becoming affixed to any real property.
- (g) The Debtor shall deliver to the Lender from time to time as requested by the Lender all items of Collateral comprising Investment Property (to the extent certificated). Such delivery shall be effected by depositing with the Lender all certificates representing such Investment Property (to the extent certificated). All certificates so deposited shall, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on the transfer of the shares represented thereby and shall be duly endorsed in blank for transfer or shall be attached to duly executed powers of attorney or forms of transfer.
- (h) The Debtor shall deliver to the Lender upon the request of the Lender from time to time all items of Collateral comprising Documents of Title, Chattel Paper, Instruments and Documents.
- (i) The Debtor shall pay all reasonable costs and expenses of the Lender, its agents, officers and employees (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) incurred with respect to:
 - (i) the preparation, perfection, execution and filing of this Agreement and the filing of financing statement(s) and financing change statement(s) with respect to this Agreement;
 - (ii) dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the security interest created by this Agreement;
 - (iii) the exercising of any or all of the rights, remedies and powers of the Lender under this Agreement; and
 - (iv) recovering or repossessing the Collateral and any other proceedings taken for the purpose of enforcing the remedies provided herein, including,

without limitation, the appointment of a receiver, manager or receiver and manager, whether by order of the court or by private appointment.

- (j) The Debtor shall indemnify the Lender for all reasonable costs and expenses as set out in Sections 3.01(i) and 3.02 and agrees that if such costs and expenses are not paid when due, all such costs and expenses shall be payable by the Debtor to the Lender on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

3.02 Performance of Covenants by the Lender

The Lender may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this Agreement that the Debtor fails to perform and that the Lender is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Lender will not be obligated to perform any such covenant on behalf of the Debtor and no such performance by the Lender will require the Lender further to perform the Debtor's covenants nor operate as a derogation of the rights and remedies of the Lender under this Agreement.

ARTICLE 4 - RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

4.01 General Restrictions

Except as herein provided or except as provided in the Loan Agreement, the Debtor shall not, without the prior written consent of the Lender:

- (a) sell, lease or otherwise dispose of the Collateral or any part thereof;
- (b) release, surrender or abandon possession of the Collateral or any part thereof; or
- (c) move or transfer the Collateral or any part thereof from its present location except to and from the locations listed of the Disclosure Schedule to the Loan Agreement and with the prior written consent of the Lender, any other location.

4.02 Permitted Sales

The Debtor may, at any time, without the consent of the Lender:

- (a) lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of its business so that the purchaser thereof takes title clear of the security interest created by this Agreement but if such sale, lease or other dealing with results in an Account, such Account shall be subject to the security interest created by this Agreement;
- (b) sell or otherwise dispose of such part of its Equipment which is not necessary to or useful in connection with its business and undertaking, or which has become worn out or damaged or otherwise unsuitable for its purpose; provided that such Equipment is replaced or has nominal value; and

- (c) continue to collect, at its own expense, all amounts due or to become due to the Debtor under the Accounts; and in connection with such collections, take (and, at the Lender's direction, shall take) such action as the Debtor or the Lender may deem necessary or advisable to enforce collection of the Accounts; provided, however, that the Lender shall have the right at any time upon the security hereby constituted becoming enforceable to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Lender and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Lender and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done.

After the security hereby constituted becomes enforceable,

- (d) all money or other form of payment received by the Debtor in respect of the Accounts shall be received in trust for the benefit of the Lender hereunder, shall be segregated from other funds of the Debtor and shall be forthwith paid over to the Lender in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 5.07; and
- (e) the Debtor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon without prior written consent of the Lender.

4.03 Release by the Lender

The Lender may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

4.04 Proceeds Held in Trust

All Proceeds that are monies collected or received by the Debtor will be received by the Debtor in trust for the Lender and will be forthwith paid to the Lender. The Lender shall not exercise its rights under this Section 4.04, and the Debtor's trust obligations under this Section 4.04 need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted becomes enforceable.

ARTICLE 5 - DEFAULT AND ENFORCEMENT

5.01 Enforcement

The security hereby constituted shall immediately become enforceable upon the Obligations being declared immediately due and payable pursuant to Section 25 of the Loan Agreement.

5.02 Remedies

At any time after the happening of any event by which the security hereby constituted becomes enforceable, the Lender shall have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Lender so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Lender hereunder, and in addition, shall have the power to carry on the business of the Debtor;
- (b) to make payments to parties having prior charges or encumbrances on properties on which the Lender may hold charges or encumbrances;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral with power to exclude the Debtor, its agents and its servants therefrom;
- (e) to preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Lender shall deem advisable;
- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement including, without limitation, the power to purchase on credit, the power to borrow in the Debtor's name or in the name of the Receiver and to advance its own money to the Debtor at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of the Lender, and to grant security interests in the Collateral in priority to the security interest created by this Agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment of credit; provided that
 - (i) the Lender or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomsoever for such period of time as is commercially reasonable;
 - (ii) the Lender or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
 - (iii) subject to Section 5.07, the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such

proceeds are received by the Lender or the Receiver in cash or such other form of compensation as may be acceptable to the Lender, in its sole discretion;

- (h) to enjoy and exercise all of the rights and remedies of a secured party under the PPSA;
- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
 - (i) the Collateral is perishable;
 - (ii) the Lender or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
 - (iii) the Collateral is of a type customarily sold on a recognized market;
 - (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
 - (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral; or
 - (vi) the Receiver disposes of the Collateral in the course of the Debtor's business;
- (k) to have Investment Property included in the Collateral registered on the books of the issuers of such Investment Property in the name of the Lender or such nominee of the Lender as the Lender shall direct;
- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Lender, the Receiver or the Debtor for the purpose of exercising any of the rights, powers and remedies set out in this Section 5.02, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
- (m) at the sole option of the Lender, provided notice is given in the manner required by the PPSA to the Debtor and to any other person to whom the PPSA requires notice be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

5.03 Receiver as Agent

The Receiver shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Lender shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Debtor hereby irrevocably authorizes the Lender to give instructions to the Receiver relating to the performance of its duties as set out herein.

5.04 Expenses of Enforcement

The Debtor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Lender and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Debtor to the Lender and the Receiver pursuant to this Section 5.04 shall be payable on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

5.05 Indulgences and Releases

Either the Lender or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Lender or the Receiver may see fit without prejudice to the Obligations or the right of the Lender and the Receiver to repossess, hold, collect and realize the Collateral.

5.06 No Liability for Failure to Exercise Remedies

The Lender and the Receiver shall not be liable or accountable to the Debtor or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.02, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Lender, the Receiver, the Debtor or any other party in respect of the same.

5.07 Proceeds of Disposition

Subject to the claims, if any, of the prior secured creditors of the Debtor, all monies received by the Lender or by the Receiver pursuant to Section 5.02 shall be applied as follows:

- (a) first, in payment of all costs and expenses incurred by the Lender in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the costs and expenses referred to in Sections 3.01(i) and 3.02 and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 5.04;

- (b) second, in payment of all amounts of money borrowed or advanced by either of the Lender or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;
- (c) third, to the payment or prepayment of the Obligations, provided that if there are not sufficient moneys to pay all of the Obligations, the Lender may apply the moneys available to such part or parts thereof as the Lender, in its sole discretion, may determine; and
- (d) fourth, in payment of any surplus in accordance with Applicable Law.

5.08 Debtor Liable for Deficiency

If the monies received by the Lender or the Receiver pursuant to Section 5.02 are not sufficient to pay the claims set out in Sections 5.07(a), (b) and (c), the Debtor shall immediately pay the Lender the amount of such deficiency.

5.09 Restriction on Debtor

Upon the Lender taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Lender; however, all other powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor shall be unaffected by such events.

5.10 Rights Cumulative

All rights and remedies of the Lender set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this Agreement.

5.11 Care by the Lender

The Lender shall exercise reasonable care in the custody and preservation of any of the Collateral in the Lender's possession if it takes such action for that purpose as the Debtor requests in writing, but failure of the Lender to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Lender to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

5.12 Standards of Sale

Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Lender which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public sale following one advertisement in a newspaper or trade publication having general circulation in the location of such Collateral at least seven days prior to such sale;
- (c) Collateral may be disposed of by private sale after receipt by the Lender of two written offers;
- (d) the purchaser or lessee of such Collateral may be a customer of the Lender;
- (e) the disposition may be for cash or credit, or part cash and part credit; and
- (f) the Lender may establish a reserve bid in respect of all or any portion of the Collateral.

ARTICLE 6 - GENERAL

6.01 Waiver

Any breach by the Debtor of any of the provisions contained in this Agreement or any default by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder, may only be waived by the Lender in writing, provided that no such waiver by the Lender shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.02 The Lender as Attorney

Upon the occurrence of an Event of Default (as defined in the Loan Agreement), the Debtor hereby irrevocably appoints the Lender and any person further designated by the Lender to be the attorney of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Lender. The power of attorney hereby granted is coupled with an interest, is irrevocable and shall extend to the successor and assigns of the Debtor. The Debtor agrees to be bound by any representations and actions made or taken in good faith by the Lender pursuant to this power of attorney in accordance with the terms thereof and hereby waives any and all defences which may be available to it to contest, negate or disaffirm the actions of the Lender taken in good faith under this power of attorney.

6.03 Further Assurances

The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances and take all such further action or cause such further action to be taken as the Lender shall reasonably require for the better assuring, charging, assigning and conferring unto the Lender a security interest in the Collateral or property intended to be charged hereunder, or which the Debtor may hereafter become bound to charge in favour of the Lender, for the purpose of accomplishing and effecting the intention of this Agreement.

6.04 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and this Agreement is terminated.

6.05 No Obligation to Advance

Neither the execution nor delivery of this Agreement shall obligate the Lender to advance any moneys to the Debtor.

6.06 Consumer Goods

Notwithstanding any other clause in this Agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.07 Notices

Any demand, notice or other communication in connection with this Agreement shall be in writing and shall be delivered in accordance with the Loan Agreement.

6.08 Successors and Assigns

This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Debtor and its successors and permitted assigns.

6.09 Amalgamation of Debtor

The Debtor hereby acknowledges and agrees that, subject to compliance with the Loan Agreement, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term "Debtor", when used herein, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interest granted hereby:

- (a) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation;

- (b) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of amalgamation and any "Obligations" of the amalgamated corporation to the Lender thereafter arising; and
- (c) shall attach to "Collateral" owned by each corporation amalgamating with the Debtor and by the amalgamated corporation, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

6.10 Entire Agreement

Except for the Loan Agreement and any document, agreement or instrument delivered pursuant thereto or referred to therein, this Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and undertakings, both written and oral, in respect of the subject matter hereof.

6.11 Receipt of Financing Statement, etc

The receipt by the Debtor's legal counsel of a financing statement or financing change statement shall be deemed to be receipt of same by the Debtor.

6.12 Acknowledgment

The Debtor hereby acknowledges receipt of an executed copy of this Agreement.

6.13 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.

6.14 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page hereof to the other party by facsimile transmission or emailed PDF and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date first written above.

TIMELINE FLOORS INC.

Per: 
Name: JOHN ANTHONY PACIONE
Title: SECRETARY

Per: _____
Name:
Title:
We have the authority to bind the Corporation

37343693.2

This is Exhibit "L" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:
Matilda Lici
7CE576E4AA3D4CA

A Commissioner, etc.

Matilda Lici

SHARE PLEDGE AGREEMENT

THIS SHARE PLEDGE AGREEMENT (as amended, restated, supplemented, replaced or otherwise altered, from time to time, this “**Agreement**”) is dated as of October 10, 2019 and made by **QUALITY COMMERCIAL CARPET CORPORATION** (the “**Pledgor**”) to and in favour of **WAYGAR CAPITAL INC.**, as agent for **NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P.** (the “**Lender**”).

WHEREAS:

- A. The Pledgor is indebted or liable or may become indebted or liable to the Lender in connection with an unlimited guarantee dated the date hereof (“**Guarantee**”) in connection with a loan agreement dated with effect as of the date hereof (as amended, restated or supplemented from time to time, the “**Loan Agreement**”), by and among, *inter alios*, the Borrower, the Guarantors and the Lender; and
- B. As a condition to extending credit to the Borrower under the Loan Agreement, the Lender has required, and the Pledgor has agreed, to grant a security interest in and pledge the Collateral (as defined below) to the Lender in order to secure the payment and performance of the Obligations (as defined below).

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants herein contained the parties hereto agree as follows:

ARTICLE I INTERPRETATION

1.1 Definitions.

All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith:

“**Borrower**” means Quality Rugs of Canada Limited;

“**Collateral**” means the property and assets subject to the Lien constituted by Section 2.1 hereof, including, without limitation, the Pledged Securities;

“**Guarantors**” means, collectively, Malvern Contract Interiors Limited, Weston Hardwood Design Centre Inc., Ontario Flooring Ltd., Timeline Floors Inc., Quality Commercial Carpet Corporation, Joseph Douglas Pacione Holdings Ltd., John Anthony Pacione Holdings Ltd., Jopac Enterprises Limited and Patjo Holdings Inc.;

“**Obligations**” means any and all debts, indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, now or anytime hereafter owing by the Pledgor to the Lender in connection with the Loan Agreement and the other Credit Documents; and

“Pledged Securities” means all of the shares in the capital of Malvern Contract Interiors Limited, Patjo Holdings Inc. and Ontario Flooring Ltd. now owned or hereafter acquired by the Pledgor including, without limitation, the shares listed in **Schedule “A”** hereto.

1.2 Sections and Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms **“this Agreement”**, **“hereof”**, **“hereunder”** and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings.

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organisations and corporations.

ARTICLE 2 GRANT OF SECURITY INTEREST AND PLEDGE

2.1 Grant and Pledge of Collateral.

As general and continuing collateral security for the payment and performance of all Obligations, the Pledgor hereby, subject to Permitted Liens, mortgages, charges, assigns, transfers, delivers, pledges, hypothecates and creates a Lien in, to and in favour of the Lender, all right, title and interest which the Pledgor now have or may hereafter acquire in and to the following:

- (a) all Pledged Securities, together with any renewals thereof, substitutions thereof or additions thereto and all certificates and instruments evidencing or representing the Pledged Securities;
- (b) any and all dividends, as and where declared, whether in shares, money or property, received or receivable upon or in respect of any Pledged Securities and all interest payments and money or other property paid or payable on account of any return on, or repayment of, capital in respect of any Pledged Securities or that will in any way be charged to, or be payable out of, the capital of the Borrower in respect thereof;
- (c) any and all other property that may at any time be received or receivable by or otherwise distributed to the Pledgor in respect of, or in substitution for, or in addition to, or in exchange for, or on account of, any of the foregoing, including, without limitation, any shares or other securities resulting from the subdivision, consolidation, change, conversion or reclassification of any of the Pledged Securities, or the reorganization or amalgamation of the Borrower with any other

body corporate, or the occurrence of any event which results in the substitution or exchange of the Pledged Securities; and

- (d) any and all cash, securities and other proceeds in respect of the foregoing and all rights and interest of the Pledgor in respect thereof or evidenced thereby including, without limiting the generality of the foregoing, all money received or receivable from time to time by the Pledgor in connection with the sale of any of the Pledged Securities.

2.2 Delivery of Collateral.

All certificates, instruments or other documents representing the Pledged Securities, duly endorsed in blank for transfer or accompanied by powers of attorney satisfactory to the Lender, shall forthwith be delivered immediately to and remain in the custody of the Lender or its nominee. All certificates, instruments or other documents representing or evidencing any additional Pledged Securities hereinafter acquired by the Pledgor shall forthwith after issuance be delivered to and remain in the custody of the Lender or its nominee. All Pledged Securities may, at the option of the Lender, be registered in the name of the Lender or its nominee. The Pledgor shall execute and deliver to the Lender a certified copy of a resolution of the directors or shareholders of the Borrower or any consents required under such constating documents, as applicable, consenting to the transfers contemplated by this Agreement.

2.3 Attachment.

The Pledgor and the Lender hereby acknowledge that value has been given, the Pledgor has rights in the Collateral and the Pledgor and the Lender have not agreed to postpone the time for attachment.

2.4 Control.

The Pledgor agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Collateral, as defined in the *Securities Transfer Act, 2006* (Ontario), which "control" shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after the security hereby constituted becomes enforceable, without further consent by the Pledgor.

ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Representations and Warranties of the Pledgor.

The Pledgor hereby represents and warrants to the Lender, upon each of which representations and warranties the Lender specifically relies, as follows:

- (a) the Pledgor is and will be the sole legal and beneficial owner of the Collateral now in existence or acquired hereafter, free of any Lien other than Liens in favour of the Lender and Permitted Liens with full right to mortgage, charge, assign, transfer, deliver, pledge and hypothecate the Pledged Securities to the Lender in accordance with the provisions of this Agreement;
- (b) any shares of Malvern Contract Interiors Limited, Patjo Holdings Inc. and Ontario Flooring Ltd. forming part of the Pledged Securities will be validly issued, fully paid and non-assessable and shall not be subject to any Lien in favour of Malvern Contract Interiors Limited, Patjo Holdings Inc. and Ontario Flooring Ltd.;
- (c) except to the extent disclosed to the Lender in writing, there is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Pledgor would be required to sell or otherwise dispose of any of the Pledged Securities; and
- (d) the Lien created hereby will constitute a valid perfected Lien in the Pledged Securities upon delivery of the share certificates representing the Pledged Securities to the Lender or upon registration of notice thereof in prescribed form under applicable personal property security legislation, if such registration is required in order to perfect a Lien in the Pledged Securities.

3.2 Covenants of Pledgor.

The Pledgor hereby covenants to and in favour of the Lender that until all the Obligations are indefeasibly performed and paid in full, it shall:

- (a) defend the Lender's right, title and Lien in and to the Collateral;
- (b) save as to the Permitted Transactions set out in the Loan Agreement and the provisions therein in respect thereto, except to the extent permitted by Section 4.2, not (and shall not purport to) sell or dispose of, transfer, relinquish or otherwise deal with, any of its interest in the Pledged Securities or other Collateral or incur or permit to exist any Lien other than Permitted Liens or any Lien that is in favour of the Lender in or with respect to any of the Pledged Securities or other Collateral;
- (c) ensure that, at the request of the Lender, all Pledged Securities shall be registered in the name of the Lender or its nominee, that any certificates representing the Pledged Securities shall be forthwith delivered to and remain in the custody of the Lender or its nominee, and that all certificates, instruments or other documents representing or evidencing any Pledged Securities shall forthwith after issuance be delivered to, and remain in the custody of, the Lender or its nominee;
- (d) ensure that such stock powers of attorney and similar documents with respect to the Pledged Securities as the Lender may reasonably request, satisfactory in the form and substance to the Lender, shall be delivered to the Lender or its nominee from time to time upon request; and

- (e) not, with respect to the Pledged Securities, enter into, amend, or waive any right or obligation under, any shareholder agreement, voting agreement, voting trust, trust deed, irrevocable proxy or other similar agreements or instruments.

ARTICLE 4 DEALING WITH COLLATERAL

4.1 Rights and Duties of the Lender.

- (a) The Lender shall have and be entitled to exercise all such powers hereunder as are specifically delegated to the Lender by the terms hereof, together with such powers as are incidental thereto. The Lender may execute any of its duties hereunder by or through agents or employees and shall be entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its duties hereunder.
- (b) The Lender and any nominee on its behalf shall be bound to exercise in the holding of the Pledged Securities and other Collateral the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Lender and any other nominee on its behalf shall be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for this purpose as the Pledgor shall reasonably request in writing, but failure of the Lender or its nominee to comply with any such request shall not in and of itself be deemed a failure to exercise reasonable care, and no failure of the Lender or its nominee to preserve or protect any rights with respect to the Collateral, or to do any act with respect to preservation of the Collateral not so requested by the Pledgor, shall in and of itself be deemed a failure to exercise reasonable care in the custody or preservation of the Collateral. Neither the Lender nor any nominee acting on its behalf, nor any director, officer or employee of the Lender shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for their own gross negligence or wilful misconduct. The Lender is hereby released from all responsibilities for any depreciation in or loss of value of any part of the Collateral except for such depreciation or loss of value that is the result of the Lender's (or its authorized agents' or nominee's or that of its officers, directors or employees) gross negligence or wilful misconduct.

4.2 Voting Rights.

- (a) Unless an Event of Default has occurred that is not waived in writing by the Lender, the Pledgor is entitled to exercise all the rights and powers of a holder of such securities including, without limitation, the right to vote from time to time exercisable in respect of the Collateral and to give proxies, consents and waivers in respect thereof. No such action may be taken if it would violate or be inconsistent with the Loan Agreement, any other document to which the Pledgor is a party, or this Agreement or any other agreements relating thereto or hereto or would have the effect of reducing the value of the Collateral as security for the

Obligations or imposing any restriction on the transferability of any of the Collateral.

- (b) Upon the occurrence of an Event of Default that is not waived in writing by the Lender, the rights and powers of the Pledgor as a holder of such securities including, without limitation, the right to vote the Collateral, will cease immediately and the Lender will have the right to exercise the rights and powers related to such Collateral, including, without limitation, the right to vote unless the Lender shall have given a notice to the Pledgor permitting the Pledgor to continue to exercise such rights and powers subject to any limitations set forth in such notice.
- (c) Prior to the occurrence of an Event of Default that is not waived in writing by the Lender, the Lender shall deliver promptly to the Pledgor all notices, statements or other communications received by it or its nominee. At any time after the occurrence of an Event of Default that is not waived in writing by the Lender, the Pledgor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee.

4.3 Dividends and Interest Payments.

- (a) Unless an Event of Default has occurred that is not waived in writing by the Lender, the Pledgor is entitled to receive all dividend payments or other distributions or interest payments in respect of the Collateral in accordance with the terms of the Loan Agreement.
- (b) Upon the occurrence of an Event of Default that is not waived in writing by the Lender, all rights of the Pledgor pursuant to Section 4.3(a) shall cease and the Lender will have the sole and exclusive right and authority to receive and retain all payments that the Pledgor would otherwise be authorised to retain pursuant to Section 4.3(a). All money and other property received by the Lender pursuant to the provisions of this Section 4.3(b) may be applied on account of the Obligations or may be retained by the Lender as additional Collateral hereunder and be applied in accordance with the provisions of the Loan Agreement.

