

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

B E T W E E N:

MARSHALLZEHR GROUP INC.

Applicant

- and -

**2174542 ONTARIO INC., SAFE HARBOUR HOMES INC. and
SAFE HARBOUR DEVELOPMENTS INC.**

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

APPLICATION RECORD

March 28, 2024

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5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

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Lawyers for the Applicant

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<p>2174542 ONTARIO INC. 113 Park St., Suite 202 Peterborough, ON L9J 3R8</p> <p>Respondent</p>	<p>SAFE HARBOUR HOMES INC. 113 Park St., Suite 202 Peterborough, ON L9J 3R8</p> <p>Respondent</p>
<p>SAFE HARBOUR DEVELOPMENTS INC. 113 Park St., Suite 202 Peterborough, ON L9J 3R8</p> <p>Respondent</p>	<p>DICKINSON WRIGHT LLP 199 Bay Street, Suite 2200 Commerce Court Postal Station P.O. Box 447 Toronto, ON, M5L 1G4</p> <p>Trevor S. Whiffen Tel: 416-777-2399 Email: TWhiffen@dickinsonwright.com</p> <p>Courtesy Copy: Counsel for Respondents</p>

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Court File No.

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

B E T W E E N:

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Applicant

- and -

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Respondents

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JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

NOTICE OF APPLICATION

TO THE RESPONDENTS

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing

- In writing
- In person
- By telephone conference
- By video conference

on a date to be scheduled by the Court.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date _____ Issued by _____
Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue, 9th Floor
Toronto, Ontario M5G 1R7

TO: 2174542 ONTARIO INC.
113 Park Street, Unit 202
Peterborough, Ontario
L9J 3R8

TO: SAFE HARBOUR DEVELOPMENTS INC.
113 Park Street, Unit 202
Peterborough, ON L9J 3R8

TO: SAFE HARBOUR HOMES INC.
113 Park Street, Unit 202
Peterborough, ON L9J 3R8

COURTESY COPY TO: DICKINSON WRIGHT LLP
199 Bay Street, Suite 2200
Commerce Court Postal Station P.O. Box 447
Toronto, ON, M5L 1G4

Steven J. Gray
Tel: 416-777-4039
Email: sgray@dickinsonwright.com

APPLICATION

1. The Applicant, MarshallZehr Group Inc. (the “**Lender**”) makes an application for:
 - (a) an order appointing TDB Restructuring Limited as receiver (“**Receiver**”) without security, of all of the assets, property and undertakings of the Respondents, 2174542 Ontario Inc. (“**217**”), Safe Harbour Homes Inc. (“**Homes**”) and Safe Harbour Developments Inc. (“**Developments**”) pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 (the “**CJA**”); and
 - (b) such further and other relief as to this Honourable Court may deem just.
2. The grounds for the application are:

The Parties

- (a) The Lender provides syndicated construction and development financing to commercial businesses.
- (b) 217 is the registered owner of approximately 80 acres of development lands consisting of approximately 60 parcels located at Television Road and Old Norwood Road in the Township of Ontonabee, County of Peterborough (the “**Lands**”).
- (c) The Respondents are in the process of developing the Lands into a residential community consisting of townhouses, single family homes, commercial/retail office space, a self-storage units and retirement residences.
- (d) Edward Holko and Michael Steplock are the sole directors of 217. Mr. Holko and Mr. Steplock, together with Christopher Geddes, are the sole directors and officers of Homes and Developments.

The Loans

- (e) Pursuant to a Commitment Letter dated January 9, 2020, as amended, the Lender made a loan to 217 in the maximum principal amount of \$38.6 million for the purpose of funding site servicing and soft development costs (the “**Servicing Loan**”).
- (f) Pursuant to a Commitment Letter dated October 23, 2020, as amended, the Lender made available to 217 and Homes (collectively, the “**Debtors**”) a revolving loan in the maximum amount of \$5,879,000 for the purpose of, among others, funding Phase 1 construction of multiple blocks of single detached and townhouse homes (the “**Construction Loan**”, and together with the Servicing Loan, the “**Loans**”).
- (g) As security for the Loans, the Lender obtained, among other things, charges against the Lands in the principal amounts of \$45 million and \$8 million (collectively, the “**Lenders’ Charges**”), guarantees from Homes and Developments and General Security Agreements granted by each of the Respondents in favour of the Lender.

Other Creditors

- (h) In addition to the Lenders’ Charges, a mortgage in favour of Fraser Berrill in the principal amount of \$1.3 million was registered against some of the Lands’ parcels. A title search against one lot also revealed that a construction lien in favour of The King-Con Corporation in the amount of \$13,442.37 was registered against that lot on November 23, 2023.
- (i) The Lender’s counsel conducted searches under the *Personal Property Security Act* (Ontario) (“**PPSA**”) against the Respondents. The PPSA searches against 217 and Developments did not disclose any registrations against these Respondents other than those registered by the Lender.
- (j) The PPSA search against Homes disclosed two registrations, in addition to those registered by the Lender in favour of two equipment lenders, Meridian Onecap Credit Corp. and Ford Credit Canada Company.

Defaults and Demands

- (k) The Lands were being developed into a community which would include the following: (i) 103 townhomes and single detached homes; (ii) office and retail commercial space; (iii) self-storage facility; and (iv) retirement residences.
- (l) The residential lots have been subdivided and a portion of the residential lots have been serviced. The Debtors have experienced substantial construction delays, with construction and development stalled for almost one year due to the Debtors running out of money.
- (m) The Loans have been in default since the spring of 2022. The Servicing Loan matured on August 1, 2022 and the Construction Loan matured on July 1, 2023.
- (n) The Debtors have been trying to sell the Lands en bloc or piecemeal since July 2023 without success. As a consequence of the Debtors' construction delays, potential purchaser have lost confidence in the Debtors' ability to build the homes. The sales made prior to July 2023 were often at a loss. The Debtors have also been working with commercial brokers to find potential developers to buy one or more of the land parcels. To date, the Debtors' efforts have not yielded any meaningful sales.
- (o) Construction and development have not progressed for over a year. The Debtors have run out of money and have no means to advance this development further.
- (p) On November 23, 2023, MarshallZehr served demands on the Debtors for payment of the Loans and delivered notices of intention to enforce its security under section 244 of the Bankruptcy and Insolvency Act (the “**BIA Notice**”).

Just And Convenient To Appoint A Receiver

- (q) The Debtors are indebted to the Lender under the Loans in the amount in excess of \$52 million. Demands and BIA Notices were served in December 2023. The Debtors did not repay the Loans by the deadline prescribed in the BIA Notices or at all. There is no evidence that the Debtors have the ability to repay the amounts owing under the Loans.
- (r) Pursuant to the terms of the Loans and security, upon an Event of Default that has not been cured, the Lender is entitled to appoint a receiver in writing and/or make an application for the court appointment of a receiver over the property, assets and undertakings of the Respondents.
- (s) In these circumstances, it is in the best interests of the Lender and the creditors of the Respondents that a Receiver be appointed to take control over and realize on the Respondents' assets under Court supervision for the benefit of all stakeholders.
- (t) The Lender proposes that TDB Restructuring Limited be appointed as Receiver. TDB Restructuring Limited has agreed to accept the appointment.

Statutory and Other Grounds

- (u) Section 243(1) of the BIA;
 - (v) Section 101 of the CJA;
 - (w) Rules 1.04, 1.05, 2.01, 2.03, 3.02, 14.05, 16.08 and 38 of the *Rules of Civil Procedure*.
 - (x) Such further and other grounds as counsel may advise and this Honourable Court permits.
3. The following documentary evidence will be used at the hearing of the application:
- (a) the affidavit of Cecil Hayes and the exhibits thereto;

- (b) such further and other evidence as the lawyers may advise and this Honourable Court may permit.

March 11, 2024

CHAITONS LLP
5000 Yonge Street, 10th Floor
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E-mail: maya@chaitons.com

Lawyers for the Applicant

MARSHALLZEHR GROUP INC.
Applicant

- and-

2174542 ONTARIO INC., et al.
Respondents

Court File No.

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

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF APPLICATION

CHAITONS LLP

5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

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E-mail: maya@chaitons.com

Lawyers for the Applicant

TAB 2

Court File No. CV-24-00716277-00CL

**ONTARIO
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AFFIDAVIT OF CECIL HAYES
(sworn March 15, 2024)

I, **Cecil Hayes**, of the Town of Waterloo in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the President of the Applicant, MarshallZehr Group Inc. (“**MarshallZehr**”). The facts in this affidavit are within my personal knowledge or determined from the face of the documents attached as exhibits and from information and advice provided to me by others. When matters set out below are based upon information and advice from others, I believe same to be true.

2. This affidavit is sworn in support of the application by MarshallZehr for the appointment of TDB Restructuring Limited as receiver (“**Receiver**”) of the property, assets, and undertakings of the Respondents, 2174542 Ontario Inc. (“**217**”), Safe Harbour Homes Inc. (“**Homes**”) and Safe

Harbour Developments Inc. (“**Developments**”, and collectively, the “**Debtors**”).

THE PARTIES

3. 217 is a corporation governed by the Ontario *Business Corporations Act* (the “**OBCA**”). 217 has its registered office located at 113 Park Street, 202, Peterborough, Ontario (“**Park Street**”). A copy of the Corporate Profile Report for 217 generated on January 31, 2024 is attached hereto and marked as **Exhibit “A”**. The Corporate Profile Report discloses that Edward Holko (“**Holko**”) and Michael Steplock (“**Steplock**”) are the sole directors and officers of 217.

4. 217 is the registered owner of approximately 80 acres of development lands consisting of approximately 60 parcels located at Television Road and Old Norwood Road in the Township of Ontonabee, County of Peterborough (the “**Lands**”). The Lands are in the process of being developed into a residential community consisting of townhouses, single family homes, commercial/retail office space, a self storage units and retirement residences.

5. Homes is a corporation governed by the OBCA. Homes also has its registered office located at Park Street. A copy of the Corporate Profile Report for Homes generated on January 31, 2024 is attached hereto and marked as **Exhibit “B”**. The Corporate Profile Report discloses that Christopher Geddes (“**Geddes**”), Holko and Steplock are the sole directors and officers of Homes.

6. Developments is a corporation governed by the OBCA. Developments also has its registered office located at Park Street. A copy of the Corporate Profile Report for Developments generated on January 31, 2024 is attached hereto and marked as **Exhibit “C”**. The Corporate Profile Report discloses that Geddes, Holko and Steplock are the sole directors and officers of Developments.

7. MarshallZehr is an Ontario corporation that syndicates construction and development financing to commercial borrowers. The financing is sourced from institutional and private lenders. MarshallZehr is also a licensed mortgage brokerage and mortgage administrator.