ARTICLE 5 REMEDIES

5.1 Remedies

- (a) On or after the occurrence of an Event of Default that is not waived in writing by the Lender, (i) any or all of the Obligations will at the option of the Lender become immediately due and payable or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonour, all of which are expressly waived, (ii) the obligation, if any, of the Lender to extend further credit to the Pledgor will cease, (iii) any or all security granted hereby will, at the option of the Lender, become immediately enforceable, and (iv) in addition to any right or remedy provided by Applicable Laws, the Lender will have the rights and

remedies set out below, all of which rights and remedies will be enforceable successively, concurrently or both:

- (i) transfer any part of the Collateral into the name of the Lender or its nominee;
 - (ii) vote any of the Collateral (whether or not registered in the name of the Lender or its nominee) and give or withhold all consents and waivers in respect thereof;
 - (iii) exercise all rights of conversion, exchange or subscription, or any other rights, privileges or options pertaining to any of the Collateral, including, without limitation, the right to exchange at its discretion any of the Collateral upon the amalgamation, arrangement, merger, consolidation or other reorganization of the issuer of the Collateral, all without liability except to account for property actually received by the Lender;
 - (iv) from time to time realise upon, collect, sell, transfer, assign, give options to purchase or otherwise dispose of and deliver any Collateral in such manner as may seem advisable to the Lender. For such purposes each requirement relating thereto and prescribed by law or otherwise is hereby waived by the Pledgor to the extent permitted by law and in any offer or sale of any of the Collateral the Lender is authorized to comply with any limitation or restriction in connection with such offer or sale as the Lender may be advised by counsel is necessary in order to avoid any violation of Applicable Laws, or in order to obtain any required approval of the sale or of the purchase by any governmental or regulatory authority or official. Such compliance will not result in such sale being considered (or deemed) not to have been made in a commercially reasonable manner nor will the Lender be liable or accountable to the Pledgor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction;
 - (v) purchase any of the Collateral, whether in connection with a sale made under the power of sale herein contained or pursuant to judicial proceedings or otherwise; and
 - (vi) accept the Collateral in satisfaction of the Obligations upon notice to the Pledgors of its intention to do so in the manner required by law.
- (b) The Lender may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up securities, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) release any part of the Collateral or otherwise deal with the Pledgor, debtors of the Pledgor, sureties and others and with the Collateral and other security as the Lender sees fit without prejudice to the liability of the Pledgor to the Lender or the Lender's rights hereunder.

- (c) The Lender will not be liable or responsible for any failure to seize, collect, realise, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realising or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Lender, the Pledgor or any other person, in respect of the Collateral.
- (d) The Lender may apply any proceeds of realisation of the Collateral to payment of reasonable expenses in connection with the preservation and realisation of the Collateral as above described and the Lender may apply any balance of such proceeds to payment of the Obligations in accordance with the terms of the Loan Agreement.

5.2 Payment of Expenses.

The Lender may charge on its own behalf and also pay to others all reasonable out-of-pocket expenses of the Lender and others, including the fees and disbursements of any experts or advisers (including, without limitation, reasonable legal fees) retained by the Lender, incurred in connection with realising, collecting, selling, transferring, delivering or obtaining payment for the Collateral, or in connection with the administration of any amendment of this Agreement or incidental to the care, safekeeping or otherwise of any Collateral. The Lender may deduct the amount of such expenses from any proceeds of disposition of the Lender.

ARTICLE 6 GENERAL

6.1 Benefit of the Agreement.

This Agreement will enure to the benefit of and be binding upon the successors and assigns of the parties hereto.

6.2 Amendments and Waivers.

No amendments to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

6.3 Assignment.

The rights, title and interest of the Lender under this Agreement may only be assigned by the Lender in accordance with the provisions of the Loan Agreement. The Pledgor may not assign their obligations under this Agreement without the prior written consent of the Lender.

6.4 Severability.

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

6.5 Notices.

Any demand, notice or other communication to be given in connection with this Agreement shall be given in accordance with the provisions of the Loan Agreement.

6.6 Additional Continuing Security.

This Agreement and the Lien granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Lender and this Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Lender.

6.7 Further Assurances.

The Pledgor must at its expense from time to time do, execute and deliver, or cause to be done, executed and delivered, all such financing statements, further assignments, documents, acts, matters and things as may be reasonably requested by the Lender for the purpose of giving effect to this Agreement or for the purpose of establishing compliance with the representations, warranties and covenants herein contained.

6.8 Power of Attorney.

Upon the occurrence of an Event of Default, the Pledgor hereby irrevocably constitute and appoint any duly appointed officer of the Lender the true and lawful attorney of the Pledgor, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Pledgor whenever and wherever the officer may deem necessary or expedient and from time to time to exercise all rights and powers and to perform all acts of ownership in respect of the Collateral in accordance with this Agreement.

6.9 Discharge.

The Pledgor will not be released or discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by the Lender which shall not be unreasonably withheld or delayed. The Lender shall, upon indefeasible satisfaction of all of the Obligations of the Pledgor to the Lender, execute such releases and discharges as the Pledgor may reasonably require, all at the request and sole cost and expense of the Pledgor and return to the Pledgor all Pledged Securities together with all other Collateral in the possession of the Lender and its nominees.

6.10 Governing Law and Attornment.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Ontario and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

6.11 Entire Agreement.

This Agreement has been entered into pursuant to the provisions of the Loan Agreement and is subject to all the terms and conditions thereof and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the rights and obligations of the parties will be governed by the provisions of the Loan Agreement, provided, however, that the existence of remedies in this Agreement which are not contained in the Loan Agreement shall not constitute a conflict or inconsistency with the Loan Agreement. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Lender and the Pledgor with respect to the subject matter hereof except as expressly set forth herein or in the Loan Agreement and the other documents delivered in connection with the Loan Agreement.

6.12 Executed Copy.

The Pledgor acknowledges receipt of a fully-executed copy of this Agreement.

6.13 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.


6.14 Counterpart

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page hereof to the other party by facsimile transmission or emailed PDF and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the undersigned has executed and delivered this Agreement as of the date first referred to above.

QUALITY COMMERCIAL CARPET CORPORATION

By: 
Name: Joseph R. Padone
Title: Chairman

By: _____
Name:
Title:

I have the authority to bind the Corporation

SCHEDULE "A"

Pledged Securities

1. 326,340 Class "A" Common Shares in the capital of Malvern Contract Interiors Limited, represented by share certificate no. A-25, issued to Quality Commercial Carpet Corporation.
2. 1 Special Share in the capital of Malvern Contract Interiors Limited, represented by share certificate no. SP1, issued to Quality Commercial Carpet Corporation.
3. 100 Class "A" Special Shares in the capital of Patjo Holdings Inc., represented by share certificate no. CAS-3, issued to Quality Commercial Carpet Corporation.
4. 100 Common Shares in the capital of Patjo Holdings Inc., represented by share certificate no. C-3, issued to Quality Commercial Carpet Corporation.
5. 100 Common Shares in the capital of Ontario Flooring Ltd., represented by share certificate no. C-2, issued to Quality Commercial Carpet Corporation.

37344044.2

CERT. NO.	A-25	FROM WHOM TRANSFERRED	
FOR	326,340 SHARES	TREASURY	
ISSUED TO		Dated	
QUALITY COMMERCIAL CARPET CORPORATION		No. Original Cert.	
		No. Original Shares	
DATED	April 17, 2012	No. of Shares Transferred	326,340

NO. A-25

INCORPORATED UNDER THE LAWS OF THE PROVINCE OF ONTARIO
Subject to the Business Corporations Act (Ontario)

326,340 SHARES

MALVERN CONTRACT INTERIORS LIMITED

This is to Certify that

QUALITY COMMERCIAL CARPET CORPORATION

is the registered holder of three hundred twenty six thousand three hundred forty

Class A Common Shares in the capital of

MALVERN CONTRACT INTERIORS LIMITED

The class or series of shares represented by this Certificate has rights, privileges, restrictions or conditions attached thereto and the Corporation will furnish to a shareholder, on demand and without charge, a full copy of the text of:

- (i) the rights, privileges, restrictions and conditions attached to the shares represented by this certificate and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors; and
- (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

The Corporation has a lien on the shares represented by this Certificate for the indebtedness of the shareholder to the Corporation.

The right of the shareholder to transfer the shares represented by this Certificate is subject to restrictions.

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers.

DATED this 17 day of April, 2012


President (Juliet Neely)


Secretary (Juliet Neely)

NO PAR VALUE

POWER OF ATTORNEY TO TRANSFER SHARES

Quality Commercial Carpet Corporation (the "Corporation"), for value received, have bargained and sold and by these presents do irrevocably convey, assign and transfer to Mohawk Carpet Distribution, Inc., and/or its nominee or assignee, the following shares:

<u>Transferred Securities</u>	<u>Certificate Number</u>
326,340 Class A Common Shares	No. A-25

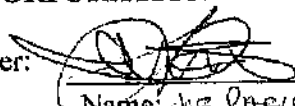
of the capital stock standing in the name of the Corporation on the books of Malvern Contract Interiors Limited such conveyance, assignment and transfer to be effective as of _____ such date to be completed as appropriate by the attorney appointed herein).

The Corporation hereby irrevocably constitute and appoints _____ or its nominee or assignee, our true and lawful attorney ("Attorney"), for the name and stead of the Corporation to make and execute all necessary acts of assignment and transfer of such stock, and to substitute one or more persons with like full power, hereby ratifying and confirming all our Attorney or his substitute or substitutes shall lawfully do by virtue hereof.

DATED this _____ day of November, 2016.

QUALITY COMMERCIAL CARPET CORPORATION

Per: _____


Name: JOE PACIUNE
Title: CHAIRMAN

For: _____

Name:
Title:

I/We have authority to bind the Corporation

CERT. NO.	SP1	FROM WHOM TRANSFERRED	
FOR	1 SHARE	TREASURY	
ISSUED TO		Dated	
QUALITY COMMERCIAL CARPET CORPORATION		No. Original Cert.	
		No. Original Shares	
DATED	April 17, 2012	No. of Shares Transferred	1

NO. SP1

INCORPORATED UNDER THE LAWS OF THE PROVINCE OF ONTARIO
Subject to the Business Corporations Act (Ontario)

1 SHARE

MALVERN CONTRACT INTERIORS LIMITED

This is to Certify that **QUALITY COMMERCIAL CARPET CORPORATION**
is the registered holder of one
SPECIAL Share in the capital of
MALVERN CONTRACT INTERIORS LIMITED.

The class or series of shares represented by this Certificate has rights, privileges, restrictions or conditions attached thereto and the Corporation will furnish to a shareholder, on demand and without charge, a full copy of the text of:

- (i) the rights, privileges, restrictions and conditions attached to the shares represented by this certificate and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors; and
- (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

The Corporation has a lien on the shares represented by this Certificate for the indebtedness of the shareholder to the Corporation.
The right of the shareholder to transfer the shares represented by this Certificate is subject to restrictions.

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers.
DATED this 17 day of April, 2012

President (Juliet Neely)

Secretary (Juliet Neely)

NO PAR VALUE

POWER OF ATTORNEY TO TRANSFER SHARES

Quality Commercial Carpet Corporation (the "Corporation"), for value received, have bargained and sold and by these presents do irrevocably convey, assign and transfer to Mohawk Carpet Distribution, Inc., and/or its nominee or assignee, the following shares:

Transferred Securities

1 Special Share

Certificate Number

No. SP1


of the capital stock standing in the name of the Corporation on the books of Malvern Contract Interiors Limited such conveyance, assignment and transfer to be effective as of _____ such date to be completed as appropriate by the attorney appointed herein).

The Corporation hereby irrevocably constitute and appoints _____ or its nominee or assignee, our true and lawful attorney ("Attorney"), for the name and stead of the Corporation to make and execute all necessary acts of assignment and transfer of such stock, and to substitute one or more persons with like full power, hereby ratifying and confirming all our Attorney or his substitute or substitutes shall lawfully do by virtue hereof.

DATED this _____ day of November, 2016.

QUALITY COMMERCIAL CARPET CORPORATION

Per: _____


Name: JOE PACIUNE
Title: CHAIRMAN

Per: _____

Name:
Title:

I/We have authority to bind the Corporation

INCORPORATED UNDER THE LAW OF THE PROVINCE OF ONTARIO

NO. CAS-3

-100- SHARES

PATJO HOLDINGS INC.

This is to Certify that QUALITY COMMERCIAL CARPET CORPORATION
is the registered holder of ONE HUNDRED - (100) -
Class A Special Shares of
PATJO HOLDINGS INC.

The class or series of shares represented by this Certificate has rights, privileges, restrictions or conditions attached thereto and the Corporation will furnish to the holder, on demand and without charge, a full copy of the text of,

- (i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and
- (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

LIEN ON SHARES. The Corporation has a lien on the shares represented by this Certificate for any debt of the shareholder to the Corporation.

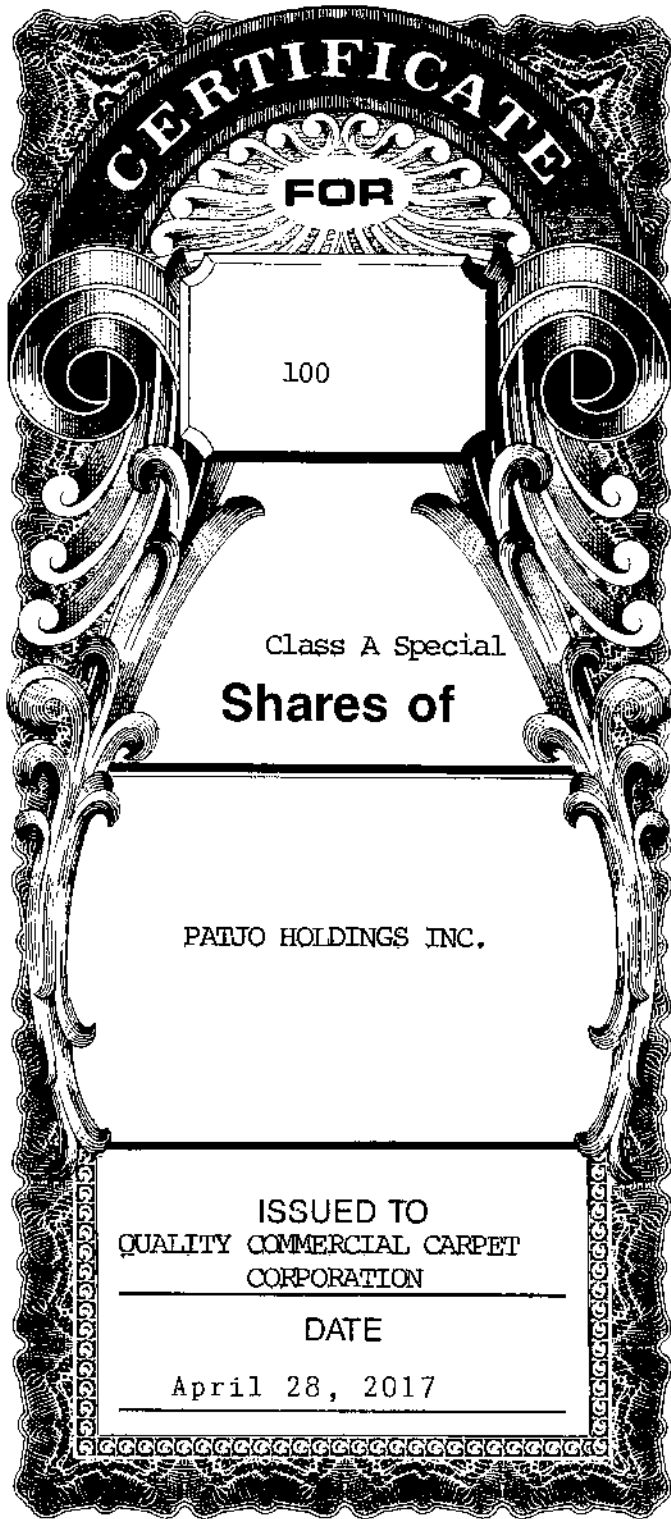
RESTRICTIONS ON TRANSFER. There are restrictions on the right to transfer the shares represented by this Certificate.

IN WITNESS WHEREOF the Corporation has caused this certificate to be signed by its duly authorized officers
this 28th day of April (year) 2017.

President - Giuseppe Fazari

Secretary - Giuseppe Fazari

NO PAR VALUE



CERTIFICATE
FOR

100

Class A Special
Shares of

PARJO HOLDINGS INC.

ISSUED TO
QUALITY COMMERCIAL CARPET
CORPORATION

DATE

April 28, 2017

For Value Received, _____ *hereby assign and transfer unto*

Shares

represented by the within Certificate.

Dated _____ *(year)* _____

In the presence of

NOTICE THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

INCORPORATED UNDER THE LAW OF THE PROVINCE OF ONTARIO

NO. C-3

-100- SHARES

PATJO HOLDINGS INC.

This is to Certify that QUALITY COMMERCIAL CARPET CORPORATION
is the registered holder of One Hundred --(100)--
..... Common Shares of
PATJO HOLDINGS INC.

The class or series of shares represented by this Certificate has rights, privileges, restrictions or conditions attached thereto and the Corporation will furnish to the holder, on demand and without charge, a full copy of the text of,

- (i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and
- (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

LIEN ON SHARES. The Corporation has a lien on the shares represented by this Certificate for any debt of the shareholder to the Corporation.

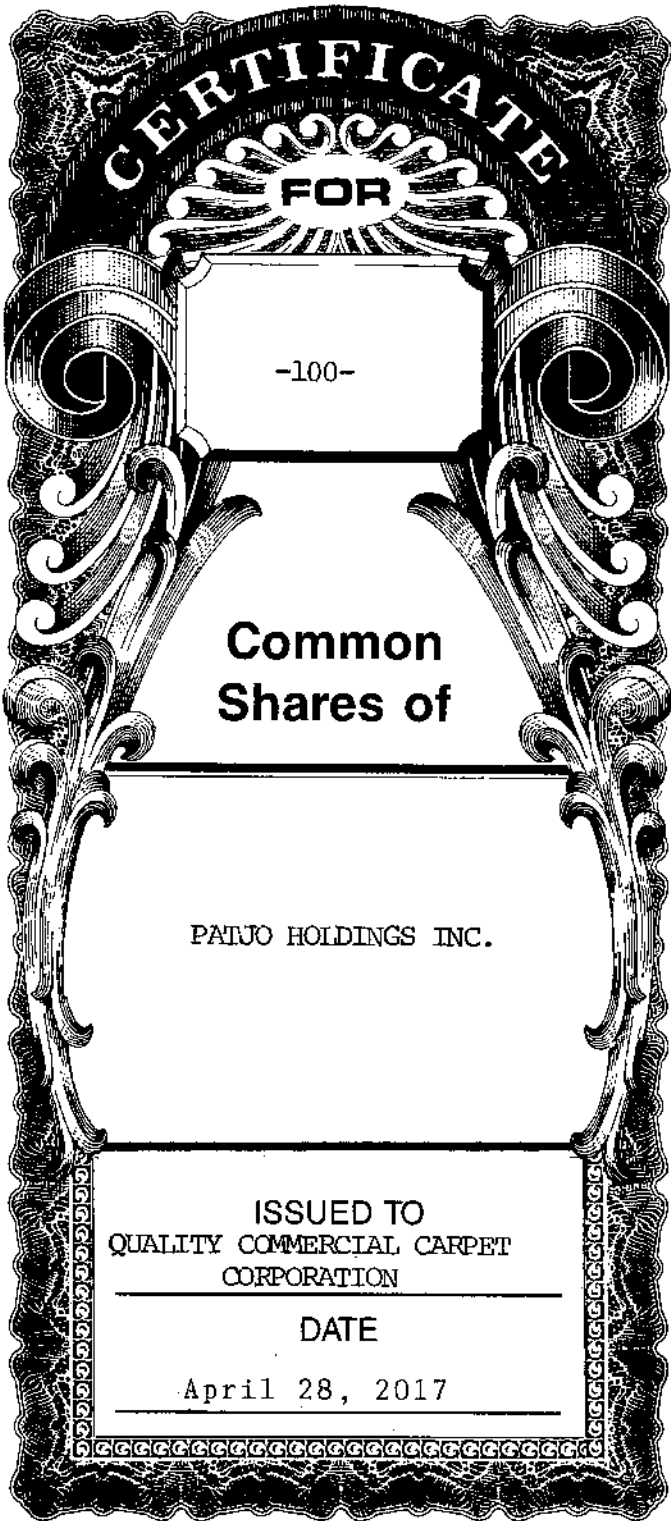
RESTRICTIONS ON TRANSFER. There are restrictions on the right to transfer the shares represented by this Certificate.

IN WITNESS WHEREOF the Corporation has caused this certificate to be signed by its duly authorized officers
this 28th day of April (year) 2017

President - Giuseppe Fazari

Secretary - Giuseppe Fazari

NO PAR VALUE



For Value Received, _____ *hereby assign and transfer unto*

_____ *Common Shares*

represented by the within Certificate.

Dated _____ *(year)* _____

In the presence of

NOTICE THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

**COMMON
SHARE
CERTIFICATE**

Certificate No. C-2
For One Hundred (100) Shares
Issued to
QUALITY COMMERCIAL CARPET
CORPORATION
Dated April 28, 2017

From whom transferred
GIUSEPPE FAZARI
Dated _____

No. Original Certificate	No. Original Shares	No. Of Shares Transferred
<u>C-1</u>	<u>100</u>	<u>100</u>

Received Certificate No. _____
for _____ Shares
this _____ day of _____

No. C-2

INCORPORATED UNDER THE LAW OF THE PROVINCE OF ONTARIO

-100- Shares



This is to Certify that QUALITY COMMERCIAL CARPET CORPORATION
is the registered holder of ONE HUNDRED - (100) -
fully paid and non-assessable Common shares of
ONTARIO FLOORING LTD.

The class or series of shares represented by this Certificate has rights, privileges, restrictions or conditions attached thereto and the Corporation will furnish to the holder, on demand and without charge, a full copy of the text of,

- (i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and
- (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

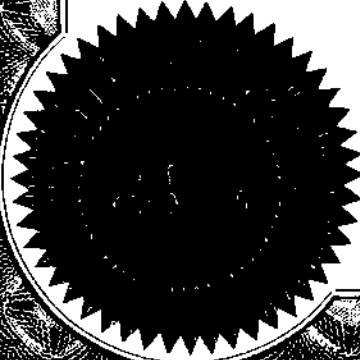
LIEN ON SHARES. The corporation has a lien on the shares represented by this Certificate for any debt of the shareholder to the Corporation.

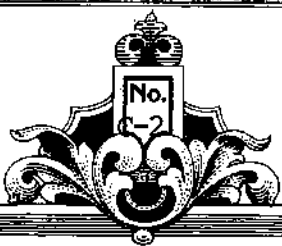
RESTRICTIONS ON TRANSFER. There are restrictions on the right to transfer the shares represented by this Certificate.

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the seal of the Corporation this 28th day of April, 2017.

President - Giuseppe Fazari

Secretary - Giuseppe Fazari





CERTIFICATE

for

100 Shares

Shares

of the
Common Shares

ONTARIO FLOORING LTD.

Issued to
QUALITY COMMERCIAL
CARPET CORPORATION

Dated

April 28, 2017

For Value Received, the undersigned hereby sells, endorses and
transfers unto _____ Shares

of the Common Shares represented by the within Certificate.

Dated _____
In presence of _____


NOTICE: THE SIGNATURE OF THIS ENDORSEMENT MUST COR-
RESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE
CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR
ENLARGEMENT, OR ANY CHANGE WHATSOEVER, AND THE CORPO-
RATION RESERVES THE RIGHT TO REQUIRE REASONABLE ASSUR-
ANCE THAT THE ENDORSEMENT IS GENUINE AND EFFECTIVE.

POWER OF ATTORNEY TO TRANSFER SHARES

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____: Three hundred twenty-six thousand three hundred forty (326,340) Class A Common Shares of Malvern Contract Interiors Limited (the "**Corporation**"), registered in the name of the undersigned on the books of the Corporation and represented by Certificate No. A-25, and the undersigned hereby irrevocably constitutes and appoints _____ its true and lawful attorney to transfer such shares on the books of the Corporation and to make and execute all necessary acts of assignment and transfer as may be necessary to give effect to such transfer, with full power of substitution in this matter.

DATED this _____ day of _____, _____.

QUALITY COMMERCIAL CARPET CORPORATION

By: 
Name: Joseph R. Pacione
Title: Chairman

By: _____
Name:
Title:


I/We have authority to bind the Corporation.

POWER OF ATTORNEY TO TRANSFER SHARES

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____: One (1) Special Share of Malvern Contract Interiors Limited (the "**Corporation**"), registered in the name of the undersigned on the books of the Corporation and represented by Certificate No. SP1, and the undersigned hereby irrevocably constitutes and appoints _____ its true and lawful attorney to transfer such shares on the books of the Corporation and to make and execute all necessary acts of assignment and transfer as may be necessary to give effect to such transfer, with full power of substitution in this matter.

DATED this _____ day of _____, _____.

QUALITY COMMERCIAL CARPET CORPORATION

By: 
Name: Joseph R. Pacione
Title: Chairman

By: _____
Name:
Title:


I/We have authority to bind the Corporation.

POWER OF ATTORNEY TO TRANSFER SHARES

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____: One hundred (100) Class A Special Shares of Patjo Holdings Inc. (the "**Corporation**"), registered in the name of the undersigned on the books of the Corporation and represented by Certificate No. CAS-3, and the undersigned hereby irrevocably constitutes and appoints _____ its true and lawful attorney to transfer such shares on the books of the Corporation and to make and execute all necessary acts of assignment and transfer as may be necessary to give effect to such transfer, with full power of substitution in this matter.

DATED this _____ day of _____, _____.

QUALITY COMMERCIAL CARPET CORPORATION

By: 
Name: Joseph R. Pacione
Title: Chairman

By: _____
Name:
Title:

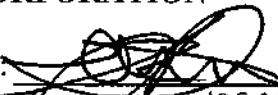
I/We have authority to bind the Corporation.

POWER OF ATTORNEY TO TRANSFER SHARES

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____: One hundred (100) Common Shares of Patjo Holdings Inc. (the "**Corporation**"), registered in the name of the undersigned on the books of the Corporation and represented by Certificate No. C-3, and the undersigned hereby irrevocably constitutes and appoints _____ its true and lawful attorney to transfer such shares on the books of the Corporation and to make and execute all necessary acts of assignment and transfer as may be necessary to give effect to such transfer, with full power of substitution in this matter.

DATED this _____ day of _____, _____.

QUALITY COMMERCIAL CARPET CORPORATION

By: 
Name: Joseph R. Pacione
Title: Chairman

By: _____
Name:
Title:

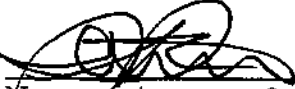
I/We have authority to bind the Corporation.

POWER OF ATTORNEY TO TRANSFER SHARES

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____: One hundred (100) Common Shares of Ontario Flooring Ltd.(the "**Corporation**"), registered in the name of the undersigned on the books of the Corporation and represented by Certificate No. C-2, and the undersigned hereby irrevocably constitutes and appoints _____ its true and lawful attorney to transfer such shares on the books of the Corporation and to make and execute all necessary acts of assignment and transfer as may be necessary to give effect to such transfer, with full power of substitution in this matter.

DATED this _____ day of _____, _____.

QUALITY COMMERCIAL CARPET CORPORATION

By: 
Name: Joseph R. Paoune
Title: Chairman

By: _____
Name:
Title:

I/We have authority to bind the Corporation.

This is Exhibit "M" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:

Matilda Lici

7CE576E4AA3D4CA

A Commissioner, etc.

Matilda Lici

AIRD BERLIS

Steven L. Graff
Direct: 416.865.7726
E-mail: sgraff@airdberlis.com

February 1, 2023

DELIVERED VIA COURIER AND EMAIL

Quality Rugs of Canada Limited

505 Cityview Blvd, Unit 1
Vaughan, ON L4H 0L8

Attn: **Joseph R. Pacione** (jrpacione@qsq.ca)
John Anthony Pacione (jpacione@qsq.ca)
Joseph Douglas Pacione (jdp@qsq.ca)

Dear Sirs:

Re: Indebtedness and liabilities of Quality Rugs of Canada Limited (the “Debtor” or “you”) to Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. (“Waygar” or the “Lender”), as guaranteed by Malvern Contract Interiors Limited, Weston Hardwood Design Centre Inc., Ontario Flooring Ltd., Timeline Floors Inc., Quality Commercial Carpet Corporation, Joseph Douglas Pacione Holdings Ltd., John Anthony Pacione Holdings Ltd., Jopac Enterprises Limited, Patjo Holdings Inc., J. Pacione Consultants Limited, Joseph Douglas Pacione Family Trust, John Anthony Pacione Family Trust and Joseph R. Pacione Family Trust (collectively, the “Guarantors”)

We are the lawyers for the Lender in connection with its lending arrangements with the Debtor.

The Debtor is indebted to Waygar with respect to certain credit facilities (collectively, the “**Credit Facilities**”) made available by Waygar to the Debtor pursuant to and under the terms of a loan agreement dated October 10, 2019, as subsequently amended by amending agreements dated April 8, 2021, May 6, 2021, May 31, 2021, September 22, 2021 and August 14, 2022, respectively (the “**Credit Agreement**”).

The following amounts were owing by the Debtor to Waygar pursuant to the Credit Agreement as of February 1, 2023:

Beginning Balance (as of February 1, 2023)	\$48,377,477.42
Accrued Interest – 1 day	\$14,580.42
Accrued Unused Line Fee – 1 day	\$11.09
Monthly Monitoring Fee	\$3,000
Advances	-

Payments	-
TOTAL:	\$48,395,068.93¹

The Credit Facilities are repayable on demand upon the occurrence of an Event of Default. One or more Events of Default have occurred under the Credit Agreement, including, without limitation, the Debtor failing to pay the scheduled amounts of principal, interest and fees on the date when they become due.

Accordingly, on behalf of Waygar, we hereby make formal demand for payment of \$48,395,068.93 together with accruing interest and any and all costs and expenses (including, without limitation, any additional legal and other professional fees) incurred by Waygar (collectively, the “**Indebtedness**”). Payment is required to be made immediately. Interest continues to accrue on the Indebtedness at the rates established by the Credit Agreement and any other agreement, as applicable.

The Indebtedness and other obligations of the Debtor in connection with the Credit Facilities under the Credit Agreement are guaranteed by each of the Guarantors.

The Indebtedness and other obligations of the Debtor in connection with the Credit Facilities under the Credit Agreement are secured by, among other things:

- (a) a General Security Agreement dated October 10, 2019, granted by the Debtor to Waygar, which grants to Waygar, among other things, a security interest in any of and all of the accounts, inventory, equipment, intangibles, documents of title, money, chattel paper, instruments, investment property, documents, proceeds, leaseholds and undertaking of the Debtor; and
- (b) a Share Pledge Agreement dated October 10, 2019, granted by the Debtor, pledging the shares of Timeline Floors Inc., together with the original share certificate and stock power.

If payment of the Indebtedness is not received immediately, Waygar shall take whatever steps it considers necessary or appropriate to collect and recover the amounts owing to it, including, without limitation, the appointment of an interim receiver, receiver, or receiver and manager of the Debtor or any other proceedings that are necessary, in which case, Waygar will also seek all costs it incurs in doing so.

¹ This amount does not include any accruing interest from and after February 1, 2023, or costs and expenses (including any legal and other professional fees) incurred by Waygar.



On behalf of Waygar, we also enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA Notice**”). Waygar hereby reserves its rights to initiate proceedings within the ten (10) day period set out in the BIA Notice, if circumstances warrant such proceedings.

Yours truly,

AIRD & BERLIS LLP

A handwritten signature in black ink, appearing to read 'S. Graff', with a large, stylized flourish at the end.

Steven L. Graff

e.c. Client

Matilda Lici

Chris Besant (cbesant@grllp.com)

AIRD BERLIS

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))
DELIVERED BY COURIER AND EMAIL

To: **Quality Rugs of Canada Limited**
505 Cityview Blvd, Unit 1
Vaughan, ON L4H 0L8
Insolvent company / person

TAKE NOTICE that:

1. Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. ("**Waygar**"), a secured creditor, intends to enforce its security on the property, assets and undertakings of Quality Rugs of Canada Limited (the "**Debtor**"), including, without limiting the generality of the foregoing, all the equipment, accounts, proceeds, books and records, inventory, leaseholds and all other personal and real property of the Debtor.
2. The security that is to be enforced (the "**Security**") is in the form of, *inter alia*, a general security agreement dated October 10, 2019, which grants to Waygar, amongst other things, a security interest in any of and all of the property, assets and undertakings of the Debtor.
3. As of February 1, 2023, the total amount of indebtedness secured by the Security was **\$48,395,068.93** in principal and interest, plus accruing interest and recovery costs of Waygar (including, without limitation, Waygar's legal and other professional fees).
4. Waygar will not have the right to enforce the Security until after the expiry of the ten (10) day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Toronto this 1st day of February 2023.

WAYGAR CAPITAL INC.
by its lawyers, **Aird & Berlis LLP**



Per:

Steven L. Graff

Brookfield Place, Suite 1800
181 Bay Street, Toronto, ON M5J 2T9
Tel: 416-863-1500/Fax: 416-863-1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

51906442.3

AIRD BERLIS

February 1, 2023

DELIVERED VIA COURIER AND EMAIL

Timeline Floors Inc.

505 Cityview Blvd, Unit 1
Vaughan, ON L4H 0L8

**Attn: John Anthony Pacione (jpacione@qsq.ca)
Joseph Douglas Pacione (jdp@qsq.ca)**

Dear Sirs:

Re: Indebtedness and liabilities of Quality Rugs of Canada Limited (the “Debtor”) to Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. (“Waygar” or the “Lender”), as guaranteed by Timeline Floors Inc. (“TFI”), among others

We are the lawyers for the Lender in connection with its lending arrangements with the Debtor.

The Debtor is indebted to Waygar with respect to certain credit facilities (collectively, the “**Credit Facilities**”) made available by Waygar to the Debtor pursuant to and under the terms of a loan agreement dated October 10, 2019, as subsequently amended by amending agreements dated April 8, 2021, May 6, 2021, May 31, 2021, September 22, 2021 and August 14, 2022, respectively (the “**Credit Agreement**”).

Pursuant to, *inter alia*, an Unlimited Guarantee Agreement dated October 10, 2019 and a General Security Agreement dated October 10, 2019, TFI became a guarantor of the obligations of the Debtor.

The following amounts were owing by the Debtor to Waygar pursuant to the Credit Agreement as of February 1, 2023:

Beginning Balance (as of February 1, 2023)	\$48,377,477.42
Accrued Interest – 1 day	\$14,580.42
Accrued Unused Line Fee – 1 day	\$11.09
Monthly Monitoring Fee	\$3,000
Advances	-

Payments

-

TOTAL:

\$48,395,068.93¹

The Credit Facilities are repayable on demand upon the occurrence of an Event of Default. One or more Events of Default have occurred under the Credit Agreement, including, without limitation, the Debtor failing to pay the scheduled amounts of principal, interest and fees on the date when they become due. A demand for repayment of the Indebtedness has also been made of the Debtor and the other guarantors. A copy of the demand letter sent to the Debtor is enclosed here for your records and ease of reference.

Accordingly, on behalf of Waygar, we hereby make formal demand for payment of \$48,395,068.93 together with accruing interest and any and all costs and expenses (including, without limitation, any additional legal and other professional fees) incurred by Waygar (collectively, the "**Indebtedness**"). Payment is required to be made immediately. Interest continues to accrue on the Indebtedness at the rates established by the Credit Agreement and any other agreement, as applicable.

If payment of the Indebtedness is not received immediately, Waygar shall take whatever steps it considers necessary or appropriate to collect and recover the amounts owing to it, including, without limitation, the commencement of legal proceedings against you in the Ontario Superior Court of Justice, in which case Waygar will also seek all costs it incurs in doing so.

On behalf of Waygar, we also enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA Notice**"). Waygar hereby reserves its rights to initiate proceedings within the ten (10) day period set out in the BIA Notice, if circumstances warrant such proceedings.

Yours truly,

AIRD & BERLIS LLP



Steven L. Graff

e.c. Client

Matilda Lici

Chris Besant (cbesant@grllp.com)

¹ This amount does not include any accruing interest from and after February 1, 2023, or costs and expenses (including any legal and other professional fees) incurred by Waygar.

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))
DELIVERED BY COURIER AND EMAIL

To: **Timeline Floors Inc.**
505 Cityview Blvd, Unit 1
Vaughan, ON L4H 0L8
Insolvent company / person

TAKE NOTICE that:

1. Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. ("**Waygar**"), a secured creditor, intends to enforce its security on the property, assets and undertakings of Timeline Floors Inc. (the "**Debtor**"), including, without limiting the generality of the foregoing, all the equipment, accounts, proceeds, books and records, inventory, leaseholds and all other personal and real property of the Debtor.
2. The security that is to be enforced (the "**Security**") is in the form of, *inter alia*, a general security agreement dated October 10, 2019, which grants to Waygar, amongst other things, a security interest in any of and all of the property, assets and undertakings of the Debtor.
3. As of February 1, 2023, the total amount of indebtedness secured by the Security was **\$48,395,068.93** in principal and interest, plus accruing interest and recovery costs of Waygar (including, without limitation, Waygar's legal and other professional fees).
4. Waygar will not have the right to enforce the Security until after the expiry of the ten (10) day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Toronto this 1st day of February 2023.

WAYGAR CAPITAL INC.
by its lawyers, **Aird & Berlis LLP**



Per:

Steven L. Graff

Brookfield Place, Suite 1800
181 Bay Street, Toronto, ON M5J 2T9
Tel: 416-863-1500/Fax: 416-863-1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

51903638.3

AIRD BERLIS

February 1, 2023

DELIVERED VIA COURIER AND EMAIL

Weston Hardwood Design Centre Inc.

250 Vaughan Valley Blvd
Woodbridge, ON L4H 3C3

Attn: Joseph R. Pacione (jrpacione@qsq.ca)

Dear Sir:

Re: Indebtedness and liabilities of Quality Rugs of Canada Limited (the “Debtor”) to Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. (“Waygar” or the “Lender”), as guaranteed by Weston Hardwood Design Centre Inc. (“Weston”), among others

We are the lawyers for the Lender in connection with its lending arrangements with the Debtor.

The Debtor is indebted to Waygar with respect to certain credit facilities (collectively, the “**Credit Facilities**”) made available by Waygar to the Debtor pursuant to and under the terms of a loan agreement dated October 10, 2019, as subsequently amended by amending agreements dated April 8, 2021, May 6, 2021, May 31, 2021, September 22, 2021 and August 14, 2022, respectively (the “**Credit Agreement**”).

Pursuant to, *inter alia*, an Unlimited Guarantee Agreement dated October 10, 2019 and a General Security Agreement dated October 10, 2019, Weston became a guarantor of the obligations of the Debtor.

The following amounts were owing by the Debtor to Waygar pursuant to the Credit Agreement as of February 1, 2023:

Beginning Balance (as of February 1, 2023)	\$48,377,477.42
Accrued Interest – 1 day	\$14,580.42
Accrued Unused Line Fee – 1 day	\$11.09
Monthly Monitoring Fee	\$3,000
Advances	-

Payments

-

TOTAL:

\$48,395,068.93¹

The Credit Facilities are repayable on demand upon the occurrence of an Event of Default. One or more Events of Default have occurred under the Credit Agreement, including, without limitation, the Debtor failing to pay the scheduled amounts of principal, interest and fees on the date when they become due. A demand for repayment of the Indebtedness has also been made of the Debtor and the other guarantors. A copy of the demand letter sent to the Debtor is enclosed here for your records and ease of reference.

Accordingly, on behalf of Waygar, we hereby make formal demand for payment of \$48,395,068.93 together with accruing interest and any and all costs and expenses (including, without limitation, any additional legal and other professional fees) incurred by Waygar (collectively, the “**Indebtedness**”). Payment is required to be made immediately. Interest continues to accrue on the Indebtedness at the rates established by the Credit Agreement and any other agreement, as applicable.

If payment of the Indebtedness is not received immediately, Waygar shall take whatever steps it considers necessary or appropriate to collect and recover the amounts owing to it, including, without limitation, the commencement of legal proceedings against you in the Ontario Superior Court of Justice, in which case Waygar will also seek all costs it incurs in doing so.

On behalf of Waygar, we also enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA Notice**”). Waygar hereby reserves its rights to initiate proceedings within the ten (10) day period set out in the BIA Notice, if circumstances warrant such proceedings.

Yours truly,

AIRD & BERLIS LLP



Steven L. Graff

e.c. Client

Matilda Lici

Chris Besant (cbesant@grllp.com)

¹ This amount does not include any accruing interest from and after February 1, 2023, or costs and expenses (including any legal and other professional fees) incurred by Waygar.

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))
DELIVERED BY COURIER AND EMAIL

To: **Weston Hardwood Design Centre Inc.**
250 Vaughan Valley Blvd
Woodbridge, ON L4H 3C3
Insolvent company / person

TAKE NOTICE that:

1. Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. ("**Waygar**"), a secured creditor, intends to enforce its security on the property, assets and undertakings of Weston Hardwood Design Centre Inc. (the "**Debtor**"), including, without limiting the generality of the foregoing, all the equipment, accounts, proceeds, books and records, inventory, leaseholds and all other personal and real property of the Debtor.
2. The security that is to be enforced (the "**Security**") is in the form of, *inter alia*, a general security agreement dated October 10, 2019, which grants to Waygar, amongst other things, a security interest in any of and all of the property, assets and undertakings of the Debtor.
3. As of February 1, 2023, the total amount of indebtedness secured by the Security was **\$48,395,068.93** in principal and interest, plus accruing interest and recovery costs of Waygar (including, without limitation, Waygar's legal and other professional fees).
4. Waygar will not have the right to enforce the Security until after the expiry of the ten (10) day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Toronto this 1st day of February 2023.

WAYGAR CAPITAL INC.
by its lawyers, **Aird & Berlis LLP**



Per:

Steven L. Graff

Brookfield Place, Suite 1800
181 Bay Street, Toronto, ON M5J 2T9
Tel: 416-863-1500/Fax: 416-863-1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

51903558.3

AIRD BERLIS

February 1, 2023

DELIVERED VIA COURIER AND EMAIL

Malvern Contract Interiors Limited
505 Cityview Boulevard, Unit 1
Vaughan, ON L4H 0L8

Attn: Juliet Neely
John Anthony Pacione (jpacione@qsg.ca)
Joseph Douglas Pacione (jdp@qsg.ca)

Dear Sirs and Madam:

Re: Indebtedness and liabilities of Quality Rugs of Canada Limited (the “Debtor”) to Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. (“Waygar” or the “Lender”), as guaranteed by Malvern Contract Interiors Limited (“Malvern”), among others

We are the lawyers for the Lender in connection with its lending arrangements with the Debtor.

The Debtor is indebted to Waygar with respect to certain credit facilities (collectively, the “**Credit Facilities**”) made available by Waygar to the Debtor pursuant to and under the terms of a loan agreement dated October 10, 2019, as subsequently amended by amending agreements dated April 8, 2021, May 6, 2021, May 31, 2021, September 22, 2021 and August 14, 2022, respectively (the “**Credit Agreement**”).

Pursuant to, *inter alia*, an Unlimited Guarantee Agreement dated October 10, 2019 and a General Security Agreement dated October 10, 2019, Malvern became a guarantor of the obligations of the Debtor.

The following amounts were owing by the Debtor to Waygar pursuant to the Credit Agreement as of February 1, 2023:

Beginning Balance (as of February 1, 2023)	\$48,377,477.42
Accrued Interest – 1 day	\$14,580.42
Accrued Unused Line Fee – 1 day	\$11.09
Monthly Monitoring Fee	\$3,000
Advances	-

Payments

-

TOTAL:

\$48,395,068.93¹

The Credit Facilities are repayable on demand upon the occurrence of an Event of Default. One or more Events of Default have occurred under the Credit Agreement, including, without limitation, the Debtor failing to pay the scheduled amounts of principal, interest and fees on the date when they become due. A demand for repayment of the Indebtedness has also been made of the Debtor and the other guarantors. A copy of the demand letter sent to the Debtor is enclosed here for your records and ease of reference.