LOAN AND SECURITY

The Loans

8. Pursuant to a Commitment Letter dated January 9, 2020, as amended by letters dated October 6, 2021 and February 16, 2022 (collectively, the “**Servicing Commitment Letter**”), MarshallZehr made available to 217 a loan in the maximum principal amount of \$38.6 million (the “**Servicing Loan**”) for the purpose of funding site servicing and soft development costs. A copy of the Servicing Commitment Letter is attached hereto and marked as **Exhibit “D”**.

9. Pursuant to a Commitment Letter dated October 23, 2020, as amended by the first amendment to the Commitment Letter dated February 16, 2022 (collectively, the “**Construction Commitment Letter**”), MarshallZehr made available to 217 and Homes a revolving loan in the maximum amount of \$5,879,000, for the purpose of, partially paying down an existing loan made by MarshallZehr and funding Phase 1 construction of multiple blocks of single detached and townhouse homes (the “**Construction Loan**”). A copy of the Construction Commitment Letter is attached hereto as **Exhibit “E”**.

Security

10. As security for the Servicing Loan, the Debtors granted, among other things, the following security documents in favour of MarshallZehr (collectively, the “**Servicing Security**”):

- (a) Charge/Mortgage registered against the Lands on October 17, 2014 as instrument number PE214289;

- (b) Charge/Mortgage registered against the Lands on June 9, 2015 as instrument number PE225968, as amended by:
 - (i) Notice of Charge Amending Agreement registered on May 4, 2017 as instrument number PE267146;
 - (ii) Notice of Charge Amending Agreement registered on March 28, 2018 as instrument number PE287361;
 - (iii) Notice of Charge Amending Agreement registered on February 28, 2020 as instrument number PE327751 increasing the principal amount of the registered mortgage to \$45,000,000. Copies of this Charge and the amending agreements are collectively attached hereto and marked as **Exhibit “F”**;
- (c) Charge/Mortgage registered against the Lands on May 4, 2017 as instrument no. PE267147 (Block 59 Charge), as amended by:
 - (i) Notice of Charge Amending Agreement registered on March 28, 2018 as instrument number PE287362;
 - (ii) Notice of Charge Amending Agreement registered on February 28, 2020 as instrument number PE327752, increasing the principal amount of the registered mortgage to \$45,000,000. Copies of this Charge together with the amending agreements are collectively attached hereto and marked as **Exhibit “G”**; and
- (d) General Security Agreements dated April 30, 2015 granted by 217 in favour of MarshallZehr, a copy of which is attached hereto and marked as **Exhibit “H”**;
- (e) Amended and Restated Guarantee dated February 27, 2020 granted by Developments, Steplock, Holko and Geddes in favour of MarshallZehr, a copy of which is attached hereto and marked as **Exhibit “I”**; and
- (f) General Security Agreement dated April 30, 2015 granted by Developments in favour of Marshall Zehr, a copy of which is attached hereto and marked as **Exhibit “J”**.

11. As security for the Construction Loan, the Debtors granted, among other things, the following security documents in favour of MarshallZehr (collectively, the “**Construction Security**”, and together with the Servicing Security, the “**Security**”):

- (a) Charge/Mortgage in the principal amount of \$8 million registered on October 12, 2022 as instrument number PE388769, a copy of which is attached hereto and marked as **Exhibit “K”**;
- (b) General Security Agreement dated November 18, 2020 granted by 217 in favour of MarshallZehr, a copy of which is attached hereto and marked as **Exhibit “L”**;

- (c) Amended and Restated Guarantee dated October 31, 2022 granted by Homes, Developments, Geddes, Steplock and Holko in favour of MarshallZehr, a copy of which is attached hereto and marked as **Exhibit “M”**;
- (d) General Security Agreement dated November 18, 2020 granted by Homes in favour of MarshallZehr, a copy of which is attached hereto and marked as **Exhibit “N”**;
- (e) General Security Agreement dated November 18, 2020 granted by Developments in favour of MarshallZehr, a copy of which is attached hereto and marked as **Exhibit “O”**

OTHER CREDITORS

12. There are approximately 60 parcels of land that collectively make up the Lands. I am advised by MarshallZehr’s legal counsel, Chaitons LLP (“**Chaitons**”), that it has reviewed all of the parcel register searches for the Lands.

13. Attached hereto as **Exhibit “P”** is the summary of parcel searches for Lots 1-30, Plan 45M260, PINs 28158-0200 (LT) to 28158-0229 (LT) which discloses that, in addition to MarshallZehr, the only other lender that has registered a charge/mortgage against these parcels is Fraser Berrill, who appears to be an individual residing in the City of Toronto. Attached hereto as **Exhibit “Q”** is a copy of Mr. Berrill’s charge registered on November 18, 2022, against these land parcels in the principal amount of \$1.3 million.

14. Attached hereto as **Exhibit “R”** is the summary of parcel searches for Lots 45-62 and 88-90, Plan 45M260, PINs 28158-0244 (LT) to 28158-0261 (LT); and 28158-0287 (LT) to 28158-0289 (LT). The summary does not disclose any registrations other than registrations in favour of MarshallZehr and Mr. Berrill.

15. Attached hereto as **Exhibit “S”** is the summary of parcel searches for Blocks 97, 100 and 104, Plan 45M260; PIN 28158-0296 (LT), 28158-0299 (LT) and 28158-0303 (LT). The summary

does not disclose any registrations other than registrations in favour of MarshallZehr and Mr. Berrill.

16. Attached hereto as **Exhibit “T”** is the summary of parcel searches for Blocks 99 and 101, Plan 45M260; PINs 28158-0298 (LT) and 28158-0300 (LT). The summary does not disclose any registrations other than registrations in favour of MarshallZehr and Mr. Berrill.

17. Attached hereto as **Exhibit “U”** is the summary of parcel searches for Block 59, Plan 45M241; PIN 28158-0108 (LT). The summary does not disclose any registrations other than registrations in favour of MarshallZehr.

18. Attached hereto as **Exhibit “V”** is the summary of parcel searches for Lot 9, Plan 45M253; PIN 28158-0133 (LT). In addition to the registrations in favour of MarshallZehr, the summary disclosed that a construction lien in the amount of \$13,442.37 was registered against this parcel by King-Con Corporation on November 23, 2023.

19. On March 7, 2024, the King-Con Corporations served its statement of claim on MarshallZehr in connection with its lien claim. A copy of the Statement of Claim is attached hereto as **Exhibit “W”**.

20. Attached hereto as **Exhibit “X”** is the summary of parcel searches for Part Lot 30 Concession 11; PIN 28158-0312 (LT). The summary does not disclose any registrations other than registrations in favour of MarshallZehr and Mr. Berrill.

21. I am advised by Chaitons, that it conducted searches under the *Personal Property Security Act* (Ontario) (“**PPSA**”) against the Respondents as of January 31, 2024. I am advised by Chaitons that these searches did not disclose any registrations against the Respondents 217 and

Developments other than those in favour of MarshallZehr. Copies of the PPSA search results against 217 and Developments are collectively attached hereto as **Exhibit “Y”**.

22. I am advised by Chaitons, that it conducted a search under the PPSA against the Respondent Homes which disclosed that in addition to the registrations in favour of MarshallZehr, the following parties registered financing statements against Homes:

- (a) Meridian Onecap Credit Corp. registered a financing statement against Homes on November 19, 2018 in respect of certain equipment;
- (b) Ford Credit Canada Company registered a financing statement against Homes on December 7, 2012 in respect of certain equipment.

Attached hereto as **Exhibit “Z”** is a copy of the PPSA search result against Homes.

DEVELOPMENT STATUS

23. The Lands were being developed into a community which would include the following: (i) 103 townhomes and single detached homes; (ii) office and retail commercial space; (iii) self-storage facility; and (iv) retirement residences.

24. The residential lots have been subdivided and a portion of the residential lots have been serviced. The Debtors have experienced substantial construction delays, with construction and development stalled for almost one year due to the Debtors running out of money.

25. The Debtors have been trying to sell the Lands *enbloc* or piecemeal since July 2023 without success. As a consequence of the Debtors' construction delays, potential purchaser have lost confidence in the Debtors' ability to build the homes. Any sales made prior to July 2023 were often at a loss. The Debtors have also been working with commercial brokers to find potential

developers to buy one or more of the land parcels. To date, the Debtors' efforts have not yielded any meaningful sales.

26. Construction and development have not progressed for over a year. The Debtors have run out of money and have no means to advance this development further.

DEFAULTS AND DEMAND

27. The Debtors defaulted on the Servicing Loan in April 2022 by failing to make monthly interest payments due under the Servicing Loan. The Servicing Loan matured on August 1, 2022.

28. The Construction Loan matured on July 1, 2023.

29. In or around June, 2022, the Debtors requested that MarshallZehr provide additional financing. Although MarshallZehr considered this request, it declined to do so as a consequence of the Debtors' defaults.

30. Between July 11, 2023 and November 22, 2023, MarshallZehr engaged in discussions with the Debtors with respect to a possible forbearance agreement. The Debtors were not prepared to enter into a forbearance agreement on terms acceptable to MarshallZehr.

31. On November 23, 2023, MarshallZehr served demands on the Debtors for payment of the Loans and delivered notices of intention to enforce its security under section 244 of the *Bankruptcy and Insolvency Act* (the "**BIA Notice**"). Copies of the demand letters and notices are collectively attached hereto as **Exhibit "AA"**

32. As at March 11, 2024, the Debtors continue to be indebted to MarshallZehr in the following amounts:

- (a) Under the Servicing Loan: \$47,151,620.67; and
- (b) Under the Construction Loan: \$5,338,626.25.

Copies of the discharge statements dated March 11, 2024 are collectively attached hereto as **Exhibit “BB”**.

JUST AND CONVENIENT TO APPOINT A RECEIVER

33. The Loans have both matured and not been repaid. The last payment received under the Servicing Loan was in April 2022. The last payment received by MarshallZehr under the Construction Loan was in February 2022. The Debtors do not have any money to service the Loans or repay them and have not demonstrated any ability to secure new financing.

34. Construction and development have stalled for over a year and the Debtors do not have the funds available to progress with construction. The Debtors' attempts to sell the Lands in part or en bloc have not been successful.

35. Pursuant to the terms of MarshallZehr's loan and Security, upon an Event of Default that has not been cured, MarshallZehr is entitled to appoint a receiver in writing and/or make an application for the court appointment of a receiver over the property, assets and undertakings of the Debtors.

36. In these circumstances, it is just and convenient that a receiver be appointed to take control over the Lands and to market the Lands for sale piecemeal or en bloc.

37. MarshallZehr proposes that TDB Restructuring Limited. be appointed as Receiver. TDB Restructuring Limited. has agreed to accept the appointment, and a copy of its consent is attached hereto as **Exhibit “CC”**.

38. This affidavit is sworn in support of MarshallZehr's application for the appointment of a Receiver and for no other or improper purpose.

SWORN BEFORE ME over videoconference on this 15 day of March 2024. The affiant was located in the City of Waterloo in the Province of Ontario and the commissioner was located in the City of Toronto, in the Province of Ontario, Canada. This affidavit was commissioned remotely in accordance O. Reg. 431/20, Administering Oath or Declaration Remotely



LAURA CULLETON

Commissioner for Taking Affidavits
(or as may be)

DocuSigned by:

6697E6642B774AE...

CECIL HAYES

***THIS IS EXHIBIT "A" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.



Profile Report

2174542 ONTARIO INC. as of January 31, 2024

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	2174542 ONTARIO INC.
Ontario Corporation Number (OCN)	2174542
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	May 29, 2008
Registered or Head Office Address	113 Park Street, 202, Peterborough, Ontario, Canada, L9J 3R8

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 1
Maximum Number of Directors 10

Name EDWARD HOLKO
Address for Service 2010 Scenic Point, Burlington, Ontario, Canada, L7P 4W2
Resident Canadian Yes
Date Began May 29, 2008

Name MICHAEL STEPLOCK
Address for Service 626 Rishor Avenue, Lakefield, Ontario, Canada, K0L 2H0
Resident Canadian Yes
Date Began May 29, 2008

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	EDWARD HOLKO
Position	Secretary
Address for Service	2010 Scenic Point, Burlington, Ontario, Canada, L7P 4W2
Date Began	May 29, 2008

Name	EDWARD HOLKO
Position	Vice-President
Address for Service	2010 Scenic Point, Burlington, Ontario, Canada, L7P 4W2
Date Began	May 29, 2008

Name	MICHAEL STEPLOCK
Position	President
Address for Service	626 Rishor Avenue, Lakefield, Ontario, Canada, K0L 2H0
Date Began	May 29, 2008

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

2174542 ONTARIO INC.

Effective Date

May 29, 2008

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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Additional historical information may exist in paper or microfiche format.

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.

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: CHRIS GEDDES - DIRECTOR	January 10, 2021
Annual Return - 2019 PAF: CHRIS GEDDES - DIRECTOR	February 16, 2020
Annual Return - 2019 PAF: CHRIS GEDDES - DIRECTOR	October 20, 2019
Annual Return - 2018 PAF: ED HOLKO - DIRECTOR	October 07, 2018
Annual Return - 2017 PAF: ED HOLKO - DIRECTOR	October 08, 2017
Annual Return - 2016 PAF: ED HOLKO - DIRECTOR	October 02, 2016
Annual Return - 2015 PAF: ED HOLKO - DIRECTOR	October 03, 2015
Annual Return - 2014 PAF: ED HOLKO - DIRECTOR	October 04, 2014
Annual Return - 2013 PAF: ED HOLKO - DIRECTOR	August 17, 2013
Annual Return - 2012 PAF: ED HOLKO - DIRECTOR	October 06, 2012
Annual Return - 2011 PAF: ED HOLKO - DIRECTOR	August 27, 2011
Annual Return - 2010 PAF: ED HOLKO - DIRECTOR	October 30, 2010
Annual Return - 2009 PAF: ED HOLKO - DIRECTOR	November 07, 2009

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 - Initial Return PAF: JAMES W. SPENCE - OTHER	June 20, 2008
BCA - Articles of Incorporation	May 29, 2008

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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***THIS IS EXHIBIT "B" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.



Profile Report

SAFE HARBOUR HOMES INC. as of January 31, 2024

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	SAFE HARBOUR HOMES INC.
Ontario Corporation Number (OCN)	2388000
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	September 13, 2013
Registered or Head Office Address	113 Park Street, 202, Perterborough, Ontario, Canada, L9J 3R8

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)

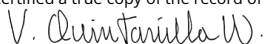
Minimum Number of Directors 1
Maximum Number of Directors 10

Name CHRISTOPHER GEDDES
Address for Service 113 Park Street, 202, Peterborough, Ontario, Canada, K9J
3R8
Resident Canadian Yes
Date Began September 13, 2013

Name EDWARD HOLKO
Address for Service 113 Park Street, 202, Peterborough, Ontario, Canada, K9J
3R8
Resident Canadian Yes
Date Began September 13, 2013

Name MICHAEL STEPLOCK
Address for Service 113 Park Street, 202, Peterborough, Ontario, Canada, K9J
3R8
Resident Canadian Yes
Date Began September 13, 2013

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)

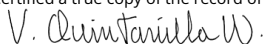
Name CHRISTOPHER GEDDES
Position Chief Operating Officer
Address for Service 113 Park Street, 202, Peterborough, Ontario, Canada, K9J 3R8
Date Began September 13, 2013

Name EDWARD HOLKO
Position Chief Financial Officer
Address for Service 113 Park Street, 202, Peterborough, Ontario, Canada, K9J 3R8
Date Began September 13, 2013

Name EDWARD HOLKO
Position Secretary
Address for Service 113 Park Street, 202, Peterborough, Ontario, Canada, K9J 3R8
Date Began September 13, 2013

Name MICHAEL STEPLOCK
Position President
Address for Service 113 Park Street, 202, Peterborough, Ontario, Canada, K9J 3R8
Date Began September 13, 2013

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



Director/Registrar

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Corporate Name History

Name

SAFE HARBOUR HOMES INC.

Effective Date

September 13, 2013

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: ED HOLKO - DIRECTOR	October 25, 2020
Annual Return - 2019 PAF: ED HOLKO - DIRECTOR	October 06, 2019
Annual Return - 2018 PAF: ED HOLKO - DIRECTOR	October 07, 2018
Annual Return - 2017 PAF: ED HOLKO - DIRECTOR	October 08, 2017
Annual Return - 2016 PAF: ED HOLKO - DIRECTOR	October 02, 2016
Annual Return - 2015 PAF: ED HOLKO - DIRECTOR	October 03, 2015
Annual Return - 2014 PAF: ED HOLKO - DIRECTOR	October 04, 2014
CIA - Initial Return PAF: LARRY W. MATTHEWS - OTHER	September 16, 2013
BCA - Articles of Incorporation	September 13, 2013

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V. Quintanilla W.

Director/Registrar

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***THIS IS EXHIBIT "C" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.



Profile Report

SAFE HARBOUR DEVELOPMENTS INC. as of January 31, 2024

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	SAFE HARBOUR DEVELOPMENTS INC.
Ontario Corporation Number (OCN)	1602459
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	April 06, 2004
Registered or Head Office Address	113 Park Street, Peterborough, Ontario, Canada, K9J 3R8

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)

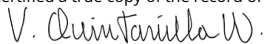
Minimum Number of Directors 1
Maximum Number of Directors 10

Name CHRISTOPHER GEDDES
Address for Service 113 Park Street, Peterborough, Ontario, Canada, K9J 3R8
Resident Canadian Yes
Date Began April 18, 2006

Name EDWARD HOLKO
Address for Service 113 Park Street, 202, Peterborough, Ontario, Canada, K9J 3R8
Resident Canadian Yes
Date Began April 18, 2006

Name MICHAEL STEPLOCK
Address for Service 113 Park Street, 202, Peterborough, Ontario, Canada, K9J 3R8
Resident Canadian Yes
Date Began April 18, 2006

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)

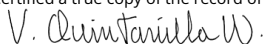
Name CHRISTOPHER GEDDES
Position Chief Operating Officer
Address for Service 113 Park Street, Peterborough, Ontario, Canada, K9J 3R8
Date Began April 18, 2006

Name EDWARD HOLKO
Position Chief Financial Officer
Address for Service 113 Park Street, 202, Peterborough, Ontario, Canada, K9J 3R8
Date Began April 18, 2006

Name EDWARD HOLKO
Position Secretary
Address for Service 113 Park Street, 202, Peterborough, Ontario, Canada, K9J 3R8
Date Began April 18, 2006

Name MICHAEL STEPLOCK
Position President
Address for Service 113 Park Street, 202, Peterborough, Ontario, Canada, K9J 3R8
Date Began April 18, 2006

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



Director/Registrar

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Corporate Name History

Name	SAFE HARBOUR DEVELOPMENTS INC.
Effective Date	December 14, 2007
Previous Name	1602459 ONTARIO INC.
Effective Date	April 06, 2004

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

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.

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: ED HOLKO - DIRECTOR	October 25, 2020
Annual Return - 2019 PAF: ED HOLKO - DIRECTOR	October 06, 2019
Annual Return - 2018 PAF: ED HOLKO - DIRECTOR	October 07, 2018
Annual Return - 2017 PAF: ED HOLKO - DIRECTOR	October 08, 2017
Annual Return - 2016 PAF: ED HOLKO - DIRECTOR	October 02, 2016
Annual Return - 2015 PAF: ED HOLKO - DIRECTOR	October 03, 2015
Annual Return - 2014 PAF: ED HOLKO - DIRECTOR	October 04, 2014
Annual Return - 2013 PAF: ED HOLKO - DIRECTOR	August 17, 2013
Annual Return - 2012 PAF: ED HOLKO - DIRECTOR	October 06, 2012
Annual Return - 2011 PAF: ED HOLKO - DIRECTOR	August 27, 2011
CIA - Notice of Change PAF: LARRY W. MATTHEWS - OTHER	February 01, 2011
Annual Return - 2010 PAF: ED HOLKO - DIRECTOR	October 23, 2010
CIA - Notice of Change PAF: LARRY W. MATTHEWS - OTHER	May 28, 2010

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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Annual Return - 2009 PAF: ED HOLKO - DIRECTOR	October 31, 2009
Annual Return - 2007 PAF: ED HOLKO - OFFICER	March 28, 2009
Annual Return - 2008 PAF: ED HOLKO - OFFICER	March 07, 2009
Annual Return - 2007 PAF: LARRY W. MATTHEWS - OTHER	May 26, 2008
Annual Return - 2006 PAF: LARRY WILLIAM MATTHEWS - DIRECTOR	May 26, 2008
Annual Return - 2005 PAF: LARRY WILLIAM MATTHEWS - DIRECTOR	May 26, 2008
BCA - Articles of Amendment	December 14, 2007
CIA - Initial Return PAF: LARRY W. MATTHEWS - OTHER	December 11, 2007
BCA - Articles of Incorporation	April 06, 2004

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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***THIS IS EXHIBIT "D" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.