Accordingly, on behalf of Waygar, we hereby make formal demand for payment of \$48,395,068.93 together with accruing interest and any and all costs and expenses (including, without limitation, any additional legal and other professional fees) incurred by Waygar (collectively, the "**Indebtedness**"). Payment is required to be made immediately. Interest continues to accrue on the Indebtedness at the rates established by the Credit Agreement and any other agreement, as applicable.

If payment of the Indebtedness is not received immediately, Waygar shall take whatever steps it considers necessary or appropriate to collect and recover the amounts owing to it, including, without limitation, the commencement of legal proceedings against you in the Ontario Superior Court of Justice, in which case Waygar will also seek all costs it incurs in doing so.

On behalf of Waygar, we also enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA Notice**"). Waygar hereby reserves its rights to initiate proceedings within the ten (10) day period set out in the BIA Notice, if circumstances warrant such proceedings.

Yours truly,

AIRD & BERLIS LLP



Steven L. Graff

e.c. Client

Matilda Lici

Chris Besant (cbesant@grllp.com)

¹ This amount does not include any accruing interest from and after February 1, 2023, or costs and expenses (including any legal and other professional fees) incurred by Waygar.

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))
DELIVERED BY COURIER AND EMAIL

To: **Malvern Contract Interiors Limited**
505 Cityview Boulevard, Unit 1
Vaughan, ON L4H 0L8
Insolvent company / person

TAKE NOTICE that:

1. Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. ("**Waygar**"), a secured creditor, intends to enforce its security on the property, assets and undertakings of Malvern Contract Interiors Limited (the "**Debtor**"), including, without limiting the generality of the foregoing, all the equipment, accounts, proceeds, books and records, inventory, leaseholds and all other personal and real property of the Debtor.
2. The security that is to be enforced (the "**Security**") is in the form of, *inter alia*, a general security agreement dated October 10, 2019, which grants to Waygar, amongst other things, a security interest in any of and all of the property, assets and undertakings of the Debtor.
3. As of February 1, 2023, the total amount of indebtedness secured by the Security was **\$48,395,068.93** in principal and interest, plus accruing interest and recovery costs of Waygar (including, without limitation, Waygar's legal and other professional fees).
4. Waygar will not have the right to enforce the Security until after the expiry of the ten (10) day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Toronto this 1st day of February 2023.

WAYGAR CAPITAL INC.
by its lawyers, **Aird & Berlis LLP**



Per:

Steven L. Graff

Brookfield Place, Suite 1800
181 Bay Street, Toronto, ON M5J 2T9
Tel: 416-863-1500/Fax: 416-863-1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

51903344.3

AIRD BERLIS

February 1, 2023

DELIVERED VIA COURIER AND EMAIL

Ontario Flooring Ltd.
250 Vaughan Valley Blvd
Woodbridge, ON L4H 3C3

Attn: Joseph R. Pacione (jrpacione@qsg.ca)

Dear Sir:

Re: Indebtedness and liabilities of Quality Rugs of Canada Limited (the “Debtor”) to Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. (“Waygar” or the “Lender”), as guaranteed by Ontario Flooring Ltd. (“OFL”), among others

We are the lawyers for the Lender in connection with its lending arrangements with the Debtor.

The Debtor is indebted to Waygar with respect to certain credit facilities (collectively, the “**Credit Facilities**”) made available by Waygar to the Debtor pursuant to and under the terms of a loan agreement dated October 10, 2019, as subsequently amended by amending agreements dated April 8, 2021, May 6, 2021, May 31, 2021, September 22, 2021 and August 14, 2022, respectively (the “**Credit Agreement**”).

Pursuant to, *inter alia*, an Unlimited Guarantee Agreement dated October 10, 2019 and a General Security Agreement dated October 10, 2019, OFL became a guarantor of the obligations of the Debtor.

The following amounts were owing by the Debtor to Waygar pursuant to the Credit Agreement as of February 1, 2023:

Beginning Balance (as of February 1, 2023)	\$48,377,477.42
Accrued Interest – 1 day	\$14,580.42
Accrued Unused Line Fee – 1 day	\$11.09
Monthly Monitoring Fee	\$3,000
Advances	-

Payments

-

TOTAL:

\$48,395,068.93¹

The Credit Facilities are repayable on demand upon the occurrence of an Event of Default. One or more Events of Default have occurred under the Credit Agreement, including, without limitation, the Debtor failing to pay the scheduled amounts of principal, interest and fees on the date when they become due. A demand for repayment of the Indebtedness has also been made of the Debtor and the other guarantors. A copy of the demand letter sent to the Debtor is enclosed here for your records and ease of reference.

Accordingly, on behalf of Waygar, we hereby make formal demand for payment of \$48,395,068.93 together with accruing interest and any and all costs and expenses (including, without limitation, any additional legal and other professional fees) incurred by Waygar (collectively, the "**Indebtedness**"). Payment is required to be made immediately. Interest continues to accrue on the Indebtedness at the rates established by the Credit Agreement and any other agreement, as applicable.

If payment of the Indebtedness is not received immediately, Waygar shall take whatever steps it considers necessary or appropriate to collect and recover the amounts owing to it, including, without limitation, the commencement of legal proceedings against you in the Ontario Superior Court of Justice, in which case Waygar will also seek all costs it incurs in doing so.

On behalf of Waygar, we also enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA Notice**"). Waygar hereby reserves its rights to initiate proceedings within the ten (10) day period set out in the BIA Notice, if circumstances warrant such proceedings.

Yours truly,

AIRD & BERLIS LLP



Steven L. Graff

e.c. Client

Matilda Lici

Chris Besant (cbesant@grllp.com)

¹ This amount does not include any accruing interest from and after February 1, 2023, or costs and expenses (including any legal and other professional fees) incurred by Waygar.

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))
DELIVERED BY COURIER AND EMAIL

To: **Ontario Flooring Ltd.**
250 Vaughan Valley Blvd
Woodbridge, ON L4H 3C3
Insolvent company / person

TAKE NOTICE that:

1. Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. ("**Waygar**"), a secured creditor, intends to enforce its security on the property, assets and undertakings of Ontario Flooring Ltd. (the "**Debtor**"), including, without limiting the generality of the foregoing, all the equipment, accounts, proceeds, books and records, inventory, leaseholds and all other personal and real property of the Debtor.
2. The security that is to be enforced (the "**Security**") is in the form of, *inter alia*, a general security agreement dated October 10, 2019, which grants to Waygar, amongst other things, a security interest in any of and all of the property, assets and undertakings of the Debtor.
3. As of February 1, 2023, the total amount of indebtedness secured by the Security was **\$48,395,068.93** in principal and interest, plus accruing interest and recovery costs of Waygar (including, without limitation, Waygar's legal and other professional fees).
4. Waygar will not have the right to enforce the Security until after the expiry of the ten (10) day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Toronto this 1st day of February 2023.

WAYGAR CAPITAL INC.
by its lawyers, **Aird & Berlis LLP**



Per:

Steven L. Graff

Brookfield Place, Suite 1800
181 Bay Street, Toronto, ON M5J 2T9
Tel: 416-863-1500/Fax: 416-863-1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

51903605.3

AIRD BERLIS

February 1, 2023

DELIVERED VIA COURIER AND EMAIL

Quality Commercial Carpet Corporation

505 Cityview Blvd, Unit 1
Vaughan, ON L4H 0L8

**Attn: Joseph R. Pacione (jrpacione@qsg.ca)
Joseph Rocco Jr. Pacione**

Dear Sirs:

Re: Indebtedness and liabilities of Quality Rugs of Canada Limited (the “Debtor”) to Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. (“Waygar” or the “Lender”), as guaranteed by Quality Commercial Carpet Corporation (“QCCC”), among others

We are the lawyers for the Lender in connection with its lending arrangements with the Debtor.

The Debtor is indebted to Waygar with respect to certain credit facilities (collectively, the “**Credit Facilities**”) made available by Waygar to the Debtor pursuant to and under the terms of a loan agreement dated October 10, 2019, as subsequently amended by amending agreements dated April 8, 2021, May 6, 2021, May 31, 2021, September 22, 2021 and August 14, 2022, respectively (the “**Credit Agreement**”).

Pursuant to, *inter alia*, an Unlimited Guarantee Agreement dated October 10, 2019 and a General Security Agreement dated October 10, 2019, QCCC became a guarantor of the obligations of the Debtor.

The following amounts were owing by the Debtor to Waygar pursuant to the Credit Agreement as of February 1, 2023:

Beginning Balance (as of February 1, 2023)	\$48,377,477.42
Accrued Interest – 1 day	\$14,580.42
Accrued Unused Line Fee – 1 day	\$11.09
Monthly Monitoring Fee	\$3,000
Advances	-

Payments

-

TOTAL:

\$48,395,068.93¹

The Credit Facilities are repayable on demand upon the occurrence of an Event of Default. One or more Events of Default have occurred under the Credit Agreement, including, without limitation, the Debtor failing to pay the scheduled amounts of principal, interest and fees on the date when they become due. A demand for repayment of the Indebtedness has also been made of the Debtor and the other guarantors. A copy of the demand letter sent to the Debtor is enclosed here for your records and ease of reference.

Accordingly, on behalf of Waygar, we hereby make formal demand for payment of \$48,395,068.93 together with accruing interest and any and all costs and expenses (including, without limitation, any additional legal and other professional fees) incurred by Waygar (collectively, the "**Indebtedness**"). Payment is required to be made immediately. Interest continues to accrue on the Indebtedness at the rates established by the Credit Agreement and any other agreement, as applicable.

If payment of the Indebtedness is not received immediately, Waygar shall take whatever steps it considers necessary or appropriate to collect and recover the amounts owing to it, including, without limitation, the commencement of legal proceedings against you in the Ontario Superior Court of Justice, in which case Waygar will also seek all costs it incurs in doing so.

On behalf of Waygar, we also enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA Notice**"). Waygar hereby reserves its rights to initiate proceedings within the ten (10) day period set out in the BIA Notice, if circumstances warrant such proceedings.

Yours truly,

AIRD & BERLIS LLP



Steven L. Graff

e.c. Client

Matilda Lici

Chris Besant (cbesant@grllp.com)

¹ This amount does not include any accruing interest from and after February 1, 2023, or costs and expenses (including any legal and other professional fees) incurred by Waygar.

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))
DELIVERED BY COURIER AND EMAIL

To: **Quality Commercial Carpet Corporation**
505 Cityview Blvd, Unit 1
Vaughan, ON L4H 0L8
Insolvent company / person

TAKE NOTICE that:

1. Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P. (“**Waygar**”), a secured creditor, intends to enforce its security on the property, assets and undertakings of Quality Commercial Carpet Corporation (the “**Debtor**”), including, without limiting the generality of the foregoing, all the equipment, accounts, proceeds, books and records, inventory, leaseholds and all other personal and real property of the Debtor.
2. The security that is to be enforced (the “**Security**”) is in the form of, *inter alia*, a general security agreement dated October 10, 2019, which grants to Waygar, amongst other things, a security interest in any of and all of the property, assets and undertakings of the Debtor.
3. As of February 1, 2023, the total amount of indebtedness secured by the Security was **\$48,395,068.93** in principal and interest, plus accruing interest and recovery costs of Waygar (including, without limitation, Waygar’s legal and other professional fees).
4. Waygar will not have the right to enforce the Security until after the expiry of the ten (10) day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Toronto this 1st day of February 2023.

WAYGAR CAPITAL INC.
by its lawyers, **Aird & Berlis LLP**



ePer:

Steven L. Graff

Brookfield Place, Suite 1800
181 Bay Street, Toronto, ON M5J 2T9
Tel: 416-863-1500/Fax: 416-863-1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

51903684.3

AIRD BERLIS

This is Exhibit "N" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:

Matilda Lici

7CE576F4AA3D4CA...

A Commissioner, etc.

Matilda Lici

CREDIT AGREEMENT AMENDMENT AND ACCOMMODATION AGREEMENT

THIS AGREEMENT (this “**Agreement**”) is made as of this 14th day of February, 2023.

A M O N G S T:

**WAYGAR CAPITAL INC., as Agent for
Ninepoint Canadian Senior Debt Master Fund L.P.**

(hereinafter referred to as the “**Lender**”)

- and -

QUALITY RUGS OF CANADA LIMITED

(hereinafter referred to as the “**Borrower**”)

- and -

**MALVERN CONTRACT INTERIORS LIMITED, WESTON HARDWOOD DESIGN
CENTRE INC., ONTARIO FLOORING LTD., TIMELINE FLOORS INC., QUALITY
COMMERCIAL CARPET CORPORATION, JOSEPH DOUGLAS PACIONE
HOLDINGS LTD., JOHN ANTHONY PACIONE HOLDINGS LTD., JOPAC
ENTERPRISES LIMITED, and PATJO HOLDINGS INC.**

(hereinafter referred to together as the “**Guarantors**” and,
together with the Borrower, the “**Credit Parties**”)

RECITALS:

WHEREAS the Borrower is indebted to the Lender with respect to certain loans (the “**Credit Facilities**”) made available by the Lender to the Borrower pursuant to and under the terms of the loan agreement, as amended, as set out in **Schedule “A”** hereto (collectively, the “**Credit Agreement**”);

AND WHEREAS the Borrower’s obligations to the Lender have been guaranteed by the Guarantors pursuant to, amongst other things, the terms of the guarantee agreements more particularly set out in **Schedule “B”** hereto (the “**Guarantees**”);

AND WHEREAS, to secure the Credit Parties’ obligations to the Lender, including, without limitation, those arising under the Credit Agreement and the Guarantees, the Credit Parties have provided security in favour of the Lender, including, without limitation, the security set out in **Schedule “C”** hereto (collectively, the “**Security**”);

AND WHEREAS the Credit Facilities are repayable on demand upon the occurrence of an event of default, certain events of default have occurred pursuant to the Credit Agreement (the

“**Existing Defaults**”) and the Lender has demanded repayment of the Indebtedness (as defined herein) pursuant to demand letters dated February 1, 2023, and has delivered Notices of Intention to Enforce Security, as applicable, pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”);

AND WHEREAS the Credit Parties have requested and the Lender has agreed to forbear from taking certain actions under the Credit Agreement, the Guarantees and the Security in connection with the defaults of the Borrower existing to the date hereof and has agreed to continue to extend the Credit Facilities to the Borrower, all solely on the terms and conditions and subject to the limitations as specified in this Agreement, so that the Borrower has the opportunity to remain in business with a view to repaying the Lender in full on or before the expiry of the Accommodation Period (as defined herein);

NOW THEREFORE in consideration of the respective covenants of the parties hereto as herein contained, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, all terms defined in the Credit Agreement and not otherwise defined herein shall have the respective meanings ascribed to them in the Credit Agreement. All monetary amounts referred to in this Agreement shall refer to Canadian currency.

1.2 Gender and Number

Words importing the singular include the plural and vice versa and words importing gender include all genders.

1.3 Severability

Each of the provisions contained in this Agreement is distinct and severable, and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement.

1.4 Headings

The division of this Agreement into articles, sections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Entire Agreement

Except for the Financing Agreements (as defined herein) and the additional documents provided for herein, this Agreement constitutes the entire agreement of the parties and supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, relating to the subject matter hereof. This Agreement may not be amended or modified except by written consent executed by all the parties. No provision of this Agreement will be deemed waived by any course of conduct unless such waiver is in writing and signed by all the parties, specifically stating that it is intended to modify this Agreement.

1.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to any conflicts of law or principles of comity.

1.7 Attornment

Each party hereto irrevocably attorns to the exclusive jurisdiction of the Superior Court of Justice of the Province of Ontario in the City of Toronto for all matters arising out of or in connection with this Agreement.

1.8 Conflicts

If there is any inconsistency or conflict between the terms of this Agreement and the terms of the Credit Agreement, the Guarantees or the Security or any other agreement executed in connection therewith (collectively, the “**Financing Agreements**”), the provisions of this Agreement shall prevail to the extent of the inconsistency, but the foregoing shall not apply to limit or restrict in any way the rights and remedies of the Lender under the Financing Agreements or this Agreement other than as may be specifically contemplated herein.

1.9 Amendments

The terms of this Agreement may only be waived, amended, modified or supplemented by an agreement in writing signed by all the parties hereto.

ARTICLE 2 ACKNOWLEDGEMENT AND CONFIRMATION

2.1 Acknowledgement of Obligations

- (a) The Borrower hereby acknowledges, confirms and agrees that, as of the close of business on January 25, 2023, the Borrower was indebted to the Lender in the aggregate amount of \$48,279,911.61, for principal and interest. This amount, together with any increases in principal as well as all interest that accrues from and after January 25, 2023, and costs and expenses, including any legal and other professional fees incurred by Waygar, including, without limitation, the Further

Advances (as that term is defined in section 4.5 below) shall be collectively referred to herein as the “**Indebtedness**”. The Indebtedness is unconditionally payable by the Borrower to the Lender under the Financing Agreements.

- (b) Each of the Credit Parties hereby acknowledges, confirms and agrees that the Indebtedness, together with interest accrued and accruing thereon, and fees, costs, expenses and other charges now or hereafter properly payable by the Borrower to the Lender under the Financing Agreements, is unconditionally owing by the Borrower to the Lender, without any right of setoff, defence, counterclaim or reduction of any kind, nature or description whatsoever, and the Borrower is estopped from disputing such Indebtedness.
- (c) Each of the Credit Parties hereby acknowledges, confirms and agrees that the Credit Parties will continue to accept statements of the Indebtedness issued by the Lender to be accurate statements of the amount and the particulars of the Indebtedness as of the date of the statement, absent manifest error;

2.2 Acknowledgement of Security Interests and Guarantees

- (a) Each of the Credit Parties hereby acknowledges, confirms and agrees that the Security, as applicable, has not been discharged, waived or varied, that it is binding upon the Credit Parties, as applicable, and that it is enforceable in accordance with its written terms until the obligations of the Credit Parties to the Lender have been indefeasibly paid and satisfied in full.
- (b) Each of the Guarantors hereby acknowledges, confirms and agrees that the Guarantees are and shall continue to be in full force and effect and are valid, binding and enforceable upon the Guarantors until the obligations of the Credit Parties to the Lender have been indefeasibly paid and satisfied in full, and that neither the execution of this Agreement nor any change to the Indebtedness occasioned hereby, or any other matter arising herefrom, shall in any way affect the continuing effectiveness or validity of the Guarantees.

2.3 Acknowledgement of Demands and Notice of Intention to Enforce Security

Each of the Credit Parties hereby acknowledges, confirms and agrees that each of the Credit Parties has, prior to the execution and delivery of this Agreement, received from the Lender validly issued and delivered demand letters dated February 1, 2023 for the acceleration and payment of the Indebtedness (collectively, the “**Demands**”). Each of the Credit Parties further acknowledges, confirms and agrees that each of them has, as of the date of this Agreement, received from the Lender a validly issued and delivered Notice of Intention to Enforce Security (collectively, the “**Notices**”) pursuant to section 244(1) of the BIA in respect of the Security and, by execution of this Agreement, each of the Credit Parties has waived the ten (10) day notice period required to enforce any security interest that may be required pursuant to section 244(1) of the BIA in respect of the Security and that, subject only to the terms of this Agreement, there is no further step required by the Lender in order to enforce the Security. Each of the Credit Parties further

acknowledges that nothing in this Agreement shall constitute a waiver or revocation of the Demands or the Notices.

2.4 Acknowledgement of Rights

Each of the Credit Parties hereby acknowledges, confirms and agrees that the Lender is entitled to exercise its rights and remedies under the Financing Agreements, the *Personal Property Security Act* (Ontario) (the “PPSA”) and other applicable law.

2.5 Acknowledgement of Certain Events of Default

Each of the Credit Parties hereby acknowledges, confirms and agrees that one or more events of default has occurred and is continuing pursuant to the provisions of the Financing Agreements, including, without limitation, the nonpayment when due of any principal and interest forming part of the Indebtedness.

2.6 Additional Acknowledgements

Each of the Credit Parties hereby acknowledges, confirms and agrees that:

- (a) the facts set out in the recitals to this Agreement are true and accurate and form part of this Agreement;
- (b) except as amended by this Agreement, the Financing Agreements will remain in full force and effect, unamended, except as provided for by this Agreement;
- (c) except as provided for in this Agreement, the Lender (either by itself or through its employees or agents) has made no promises, nor has it taken any action or omitted to take any action, that would constitute a waiver of its rights to enforce the Guarantees or the Security and pursue its remedies in respect of the obligations of the Credit Parties to the Lender, or that would stop it from doing so; and
- (d) to the date hereof, the Lender has acted in good faith and in a commercially reasonable manner, and each of the Credit Parties is estopped from disputing same.

2.7 Acknowledgment of appointment of the Lender’s Consultant

- (a) The Borrower hereby agrees to the engagement of The Fuller Landau Group Inc. (the “**Consultant**”) by the Lender as consultant to the Lender, in accordance with the terms substantially set out in the memorandum of agreement dated December 22, 2022 as subsequently supplemented by an addendum dated February 13, 2023, a copy of which is attached hereto as **Schedule “D”**, and shall execute such further agreements and consents as requested to fulfil its mandate. The Borrower hereby acknowledges and agrees that any and all costs and expenses relating to the Consultant shall be on account of the Borrower, and shall be paid by the Borrower as and when such costs and expenses become due.

- (b) The Lender acknowledges and agrees that the Consultant shall not have any decision-making responsibilities nor any management capacity, and shall not offer any advice or direction to, or exercise any degree of control over the business and affairs of, the Borrower, and shall not be responsible for any decisions or actions of the Borrower.