Thursday, January 9, 2020

Attention: Michael Steplock

2174542 Ontario Inc.
202-113 Park Street
Peterborough, ON
K9J3R8

Dear Michael Steplock,

Re: Debt Refinancing and Servicing Loan for "Burnham Meadows" project, Peterborough, ON

Project Name: Burnham Meadows – MZGI 241 (the "Project")

This commitment letter confirms that MarshallZehr Group Inc. (the "Lender") is prepared to provide financing (the "Loan") for the Project conditional on the terms and conditions contained in this letter agreement (the "Commitment").

I. LOAN

Borrower: 2174542 Ontario Inc. (the "Borrower")

Guarantors: Safe Harbour Developments Inc., Michael Steplock, Edward Holko and Christopher Geddes together with such other related parties as the Lender may deem advisable (the "Guarantors").

Obligors: Means, collectively, the Borrower and the Guarantors and the "Obligor(s)" means any one of them.

Lender: MarshallZehr Group Inc. (the "Lender") and/or such other assignee or lenders as MarshallZehr Group Inc. may arrange to participate in the Loan.

Project: THOSE LANDS AND PREMISES DESCRIBED MUNICIPALLY AS TELEVISION ROAD, PETERBOROUGH, ON AND LEGALLY AS PART OF LOT 30, CONCESSION 11 – OTONABEE WARD TOWNSHIP OF OTONABEE – SOUTH MONAGHAN GEOGRAPHIC TOWNSHIP OF OTONABEE COUNTY OF PETERBOROUGH COUNTY FILE NO. 15T-08003.

Loan Amount: \$38,600,000 (the "Loan")

Purpose: First Mortgage to refinance existing first mortgage and for the financing of soft
MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453
465 Phillip St., Suite 206, Waterloo, ON N2L 6C7 | p.519.342.1000 f.519.342.0851 | www.marshallzehr.com

Version: 2018-05-24

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costs.

The Lender understands that the Project is to consist of the continued site servicing of the entire land parcel, which consists of 197 residential units as well as future retirement and commercial lands on 79.6 acres. Furthermore, the Lender understands that the Phase 1B is site plan approved and the remainder of the Project is draft plan approved.

Sources and
Uses of
Funds:

Uses		
Land	\$	19,146,278
Site Servicing Costs	\$	11,062,484
Soft Development	\$	559,243
Soft Consultants	\$	1,053,083
Administration & Marketing	\$	1,199,270
Contingency	\$	607,262
Financing	\$	12,972,380
Total Uses	\$	46,600,000
Sources		
1 st Mortgage	\$	38,600,000
Cash Equity	\$	425,000
Land Lift	\$	5,000,000
Deferred Servicing Costs	\$	825,000
Deferred Financing Costs	\$	1,750,000
Total Sources	\$	46,600,000

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Syndication of the Loan:

It is the Lender's intention to syndicate all or a portion of the Loan with other lenders on terms and conditions satisfactory to the Lender. All obligations of the Lender are conditional on successful syndication by the Lender. This Commitment shall be null and void if the Lender is unable to syndicate the Loan, and all fees less the Good Faith Deposit together with any due-diligence and legal costs incurred by the Lender, shall be returned to the Borrower. The Lender shall notify the Borrower within 21 days from the date of the Borrower signing this Commitment that the Lender has successfully syndicated this Loan. If the Lender is unable to provide the Borrower written confirmation that the Loan has been successfully syndicated within this time, it will be the sole option of the Borrower to terminate this agreement, in which case this Commitment will be null and void and all fees less the Good Faith Deposit together with any due-diligence and legal costs incurred by the Lender, shall be returned to the Borrower.

Initial Advance and Draw:

The first advance and draw (the "Initial Advance" and "Draw 1", respectively) is anticipated to be in the principal amount of \$29,950,000 and advanced upon satisfaction of the conditions contained herein and accompanied by the applicable Notices (see Appendix A, B, C and D). The Initial Advance and Draw is expected to be advanced as follows:

Debt Refinance of MZGI 86	\$	28,000,000
Legal and Administration	\$	50,000
2 Month Interest Reserve	\$	550,000
Costs in Place	\$	1,350,000
Initial Advance Amount	\$	29,950,000

Lender Advances:

A Lender Advance is defined as the transfer of funds from the participating Lender(s) to Marshall Zehr's Trust account. Interest shall become payable on these funds from the date of the deposit of the funds into the Marshall Zehr Trust account, regardless of whether the funds are used in the project immediately, or later returned to the Lender without ever having been drawn by the Borrower.

Lender Advances shall be requested by the Borrower in advance of funds being required with a notice period as defined in Section 2.2, in the form provided in Appendix C.



Borrower

Draws: A Borrower Draw is defined as the request of funds from MarshallZehr's Trust account to fund the Project bank account or to be directly applied against project expenses. A Borrower Draw will not be processed until such time as all the conditions related to the Draw are met, as outlined in Section 2.2.

Borrower Draws shall be processed and based upon the progress of construction or another Lender approved costs in place, as hereinafter provided and accompanied by the applicable Notices as provided in Appendix A and D.

Term: Nineteen (19) months (commencing from the Interest Adjustment Date or IAD). Interest from the date of the Initial Advance to the IAD shall be deducted by the Lender from the Initial Advance.

Renewal: Provided the Borrower is not in default of any of its obligations under this Commitment or under any Lender security, the Lender will offer two six (6) month extension options with 60 days written notice prior to the end of the Term (the "Renewal Term"). The interest will be calculated and compounded at the same rate as the original Term of this mortgage. The extension is open for repayment at any time, within the Renewal Term with 60 days' notice. The Borrower shall pay a renewal fee (the "Renewal Fee") of one (1.00%) percent of the borrowed amount, or of the outstanding balance if the Loan has been advanced and repayment has begun, and such shall not be effective unless the Renewal Fee is paid in full. A subsearch will be conducted by the Lender's solicitor upon the acceptance of this renewal letter at the Borrower's expense. The Borrower will be responsible for any reasonable costs associated with the extension.

Interest Rate: Prime + 8.05%; floor rate of 12.0% per annum

Interest shall accrue commencing on the date of the Initial Advance, calculated daily (365 days/year), compounded and payable monthly with interest only payments made from the Interest Reserve which is to be re-established via Borrower Draws up to the budgeted amount, after which payments shall be made from the Borrower and/or the Guarantor's own resources. Prime shall be defined as the Bank of Montreal Prime Rate of Interest. For the purpose of determining the interest rate used in the interest calculation, the Bank of Montreal Prime Business Rate on the first day of each month will be used as the Prime Rate for that entire month.

Wrap Up Period:

The final month of the Term, or the Renewal Term if renewed pursuant to the renewal provision contained herein, shall be the beginning of the Wrap Up Period, and bear interest at twice the Interest Rate, and if there are multiple Facilities or Tranches, calculated, compounded and payable in the same manner as prior to entering the Wrap Up Period for each applicable Facility or Tranche.

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Interest Adjustment Date:

The "Interest Adjustment Date" or "IAD" shall be the 1st of the month following the Initial Advance

Standby Interest:

In the event that:

- a) Draw 1 has not been fully advanced by December 17th 2019, or for any reason other than a default by the Lender, or
- b) the funding conditions for Borrower Draws provided for in Section 2.2 of this Commitment result in the Borrower being permitted to receive less than the Borrower Draw actually requested,

Interest will commence on the advance date established herein for such Draw 1 or a Borrower Draw as the case may be, in the form of standby interest ("Standby Interest") on any unadvanced portion of the Draw 1 or the Borrower Draw as the case may be and will become due and payable monthly at a rate equal to the applicable Interest Rate set out herein until the earlier of the applicable draw being fully advanced, or the termination of this Commitment Letter without any advances having been made. Any accrued and unpaid Standby Interest shall be payable at the time of the advance and deducted from the advance.

A standby fee shall be calculated from the date of the expected advance as mentioned herein to the IAD and shall be payable at the time of the advance and deducted from the advance.

Advance Deductions:

At the time of a Lender Advance, the Lender may at its sole discretion, deduct an amount equal to the applicable interest for such advance for the balance of the term of the Loan as an interest reserve (the "Interest Reserve").

Interest Reserve Amount: \$550,000

Further to the above reserve amount, an interest reserve to cover 3 month's interest will be raised in advance every 3 months and shall be held in the Lender's Trust account and be used to service the interest payments on the outstanding balance of the Loan. Any funds held in the Lender's trust account from an advance are considered to be and shall be deemed to be principal advanced to the Borrower and interest shall accrue on those funds as if they had been paid directly to the Borrower.

Cancellation: The Lender may on demand require immediate payment of all amounts outstanding or accrued in connection with this Commitment. The Lender may at any time, for any reason and without notice, cancel the undrawn portion of the Loan.

Anniversary Date:

The anniversary date is defined as one year from the Interest Adjustment Date (IAD). The Lender may request compliance deliverables based on anniversary dates of the mortgage, or as the lender deems necessary in their sole discretion.

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Time and Place of Payments:

Payments are to be made to the Lender at its offices at 206-465 Phillip Street, Waterloo, Ontario no later than 1:00 p.m. on the date scheduled for payment. Payments made after such time shall be treated as having been received on the next business day. Payments made after the date scheduled for payment must be made by certified cheque or bank draft. Whenever any payment is due on a day that is not a business day, then such payment will be due on the next business day, and interest will accrue to such business day. Any NSF Cheques will incur a fee of \$500.

Principal Payments:

There shall be no regularly scheduled principal repayments and the entire outstanding principal amount shall become due and payable at maturity.

Partial Discharges:

Provided that the Borrower is not in default, the Lender shall provide partial discharges of Project units on the closing of a unit sale transaction provided the Borrower pays the Lender Net Sales Proceeds of each sale. Net Sales Proceeds is defined as the sale price of the unit less deductions for deposits (used in the Project's financing) and any payments on account of principal required to be made to a permitted prior lender, if any, to obtain a partial discharge of its security, normal sales commissions, and legal costs. The Borrower will pay the Lender an administration fee of \$250 and its solicitor's reasonable legal fees in respect of the preparation of the discharge for each partial discharge requested by the Borrower. In the event of Default, the Lender shall not be obligated to provide partial discharges. The Net Sale Proceeds, shall be dispersed as follows:

- a) Repayment of all accrued and unpaid interest;
- b) Repayment of the outstanding Loan principal balance

Provided the Borrower is not in default, the Lender shall consent to the sale of Lots to home builders under arrangements of a Vendor Take Back ("VTB") second mortgage provided that the Lender receives cash payment by such builder in an amount not less than 25% of the lot price. Under such arrangement, the Lender's security will remain in place and the parties will enter into an agreement that provides for discharges of the Lender security and VTB upon payment of the VTB amount per lot plus accrued and unpaid interest therein to the Lender.

Prepayment:

Subject to any partial discharge provisions, the mortgage may be prepaid in whole or in part at any time or times on the following terms:

- a) At least 30 days prior written notice is given to the Lender in the form provided in Appendix E - Repayment Notice
- b) No pre-payment shall be in an amount of less than \$100,000 without consent of the Lender
- c) The Borrower shall pay the Lender an administration fee of \$500.00 and its solicitor's reasonable legal fees in respect to the discharge or repayment



Fees: The Borrower shall pay the following Lender fees to the transaction mortgage broker, MarshallZehr Group Inc.:

Good Faith Deposit: NIL

Deferred Lender Fee: \$1,750,000.00, the Deferred Fee, shall be earned by the Lender upon execution of the Commitment Letter. Notwithstanding the Prepayment provisions contained herein, the Deferred Fee shall be payable upon discharge of the Loan in full.

Such amount shall be added to the Principal amount of the Charge and be so secured by the Charge.

Admin Fee: An additional fee of \$5,000 payable to MarshallZehr Group Inc. will be paid by the Borrower at closing of the Initial Advance in order to complete the FSCO required documentation.

Draw Fee: The Borrower agrees to pay \$250 to the Lender as an administrative fee (the "Draw Fee") in conjunction with each request for a Borrower Draw (the "Draw Request").

Final Discharge Fee: The Borrower will pay the Lender an administration fee of \$500.00 and its solicitor's reasonable legal fees in respect of the preparation of the final discharge of this mortgage.

Expenses: All reasonable expenses of the Lender and the Borrower shall be paid by the Borrower including (but not limited to), the cost of any third-party reports and all legal costs regardless of whether the Borrower proceeds with the transaction and any costs of recovery of unpaid amounts should that be necessary. Upon request the Lender shall provide an estimate of the legal fees to be incurred by the Lender. Regardless, the Borrower is responsible for all reasonable legal fees incurred by the Lender.

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Subordinate Financing:

No additional financing will be permitted without the prior written consent of the Lender and in the event of a default under this restriction, the entire principal, interest, fees and all other amounts under the Commitment and security issued pursuant thereto shall become immediately due and payable.

Should additional subordinate financing be placed by the Borrower on the consent of the Lender, such consent will be conditional upon the secondary lender entering into a postponement, subordination and standstill agreement that requires the secondary lender to issue zero dollar discharges to the Lender and Borrower within 2 business days of being requested and requires complete cooperation in executing all postponements and consents as may be required to advance the development of the Project. Any discharge greater than zero shall require prior consent from the Lender. Failure to comply shall be considered a default by the Borrower.

Right of First Refusal:

The Borrower shall grant to the Lender:

- a) a right of first opportunity (the "Right of First Opportunity") and
- b) a right of first refusal ("Right of First Refusal") (collectively, the "Further Financing Rights"),

with respect to providing any further financing required for the Project, including without limitation arranging replacement or additional financing for the Project as contemplated herein, and financing for any further development of the Project or of any improvements thereon (any such financing being referred to herein as "Further Financing").

With respect to the Right of First Opportunity: prior to consulting with any other lender with respect to any Further Financing, the Borrower shall provide to the Lender in writing a request for such Further Financing with all information necessary for the Lender to process the request and the Lender shall have a period of sixty (60) days after receipt of same (the "Opportunity Period") to provide to the Borrower a mortgage commitment letter to provide the Further Financing. The Borrower hereby undertakes not to communicate with any other lender with respect to provision of the Further Financing during the Opportunity Period, and to fully cooperate with the Lender in good faith during the Opportunity Period to provide such further information as the Lender may require in pursuit of its Right of First Opportunity.

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With respect to the Right of First Refusal: upon receipt by the Borrower of any written offer of financing received from any other party, including but not limited to term sheets, mortgage commitments, and funding agreements (the "Third-Party Funding Offer"), the terms of which the Borrower is prepared to accept, the Borrower shall provide to the Lender a copy of the Third-Party Funding Offer and all information relevant to it. Upon receipt of same, the Lender shall have a period of fourteen (14) days (the "Matching Period") to provide a mortgage commitment letter to the Borrower containing financing terms that are substantially the same or better as the Third-Party Funding Offer (the "Matching Offer"). The Borrower hereby undertakes, in the event that the Lender submits to the Borrower a Matching Offer within the Matching Period, to accept the Matching Offer and forthwith provide to the Lender such information and execute such documentation as is reasonably required by it in connection with that acceptance. In the event that the Lender fails to deliver to the Borrower a Matching Offer within the Matching Period, the Borrower shall be at liberty to accept the Third-Party Funding Offer. The Borrower hereby undertakes to fully cooperate with the Lender in good faith during the Matching Period to provide such information as the Lender may require in pursuit of its Right of First Refusal.

In order to secure the Lender's Further Financing Rights, the Borrower hereby authorizes the Lender and its solicitors to register on title to the Project a notice pursuant to Section 118 of the Land Titles Act restricting the Borrower from further charging the Project except upon the consent of the Lender.

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**Maximum
Rate of
Return:**

The parties agree that notwithstanding any agreement to the contrary, no interest on the credit advanced will be payable in excess of that permitted by the laws of Canada. If the effective annual rate of interest calculated in accordance with generally accepted actuarial practices and principles would exceed sixty (60) percent (or such other rate as the Parliament of Canada may deem from time to time as The Criminal Rate) on the credit advance, then (1) the amount of any fees, bonus, commissions or like charges payable in connection therewith will be reduced to the extent necessary to eliminate such excess; (2) any remaining excess that has been paid will be credited toward prepayment of the credit advanced; and (3) any overpayment that may remain after such crediting will be returned forthwith upon demand. In this paragraph the terms "interest", "Criminal Rate" and "credit advanced" have the meaning ascribed to them in Section 347 of The Criminal Code, and "credit advanced" has the same meaning as "Loan" referred to elsewhere in this Commitment.

**Administration
Fee Payable
on Default:**

In the event of a default by the Borrower or any Guarantor in their respective obligations under this Commitment, Loan or Security that is not cured within the timeframes set out herein, the Lender shall, notwithstanding anything contained herein to the contrary, be entitled to receive in addition to all other fees, charges and disbursements, an administration and management fee in the amount of \$5,000.00 for each month or part thereof that the Borrower and/or any Guarantor is in default of its obligations under the Commitment, Loan or Security. The said sum or sums are agreed to be liquidated damages to cover the Lender's administration and management costs and are not intended nor shall they be construed as a penalty. All such sums payable to the Lender shall be a charge upon the Project and its assets and interest shall accrue thereon as if they were Loan principal.

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II. TERMS AND CONDITIONS

The Loan terms and conditions shall be such terms and conditions as the Lender may from time to time require and shall include, but not be limited to the following:

2.1 Initial Funding Conditions

The Lender shall not be required to advance any funds prior to the Borrower having fulfilled to the Lender's satisfaction the following conditions:

- a) All the Security and ancillary loan agreements and documents and opinions shall have been executed and delivered to the Lender or its solicitors, with such modifications or amendments as may be required by the borrower acting reasonably and registered where and as required. Please refer to Section III. SECURITY TO BE DELIVERED for a complete listing.
- b) The Lender shall have satisfied itself with the financial performance and condition of the Borrower and each of the Guarantors in the Lender's sole discretion. Each of the Obligors shall provide within ten (10) business days of the date of execution of this Commitment, at a minimum, the following deliverables:
 - i. Corporate Borrower(s) shall provide externally accountant prepared annual financial statements (Audited) for its most recently ended fiscal year.
 - ii. Corporate Borrower shall provide external accountant prepared financial statements (Review Engagement or Notice to Reader) for its 2nd most recently ended fiscal year.
 - iii. Corporate Obligors shall provide external accountant prepared financial statements (Review Engagement or Notice to Reader) for its two most recently ended fiscal years.
 - iv. Corporate Obligors shall provide Corporate Notice of Assessments for its two most recently ended fiscal years.
 - v. Personal Obligors shall provide Notices of Assessment received from the Canada Revenue Agency for their two most recently ended taxation years, with respect to their income tax filings.
 - vi. Personal Obligors shall provide the Lender's form of Personal Net Worth Statement with supporting documentation.
 - vii. All Obligors shall complete the Lender's form of Mortgage Application. To facilitate the Lender's due diligence regarding the creditworthiness of the Obligors, each of the Obligors shall authorize the Lender to conduct credit checks and authorize each of the financial institutions with which the Obligors deal to release any and all information reasonably required and requested by the Lender to adequately assess the credit worthiness of each respectively.
- c) The Borrower shall deliver to the Lender within five (5) business days of the acceptance of this Commitment for the Lender's satisfactory review and acceptance the following:
 - i. A soils-test/geotechnical report (load bearing capacity) by a professional engineer as is acceptable to the Lender that the proposed construction and site improvements of the Project are feasible under existing soil conditions, together with evidence that the construction specifications for the Project provide for construction in compliance with such conditions and with the recommendations, if any, which may be contained in such soils-test/geotechnical report. Such geotechnical report must be addressed to the Lender or be accompanied by a Reliance Letter from the engineer to the Lender and shall confirm that the Lender can rely upon such report for lending purposes.
 - ii. An appraisal, satisfactory to the Lender, of the Project confirming a fair market value of the land as-is, in the minimum amount of \$35,000,000 inclusive of HST to be prepared

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- at the Borrower's expense and paid in advance by a Lender approved appraiser. Such appraisal report must be addressed to the Lender or be accompanied by a Reliance Letter from the appraiser to the Lender and shall confirm that the Lender can rely upon such appraisal for lending purposes.
- iii. A satisfactory Phase 1 Environmental Site Assessment Report (and further Environmental Site Assessment Reports, Environmental Remediation Plans or a Record of Site Condition, if necessary) conducted and prepared by a consultant approved by the Lender together with a Letter of Transmittal from the consultant permitting the Lender to rely on the Assessment Report (and the subsequent environmental reports, if any). If deemed necessary by the Lender in their sole discretion, these reports and the Project will be reviewed by a separate environmental professional engaged by the Lender at the Borrower's expense and the Borrower will provide an appropriate Emergency Response Plan for the Project and related activities.
 - iv. A survey of the Project by an Ontario licensed land surveyor showing the relationship of the lands to public thoroughfares for access purposes; and indicating no encroachments, easements or rights of way, save and except those that do not encroach or hinder the Borrower's ability to construct the project in accordance with the proposed site plan which the Lender may specifically accept. If no survey is available at the time of the Initial Advance, the Lender in its sole discretion may rely upon the title insurance policy to be obtained in connection with the Loan.
 - v. Confirmation from the Township of Ontonabee that a total \$2,464,882 plus accrued interest will be paid to Safe Harbour Development Inc. as per by law The Corporation of the Township of Otonabee-South Monaghan BY-LAW 2014-62.
 - vi. MZG or a related party may post two MZG signs (on each main street).
 - vii. Satisfactory proof of \$425,000 in invested cash equity capital in the Project and means to cover any potential closing costs, if required.
 - viii. A Project budget prepared by the Lender's Quantity Surveyor satisfactory to the Lender. The Lender and its Quantity Surveyor, in their sole discretion, shall be satisfied
 - a) that the budgeted hard and soft Project costs (including financing and contingency costs) shall be sufficient to complete the Project as planned,
 - b) all sources and uses of cash are acceptable;
 - ix. A detailed planning letter from a third-party planner outlining the time to complete the various stages and phases of the Project, acceptable to the Lender.
 - x. Copy of the most recent Disclosure Statement and attachments as required by the Condominium Act, 1998 to be provided to prospective unit purchasers.
 - xi. The Borrower's Tarion Warranty application and confirmation a Tarion Warranty certificate for the Project will be issued within 30 days of posting the required security deposit.