ARTICLE 3 CONDITIONS PRECEDENT

3.1 Conditions Precedent to the Effectiveness of this Agreement

This Agreement shall not be effective unless and until:

- (a) the Lender shall have received a copy of this Agreement, fully executed by each of the Credit Parties;
- (b) the Lender shall have received executed copies of all requisite documents relating to the Blocked Accounts (as that term is defined the Credit Agreement and/or the Blocked Accounts Agreement) maintained by the Credit Parties at The Toronto-Dominion Bank; and
- (c) the Lender shall have received a copy of the executed engagement letter with the Consultant.

ARTICLE 4 ACCOMMODATION CONDITIONS

4.1 Accommodation

Unless an Intervening Event (as hereinafter defined and pursuant to section 7.1 of this Agreement) occurs under this Agreement, and in reliance upon the acknowledgements, representations, warranties and covenants of the Credit Parties contained in this Agreement, and subject to the terms and conditions of this Agreement, and any documents executed in connection herewith, the Lender agrees to forbear from exercising its rights and remedies under the Credit Agreement, the Security, the PPSA, the Mortgages Act and other applicable law, until the earlier of:

- (a) May 12, 2023; or
- (b) the occurrence of an Intervening Event (as defined herein and pursuant to section 7.1 of this Agreement), which results in the Lender terminating this Agreement, (the “**Accommodation Period**”).

4.2 Expiration or Termination of the Accommodation Period

Upon the expiration or termination of the Accommodation Period, the agreement of the Lender to accommodate shall automatically and without further action terminate and be of no

further force and effect, it being expressly agreed that the effect of such expiration or termination will be to permit the Lender to exercise its rights and remedies under the Financing Agreements, this Agreement, and any other agreement or documents executed in connection herewith immediately, including, without limitation: (i) the exercise of all remedies available pursuant to the Financing Agreements; (ii) the acceleration of all the obligations of the Borrower to the Lender without any further notice, passage of time or forbearance of any kind; (iii) the appointment of a private or court-appointed receiver (at the Lender's option) under the Security; and (iv) the making of an application to a court of competent jurisdiction, in accordance with section 1.7 of this Agreement, to enforce any private or other remedies available to the Lender, or to seek the appointment by such court of a trustee in bankruptcy of any of the Credit Parties.

4.3 Tolling

- (a) As of the date hereof and continuing until the expiration or termination of the Accommodation Period, as applicable, and thereafter until the termination of the tolling arrangements in the manner provided for at section 4.3(b) herein (and notwithstanding the issued Demands and Notices delivered by the Lender), the Lender and each of the Credit Parties hereby agree to toll and suspend the running of the applicable statutes of limitations, laches and other doctrines related to the passage of time in relation to the Indebtedness, the Guarantees, the Security and any entitlements arising from the Indebtedness, the Guarantees or the Security and any other related matters, and each of the parties confirms that that this Agreement is intended to be an agreement to suspend or extend the basic limitation period, provided by section 4 of the *Limitations Act, 2002*, S.O. 2002, c. 24, Sched. B (the "**Limitations Act**") as well as the ultimate limitation period provided by section 15 of the Limitations Act in accordance with the provisions of section 22(2) of the Limitations Act and as a business agreement in accordance with the provisions of section 22(5) of the Limitations Act and any contractual time limitations on the commencement of proceedings, any claims or defences based upon such application statute of limitations, contractual limitations or any time related doctrine including waiver, estoppel or laches.
- (b) The tolling provisions of this Agreement will terminate upon any of its parties providing the others with 60 days' written notice of an intention to terminate the tolling provisions hereof and, upon the expiry of such 60 days' notice, any time provided for under the statute of limitations, laches, or any other doctrine related to the passage of time in relation to the Indebtedness, the Guarantees, the Security, or any claims arising thereunder, will recommence running as of such date, and for greater certainty, the time during which the parties agree to the suspension of the limitation period pursuant to the tolling provisions of this Agreement shall not be included in the computation of any limitation period.

4.4 No Other Waivers; Reservation of Rights

Subject to the terms and conditions of this Agreement, the Lender reserves the right, in its sole and absolute discretion, to exercise any or all of its rights or remedies under any one or more of the Financing Agreements, the PPSA, the Mortgages Act or other applicable law, and the Lender

has not waived any such rights or remedies, and nothing in this Agreement and no delay on the part of the Lender in exercising any such rights or remedies, shall be construed as a waiver of any such rights or remedies.

4.5 Further Advances

- (a) Notwithstanding the Existing Defaults, subject to the terms and conditions contained herein, the Lender shall continue to make advances to the Borrower (the “**Further Advances**”) to fund the operations of the business over the course of the Cash Flow Period (defined below), which Further Advances shall not exceed, unless the Lender otherwise agrees in writing, the aggregate sum of \$2,500,000 over and above the Indebtedness, and which shall be advanced to the Borrower in accordance with the 12 week cash flow forecast prepared by the Consultant, as attached hereto as **Schedule “E”** (the “**Cash Flow Forecast**”; the 12 week period to which it relates, the “**Cash Flow Period**”).
- (b) As modeled in the Cash Flow Forecast, the Borrower shall request, and the Lender shall advance, the Further Advances pursuant to the following limitations:
 - (i) in the ordinary course, the draw(s) in any given week during the Cash Flow Period shall not exceed a maximum of \$250,000, except that any portion of the weekly advance limit of \$250,000 that is not actually drawn in a given week may be carried forward only to the following week once (and, for greater certainty, not beyond the following week) and used by the Borrower in the following week of the Cash Flow Period, such that the draw(s) over any two-week period shall not exceed a maximum of \$500,000; and
 - (ii) the Borrower will deliver a weekly draw request on the Wednesday of each week during the Cash Flow Period for the Lender to fund on the Friday of that week. In addition, the Borrowers will provide the Lender with full and complete informational disclosure relating to the operations and finances of the Borrower, including full transparency on its receipt and disbursement bank accounts at The Toronto-Dominion Bank, and the Credit Parties shall execute the necessary bank forms and other documents to accomplish same contemporaneously with the execution of this Agreement.
- (c) The Further Advances shall be governed by and subject to the terms and conditions of the Credit Agreement (as expressly modified herein). The Further Advances shall be advanced and used solely and strictly in accordance with the Cash Flow Forecast, or for such other purposes as are approved by the Lender in writing. The Lender acknowledges that there may be variances between actual cash flow and that contained in the Cash Flow Forecast due to timing differences and cost variances of a non-material nature. However, the Lender reserves the right, in its sole discretion and in accordance with section 7.1(d), to assert that there has been a breach under this agreement based on the failure to adhere to the Cash Flow Forecast as contemplated.

4.6 Amendments to Credit Agreement

- (a) In accordance with section 4.5, subsection 3(a) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:
 - “(a) Revolving working capital loan in the principal amount of up to a maximum of Fifty Two Million and Five Hundred Thousand Dollars (\$52,500,000) (“Facility A”).”
- (b) During the pendency of the Accommodation Period, section 7 of the Credit Agreement shall not apply to or in any way govern the Further Advances in section 4.5 of this Agreement.
- (c) For greater certainty, the right to interest at the Default Rate (as that term is defined in the Credit Agreement) under the Credit Agreement shall not apply during the Cash Flow Period and interest shall continue to be paid during the Cash Flow Period at the non-default rate specified in the Credit Agreement, as amended.

4.7 Security

The Further Advances shall form part of the Credit Parties’ obligations under the Financing Agreements and shall be secured by the Security.

4.8 Sale and Investment Solicitation Process

During the Accommodation Period, the Credit Parties shall effect a sale of the Borrower’s assets or other process intended to raise capital, on terms acceptable to the Lender, which transaction must be completed by May 12, 2023 (the “**Sale Process**”), the details of which are set out in the Engagement Letter of Alvarez & Marsal Canada Securities ULC (“**A&M**”), a copy of which is attached hereto as **Schedule “F”** hereto. The Borrower agrees to provide the Lender and agrees to A&M providing the Lender with regular updates on the status of the Sale Process, at a frequency of the Lender’s request.

4.9 Additional Funding

If, in the reasonable opinion of A&M, in order to preserve the going concern value of the business of the Borrower, the Borrower is projected to require Further Advances funding for operations over the course of the entire Cash Flow Period beyond that which is contemplated in the Cash Flow Forecast, the Lender shall have a right of first offer to lend such funds to the Borrower and shall advise the Borrower of its decision in this regard within 5 Business Days of receiving such opinion from A&M. During the Cash Flow Period, the Borrower may solicit other third-party lenders to lend such funds with such assistance of A&M as the Borrower may request, provided such funding shall only be effected upon the granting of consent by the Lender.

4.10 Notice of Intention to Commence Restructuring Proceedings

During the currency of this Agreement, the Lender and the Borrower agree, respectively, that they shall not, in the case of the Lender, seek the appointment of a receiver or receiver and

manager (the “**Receiver**”) over the Borrower, and, in the case of the Borrower, file any plan of arrangement or compromise under the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36 (the “**CCAA**”) or commence any proposal proceedings under the BIA, without providing the other party at least 7 days’ notice of its intention to proceed in the aforementioned manner. Nothing in this Agreement shall be deemed to foreclose the ability of the Lender to bring a counter-application for relief, including for the appointment of a receiver, over the Borrower in response to such notice from the Borrower. Similarly, nothing in the Agreement derogates from the Lender’s ability to apply for the appointment of an interim receiver, if circumstances warrant, without notice to the Borrower or any other credit party. In addition, nothing in this Agreement shall be deemed to foreclose the ability of the Borrower to file for protection from its creditors pursuant to the BIA or bring an application for protection from its creditors pursuant to the terms of the CCAA upon receipt of such notice from the Lender. Nothing herein derogates from section 69(2) of the BIA. For greater certainty, nothing in this section precludes the Lender from its right to immediately terminate this Agreement according to the terms hereof.

4.11 Good Faith

The parties to this Agreement shall endeavour to cooperate with each other in good faith in furtherance of, and to make effective, the restructuring and continuation of the Borrower’s business as a going concern, and shall continue to do so until such time as the obligations of the Borrower to the Lender have been repaid indefeasibly and in full.

ARTICLE 5 REPORTING

5.1 Reporting Requirements

The Borrower hereby agrees to cooperate with the Consultant (or such other consultant as agreed to by the Lender, acting reasonably) and shall execute such further agreements and consents as requested by the Lender and the Consultant in order for the Consultant to fulfil its mandate through the pendency of the Accommodation Period.

During the Accommodation Period, the Borrower agrees to continue to honour the reporting requirements as previously agreed with the Lender in the Financing Agreements, or as amended herein, and shall continue to do so until such time as the obligations of the Borrower to the Lender have been indefeasibly repaid in full.

5.2 Weekly Reports

During the Accommodation Period and without limitation, the Borrower shall deliver to the Lender and the Consultant, on a weekly basis, a revised rolling 12-week cash flow statement, along with the prior week’s actual results compared to the projection and a narrative analysis of the Borrower’s performance for the preceding week and a description of reasons for any variance arising in such period. The Borrower shall also provide its weekly borrowing base certificate prepared in accordance with current reporting practices setting out, among other things, weekly

accounts receivable and monthly inventory roll-forward schedules showing changes over the course of the prior period in respect of each.

ARTICLE 6
OBLIGATIONS OF THE CREDIT PARTIES
DURING THE ACCOMMODATION PERIOD

6.1 Full Co-Operation

During the Accommodation Period, each of the Credit Parties shall cooperate fully with the Lender and the Consultant, including, without limitation, by providing promptly all requested information, and by providing the Lender and the Consultant full access to the books, records, property, assets and personnel of the Credit Parties wherever they may be situated and in whatever medium they may be recorded, at the request of and at times convenient to any such party, acting reasonably, which right of access shall include the right to inspect and appraise such property and assets.

6.2 Payment and Other Obligations

Each of the Credit Parties hereby covenants and agrees with the Lender to reimburse the Lender for all reasonable expenses, including, without limitation, actual legal and other professional expenses that the Lender has incurred or will incur arising out of its dealings with any of the Credit Parties and in the protection, preservation and enforcement of the Security and/or the Guarantees, as applicable, including, without limitation, the actual fees and expenses of the Lender's solicitors, Aird & Berlis LLP, and the Consultant (collectively, the "**Professional Expenses**"), and that the Professional Expenses shall be for the account of the Borrower and shall be paid by the Borrower upon delivery to the Borrower of invoices evidencing the Professional Expenses, or payment will otherwise be made by the Lender for later repayment by the Borrower by no later than the expiration or termination of the Accommodation Period. Nothing in this Agreement shall derogate from the Credit Parties' obligation to pay for all the Professional Expenses or shall constitute a cap on Professional Expenses.

6.3 Additional Covenants

For the duration of the Accommodation Period, each of the Credit Parties hereby covenants and agrees with the Lender as follows:

- (a) each of the Credit Parties shall ensure that all revenue of the Borrower and all proceeds of its receivables shall be deposited into any of the Credit Parties' collection and receipts accounts maintained at The Toronto-Dominion Bank or any other institution agreed to by Waygar, including, without limitation, **account no. [REDACTED]** in the name of Quality Rugs of Canada Limited at branch no. 14822, **account no. [REDACTED]** in the name of Malvern Contract Interiors Limited at branch no. 14822, **account no. [REDACTED]** in the name of Timeline Floors Inc. at branch no. 14822, and **account no. [REDACTED]** in the name of Weston Hardwood Design Centre Inc. at branch no. 14822, forthwith upon receipt, until all amounts owed to the Lender are indefeasibly repaid in full;

- (b) the Borrower shall continue to operate the receipt and disbursement accounts referenced at section 6.3(a) in the manner consistent with the manner in which it has been operating them to date. To the extent that those accounts or the Blocked Accounts (as that term is defined in the Credit Agreement) may have been previously operated in, or continue—during the Cash Flow Period—to be operated in, a manner that is inconsistent with that which is prescribed in the Credit Agreement and the Blocked Accounts Agreement (as that term is defined in the Credit Agreement), such inconsistent operation shall in no way constitute a waiver of any and all of the Lender’s rights and remedies under the Credit Agreement, the Blocked Accounts Agreement, and related security and any and all documents and agreements ancillary thereto. Without limitation, the Credit Parties shall sign all documents presented to them (or any of them) by the Lender to facilitate compliance with the operation of accounts as contemplated by the Financing Agreements, including the Blocked Accounts Agreement, provided that any implementation of changes to the current practices of the Borrower with respect to the operation of its accounts shall not take place during the pendency of the Accommodation Period. For greater certainty, the intention of the present arrangement is to provide for ongoing debt service on the Indebtedness to be paid from the accounts but for any additional cash flow generated during the Cash Flow Period to be used by the Borrower for its working capital requirements during the Cash Flow Period, except that the Lender shall be entitled to insist upon and resort to the operation of the accounts in the manner contemplated by the Credit Agreement and the Blocked Accounts Agreement immediately upon termination of the Accommodation Period;
- (c) the Credit Parties shall execute and deliver to the Lender any documentation deemed necessary by the Lender for the operation of the account management arrangement contemplated by the Credit Agreement and related documents;
- (d) the Borrower shall not open or maintain any other banking accounts with any institution other than its current financial institution without the Lender’s prior written consent;
- (e) each of the Credit Parties shall maintain its corporate existence as a valid and subsisting entity and shall not merge, amalgamate or consolidate with any other corporation, except with the Lender’s prior written consent;
- (f) except as specifically provided for herein, each of the Credit Parties shall comply in all respects with all terms and provisions of the Financing Agreements and this Agreement and nothing herein derogates therefrom.;
- (g) the Borrower shall deliver copies of all refinancing proposals (ie. letters of intent, commitment letters, term sheets) within two (2) days of receipt of same by the Borrower;
- (h) the Borrower shall comply with any and all cash management obligations and obligations to maintain insurance in accordance with the Financing Agreements;

- (i) the Borrower shall be responsible for paying the fees and out of pocket expenses of the Lender and, if the Borrower fails to do so, the amount of such fees and expenses will be added to the Indebtedness;
- (j) none of the Credit Parties shall, without the prior written consent of the Lender, make any distribution or payment to any person, corporation or other entity who does not deal with any of the Credit Parties at arm's length (as such term is defined in the *Income Tax Act* (Canada)), except for:
 - (i) payments of salary at levels not in excess of those now in effect;
 - (ii) payments to any landlord which are commercially reasonable and in accordance with the current lease agreement for the premises leased from such landlord; and
 - (iii) payments to ordinary suppliers in respect of any new purchase only from and after the date hereof arising in the ordinary course of the business of the Credit Parties that are commercially reasonable and are competitive with payments that would be required to be paid to a comparable supplier acting at arm's length;
- (k) the Credit Parties shall not, without the prior written consent of the Lender, make any loans or advance money or property to any other party (including, without limitation, any subsidiary or affiliate of the Credit Parties) or invest in (by capital contribution, dividend or otherwise) or purchase or repurchase the shares or indebtedness or all or a substantial part of the assets or property of any other party (including, without limitation, any subsidiary or affiliate of the Credit Parties), or guarantee, assume, endorse, or otherwise become responsible (directly or indirectly) for the indebtedness, performance, obligations or dividends of any other party (including, without limitation, any subsidiary or affiliate of the Credit Parties) or agree to do any of the foregoing, other than as required by the Financing Agreements;
- (l) none of the Credit Parties shall encumber, mortgage, hypothec, pledge or otherwise cause any form of lien or charge on any of their property or assets, including intangible and contingent assets, without the prior written consent of the Lender;
- (m) none of the Credit Parties shall, without the prior written consent of the Lender, repay any principal or interest which may be owing or become owing in connection with any shareholder or related party loan or any loan made by any party subordinate to the Lender, except for the following:
 - (i) payment to Joseph R. Pacione, in the amount of \$36,986.30, due on or about February 28, 2023, which the Borrower confirms and acknowledges is consistent with past practice regarding the remuneration of Joseph Pacione by the Borrower; and

- (ii) payment to Mohawk Carpet Distribution Inc., in the amount of \$172,276.68, due on or about Mach 31, 2023;
- (n) none of the Credit Parties shall, without the prior written consent of the Lender, make any distribution (whether by dividend or otherwise) or effect any return of capital on any investment made by any shareholder, or any party related to any shareholder, or any of the Credit Parties;
- (o) none of the Credit Parties shall, in any case (other than as permitted in Section 6.3(j) hereof) make any payment to any party if the financial position of any of the Credit Parties after making such payment would put any of the Credit Parties in a position of breach or default of its obligations under this Agreement or constitute an Intervening Event;
- (p) each of the Credit Parties shall keep current at all times all obligations that constitute priority obligations, meaning those obligations payable in priority to the obligations owed to the Lender (“**Priority Payables**”), including wages and remittances required to be made for taxes and other liabilities owed to federal, provincial and municipal governments, including, without limitation, property taxes and money owed in respect of employee source deductions pursuant to the *Canada Pension Plan Act* (Canada), *Employment Insurance Act* (Canada) and *Income Tax Act* (Canada), and in respect of HST, and the Credit Parties shall provide on a regular basis evidence of such payments satisfactory to the Lender, except that nothing in this section obligates the Borrower to Pay the Priority Payables other than in the ordinary course, at such times as required by law. Notwithstanding the forgoing, amounts owing for vacation pay and commissions owed to commissioned salespeople aggregating not in excess of \$250,000.00 may be paid at times that are subject to management discretion, acting reasonably, and provided further that any such amounts which are deferred by management shall be paid in full by May 1, 2023;
- (q) each of the Credit Parties shall take all steps required to cure any deficiencies, if any, in the Security and the Guarantees;
- (r) each of the Credit Parties shall give to the Lender prompt notice of any litigation, arbitration or administrative proceeding before or of any court, arbitration, tribunal or governmental authority affecting any of the assets, property or undertakings of any of the Credit Parties; and
- (s) unless otherwise agreed to herein, the Credit Parties shall not do any act or thing which may have the effect of defeating or delaying the enforcement of the Lender’s rights and remedies under the Security.

Each of the Credit Parties represents and warrants to the Lender that all the obligations of the Credit Parties with respect to employee wages and vacation pay are current as of the date of this Agreement and shall remain current throughout the Accommodation Period.

ARTICLE 7
INTERVENING EVENTS

7.1 Intervening Events

Upon the happening of any one of the following events (each an “**Intervening Event**”), the Accommodation Period shall forthwith terminate immediately on written notice to the Credit Parties or any of them:

- (a) the completion of a transaction undertaken pursuant to the Sale Process;
- (b) any material representation, warranty or statement made by any of the Credit Parties in this Agreement or any other agreement with the Lender was untrue or incorrect when made or becomes untrue or incorrect, other than those material representations, warranties or statements made by the Credit Parties which are untrue or incorrect and of which the Lender is aware of at the time of execution of this Agreement;
- (c) any of the Credit Parties fails to perform or comply with any of its covenants or obligations contained in this Agreement, any of the Financing Agreements or in any other agreement or undertaking with the Lender;
- (d) any cumulative negative variance in excess of 10% to the Cash Flow Forecast, which cumulative variance shall not be assessed until week 6 of the Cash Flow Period;
- (e) any of the Credit Parties fails to maintain and keep current payments of Priority Payables, which may result in any claim ranking in priority or *pari passu* to the claim of the Lender;
- (f) any of the Credit Parties defaults in timely payment of rentals or other charges due as rent in respect of any leased premises or equipment, subject to written accommodation by the landlord;
- (g) any of the Credit Parties defaults in the performance of any obligation under any of the Financing Agreements after the date hereof;
- (h) the occurrence of any other event which, in the opinion of the Lender, acting reasonably, may materially and adversely impact the priority or enforceability of the Security or the Guarantees, or the realizable value of the collateral subject to such Security;
- (i) the Security ceases to constitute a first-ranking, valid and perfected security interest against all assets of the Credit Parties;
- (j) the loss, damage, destruction or confiscation of any of the Credit Parties’ property or assets or any part thereof, unless upon such event, the Credit Parties pay to the

Lender forthwith such amount as the Lender, in its sole and absolute discretion, determines is satisfactory;

- (k) any person takes possession of any property of any of the Credit Parties by way of or in contemplation of enforcement of security, or a distress or execution or similar process levied or enforced against any property of any of the Credit Parties;
- (l) any change of ownership, control or management of any of the Credit Parties, without the Lender's prior written consent;
- (m) in the Lender's sole opinion, a material adverse change occurs in the business, affairs, financial condition, operation or ownership of any of the Credit Parties arising for any reason whatsoever;
- (n) any of the Credit Parties fails to maintain current insurance or other material contracts;
- (o) without the Lender's prior written consent, any of the Credit Parties ceases to carry on business in the normal course in the same manner as such business has previously been carried on or as specifically amended by this Agreement or commits or threatens to commit an act of bankruptcy;
- (p) without prior notice to Lender in accordance with section 4.10, any of the Credit Parties takes any action or commences any proceeding or any action or proceeding is taken or commenced by another person or persons against any of the Credit Parties relating to the reorganization, readjustment, compromise or settlement of the debts owed by any of the Credit Parties to its creditors where such reorganization, readjustment, compromise or settlement shall affect a substantial portion of any of the Credit Parties' assets or property, including, without limitation, the filing of a Notice of Intention to Make a Proposal under the BIA, the making of an order under the CCAA or the commencement of any similar action or proceeding by any party other than the Lender;
- (q) the filing of an application for a bankruptcy order against any of the Credit Parties pursuant to the provisions of the BIA by any party other than the Lender;
- (r) any of the Credit Parties fails to meet its payroll obligations or does not have sufficient funds available to fund its payroll obligations, or fails to produce evidence, satisfactory to the Lender, acting reasonably, of the availability of such funds to the Lender;
- (s) at any time any of the Credit Parties fails to operate and maintain sufficient funds to cover any and all items attempting to clear any of their bank accounts; and
- (t) any of the Credit Parties fails to meet any of its reporting requirements in accordance with section 5.1 of this Agreement.

ARTICLE 8 GENERAL PROVISIONS

8.1 Accommodation Fee

In consideration of the Lender entering into this Agreement, the Borrower shall pay to the Lender an accommodation fee of \$250,000 (the “**Accommodation Fee**”), which Accommodation Fee will be fully earned upon execution of this Agreement, and will be added to the balance of the Credit Facilities, but the Borrower shall not be required to remit payment of same during the Cash Flow Period. The Accommodation Fee is in addition to all other fees, interest, costs and expenses payable in connection with the Credit Agreement, the Security or this Agreement. For greater certainty, payment of the Accommodation Fee shall be paid upon the indefeasible repayment of the Indebtedness.

8.2 Effect of this Agreement

Except as modified pursuant hereto, no other changes or modifications to the terms of the Financing Agreements are intended or implied and in all other respects, the terms of the Financing Agreements are confirmed.

8.3 Further Assurances

The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable to give effect to the provisions and purposes of this Agreement, all at the sole expense of the Credit Parties.

8.4 Binding Effect

This Agreement shall be binding upon and enure to the benefit of each of the parties hereto and its respective successors and permitted assigns.

8.5 Survival of Representations and Warranties

All representations and warranties made in this Agreement or any other document furnished in connection herewith shall survive the execution and delivery of this Agreement and such other document delivered in connection herewith, and no investigation by the Lender or any closing shall affect the representations and warranties or the rights of the Lender to rely upon such representations and warranties.

8.6 Confidentiality

The Lender and its professional advisors shall be at liberty, in their sole discretion, to disclose any information obtained from the Credit Parties to any party or parties in order to recover amounts owed to the Lender by the Credit Parties.

8.7 Release

In consideration of the agreements of the Lender contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Credit Parties, on their behalf and on behalf of their successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably release, remise and forever discharge the Lender and each of its successors and assigns, participants, affiliates, subsidiaries, branches, divisions, predecessors, directors, officers, attorneys, employees, lenders and other representatives and advisors (the Lender and all such other persons being hereinafter referred to collectively as the “**Releasees**” and individually as a “**Releasee**”), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defences, rights of set-off, demands and liabilities whatsoever (individually, a “**Claim**” and collectively, “**Claims**”) of every name and nature, known or unknown, suspected or unsuspected, both arising at law and in equity, which any of the Credit Parties or any of their successors, assigns or other legal representatives may now own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Agreement, including, without limitation, for or on account of, or in relation to, or in any way in connection with, any of the Financing Agreements or transactions thereunder or related thereto.

8.8 No Novation

This Agreement will not discharge or constitute novation of any debt, obligation, covenant or agreement contained in the Credit Agreement or any of the Financing Agreements but the same shall remain in full force and effect save to the extent amended by this Agreement.

8.9 Notice

Without prejudice to any other method of giving notice, any notice required or permitted to be given to a party pursuant to this Agreement will be conclusively deemed to have been received by such party on the day of the sending of the notice by prepaid private courier to such party at its, his or her address noted below or by email at its, his or her email address noted below. Any party may change its, his or her address for service or address by notice given in the foregoing manner.

Notice to the Credit Parties shall be sent to:

c/o Quality Rugs of Canada Limited
505 Cityview Boulevard, Unit #1
Vaughan, ON L4H 0L8

Attention: John Pacione and Joseph Douglas Pacione
Email: jpacione@qsg.ca and jdp@qsg.ca

with a copy to:

Gardiner Roberts LLP
22 Adelaide St. W.
Toronto, ON M5H 4E3

Attention: Christopher Besant
Email: cbesant@grllp.com

Notice to the Lender shall be sent to:

Waygar Capital Inc.
372 Bay Street, Suite 901
Toronto, ON M5H 2W9

Attention: Don Rogers and James Bruce
Email: drogers@waygarcapital.com and James Bruce jbruce@waygarcapital.com

with a copy to:

Aird & Berlis LLP
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Attention: Steven L. Graff and Aaron Collins
Email: sgraff@airdberlis.com and acollins@airdberlis.com

8.10 Binding and Enforceable Agreement

In order for this Agreement to be binding and enforceable, it shall be signed by each of the Credit Parties by no later than 4:00 p.m. (Toronto time) on February 1, 2023.

8.11 Execution in Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and which taken together will be deemed to constitute one and the same instrument. Counterparts may be executed either in original or portable document format (“**PDF**”) form and the parties adopt any signatures received by emailed PDF as original signatures of the parties.

8.12 No Set Off, etc.

Each of the Credit Parties reaffirms that the Financing Agreements remain in full force and effect as amended hereby and acknowledges and agrees that there is no defence, set off or counterclaim of any kind, nature or description to its obligations arising under the Financing Agreements as a result of the execution of this Agreement or otherwise.

8.13 Independent Legal Advice, etc.

Each of the Credit Parties acknowledges and declares that: (a) it has had an adequate opportunity to read and consider this Agreement and to obtain such advice in regard to it as it considers advisable, including, without limitation, independent legal advice; (b) it fully understands the nature and effect of this Agreement; and (c) this Agreement has been duly executed voluntarily.

8.14 Cumulative Rights.

The rights and remedies under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available by law, in equity or otherwise.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date first above mentioned.

**WAYGAR CAPITAL INC., as Agent for
Ninepoint Canadian Senior Debt Master Fund
L.P.**

By: 
Name: **James Bruce**
Title: **Vice-President**

QUALITY RUGS OF CANADA LIMITED

By: _____
Name:
Title:

**MALVERN CONTRACT INTERIORS
LIMITED**

By: _____
Name:
Title:

**WESTON HARDWOOD DESIGN CENTRE
INC.**

By: _____
Name:
Title:

ONTARIO FLOORING LTD.

By: _____
Name:
Title:

TIMELINE FLOORS INC.

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date first above mentioned.

**WAYGAR CAPITAL INC., as Agent for
Ninepoint Canadian Senior Debt Master Fund
L.P.**

By: _____
Name:
Title:


QUALITY RUGS OF CANADA LIMITED

By:  _____
Name: J.A. PACIONE
Title: VICE PRESIDENT

**MALVERN CONTRACT INTERIORS
LIMITED**

By:  _____
Name: J.A. PACIONE
Title: DIRECTOR


**WESTON HARDWOOD DESIGN CENTRE
INC.**

By:  _____
Name: J.D. PACIONE
Title: VICE PRESIDENT

ONTARIO FLOORING LTD.

By:  _____
Name: J.A. PACIONE
Title: VICE PRESIDENT

TIMELINE FLOORS INC.

By:  _____
Name: J.A. PACIONE
Title: SECRETARY

QUALITY COMMERCIAL CARPET CORPORATION

By: 
Name: J R PACIONE
Title: CHAIRMAN

JOSEPH DOUGLAS PACIONE HOLDINGS LTD.

By: 
Name: J D PACIONE
Title: PRESIDENT


JOHN ANTHONY PACIONE HOLDINGS LTD.

By: 
Name: J A PACIONE
Title: PRESIDENT

JOPAC ENTERPRISES LIMITED

By: 
Name:
Title:

PATJO HOLDINGS INC.

By: 
Name:
Title:

**SCHEDULE “A”
THE “CREDIT AGREEMENT”**

1. Loan Agreement dated October 10, 2019;
2. First Amendment to Loan Agreement dated April 2021;
3. Second Amendment to Loan Agreement dated May 6, 2021;
4. Third Amendment to Loan Agreement dated May 31, 2021;
5. Fourth Amendment to Loan Agreement dated September 22, 2021; and
6. Fifth Amendment to Loan Agreement dated August 15, 2022.

**SCHEDULE “B”
THE “GUARANTEES”**

1. Guarantee Agreement executed by John Anthony Pacione Holdings Ltd. in favour of the Lender dated October 10, 2019;
2. Guarantee Agreement executed by Jopac Enterprises Limited in favour of the Lender dated October 10, 2019;
3. Guarantee Agreement executed by Joseph Douglas Pacione Holdings Ltd. in favour of the Lender dated October 10, 2019;
4. Guarantee Agreement executed by Malvern Contract Interiors Limited in favour of the Lender dated October 10, 2019;
5. Guarantee Agreement executed by Ontario Flooring Ltd. in favour of the Lender dated October 10, 2019;
6. Guarantee Agreement executed by Patjo Holdings Inc. in favour of the Lender dated October 10, 2019;
7. Guarantee Agreement executed by Quality Commercial Carpet Corporation in favour of the Lender dated October 10, 2019;
8. Guarantee Agreement executed by Timeline Floors Inc. in favour of the Lender dated October 10, 2019; and
9. Guarantee Agreement executed by Weston Hardwood Design Centre Inc. in favour of the Lender dated October 10, 2019.

**SCHEDULE “C”
THE “SECURITY”**

1. General Security Agreement granted by the Borrower in favour of the Lender dated October 10, 2019;
2. General Security Agreement granted by John Anthony Pacione Holdings Ltd. in favour of the Lender dated October 10, 2019;
3. General Security Agreement granted by Jopac Enterprises Limited in favour of the Lender dated October 10, 2019;
4. General Security Agreement granted by Joseph Douglas Pacione Holdings Ltd. in favour of the Lender dated October 10, 2019;
5. General Security Agreement granted by Malvern Contract Interiors Limited in favour of the Lender dated October 10, 2019;
6. General Security Agreement granted by Ontario Flooring Ltd. in favour of the Lender dated October 10, 2019;
7. General Security Agreement granted by Patjo Holdings Inc. in favour of the Lender dated October 10, 2019;
8. General Security Agreement granted by Quality Commercial Carpet Corporation in favour of the Lender dated October 10, 2019;
9. General Security Agreement granted by Timeline Floors Inc. in favour of the Lender dated October 10, 2019;
10. General Security Agreement granted by Weston Hardwood Design Centre Inc. in favour of the Lender dated October 10, 2019;
11. Limited-Recourse Guarantee and Share Pledge Agreement dated October 10, 2019 granted by John Anthony Pacione Family Trust, together with Power of Attorney to Transfer Shares and share certificate for the shares of John Anthony Pacione Family Trust in Quality Rugs of Canada Limited and Quality Commercial Carpet Corporation;
12. Limited-Recourse Guarantee and Share Pledge Agreement dated October 10, 2019 granted by Joseph Douglas Pacione Family Trust, together with Power of Attorney to Transfer Shares and share certificate for the shares of Joseph Douglas Pacione Family Trust in Quality Rugs of Canada Limited and Quality Commercial Carpet Corporation;
13. Limited-Recourse Guarantee and Share Pledge Agreement dated October 10, 2019 granted by Joseph R. Pacione Family Trust, together with Power of Attorney to Transfer Shares and share certificate for the shares of Joseph R. Pacione Family Trust in Quality Rugs of Canada Limited and Quality Commercial Carpet Corporation;

14. Limited-Recourse Guarantee and Share Pledge Agreement dated October 10, 2019 granted by J. Pacione Consultants Limited, together with Power of Attorney to Transfer Shares and share certificate for the shares of J. Pacione Consultants Limited in Jopac Enterprises Limited;
15. Assignment of Insurance Interest executed by Quality Rugs of Canada Limited, Malvern Contract Interiors Limited, Weston Hardwood Design Centre Inc., Ontario Flooring Ltd., Timeline Floors Inc., Quality Commercial Carpet Corporation, Joseph Douglas Pacione Holdings Ltd., John Anthony Pacione Holdings Ltd., Jopac Enterprises Limited, and Patjo Holdings Inc. in favour of the Lender dated October 10, 2019;
16. Share Pledge Agreement dated October 10, 2019 granted by the Borrower, together with Power of Attorney to Transfer Shares and share certificate for the Borrower's shares in Timeline Floors Inc.;
17. Share Pledge Agreement dated October 10, 2019 granted by John Anthony Pacione Holdings Ltd., together with Power of Attorney to Transfer Shares and share certificate for the shares of John Anthony Pacione Holdings Ltd. in Quality Rugs of Canada Limited, Quality Commercial Carpet Corporation, and Jopac Enterprises Limited;
18. Share Pledge Agreement dated October 10, 2019 granted by Jopac Enterprises Limited, together with Power of Attorney to Transfer Shares and share certificate for the shares of Jopac Enterprises Limited in Quality Rugs of Canada Limited, and Quality Commercial Carpet Corporation;
19. Share Pledge Agreement dated October 10, 2019 granted by Joseph Douglas Pacione Holdings Ltd., together with Power of Attorney to Transfer Shares and share certificate for the shares of Joseph Douglas Pacione Holdings Ltd. in Quality Rugs of Canada Limited, Quality Commercial Carpet Corporation, and Jopac Enterprises Limited;
20. Share Pledge Agreement dated October 10, 2019 granted by Patjo Holdings Inc., together with Power of Attorney to Transfer Shares and share certificate for the shares of Patjo Holdings Inc. in Ontario Flooring Ltd. and Weston Hardwood Design Centre Inc.;
21. Share Pledge Agreement dated October 10, 2019 granted by Quality Commercial Carpet Corporation, together with Power of Attorney to Transfer Shares and share certificate for the shares of Quality Commercial Carpet Corporation in Malvern Contract Interiors Limited, Patjo Holdings Inc., and Ontario Flooring Ltd.; and
22. Assignment of Life Insurance Policy on the lives of each of John A. Pacione and Joseph D. Pacione dated October 10, 2019 granted by Quality Rugs of Canada Limited in favour of the Lender.

SCHEDULE “D”

[Copy of Consultant Engagement Letter attached]

WAYGARCAPITAL

December 22, 2022

The Fuller Landau Group Inc.
151 Bloor St. West, 12th Floor
Toronto, Ontario M5S 1S4

Attention: Mr. Ken Pearl

Dear Sir:

Re: Quality Rugs of Canada Limited and its affiliates (collectively, the "Company")

The Company is indebted (the "Indebtedness") to Waygar Capital Inc. ("Waygar" or the "Lender"). As security for the Indebtedness (the "Security"), Waygar holds *inter alia* a general security agreement(s) issued by the Company. Pursuant to the power and authority specified by the Security, Waygar wishes to appoint The Fuller Landau Group Inc. as its consultant ("Fuller" or the "Consultant") for the purpose of reviewing the current and ongoing financial affairs of the Company according to the terms and conditions set out below.

The specific steps of the engagement may include:

- (a) reviewing and assessing the Company's financial condition and prospects for future viability, including:
 - historical and current financial performance;
 - cash flow forecasts and financial projections including supporting assumptions regarding sales, account collection patterns and the amount and timing of disbursements.
- (b) reviewing the Company's borrowing base calculations and loan margin position, including compliance with all financial and non-financial covenants in its loan agreements with the Lender, and assessing:
 - the collectability of the accounts receivable and realizable value of inventory and other assets and security pledged in support of the Indebtedness;
 - the nature of liabilities of the Company to its creditors, including accruals for priority and statutory obligations; and

- o the details of transactions with related entities of the Company.
- (c) providing advice regarding the reporting of the Company's financial results to the Lender including variances between actual receipts and disbursements in comparison to cash flow forecasts and financial projections;
- (d) assessing the Company's short-term strategies and alternative future options including recapitalization, refinancing, or a sale of the Company's assets as a going concern, and other strategies for dealing with the Indebtedness, obligations in priority to the Lender's security position, and other liabilities; and
- (e) reviewing any other matters which appear to be relevant to the Lender's security position.

The Lender acknowledges that Fuller shall not have and will assume no decision-making responsibilities, will have no management capacity, will not offer advice or direction to, or exercise any degree of control over the business and affairs of the Company and that Fuller will not be responsible for any decisions or actions of the Company.

We acknowledge that your review will be based mainly on the data supplied by the Company, supplemented by discussions with persons with knowledge of the Company's affairs where applicable. We understand that, although all information gathered will be reviewed for reasonableness, you will not be conducting an audit of the assets or business affairs of the Company. Therefore, your conclusions will not necessarily disclose any errors, irregularities or illegal acts, if the same exist on the part of the Company, its officers, directors or employees.

It is expected that Consultant shall hold confidential any information it receives or opinions it gives which are not already publicly available and exercise reasonable care in safeguarding such confidentiality. All reports which you issue to the Lender in connection with this appointment shall be confidential between yourself and the Lender and shall be the property of the Lender and shall not be delivered to or disclosed in any manner to others, including the Company, without our prior written consent.

Notwithstanding that your fees and expenses shall form part of the Company's indebtedness owing to the Lender, your professional fees and expenses, including any third-party costs, which are pre-approved in writing by the Lender, are guaranteed to be paid by the Lender. Such fees will be based on the total time expended by members of your firm, charged at the following prevailing billing rates:

Partner	\$525/hour
Manager	\$350/hour
Associates	\$285/hour

The Lender undertakes to indemnify and hold you harmless against all costs, charges, expenses, liabilities and loss or damage which you may incur or sustain by reason of your acting as Consultant in accordance with the terms hereof, provided that this agreement to indemnify and hold you harmless shall not extend to any acts or omission arising or resulting from gross negligence.

Fuller is not, as a result of this engagement, precluded from subsequently accepting formal appointments related to the Company as Receiver, Licensed Insolvency Trustee under the *Bankruptcy and Insolvency Act* or Monitor under the *Companies' Creditors Arrangement Act*.

This letter may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which, when taken together, shall constitute one and the same letter.

Please confirm your acceptance of this agreement by signing the Acknowledgement in the space provided below and returning one signed copy of the letter to the attention of the undersigned. We will be prepared to commence the engagement upon receiving the signed letter and the retainer.

Yours very truly,

Waygar Capital Inc.

Per:

A handwritten signature in black ink, appearing to read "JB", is written over a horizontal line. The signature is stylized and cursive.

Name: James Bruce
Title: Vice President

ACKNOWLEDGEMENT

The above instructions and agreements are hereby acknowledged:

Dated this 22 day of DECEMBER 2022.

The Fuller Landau Group Inc.

Per: _____

Name:

KEN PEARL

Title:

SENIOR VICE PRESIDENT

WAYGARCAPITAL

February 13, 2023

The Fuller Landau Group Inc.
151 Bloor St. West, 12th Floor
Toronto, Ontario M5S 1S4

Attention: Mr. Ken Pearl

Dear Sir:

Re: Quality Rugs of Canada Limited and Guarantors to the Credit Facilities of Waygar (collectively, the “Borrower”)

This is an addendum (the “**Addendum**”) to the Engagement Letter dated December 22, 2022 (the “**December 22 Engagement Letter**”) wherein Waygar Capital Inc. (“**Waygar**” or the “**Lender**”) appointed The Fuller Landau Group Inc. as its consultant (the “**Consultant**”) for the purposes of reviewing and assessing the ongoing financial affairs of the Company (as defined in the December 22 Engagement Letter) and providing advice to Waygar regarding the indebtedness of the Company and the security issued by the Company to Waygar. A copy of the December 22 Engagement Letter is attached.

Waygar has or will be entering into Credit Agreement Amendment and Accommodation Agreement (the “**Accommodation Agreement**”) with the Company, which includes, among other things, the Borrower agreeing to the engagement of The Fuller Landau Group Inc. (the “**Consultant**”) by the Lender as consultant to the Lender, in accordance with the terms substantially set out in this Addendum. The terms of the Accommodation Agreement include the Borrower acknowledging and agreeing to cooperate with the Consultant and to execute such further agreements and consents as requested by the Lender and the Consultant in order for the Consultant to fulfil its mandate throughout the period of the Accommodation Agreement, and that any and all costs and expenses relating to the Consultant shall be on account of the Borrower and shall be paid by the Borrower as and when such costs and expenses become due.

In addition to the services to be provided in the December 22 Engagement Letter, additional services to be provided by the Consultant pursuant to the Accommodation Agreement include:

- (a) assisting with the preparation and providing an assessment of the 12-week cash flow forecast, including any revisions or extensions as approved by Waygar (the “**Cash Flow Forecast**”) pursuant to the Accommodation Agreement;

- (b) reviewing, assessing and providing an analysis of the Borrower's financial reports as well as explanations received in response to inquiries from the Consultant regarding the Borrower's variances from the projections in the Cash Flow Forecast for the preceding week, as well as accounts receivable and inventory roll forward schedules showing changes in each over the course of the prior week;
- (c) assessing the Company's progress in completion of a transaction pursuant to the Sale Process (as defined in the Accommodation Agreement);
- (d) monitoring and assessing as to whether an Intervening Event (as defined in the Accommodation Agreement) has occurred and its impact to the Lender security position; and
- (e) any other matters which appear to be relevant to the Lender's security position during the term of the Accommodation Agreement.

All of the terms in the December 22 Engagement Letter will continue to apply.

This letter may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which, when taken together, shall constitute one and the same letter.

Please confirm your acceptance of this agreement by signing the Acknowledgement in the space provided below and returning one signed copy of the letter to the attention of the undersigned. We will be prepared to commence the engagement upon receiving the signed letter and the retainer.