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- d) The initial Loan to Value ratio at the time of the Initial Advance, as determined in the Lender's sole discretion, shall not be greater than 85%. For the purpose of calculating the Loan to Value ratio in the absence of current market values;
 - i. The Loan amount shall include all debt obligations including all senior ranking and unapproved subordinate debt and outstanding Project accounts payable.
 - ii. Value shall be calculated by utilizing the Appraised Value at the time of the Initial Advance as per the Appraisal provided per the initial transaction underwriting unless otherwise agreed to by the Lender. In the case of unsold lots, the value shall be calculated as per the methodology used by the Appraisal unless otherwise agreed to by the Lender. For units under construction, the Appraised Value shall be the Estimated Value of the unit upon completion less the cost to complete including financing costs as per the methodology used by the Appraisal less the expected profit margin unless otherwise agreed to by the Lender.
- e) The initial Loan to Cost ratio at the time of the Initial Advance, as determined in the Lender's sole discretion, shall not be greater than 85%. For the purpose of calculating the Loan to Cost ratio in the absence of current market values;
 - i. The Loan amount shall include all debt obligations including senior ranking and unapproved subordinate debt and outstanding Project accounts payable.
 - ii. Cost shall be determined by utilizing the Net Cost to Date per the Lender approved Quantity Surveyor's report unless otherwise adjusted and agreed to by the Lender.
- f) Confirmation satisfactory to the Lender that all property taxes for the Project are current and have been paid.
- g) Applicable Notices in the forms provided in Appendix A, B, C and D.
- h) Anti-Money Laundering Compliance documentation to be completed; Agent Examination of Identification Form will be provided to the Borrower's lawyer with the closing documents. (to be completed by the Borrower and each Guarantor, the identification of all authorized signatories as outlined on the Director's Resolution, to a maximum of three must be obtained).
- i) Evidence of the existence, details and signing authorities related to a separate Project specific bank account through which all Project related transactions will flow. At the Lender's discretion, the Borrower agrees to register the account with BMO's Positive Pay service, with the Lender being an approver of payments from the account.
- j) Such other matters as the Lender may deem appropriate and necessary to satisfy itself of the Project's viability, the Borrower's creditworthiness and the ability of the Borrower and Guarantors to fulfil their obligations herein.

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2.2 Funding Conditions for Lender Advances and Borrower Draws

The Borrower shall adhere to the following conditions when requesting Lender Advances or Borrower Draws, as the case may be

a) **Lender Advance Conditions** – The Lender shall not be required to provide any Lender Advances to the Borrower prior to the Borrower having fulfilled to the Lender's satisfaction the following conditions at the time of each and every advance:

- i. Lender Advances shall be requested in the form provided in Appendix C;
- ii. The Lender shall have a period of not less than five (5) business days from the date that a Lender Advance is requested to fund and process the Lender Advance;
- iii. Each Lender Advance shall be in an amount not less than \$100,000;
- iv. A title search will be conducted with each Lender Advance. The title search and solicitors' fees and expenses applicable thereto are at the Borrower's expense and shall be deducted from the Lender Advance by the Lender;
- v. Lender Advances in the aggregate (plus the Initial Advance) shall total the Loan Amount.
- vi. The Borrower will immediately infuse, upon the Lender's request, funds required to cover any and all cost overruns beyond the original budget.

b) **Borrower Draw Conditions** – The Lender shall not be required to provide any Borrower Draws to the Borrower prior to the Borrower having fulfilled to the Lender's satisfaction the following conditions at the time of each and every draw:

- i. **General Conditions** – The following conditions must be fulfilled for each and every Borrower Draw:
 1. Borrower Draws shall be requested in the form provided in Appendix D;
 2. The Lender shall have a period of not less than five (5) business days from the date that a Borrower Draw is requested to fund and process the Borrower Draw;
 3. Borrower Draws are to be made no more frequently than monthly and shall reference the original Project Budget agreed to in Section 2.1., the funds paid to date, and any revisions to the original budget, and shall only be used to pay Project specific costs provided for in the approved Project Budget;
 4. The Borrower shall sign a Statutory Declaration indicating it is in compliance with the requirements of the Construction Lien Act, of applicable, and that all funds provided by the Borrower shall be used to pay Project expenses as outlined in the draw request;
 5. Each Borrower Draw shall be in an amount not less than \$100,000;
 6. The Lender at its sole discretion may fund Borrower Draws on behalf of the Borrower to fund the interest obligations of the Project;
 7. The Lender at its sole discretion, may hold back Borrower Draws until the Borrower has fulfilled all obligations of this Commitment; should any deliverables be outstanding as per Section 4.1 the Borrower is expected to submit all items prior to receiving funds;
 8. A title search will be conducted with each Borrower Draw. The title search and solicitors' fees and expenses applicable thereto are at the Borrower's expense and shall be deducted from the Borrower Draw by the Lender;

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9. Confirmation that the Borrower's Tarion Warranty is still in effect; and
 10. The unadvanced portion of the Loan will exceed the Borrower's cost to complete, including holdbacks and expected financing costs, and
- ii. **Hard Cost Borrower Draw Conditions** – The following conditions must be fulfilled for each and every Borrower Draw against hard costs:
1. It is agreed that the Lender shall retain the services of a professional Quantity Surveyor to monitor progression of the Project. The Borrower agrees to assist and cooperate with such a surveyor in order to allow for timely reporting to the Lender. A detailed report shall be provided to the Lender a minimum of five (5) business days prior to funding. This reporting will be at the expense of the Borrower;
 2. Each draw will be supported by a Quantity Surveyor report, prepared by the Lender's Quantity Surveyor, which indicates the amount of work in place, the cost to complete, and that the work in place is in accordance with approved plans and specifications. The Lender shall deduct an amount from each Borrower Draw equal to the Quantity Surveyor's invoiced amount associated with preparing their report for the Borrower Draw;
 3. The Borrower will ensure compliance with all aspects of the Construction Lien Act and any other governmental requirements; and
 4. Applicable holdbacks equal to 10% of the hard construction costs will be withheld in accordance with the Construction Lien Act of Ontario.
- iii. **Soft Cost Borrower Draw Conditions** – The following conditions must be fulfilled for each and every Borrower Draw against soft costs:
1. For drawdowns against soft costs, each draw would be supported by a monthly summary of costs to date;
 2. The Lender, at its sole discretion, shall request additional support for the summary of costs to date including, but not limited to, invoices, bank statements, and cancelled cheques; and
 3. The Lender reserves the right to require a drawdown against soft costs by supported by a Quantity Surveyor's report, prepared by the Lender's Quantity Surveyor, which indicates the amount of work in place, the cost to complete, and that the work in place is in accordance with approved plans and specifications. The Lender shall deduct an amount from each Borrower Draw equal to the Quantity Surveyor's invoiced amount associated with preparing their report for the Borrower Draw.

The Lender will be under no obligation to advance further Borrowings if any of the funding conditions and timelines outlined in 2.2 are not met.

The Borrower and the Guarantors will be jointly and severally liable to immediately cover any such deficiency as soon as it arises or is identified by the Lender. As used herein "Potential Prior Ranking Claim" means all amounts owing or required to be paid, where the failure to pay such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the lender's security or otherwise in priority to any claim by the Lender for repayment of any amounts owing under this Commitment letter.

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III. SECURITY TO BE DELIVERED

The Borrower shall deliver the following security (the "Security") duly registered where applicable and all in the form and on the terms acceptable to the Lender's solicitors.

- a) **Mortgage** – A 1st Mortgage in the amount of \$45,000,000 on the Burnham Meadows MZGI 241 Project and property plus any accrued contingent payments. The mortgage will be registered at the Wrap Up rate of interest, being 30%.
- b) **GSA** – General Security Agreement over all of the assets and undertaking of the Borrower and each Guarantor, if any.
- c) **General Assignment of all leases and rents with respect to this project**
- d) **Guarantees** – Unlimited joint and several guarantees from each of the guarantors
- e) **Environmental** – An Environmental Undertaking and Indemnity and Checklist from the Borrower in such form as the Lender shall require.
- f) **Security Opinion** – A favourable Letter of Opinion from the Lender's solicitor confirming the validity and enforceability of the Lender's security.
- g) **Insurance** – Proof of appropriate Insurance and an assignment of insurance satisfactory to an insurance professional engaged on behalf of the Lender. In addition, a certificate of insurance showing the Lender as additional insured and loss payee on any required insurance, and Commercial Liability coverage of not less than the amount deemed appropriate by the Lender's Insurance Consultant.
- h) **Title Insurance** – Satisfactory title insurance.
- i) **Taxes** – Borrower provides satisfactory proof that taxes are current.
- j) **Postponement** – Postponement, Subrogation and Assignment from the shareholders of the Borrower (and such other creditors as the Lender may require upon completion of its due diligence) of all indebtedness owed by and claims against the Borrower to and by the shareholders to the indebtedness and claims of the Lender.
- k) **General Assignment** – General Assignment and Reliance Letters from the authors of all project plans, specifications, drawings and permits, all architectural, engineering, general contractor and construction contracts and copies of all third party purchase and sale agreements and deposits for individual units sold together with any other rights, interests and obligations of any kind respecting the Project and reasonably necessary for the completion of the Project as contemplated by the Lender on a default by the Borrower.
- l) **Preauthorized Payment** – If required by the Lender such preauthorized payment documentation necessary to authorize the Lender to debit directly from the Borrower's account amounts due under the Commitment and Loan.
- m) **Deficiency Agreement** – Joint and Several Deficiency Agreement executed by the Borrower and the Guarantors agreeing to fund costs not included or in excess of forecasted expenditure.
- n) **Assignment of Purchaser Deposits** – Such assignments of purchaser's deposits as the Lender and its solicitor's may reasonably require provided, the Borrower shall be permitted to inject the deposit funds into the Project in respect of direct Project construction costs.
- o) **Assignment of Cash Security** - An assignment and pledge of all securities posted in relation to the subject property, including, but not limited to, cash security posted (i) directly with Tarion, (ii) directly with the city/town/municipality, and/or (iii) posted with a financial institution as security for letters of credit for the project. The Borrower is to provide a direction to the party holding the cash security (i.e. Tarion, City/Municipality, Financial Institution, etc.) directing all releases/reductions in the cash security to the Lender.
- p) **Priorities Agreement** – If required, a Priorities Agreement with the [Primary Lender] satisfactory

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- to the Lender.
- q) **Further Security** – Such further security, guarantors and ancillary documents and agreements as the Lender or its solicitors may, acting reasonably, deem necessary to adequately secure the Loan obligations and complete and perfect the Security.