Yours very truly,

Waygar Capital Inc.

Per:



Name: James Bruce

Title: Vice President

ACKNOWLEDGEMENT

The above instructions and agreements are hereby acknowledged:

Dated this 13 day of FEBRUARY 2023.

The Fuller Landau Group Inc.

Per: 

Name: KEN PEARL

Title: SENIOR VICE PRESIDENT

SCHEDULE "E"

[Copy of Cash Flow Forecast dated February 14, 2023, prepared by The Fuller Landau Group Inc.]

QSG Cash Flow Forecast \$000													
Week Ending													
Notes	1 Feb 19	2 Feb 26	3 Mar 5	4 Mar 12	5 Mar 19	6 Mar 26	7 Apr 2	8 Apr 9	9 Apr 16	10 Apr 23	11 Apr 30	12 May 7	Total
Cash Receipts													
Collections	3,664	1,905	3,887	4,402	2,588	1,757	3,024	4,652	3,343	1,776	2,799	4,777	38,574
Collections of Holdback	-	-	-	-	860	-	-	-	-	1,240	-	-	2,100
Total Cash Receipts	3,664	1,905	3,887	4,402	3,448	1,757	3,024	4,652	3,343	3,016	2,799	4,777	40,674
Cash Disbursements													
Payments on accounts payable	(1) 2,866	1,650	1,889	1,766	1,541	1,202	1,242	2,184	1,621	1,189	1,451	1,589	20,189
Deferral of AP payments	(2) (1,000)	(1,000)	(125)	1,500	500	(500)	250	375					-
Contingency	(3)							300	275	575	(750)	1,000	1,400
Subcontractors	1,063	1,063	850	842	842	842	842	842	940	1,175	1,175	1,175	11,648
Payroll	500	25	500	25	500	25	500	25	500	25	500	25	3,150
Leases, Utilities, etc.	395	283	333	277	150	281	152	419	190	254	179	369	3,282
HST	-	-	230	51	-	-	230	-	-	-	230	-	741
Miscellaneous	(4) 50	50	50	50	50	50	50	50	50	50	50	50	600
Professional Fees	(4) -	-	-	125	-	-	-	125	-	-	-	125	375
Debt Servicing	-	37	414	-	-	172	-	548	-	-	-	438	1,609
Total Cash Disbursements	3,874	2,108	4,140	4,635	3,583	2,072	3,266	4,868	3,576	3,268	2,835	4,771	42,993
Cash Surplus (Shortfall)	(209)	(202)	(253)	(232)	(135)	(315)	(241)	(216)	(233)	(252)	(36)	5	(2,320)
Additional funding - Waygar	250	250	250	250	250	250	250	250	250	250		0	2,500
Net Cash Surplus (Shortfall)	41	48	(3)	18	115	(65)	9	34	17	(2)	(36)	5	180
Cumulative Cash Surplus (Shortfall)	(209)	(411)	(665)	(897)	(1,032)	(1,347)	(1,588)	(1,804)	(2,037)	(2,289)	(2,325)	(2,320)	
Cumulative Additional funding - Waygar	250	500	750	1,000	1,250	1,500	1,750	2,000	2,250	2,500	2,500	2,500	

- Notes:
- (1) Assumes, amongst other things, agreements being reached with nine major suppliers to defer payment of a meaningful portion of the balance currently owed to them until after the above projection period. QSG is currently in negotiations with these suppliers but terms have not been finalized.
 - (2) The cash flow assumes that amounts forecast to be paid to various suppliers can be shifted between weeks in the above projection period without significantly impacting the availability of related materials and services necessary to fulfill builder contracts to protect cash inflows.
 - (3) Contingency amounts to fund potential supplier relief or other operational items.
 - (4) Estimated Figures as discussed with the Consultant.

SCHEDULE “F”

[Engagement Letter of Alvarez & Marsal Canada Securities ULC]

51940296.17



February 1, 2023

John Pacione, Co-Chief Executive Officer
Quality Sterling Group
505 Cityview Blvd,
Woodbridge, ON
L4H 0L8

Dear Mr. Pacione:

This letter confirms and sets forth the terms and conditions of the engagement between Alvarez & Marsal Canada Securities ULC ("A&M") and Quality Sterling Group ("QSG" or the "Company"), including the scope of the services to be performed and the basis of compensation for those services. Upon execution of this letter by each of the parties below, this letter will constitute an agreement between QSG and A&M (the "Agreement").

I. Description of Engagement and Services.

The Company hereby engages A&M as its financial advisor with respect to evaluating and pursuing a potential Financing Transaction, Restructuring Transaction or Sale Transaction (as defined below, each a "Transaction"), effective as of the date hereof (the "Effective Date"). As part of our engagement, A&M will, if appropriate and requested perform the following services:

- i. Should the Company seek a Financing Transaction and/or Sale Transaction, advise and assist the Company in executing such Financing Transaction and/or Sale Transaction, including but not limited to;
 - a. Prepare, in collaboration with the Company, a confidential Information Memorandum or similar document and other relevant informational materials;
 - b. Identify and contact on a confidential basis and subject to NDA arrangements acceptable to the Company, prospective investors and solicit and assist in evaluating indications of interest & proposals among prospective investors;
 - c. Coordinate the Company's response to potential investors' due diligence investigations;
 - d. Assist in structuring and negotiating the financing and/or sale and the terms of the securities/consideration; and

- e. Assist in matters associated with closing the Financing Transaction and/or Sale Transaction generally provided by financial advisors;

A&M understands that the Company's preferred outcome is to complete an out of court Financing Transaction or Sale Transaction.

- ii. Should the Company seek a Restructuring Transaction, advise and assist the Company in executing such Restructuring Transaction, including but not limited to;
 - a. Assist with the formulation and evaluation of various restructuring scenarios and the potential impact of those scenarios on the recoveries of stakeholders;
 - b. Assist the Company in negotiations with creditors, shareholders and other appropriate parties-in-interest and implementation of various strategic alternatives including; restructuring, financing, reorganization, merger, or sale of the Company, or its assets or businesses;
 - c. Assist the Company in analyzing, structuring, negotiating and effecting a Restructuring Transaction; and
 - d. If necessary, provide investment banking and financial advisory services to support the Company in connection with the Company's and its advisors' efforts to develop and implement a Restructuring Transaction;
- iii. Provide any other investment banking and financial advisory services reasonably necessary to accomplish the foregoing and consummate a transaction as requested by the Company and agreed to by A&M from time to time.

For purposes of this Agreement, each of the following transactions shall constitute a "Financing Transaction":

- i. any refinancing of all or a material portion of the Company's or its affiliates' Indebtedness (as defined below); and/or
- ii. the raising or issuance of any form of new equity or debt financing from any source by the Company or any affiliate or subsidiary of the Company or any entity formed by, or at the direction of, the Company or any such majority-owned subsidiary or affiliate.
- iii. Notwithstanding the above, any debtor in possession ("DIP") or exit financing done in connection with a Restructuring of this company under the Companies' Creditors Arrangement Act or Bankruptcy and Insolvency Act



(Canada), regardless of the source of the financing, shall constitute a Financing Transaction.

For purposes of this Agreement, the term "Sale Transaction" is defined to include any of the following (whether in one or a series of transactions): (a) a merger or consolidation of the Company and/or any of its material businesses, subsidiaries or affiliates (b) a sale of at least 50% of the equity securities of the Company (whether from the Company or security holders of the Company) or any material business, subsidiary or affiliate of the Company (whether from such business, subsidiary, affiliate or the Company), in any case whether by sale, exchange, tender offer or otherwise, (c) any transaction which results in a third party having the right to elect a majority of the members of the Board or similar governing body of the Company or any of its subsidiaries or affiliates, (d) a sale of the Company that is consummated through a sale of all or substantially all of its assets or its subsidiaries, (e) a liquidation of the Company or any of its material businesses, subsidiaries or affiliates, (f) any other form of disposition which results in the effective disposition of all or a substantial amount of the business, operations, or assets of the Company or any of its businesses, subsidiaries or affiliates. For the avoidance of doubt, a Sale Transaction shall include (g) any other form of disposition which results in the effective disposition of all or a substantial amount of the business, operations, or assets of the Company or any of its businesses, subsidiaries or affiliates, or (i) any scenario where a key customer or any third party creates a joint venture that provides financial support, whether through a Financing Transaction, or a change in commercial strategy, or through other means, resulting in a transaction that changes the prospects of the business. For the avoidance of doubt, all joint venture and significant business transactions shall be included.

For the purposes of this Agreement, a "Restructuring Transaction" shall be defined as any single transaction or series of transactions that effectuates any (a) modification, amendment to, or change in, any of the Company's and/or any of its businesses, subsidiaries' or affiliates' payment obligations and/or institutional indebtedness for borrowed money, including accrued and/or accreted interest thereon ("Indebtedness"), (b) disposition of all or substantially all of the business operations or assets of the Company or any of its businesses, subsidiaries or affiliates or (c) change of control of the Company. This includes, without limitation, senior bank debt and subordinated debt. Such modification, amendment, or change shall include, without limitation, any transaction(s) which provide for: any material modification, amendment or change of, or in, principal balance, accrued or accreted interest, payment term, or other debt service requirement; any maturity extension / forbearance for at least twelve (12) months with respect to any payment obligation; conversion to equity, or some other security instrument, of all, or a material portion of, such Indebtedness; any compromise of the existing terms of such Indebtedness; any combination of the foregoing transactions. Each of the foregoing shall include, without limitation, any transaction in which requisite consents to a reorganization or restructuring are obtained pursuant to a tender offer, exchange offer, consent solicitation or other process.

In the event that the Company becomes subject to formal insolvency proceedings, the Company agrees to seek confirmation of this Agreement by the Court forthwith, including ensuring that A&M's fees and expenses (including transaction-based compensation) will be paid in such a scenario, and will take no steps to, and will oppose any attempt by any third party to, disclaim this Agreement. It is recognized by both the Company and A&M that to the extent the Company determines it is in its best interests to file for protection from its creditors, whether the purpose of such filing is to consummate a Transaction or otherwise, that A&M will not be appointed as the proposal trustee or monitor, as the case may be.

It is understood and agreed that nothing contained herein shall constitute an expressed or implied commitment by A&M to underwrite, place, or purchase any financing or securities. The scope of A&M services shall not include delivery of a fairness opinion with respect to any transaction.

The Company authorizes A&M to provide the Confidential Information Memorandum (as amended and supplemented and including any information incorporated therein by reference, the "Information Memorandum") and other relevant information to prospective investors.

The Company shall have the right, in its sole discretion, to accept or reject any Transaction offer or any prospective investors. The Company shall also have the right to approve prospective investors, in what manner they are to be contacted and at what point in time such contact may be made with each such prospective investor.

The Company agrees to promptly inform A&M of any inquiry it receives regarding a Transaction so that A&M can evaluate such party and its interest in a Transaction.

The Company understands that the services to be rendered by A&M may include providing the Company with assistance in the preparation of projections and other forward-looking statements regarding the Company and / or its businesses, subsidiaries or affiliates, and numerous factors can affect the actual results of the Company and / or its businesses, subsidiaries or affiliates, which may materially and adversely differ from those projections.

A&M understands that the Company and its lender are targeting the following milestones. A&M and the Company agree that achieving these milestones depends on a number of factors outside of A&M's control, including the Company's ability to provide required information to A&M on a timely basis and the prevailing capital market conditions over the time period.

Information Memorandum and
teaser circulated to list of identified
parties

February 22, 2023



Deadline to receive letters of intent	March 31, 2023
Binding offer	April 28, 2023
Closing of transaction	May 12, 2023

A&M and the Company agree that achieving these milestones depends on a number of factors that are outside of A&M's control, including the ability of the Company to provide required information to A&M on a timely basis and the prevailing capital market conditions over the time period.

A&M makes no representation whatsoever that an appropriate Transaction can or will be formulated, that any Transaction in general or that any transaction in particular is the best course of action for the Company. Further A&M assumes no responsibility for the selection and approval of any Transaction presented to the Company, this determination shall rest strictly with the Company.

The Company agrees that it will be solely responsible for ensuring that any Transaction comply with applicable law.

The Company will be solely responsible for the contents of the Information Memorandum and any and all other written or oral communications provided by or on behalf of the Company to any prospective investors and/or any other party in connection with a potential Transaction. The Company represents and warrants that the Information Memorandum and such other communications will not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading. If an event occurs as a result of which the Information Memorandum (or any other distributed materials) would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, the Company will promptly notify A&M and A&M will suspend solicitations of prospective investors until such time as the Company prepares a supplement or amendment to the Confidential Information Memorandum (or otherwise) that corrects such statement(s) and/or omission(s).

In connection with A&M's engagement, QSG will furnish A&M with all information concerning QSG which A&M reasonably deems appropriate and will provide A&M with access to QSG's officers, directors, employees, accountants, counsel and other representatives (collectively, the "Representatives"). It is understood that A&M will rely solely upon the information supplied by QSG and its' Representatives without assuming any responsibility for independent investigation or verification thereof. QSG represents and warrants that any financial projections provided to A&M have been, or will be, prepared on a basis reflecting the best currently available estimates and judgments of the future financial results and condition of QSG. QSG will, in writing, promptly notify A&M of any material inaccuracy or misstatement in, or material omission from, any



information previously delivered to A&M or any interested party. QSG authorizes A&M to contact QSG professional advisors, which in A&M's discretion is deemed appropriate in connection with this engagement

In rendering its services to QSG, A&M will report directly to the Co-Chief Executive Officer and will make recommendations to and consult with the Co-Chief Executive Officer and such senior officers as the Co-Chief Executive Officer directs.

Hugh Rowan-Legg, a Managing Director of A&M, will be responsible for the overall engagement and will be assisted by other A&M personnel, as appropriate. A&M personnel providing services to QSG may also work with other A&M clients in conjunction with unrelated matters. In connection with the services to be provided hereunder, from time to time A&M may utilize the services of employees of its affiliates (as defined below). Such affiliates are wholly owned by A&M's parent company and A&M's employees.

For the purposes of this Agreement, "affiliate" means, with respect to any specified person, any other person directly or indirectly controlling, controlled by or under common control with such specified person. For purposes of this definition, the terms "controlling," "controlled by" or "under common control with" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise, or the power to elect at least 50% of the directors, managers, general partners, or persons exercising similar authority with respect to such person.

QSG understands that A&M is not undertaking to provide any legal, regulatory, accounting, insurance, tax or similar professional advice. It is further understood and agreed that A&M's services will not include the preparation of a due diligence report, presentation or otherwise for QSG, and that A&M's services will not include the rendering of a fairness opinion. If you should request additional services not otherwise contemplated by this Agreement, QSG and A&M will enter into an additional letter agreement which will set forth the nature and scope of the services, appropriate compensation and other customary matters, as mutually agreed upon by QSG and A&M.

2. Compensation.

As compensation for our services hereunder, A&M will be paid as follows:

(a) Work Fees:

A monthly work fee (the "Work Fee") of \$50,000 per month for the first 3 months, to be paid at the rate of \$50,000 per month and paid monthly in advance, starting with the first payment immediately upon the execution of this Agreement and \$40,000 per month thereafter upon the presentation of an invoice. All Work Fees paid will be non-refundable. To the extent paid, Work Fees totalling a maximum of \$100,000 will be credited against any Transaction Fee.

(b) Transaction Fee(s):



In addition to the other fees provided for herein, the Company shall pay A&M the following transaction fee(s) (collectively, the "Transaction Fee(s)"):

i. Financing Transaction Fee:

Concurrently with the close of any Financing Transaction, A&M shall earn, and the Company shall thereupon pay concurrently with the closing and from the proceeds of such Financing Transaction, as a cost of financing, a Financing Transaction Fee ("Financing Transaction Fee") of 2.5% of the amount debt raised or committed and 5.0% of the amount of equity raised or committed. The Financing Transaction Fee will be subject to a minimum of \$600,000, unless such Financing Transaction Fee is purely in connection with the procurement of DIP financing, in which case the same percentages stipulated herein shall apply, but there shall be a minimum fee of \$200,000.

For the purposes of calculating the Financing Transaction Fee, debt will include but not be limited to any senior, subordinated and mezzanine debt, and equity will include but not be limited to convertible securities, preferred stock, common equity and any capital with equity-linked securities.

ii. Sale Transaction Fee:

Concurrently with the closing of a Sale Transaction, A&M shall earn, and the Company shall thereupon pay immediately and directly from the proceeds of such Sale Transaction, as a cost of such transaction, a fee (the "Sale Transaction Fee") equal to the greater of i) 750,000; and ii) 3.0% of the Aggregate Gross Consideration (as defined below).

iii. Restructuring Transaction Fee:

A fee equal to \$750,000 (the "Restructuring Transaction Fee"), earned and paid upon the earlier of (i) consummation of a Restructuring Transaction and (ii) in the event the Company attempts to implement a Restructuring Transaction, in whole or in part by means of an exchange offer, then upon closing of the exchange offer. For the purpose of (i) above, consummation of a Restructuring Transaction shall mean the closing of such transaction with binding execution and effectiveness of all necessary waivers, consents, amendments or restructuring agreements between the Company and its creditors necessary to effectuate such Restructuring Transaction.

- (b) In addition to the fees described above, and regardless of whether or not any transaction contemplated by this Agreement shall be proposed or consummated, the Company agrees to promptly reimburse A&M, on a monthly basis, for all out-of-pocket expenses reasonably incurred by A&M in connection with the matters contemplated by this Agreement, including, without limitation, reasonable fees of counsel and travel and



lodging expenses. Any out-of-pocket expense greater than \$1,000 will be pre-approved with the Company in advance.

- (c) All provisions in this Section 2 are in addition to any protections or remedies afforded to A&M at law or by statute.

- (a) All fees will be subject to applicable taxes.

For purposes of this agreement, the term "Aggregate Gross Consideration" shall mean the total fair market value (at the time of closing) of all consideration, including, without duplication or limitation, cash, notes, securities and property; payments made in installments; amounts payable under above-market consulting agreements, above-market lease agreements, above-market employment contracts, non-compete agreements or similar arrangements (with the fair market value of amounts paid under consulting agreements, lease agreements, and employment and similar agreements being excluded from Aggregate Gross Consideration); and Contingent Payments (as defined below), paid or payable, or otherwise to be distributed, directly or indirectly, to the Company, the Company's subsidiaries or affiliates or the Company's stockholders, plus all indebtedness assumed by the purchaser of assets of the Company and / or any of its businesses, subsidiaries or affiliates or from which the Company or any of its businesses, subsidiaries or affiliates is relieved in connection with a Sale Transaction. If any portion of the Aggregate Gross Consideration is payable in the form of securities, the value of such securities, for purposes of calculating our Sale Transaction Fee, will be determined based on the average closing price for such securities for the five trading days prior to the closing of the Sale Transaction. In the case of securities that do not have an existing public market, Aggregate Gross Consideration will be determined based on the fair market value of such securities as mutually agreed upon in good faith by the Company and A&M prior to the closing of the Sale Transaction. Contingent Payments shall be defined as the fair market value of consideration received or receivable by the Company, its employees, former or current equity holders and/or other parties, in the form of deferred, performance-based payments, "earn-outs", or other contingent payments based on future performance of the Company or any of its businesses or assets.

Aggregate Gross Consideration shall be calculated by calculating the amount owing as if 100% of the equity interests of the Company had been sold by dividing (i) the total consideration, whether in cash, securities, notes or other forms of consideration, received or receivable by the Company and/or its creditors and equity holders by (b) the percentage of ownership sold. In addition, if any of the Company's interest-bearing liabilities are assumed, decreased, or paid off in conjunction with a Sale Transaction, or any of the Company's assets are retained, sold or otherwise transferred to another party prior to the consummation of a Sale Transaction, the Aggregate Gross Consideration will be increased to reflect the fair market value of any such assets or interest-bearing liabilities.



3. Term.

Subject to what follows, the Agreement may be terminated with immediate effect by either party without cause by giving 30 days' written notice to the other party. In the event that there are no letters of intent received by the date specified herein for receipt of same, or that there is no interest on the part of the Company to pursue any letter of intent received, then this Agreement may be terminated immediately without the need for 30 days' notice. In the event of any termination, any reasonable and documented fees and expenses due to A&M shall be remitted to A&M promptly in accordance with the terms and conditions set forth in this Agreement (including fees and expenses that accrued prior to such termination).

The Company may also immediately terminate this Agreement for Cause (as defined below) by giving written notice to A&M. For purposes of this agreement, "Cause" shall mean gross negligence, willful default, or fraud by A&M.

A&M may also terminate this Agreement immediately upon notice for Good Reason. For purposes of this Agreement, termination for "Good Reason" shall mean the Company's misrepresentation of or failure to disclose material facts, failure to pay fees or expenses when due (or circumstances indicating to A&M that fees or expenses will not be paid when due), circumstances such that it is unethical or unreasonably difficult for A&M to continue performance of the engagement, or other just cause.

In addition, if this Agreement is terminated for any reason, other than by the Company with Cause or by A&M without Good Reason, and prior thereto or within twelve (12) months of the termination (the "Tail Period") any Transaction is consummated, or an agreement in principle is entered into to engage in any Transaction (which subsequently closes), A&M shall be entitled to receive its applicable Transaction Fee(s) upon the consummation of such Transaction(s) as if no termination had occurred if the Transaction is consummated with a party: i) who was introduced to the Company by A & M or ii) who contacted the Company expressing interest in the opportunity during the term of A&M's engagement; or iii) who was the subject of any advice provided to the Company by A&M during the term of A&M's engagement, including purchasers or investors that were proposed by A&M, but were not subsequently approved for contact by the Company.

No expiration or termination of this Agreement shall affect (a) the Company's indemnification, reimbursement, contribution or other obligations set forth in this Agreement, (b) A&M's right to receive, and the Company's obligation to pay, any and all fees and expenses due, whether or not any Transaction is consummated prior to or subsequent to the effective date of termination of this Agreement. The provisions of this Agreement that give the parties rights or obligations beyond its termination shall survive and continue to bind the parties.



4. Relationship of the Parties.

The parties intend that an independent contractor relationship will be created by this engagement letter. Neither A&M nor any of its personnel or subcontractors is to be considered an employee or agent of QSG. QSG acknowledges that A&M's engagement shall not constitute an audit, review or compilation, or any other type of financial statement reporting engagement that is subject to generally accepted accounting principles or the rules of any provincial, territorial or national professional or regulatory body. Accordingly, while the information gathered will be reviewed for reasonableness, A&M's work will not necessarily identify any errors or irregularities, if such exist, on the part of QSG or its officers or employees. Furthermore, A&M is entitled to rely on the accuracy and validity of the data disclosed to it or supplied to it by agents, advisors, employees and representatives of QSG. A&M is under no obligation to update data submitted to it or review any other areas unless specifically requested by QSG to do so. QSG agrees and acknowledges that the services to be rendered by A&M may include the assistance in the preparation and review of projections, forecasts and other forward-looking statements, and numerous factors can affect the actual results of QSG's operations, which may materially and adversely differ from those projections, forecasts and other forward-looking statements. A&M makes no representation or guarantee that any business plan or refinancing alternative is the best course of action. A&M shall not be required to certify any financial statements or information or to provide representations with respect therewith in connection with any audit or securities law disclosure documents. For greater certainty, during the course of this engagement, A&M shall be acting as a consultant to QSG in this matter and A&M shall not be assuming any decision making or other management responsibilities in connection with the affairs of QSG and A&M shall have no responsibility for the affairs of QSG during this engagement. In addition, A&M shall not do anything or perform any act pursuant to which A&M assumes any possession or control of the property, assets, undertakings, premises or operations of QSG for any purpose whatsoever.

5. No Third-Party Beneficiary.

QSG acknowledges that all advice (written or oral) given by A&M to QSG in connection with this engagement is intended solely for the benefit and use of QSG (limited to its Board and management) in considering the matters to which this engagement relates. QSG agrees that no such advice shall be used for any other purpose or reproduced, disseminated, quoted or referred to at any time in any manner or for any purpose other than accomplishing the tasks referred to herein without A&M's prior approval (which shall not be unreasonably withheld), except as required by law.

6. Conflicts.

A&M is not currently aware of any relationship that would create a conflict of interest with QSG or those parties-in-interest of which you made us aware. Because A&M is a consulting firm that serves clients on an international basis in numerous cases, both in and out of court, it is possible that A&M may have rendered or will render services to or have business associations with other entities or people which had or have or may have

relationships with QSG, including creditors of QSG. In the event you accept the terms of this engagement, A&M will not represent, and A&M has not represented, the interests of any such entities or people in connection with this matter.

7. Confidentiality.

A&M shall keep as confidential all non-public information received from QSG in conjunction with this engagement, except: (i) as requested by QSG or its legal counsel; (ii) as required by legal proceedings; or (iii) as reasonably required in the performance of this engagement. All obligations as to non-disclosure shall cease as to any part of such information to the extent that such information is or becomes public other than as a result of a breach of this provision.

8. Non-Solicitation.

QSG, on behalf of itself, its subsidiaries and affiliates and any person (as such term is defined under the *Canada Business Corporations Act*) which may acquire all or substantially all of its assets, agrees that, until two years subsequent to the termination of this Agreement, it will not solicit, recruit, hire or otherwise engage any employee of A&M or its affiliates who worked on this engagement while employed by A&M or its affiliates ("Solicited Person"). Should QSG, any of its subsidiaries or affiliates or any person who acquires all or substantially all of its assets extend an offer of employment to or otherwise engage any Solicited Person and should such offer be accepted, A&M shall be entitled to a fee from the party extending such offer equal to the Solicited Person's hourly client billing rate at the time of the offer multiplied by 4,000 hours for a Managing Director, 3,000 hours for a Senior Director and 2,000 hours for any other A&M employee. The fee shall be payable at the time of the Solicited Person's acceptance of employment or engagement.

9. Indemnification.

The indemnification provisions, attached hereto as Exhibit A, are incorporated herein by reference and the termination of this Agreement or the engagement shall not affect those provisions, which shall survive termination. Furthermore, all those provisions contained in Exhibit A are in addition to any protections or remedies afforded to A&M at law or by statute.

As to the services QSG has requested and A&M has agreed to provide as set forth in this Agreement, the total aggregate liability of A&M under this Agreement to QSG and its successors and assigns, shall be limited to the actual damages incurred by QSG or its successors or assigns, respectively. In no event will A&M or any of its affiliates be liable to QSG or their successors or assigns for consequential, special or punitive damages, including loss of profit, data, business or goodwill. In no event shall the total aggregate liability of A&M under this Agreement to QSG and their successors and assigns exceed the total amount of fees received and retained by A&M hereunder.

10. Data Hosting

From time to time, as an accommodation to QSG, A&M as directed by QSG may arrange for a third party data hosting provider (i.e., Firmex or Intralinks) (the "Provider") to host documents and information relating to this engagement in a web/data room environment for QSG's and/or certain authorized parties review. For QSG's convenience, the Provider's service is generally provided based upon an agreement between A&M and the Provider to which QSG is not a party. Notwithstanding anything herein, it is understood and agreed that A&M does not warrant and is not responsible for the Provider's conduct and services. Otherwise, should QSG wish to arrange for a direct agreement with a Provider, A&M is happy to assist in that pursuit.

11. Miscellaneous.


Depending on future developments the spread of the Coronavirus has the potential to affect the services provided under this Agreement. Travel, work place and mobility restrictions (to include measures reasonably mandated by A&M with respect to its employees and personnel) may restrict travel to the Company and other work sites as well as limit access to facilities, infrastructure, information and personnel of A&M, the Company or others. Such circumstances may adversely affect the timetable or content of A&M's deliverables and completion of the scope of services included in this Agreement. A&M will discuss with the Company if A&M believes that the services may be impacted in this way. The Company accepts and acknowledges that A&M employees and personnel may attend at the Company's locations or physically interact with the Company's employees and personnel in connection with the services, unless A&M or the Company decide that this should not be the case.

This Agreement (together with the attached indemnity provisions): (a) shall be governed and construed in accordance with the laws of the Province of Ontario applicable therein without giving effect to such province's rules concerning conflicts of laws that might provide for any other choice of law; (b) incorporates the entire understanding of the parties with respect to the subject matter hereof; (c) may not be amended or modified except in writing executed of the parties hereto; (d) may be executed by facsimile and in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same agreement; and (e) notwithstanding anything herein to the contrary, A&M may reference or list QSG's name and/or a general description of the services in A&M's marketing materials, including, without limitation, on A&M's website.

If the foregoing is acceptable to you, kindly sign the enclosed copy to acknowledge your agreement with its terms.

Very truly yours,
Alvarez & Marsal Canada Securities
ULC

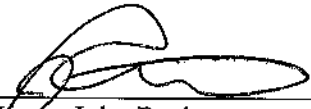


By: 

Hugh Rowan-Legg
Managing Director

Accepted and agreed:

Quality Sterling Group

By: 

Name: John Pacione
Title: Co-Chief Executive Officer





EXHIBIT A

Indemnity Provisions


- A. QSG agrees to indemnify and hold harmless each of A&M, its affiliates and their respective shareholders, managers, members, employees, agents, representatives and subcontractors (each, an "Indemnified Party" and collectively, the "Indemnified Parties") against any and all losses, claims, damages, liabilities, penalties, obligations, disbursements and expenses, including the costs (fees and disbursements) for counsel or others (including employees of A&M, based on their then current hourly billing rates) in investigating, preparing or defending any action or claim, whether or not in connection with litigation in which any Indemnified Party is a party, or enforcing the Agreement (including these indemnity provisions), as and when incurred, caused by, relating to, based upon or arising out of (directly or indirectly) the Indemnified Parties' acceptance of or the performance or nonperformance of their obligations under the Agreement; provided, however, such indemnity shall not apply to any such loss, claim, damage, liability or expense to the extent it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from such Indemnified Party's gross negligence or willful misconduct. QSG also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to QSG for or in connection with the engagement of A&M, except to the extent for any such liability for losses, claims, damages, liabilities or expenses that are found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from such Indemnified Party's gross negligence or willful misconduct. QSG further agrees that it will not, without the prior consent of an Indemnified Party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which such Indemnified Party seeks indemnification hereunder (whether or not such Indemnified Party is an actual party to such claim, action, suit or proceeding) unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all liabilities arising out of such claim, action, suit or proceeding.
- B. These indemnification provisions shall be in addition to any liability which QSG may otherwise have to the Indemnified Parties. In the event that, at any time whether before or after termination of the engagement or the Agreement, as a result of or in connection with the Agreement or A&M's and its personnel's role under the Agreement, A&M or any Indemnified Party is required to produce any of its personnel (including former employees) or for examination, discovery, deposition or other written, recorded or oral presentation, or A&M or any of its personnel (including former employees) or any other Indemnified Party is required to produce or otherwise review, compile, submit, duplicate, search for, organize or report on any material within such Indemnified Party's possession or control pursuant to a subpoena or other legal (including administrative) process, QSG will reimburse the Indemnified Party for its out of pocket expenses, including the reasonable fees and expenses of its counsel, and will compensate the Indemnified Party for the time expended by its personnel based on such personnel's then current hourly rate.

- C. If any action, proceeding or investigation is commenced to which any Indemnified Party proposes to demand indemnification hereunder, such Indemnified Party will notify QSG with reasonable promptness; provided, however, that any failure by such Indemnified Party to notify QSG will not relieve QSG from its obligations hereunder, except to the extent that such failure shall have actually prejudiced the defense of such action. QSG shall promptly pay expenses reasonably incurred by any Indemnified Party in defending, participating in, or settling any action, proceeding or investigation in which such Indemnified Party is a party or is threatened to be made a party or otherwise is participating in by reason of the engagement under the Agreement, upon submission of invoices therefor, whether in advance of the final disposition of such action, proceeding, or investigation or otherwise. Each Indemnified Party hereby undertakes, and QSG hereby accepts its undertaking, to repay any and all such amounts so advanced if it shall ultimately be determined that such Indemnified Party is not entitled to be indemnified therefor. If any such action, proceeding or investigation in which an Indemnified Party is a party is also against QSG, QSG may, in lieu of advancing the expenses of separate counsel for such Indemnified Party, provide such Indemnified Party with legal representation by the same counsel who represents QSG, provided such counsel is reasonably satisfactory to such Indemnified Party, at no cost to such Indemnified Party; provided, however, that if such counsel or counsel to the Indemnified Party shall determine that due to the existence of actual or potential conflicts of interest between such Indemnified Party and QSG such counsel is unable to represent both the Indemnified Party and QSG, then the Indemnified Party shall be entitled to use separate counsel of its own choice, and QSG shall promptly advance its reasonable expenses of such separate counsel upon submission of invoices therefor. Nothing herein shall prevent an Indemnified Party from using separate counsel of its own choice at its own expense. QSG will be liable for any settlement of any claim against an Indemnified Party made with QSG's written consent, which consent shall not be unreasonably withheld.
- D. In order to provide for just and equitable contribution if a claim for indemnification pursuant to these indemnification provisions is made but it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) that such indemnification may not be enforced in such case, even though the express provisions hereof provide for indemnification, then the relative fault of QSG, on the one hand, and the Indemnified Parties, on the other hand, in connection with the statements, acts or omissions which resulted in the losses, claims, damages, liabilities and costs giving rise to the indemnification claim and other relevant equitable considerations shall be considered; and further provided that in no event will the Indemnified Parties' aggregate contribution for all losses, claims, damages, liabilities and expenses with respect to which contribution is available hereunder exceed the amount of fees actually received by the Indemnified Parties pursuant to the Agreement. No person found liable for a fraudulent misrepresentation shall be entitled to contribution hereunder from any person who is not also found liable for such fraudulent misrepresentation.
- E. In the event QSG and A&M seek judicial approval for the assumption of the Agreement or authorization to enter into a new engagement agreement pursuant to either of which A&M would continue to be engaged by QSG, QSG shall promptly pay expenses reasonably incurred by the Indemnified Parties, including attorneys' fees and expenses, in



connection with any motion, action or claim made either in support of or in opposition to any such retention or authorization, whether in advance of or following any judicial disposition of such motion, action or claim, promptly upon submission of invoices therefor and regardless of whether such retention or authorization is approved by any court. QSG will also promptly pay the Indemnified Parties for any expenses reasonably incurred by them, including attorneys' fees and expenses, in seeking payment of all amounts owed to it under the Agreement (or any new engagement agreement) whether through submission of a fee application or in any other manner, without offset, recoupment or counterclaim, whether as a secured claim, an administrative expense claim, an unsecured claim, a prepetition claim or a postpetition claim.

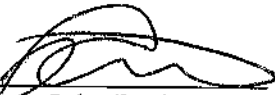
- F. Neither termination of the Agreement nor termination of A&M's engagement nor the filing of a petition or application under the *Companies' Creditors Arrangement Act* or *Bankruptcy and Insolvency Act* (Canada) (nor the conversion of an existing case to a different form of proceeding, including a receivership) shall affect these indemnification provisions, which shall hereafter remain operative and in full force and effect.
- G. The rights provided herein shall not be deemed exclusive of any other rights to which the Indemnified Parties may be entitled under the certificate of incorporation or by-laws of QSG, any policy of insurance, any other agreements, any vote of shareholders or disinterested directors of QSG, any applicable law or otherwise.

By: 

Hugh Rowan-Legg
Title: Managing Director

Accepted and agreed:

Quality Sterling Group

By: 

Name: John Pacione
Title: Co-Chief Executive Officer

This is Exhibit "O" of
the Affidavit of Don Rogers
Sworn before me this 24th day of July, 2023

DocuSigned by:

Matilda Lici

7CE576F4AA3D4CA...

A Commissioner, etc.
Matilda Lici



Suite 1100, 225 - 6th Avenue S.W.
Brookfield Place
Calgary, Alberta
Canada T2P1N2
T: 403.269.6900

July 4, 2023

DELIVERED VIA COURIER

Waygar Capital Inc.
372 Bay Street, Suite 901
Toronto, ON M5H 2W9

Andrea Lutsch
D: 403.218.7574
F: 403.269.9494
alutsch@lawsonlundell.com

Taiga Building Products Ltd. v. Timeline Floors Inc.
Alberta Court of Justice Action No. 23901-00818

We represent Taiga Building Products ("Taiga") in the above noted action. Taiga obtained a judgment against Timeline Floors Inc. ("Timeline"), and has filed a Writ of Enforcement against Taiga, which has been registered at the Personal Property Registry.

Please find the enclosed Personal Property Registry search results report, which identifies Waygar Capital Inc. as a secured party against Timeline. Pursuant to section 18 of the *Personal Property Security Act*, RSA 2000, c P-7 (the "PPSA"), we write to request the following information from Waygar Capital Inc. ("Waygar"):

1. A copy of the security agreement providing for Waygar's security interest in the personal property of Timeline; and
2. A statement in writing of the amount of the indebtedness and terms of payment of the indebtedness as of the date of this letter.

The requested information can be provided to the undersigned by mail at the address indicated on this letter, or by email at alutsch@lawsonlundell.com.

We would appreciate your cooperation in this matter, and look forward to your response within the 10-day period required under section 18(5) of the PPSA.

Please contact me if you have any questions.

Yours truly,

LAWSON LUNDELL LLP

Andrea Lutsch

ACL1/jj1

Encl.

cc. Kelly Hannan, Lawson Lundell LLP

Search ID #: Z16322698

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1

Party Code: 50073881
Phone #: 780 429 5969
Reference #:

Search ID #: Z16322698

Date of Search: 2023-Jul-04

Time of Search: 14:21:08

Business Debtor Search For:

TIMELINE FLOORS INC.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z16322698

Business Debtor Search For:

TIMELINE FLOORS INC.

Search ID #: Z16322698

Date of Search: 2023-Jul-04

Time of Search: 14:21:08

Registration Number: 19100234707

Registration Date: 2019-Oct-02

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2024-Oct-02 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block

Status
Current

1 TIMELINE FLOORS INC.
1321 JOHNSTON ROAD
WHITE ROCK, BC V4B3Z3

Secured Party / Parties

Block

Status
Current

1 WAYGAR CAPITAL INC., AS AGENT
372 BAY STREET, SUITE 901
TORONTO, ON M5H2W9

Collateral: General

Block

Description

Status
Current

1 ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.

Search ID #: Z16322698

Business Debtor Search For:

TIMELINE FLOORS INC.

Search ID #: Z16322698

Date of Search: 2023-Jul-04

Time of Search: 14:21:08

Registration Number: 19100236184

Registration Date: 2019-Oct-02

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor No: 1

Debtor(s)

Block

1 TIMELINE FLOORS INC.
1321 JOHNSTON ROAD
WHITE ROCK, BC V4B3Z3

Status
Current

Secured Party / Parties

Block

1 WAYGAR CAPITAL INC., AS AGENT
372 BAY STREET, SUITE 901
TORONTO, ON M5H2W9

Status
Current

Search ID #: Z16322698

Business Debtor Search For:

TIMELINE FLOORS INC.

Search ID #: Z16322698

Date of Search: 2023-Jul-04

Time of Search: 14:21:08

Registration Number: 19100426596

Registration Date: 2019-Oct-04

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2034-Oct-04 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block

1 TIMELINE FLOORS INC.
1321 JOHNSON ROAD
WHITE ROCK, BC V4B 3Z3

Status
Current

Secured Party / Parties

Block

1 MOHAWK CARPET DISTRIBUTION, INC.
160 SOUTH INDUSTRIAL ROAD
CALHOUN, GA 30701

Status
Current

Collateral: General

Block

Description

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.
PROCEEDS: ACCOUNTS, CHATTEL PAPER, MONEY, INTANGIBLES, GOODS,
DOCUMENTS OF TITLE, INSTRUMENTS AND INVESTMENT PROPERTY (ALL AS
DEFINED IN THE ALBERTA PERSONAL PROPERTY SECURITY ACT), AND
INSURANCE PROCEEDS.

Status
Current

Search ID #: Z16322698

Business Debtor Search For:

TIMELINE FLOORS INC.

Search ID #: Z16322698

Date of Search: 2023-Jul-04

Time of Search: 14:21:08

Registration Number: 19112122847

Registration Date: 2019-Nov-21

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2025-Nov-21 23:59:59

Exact Match on: Debtor No: 1
Exact Match on: Debtor No: 2
Exact Match on: Debtor No: 3

Amendments to Registration

22110131121

Renewal

2022-Nov-01

Debtor(s)

Block

Status
Current

1 TIMELINE FLOORS INC.
9152 52 STREET SE
CALGARY, AB T2C 5A9

Block

Status
Current

2 TIMELINE FLOORS INC.
505 CITYVIEW BLVD., UNIT 1
VAUGHAN, ON L4H 0L8

Block

Status
Current

3 TIMELINE FLOORS INC.
101 - 3870 JACOMBS ROAD
RICHMOND, BC V6V 1Y6

Secured Party / Parties

Block

Status
Current

1 BUCKWOLD WESTERN LTD.
70, 3239 FAITHFULL AVENUE
SASKATOON, SK S7K 8H4
Phone #: 306 652 1660 Fax #: 306 665 1817
Email: ar@buckwold.com

Search ID #: Z16322698

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	ALL INVENTORY SOLD/SUPPLIED BY THE SECURED PARTY AND THE RESULTING PROCEEDS OF SALE.	Current

Search ID #: Z16322698

Business Debtor Search For:

TIMELINE FLOORS INC.

Search ID #: Z16322698

Date of Search: 2023-Jul-04

Time of Search: 14:21:08

Registration Number: 23051520370

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2023-May-15

Registration Status: Current

Expiry Date: 2025-May-15 23:59:59

Issued in Calgary Judicial Centre

Court File Number is 2301-05949

Judgment Date is 2023-May-06

This Writ was issued on 2023-May-13

Type of Judgment is Other

Original Judgment Amount: \$55,604.62

Costs Are: \$217.50

Post Judgment Interest: \$0.00

Current Amount Owing: \$55,822.12

Exact Match on:

Debtor

No: 1

Solicitor / Agent

KELLY HANNAN AND ANDREA LUTSCH, LAWSON LUNDELL LLP
1100 BROOKFIELD PLACE, 225 - 6TH AVENUE
CALGARY, AB T2P 1N2

Phone #: 403 269 6900

Fax #: 403 269 9494

Reference #: 35071-169200

Email: ALUTSCH@LAWSONLUNDELL.COM

Debtor(s)

Block

Status

Current

1 TIMELINE FLOORS INC.
505 CITYVIEW BLVD., UNIT 1
CALGARY, AB L4H 0L8

Creditor(s)

Block

Status

Current

1 TAIGA BUILDING PRODUCTS LTD.
C/O 1100 BROOKFIELD PLACE, 225 - 6TH AVE
CALGARY, AB T2P 1N2

Search ID #: Z16322698

Email: ALUTSCH@LAWSONLUNDELL.COM

Particulars

<u>Block</u>	<u>Additional Information</u>	<u>Status</u>
1	THE COMPLETE ADDRESS FOR CREDITOR BLOCK ONE IS: C/O 1100 BROOKFIELD PLACE, 225 - 6TH AVENUE SW CALGARY, AB T2P 1N2	Current

<u>Block</u>	<u>Additional Information</u>	<u>Status</u>
2	THE COMPLETE ADDRESS FOR SOLICITOR/AGENT BLOCK ONE IS: 1100 BROOKFIELD PLACE, 225 - 6TH AVENUE SW CALGARY, AB T2P 1N2	Current

Result Complete

**WAYGAR CAPITAL INC., AS AGENT FOR
NINEPOINT CANADIAN SENIOR DEBT
MASTER FUND L.P.**

Applicant

- and - **QUALITY RUGS OF CANADA
LIMITED et al.**

Respondents

Court File No: CV-23-00703292-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

AFFIDAVIT OF DON ROGERS

AIRD & BERLIS LLP

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Steven L. Graff (LSO #31871V)

Tel: (416) 865-7726

Fax: (416) 863-1515

Email: sgraff@airdberlis.com

Matilda Lici (LSO #79621D)

Tel: (416) 865-3428

Fax: (416) 863-1515

Email: mlici@airdberlis.com

Lawyers for Waygar Capital Inc., as agent for
Ninepoint Canadian Senior Debt Master Fund
L.P.