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IV. BORROWERS COVENANTS

The Borrower and, where applicable, each of the Guarantors covenants as follows and a breach of any covenant shall be a default under the terms of the Security.

4.1 Affirmative Covenants

So long as any amount under the Loan is outstanding or available, the Borrower covenants and agrees with the Lender that unless the Lender otherwise consents in writing:

- a) **Punctual Payment** – The Borrower shall duly and punctually pay the principal of all Advances made to it under the Loan, all interest thereon and all fees and other amounts required to be paid by the Borrower hereunder in the manner specified hereunder.
- b) **Corporate Existence and Conduct of Business** – The Borrower shall, and the Borrower shall cause the Guarantors to, maintain their respective corporate existences in good standing and do or cause to be done all things necessary to keep in full force and effect all properties, rights, franchises, licences and qualifications to carry on business in any jurisdiction in which it or they carry on business and each of the Borrowers shall, and the Borrower shall cause the Guarantors to, maintain all of its or their respective properties and assets consistent with industry standards.
- c) **Compliance with Legislation** – The Borrower shall do or cause to be done, and the Borrower shall cause the Guarantors to do or cause to be done, all acts necessary or desirable to comply with all material Applicable Laws, including, without limitation, all Requirements of Environmental Law and to preserve and keep in full force and effect all franchises, licences, rights, privileges and permits necessary to enable each of the Obligors to operate and conduct their respective businesses in accordance with standard industry practice and to advise the Lender of any anticipated changes, loss or sale of such franchises, licences, rights, privileges and permits.
- d) **Material Litigation** – The Borrower shall promptly give written notice to the Lender of any litigation, proceeding or dispute affecting it or any of the other Obligors if the result might, in such Borrower's bona fide opinion, have a Material Adverse Effect on the financial condition or operations of any of the Obligors or any of its Subsidiaries and from time to time furnish to the Lender all reasonable information requested by the Lender concerning the status of any such litigation, proceeding or dispute.
- e) **Financial Statements and Other Information** – The Borrower shall deliver, or cause to be delivered, to the Lender:
 - i. **Annual Audited Financial Statements of the Borrower** – as soon as available and, in any event, within one hundred and twenty (120) days after the end of each of its fiscal years, copies of the Borrower's externally professional accountant prepared audited financial statements are required. Statements on a consolidated basis in each case consisting of the balance sheet, statement of profit and loss and surplus and statement of changes in financial condition for each such year, together with the notes thereto, all prepared in accordance with Generally Accepted Accounting Principals ("GAAP") consistently applied;

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- ii. **Annual Financial Statements of the Guarantors** – as soon as available and, in any event within ninety (90) days after the end of each fiscal year of each Guarantor, copies of such Guarantor's externally professional accountant prepared (Review Engagement or Notice to Reader) financial statements are required. Statements on an unconsolidated basis, in each case consisting of the balance sheet, statement of profit and loss and surplus and statements of change in financial condition for each such period, all in reasonable detail and stating in comparative form the figures for the corresponding date and period in the previous fiscal year prepared and certified by such Guarantor's, Chief Executive Office or Chief Financial Officer, without personal liability;
- iii. **Annual 'As Is' Appraisal Report** – as soon as available and, in any event within thirty days (30) prior to the one-year anniversary of the previous 'As Is' appraisal report, a refreshed 'As Is' appraisal report is to be submitted to the Lender. The report shall be prepared by a member of the Appraisal Institute of Canada and prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice. The effective date of the appraisal shall be at or up to 60 days after the date of inspection and the estimated value cannot depend on assumptions not in existence at the effective date of appraisal. Such appraisal report must be addressed to the Lender or be accompanied by a Reliance Letter from the appraiser to the Lender and shall confirm that the Lender can rely upon such appraisal for lending purposes;
- iv. **Annual Project Budget** - as soon as available, and in any event, within ninety (90) days prior to the end of the Borrower fiscal year, a Project Budget for the following two fiscal years shall be provided to the Lender;
- v. **Annual Personal Net Worth Statement** – Personal Obligors shall provide to the Lender, an updated personal net worth statement with supporting documentation on an annual basis;
- vi. **Annual Personal Notice of Assessment** – Personal Obligors shall provide to the Lender, their respective Notice of Assessments within 60 days of their personal tax deadlines, for the most recently ended taxation year;
- vii. **Annual Corporate Notice of Assessment** – Corporate Obligors shall provide to the Lender, their respective Notice of Assessments within 60 days of their corporate tax deadlines, for the most recently ended taxation year;
- viii. **Quarterly Financial Statements of the Borrower** – as soon as available and, in any event within thirty (30) days after the end of each of its first, second and third Fiscal Quarters, copies of the Borrower's internally prepared quarterly financial statements on a consolidated basis, in each case consisting of the balance sheet, statement of profit and loss and surplus and statement of changes in financial condition for each such period all in reasonable detail and stating in comparative form the figures for the corresponding date and period in the previous fiscal year prepared and certified by its Chief Executive Officer or Chief Financial Officer, without personal liability;
- ix. **Quarterly Compliance Certificates** – as soon as available, and in any event, within thirty (30) days of the end of each Fiscal Quarter, a Loan Compliance Certificate as provided in Appendix B of this agreement are to be provided to the Lender;
- x. **Quarterly Property Taxes** - The Borrower shall ensure that all property taxes and any other taxes applicable to the Project have been paid when due except if such taxes are Permitted Encumbrances. On each tax installment date, the Borrower will provide to the Lender proof of payment;
- xi. **Monthly Project Specific Bank Account Statements** - as soon as available, and in any

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- event, within seven (7) business days after the end of each calendar month, the bank statement detailing the activity in the Project specific bank account which will only contain activity relating to the Project;
- xii. **Project Bank Account Control** - at the Lender's discretion, the Borrower may be required to open a BMO Bank Account which provides access and controls to ensure that only Lender approved activity flows through the account, also known as Positive Pay. Any fees related to this service will be to the account of the Borrower;
 - xiii. **Insurance** - 30 days prior to the insurance expiry date(s), the Borrower will provide to the Lender, a certificate of insurance and policy from its insurance broker indicating that all insurance required by the Lender is adequate and still in effect. Refer to Section 4.1 h) for further details;
 - xiv. **Other** - The Lender may reasonably request such other financial information, reporting, certificates, projections of income and cash flow, and any information affecting the financial condition of the Project, the Property Interest, or the Obligor's business. This list is not exhaustive and the Lender may also reasonably request such other qualitative information including expected pre-sales, expected closings and associated timing, closed transactions, and editorial updates including project status, and photos showing progress at a reporting frequency prescribed at the time of request. Should such a request be made please refer to Appendix F.
- f) **Rights of Inspection** - At any reasonable time and from time to time upon reasonable prior notice, the Borrower shall permit and cause each of the other Obligors to permit, the Lender or any representative(s) thereof, at the expense and risk of the Borrower, to examine and make copies of and abstracts from the records and its physical and computer books of account with respect to the Project and the Property Interests and to visit and inspect the Project and to discuss the affairs, finances and accounts of it with any of its officers, senior employees or managers (but not tenants, if applicable).

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- g) Project Specific – The Borrower shall:
- i. comply in all relevant aspects with the provisions of the Construction Lien Act;
 - ii. as and when requested by the Lender, provide to the Lender complete bank records relating to all holdbacks including cancelled cheques, bank statements and completion certificates as the Lender may reasonably require;
 - iii. grant to the Lender the right and authority for the Lender to obtain all information relative to the holdback account(s) from the financial institution(s) where the holdback(s) is/are retained;
 - iv. provide a covenant that the Borrower will supply to the Lender a statutory declaration in conjunction with each advance under the mortgage, confirming the status of the holdback account(s) as at the date of the statutory declaration;
 - v. substantially complete the Project in accordance with Lender approved plans, specifications, project budget and construction schedule, pay its taxes, protect its properties by contest of adverse claims, maintain required insurance, perform its obligations under contracts and agreements, obtain all necessary approvals for construction and use of the Project, comply with all governmental rules and regulations, permit reasonable inspections, by the Lender and its agents of the Project and all records pertaining to the Project. It is agreed that the Lender shall retain the services of a quantity surveyor to monitor the Project at the expense of the Borrower and the Borrower covenants to assist and cooperate with such surveyor.
 - vi. shall make and ensure that all payments due to the architect, general contractor, all contractors, sub-contractors and all other suppliers of materials and services of any kind to the Project are made when and as they become due in compliance with the terms of their respective contracts and the provisions of the Construction Lien Act.
 - vii. shall ensure that no liens are registered against the Project or its assets and will immediately move to have same vacated if registered.
 - viii. shall authorize the Lender to approve all professional services involved in the Project. Such professional reports and services include but are not limited to, appraisals, environmental, geotechnical, planning, architects, quantity surveyors, auditors, and Borrower's solicitor.
 - ix. shall, at the request of the Lender, provide a percentage completion report on a weekly basis detailing the percentage completion of various tasks necessary to complete the Project subject to this financing. If unable to provide, the Lender may engage a third party to complete the onsite reporting requirements at the Borrower's expense.

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Insurance

- x. The Borrower shall maintain or shall cause to be maintained appropriate insurance coverage as agreed with the Lender or any Insurance consultant engaged by the Lender to assess the required coverage during the Project. The following shall be provided with respect to insurance on the Project:
 - a) Proof of appropriate Commercial Liability Insurance and an assignment of insurance. A certificate of insurance showing the Lender as additional insured and loss payee, and coverage of not less than the amount deemed adequate by the Lender's Insurance Consultant.
 - b) Builders' all risks property insurance in connection with the Project, including rental loss insurance (if applicable) with responsible and reputable insurance companies in such amounts equal to 100% of replacement value
 - c) If applicable, boiler and pressure vessel insurance including rental loss, for such amount as may be acceptable to the Lender, all with such deductibles as are customary in the case of businesses of established reputation engaged in the same or similar businesses and in any event as are acceptable to the Lender. The Lender shall be added as an additional insured to the liability policies.
 - d) Other insurance as the Lender's Insurance Consultant may deem necessary given the nature of the Project. The amount of coverage required shall be reasonably determined by the Lender's Insurance Consultant.
- xi. All such insurance policies shall:
 - a) name the Lender as a mortgagee thereunder as its interest may appear;
 - b) name MarshallZehr Group Inc. as additional insured and loss payee;
 - c) have attached the Insurance Bureau of Canada standard mortgage clause;
 - d) provide that no cancellation, termination or adverse amendment thereof shall take effect unless the insurer concerned has given the Lender not less than thirty (30) days prior written notice of such proposed action;
 - e) provide that proceeds of all insurance for physical damage and rental losses shall be payable to the Lender or as it may direct; and
 - f) otherwise be in such form as the Lender shall reasonably require.
- xii. So long as no Event of Default has occurred and is continuing, the proceeds of all insurance relating to physical damage and rental losses shall be, with the approval of the Lender:
 - a) applied in reduction of amounts outstanding hereunder; or
 - b) released to the Borrower subject to compliance with such conditions as the Lender may require.
- xiii. If an Event of Default has occurred or is continuing, the proceeds of all insurance relating to physical damage and rental losses shall be payable to the Lender to be applied by it in reduction of the amounts outstanding hereunder.
- xiv. The proceeds of all insurance held by the Lender shall, unless and until the same are applied or released to the Borrower as aforesaid, constitute continuing collateral security for the Borrower's obligations and liabilities in respect of amounts outstanding hereunder. The Lender shall place such funds in an interest-bearing account and interest thereon shall accrue to the benefit of the Borrower.
- xv. In the event that the Lender shall not be obligated hereunder to apply the proceeds of insurance to pay for the cost of repairing the damage or destruction to or replacement

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of the property in respect of which the insurance is payable and the Lender elects to apply the proceeds of insurance to amounts owing by the Borrower hereunder, each of the Borrower (on its own behalf and on behalf of each of the Guarantors), hereby irrevocably waives any and all statutory provisions which may require that proceeds of insurance be used to restore or rebuild the Property.

- xvi. The Borrower shall deliver or cause to be delivered to the Lender, certificates of insurance signed by the insurers, or other evidence satisfactory to the Lender, acting reasonably, of the insurance coverage required hereunder, including certificates of renewal as soon as they are available.
- xvii. **Insurance Consultant:** The Borrower acknowledges that all policies of insurance shall be subject to review and approval by an **insurance consultant** acting on behalf of the Lender and the Borrower agrees to pay for the consultant's fees in connection with such review upon registration of the mortgage and for each insurance renewal throughout the term of the mortgage.
- h) **Notices** – The Borrower shall promptly give notice to the Lender of:
 - a) any fire or other casualty or any notice of expropriation, action or proceeding materially affecting any Project;
 - b) all claims, proceedings, suits, actions or litigation in respect of any Obligor or the Project (whether or not any such claim, proceeding, suit, action or litigation is covered by insurance) which, if determined adversely, could have a Material Adverse Effect; the occurrence of any Default or Event of Default;
 - c) any other matter or event that has a Material Adverse Effect.
- i) **Use of Advances** - The Borrower shall use all Advances made to it for the specific purposes set out in the Loan.
- j) **Payment of Taxes, etc.** - The Borrower shall, and the Borrower shall cause each of the Guarantors to, from time to time:
 - i. pay or cause to be paid all rents, Taxes, rates, levies or assessments, ordinary or extraordinary, governmental fees or dues, lawfully levied, assessed or imposed upon any Obligor or any of the assets of any Obligor, as and when the same become due and payable;
 - ii. withhold, deduct and collect all Taxes required to be withheld, deducted and collected by it, and remit such Taxes to the appropriate Governmental Authority at the time and in the manner required; and
 - iii. pay and discharge all obligations incidental to any trust imposed upon it, by statute which, if unpaid, might become an Encumbrance upon any of the Properties,
 except when and so long as any such rents, Taxes, rates, levies, assessments, fees, dues or obligations constitute a Permitted Encumbrance and the validity thereof is in good faith being contested by such Obligor.
- k) **Material Documents, Leases and Permitted Encumbrances** - The Borrower shall ensure that all Material Documents and Permitted Encumbrances are kept in good standing in all material respects and will advise the Lender forthwith after being so notified of a material breach or alleged material breach of any Material Documents or Permitted Encumbrances. It will ensure that it does not default under any Major Lease related to any Property and will advise the Lender forthwith after being so notified of a material breach of any Major Lease.

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- l) **New Material Documents** – The Borrower will promptly advise the Lender if any Obligor enters into any agreement which could reasonably be expected to be a Material Document and shall provide a copy of such agreement to the Lender.
- m) **Security** – The Borrower shall, and the Borrower shall cause each of the Guarantors to, provide the Security contemplated hereunder, perfected to the satisfaction of the Lender.
- n) **Environmental Law** – The Borrower shall, and the Borrower shall cause each of the Guarantors to, with respect to each Project:
 - i. notify the Lender promptly of any event or occurrence that will, or is likely to, give rise to an inquiry or investigation, or any legal proceeding, relating to, or a violation of, the Requirements of Environmental Law;
 - ii. provide the Lender, on request, such information, certificates or statutory declarations, and shall conduct such environmental audits or site assessments, as may be reasonably necessary to ensure the compliance with all Requirements of Environmental Law; and
 - iii. execute, and cause each of the Guarantors to execute, all consents, authorizations and directions to appropriate Governmental Authorities that are required to permit the inspections mandated by law of each of the Properties or the property and the release to the Lender, or its representatives, of information relating to the assets or undertakings of each Obligor. The Borrower hereby irrevocably constitutes and appoints, and the Borrower shall cause each Guarantor to irrevocably constitute and appoint, the Lender the true and lawful attorney of the such Borrower or such Guarantor, as the case may be, with full power of substitution, to execute any of the foregoing consents, authorizations and directions; provided however that such power of attorney shall only be exercised during the continuance of an Event of Default.
- o) **Maintain Security** – The Borrower will fully and effectually maintain and keep the Security valid and effective at all times during the continuance of this Agreement, and it will not permit or suffer the registration of any debt, lien, privilege or Encumbrance whatsoever other than Permitted Encumbrances and the Security (including the Existing Security), whether of workmen, builders, contractors, engineers, architects or suppliers of material, on or in respect of any Property (except such liens which only affect or purport to affect a tenant's interest in the Property), provided that the registration of any construction lien or privilege shall not be deemed to be a breach of this covenant if the Borrower shall contest same and shall if the Lender so requires, give security to the satisfaction of the Lender for the due payment of the amount claimed in respect thereof and provided further that nothing herein will require the Borrower to renew or amend financing statements filed under personal property security statutes.
- p) **Operation and Repair** – Except as otherwise permitted herein, the Borrower will ensure the diligent management and operation of each of the Properties and repair and keep in repair and good order and condition, or cause to be so repaired and kept in repair and good order and condition, all buildings, structures, plant, machinery and equipment used in or in connection with each of the Properties and which are necessary in connection with the efficient operation of such business and undertaking up to a modern standard of usage and, subject to the provisions of this Agreement, renew and replace, or cause to be renewed or replaced all and any of the same which may be worn, dilapidated, unserviceable, inconvenient or destroyed, even by a fortuitous event, fire or other cause, and at all reasonable times allow, and cause the Guarantors to allow, the Lender or its representative access to each of the Properties in order to review the state and condition the same are in.

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- q) **Payment of Preferred Claims** – The Borrower shall, and the Borrower shall cause each of the Guarantors to, from time to time pay or cause to be paid, all amounts related to taxes, wages, workers' compensation obligations, government royalties or pension fund obligations and any other amount which may result in an Encumbrance against the assets of any Obligor arising under Applicable Law.
- r) **Maintain and Operate** – The Borrower will diligently maintain, use and operate or will cause to be maintained, used and operated the Property Interest and the Project, in a proper and efficient manner so as to preserve and protect the Property Interest and each of the Properties.
- s) **Lease Attornment** – Subject to the requirements, if any, within any Leases for the Lender to execute and deliver non-disturbance agreements, the Borrower agrees, at the written request of the Lender, to use all reasonable commercial efforts to obtain from the tenants under such Leases and deliver to the Lender such instruments of attornment, postponement or subordination as the tenants under such Leases are required to provide and as the Lender may reasonably request in a form acceptable to the Lender, acting reasonably, and which is otherwise consistent with the terms of such Leases.
- t) **Expropriation** – Any awards or payments received by an Obligor for expropriation of any Project Lands, or any part thereof, which are, in respect of any single payment or award, equal to or greater than \$1,000 shall, unless the Lender otherwise agrees, be forthwith paid to the Lender to repay amounts outstanding up to the amount outstanding hereunder at such time.

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4.2 Financial Covenants

So long as any amount payable hereunder is outstanding or the Loan is available hereunder, the Borrower covenants and agrees with the Lenders that, unless the Lender otherwise consents in writing:

- a) **Project Net Equity** – The Borrower and Guarantors must have and maintain throughout the term of the loan a minimum combined net equity in the Project equal to \$425,000 in cash equity and \$5,000,000 in appraisal surplus.
 - i. For the purposes of this paragraph net equity shall be equal to the sum of the cost of the raw land as determined by the Lender (to a maximum value of \$19,146,278) plus the cost of the Project completed to date (exclusive of land value) as determined by the Lender's quantity surveyor, net of all payables, purchaser deposits paid into the Project, construction holdbacks, unsubordinated Project financing, amounts advanced by the Lender and all Recoveries (Recoveries being defined as all recaptured Project expenses including, HST, previously funded by the construction lender or the proceeds of the Loan herein).
- b) **Project Loan to Value Ratio (LTV)** – The Borrower shall, at all times, maintain an LTV Ratio of less than 85.0%, notwithstanding the foregoing, for the purposes of calculating this ratio each Fiscal Quarter as required pursuant to the compliance certificate contemplated in Section 4.1(e)(iv). LTV shall be calculated in accordance with the parameters defined in Section 2.1;
- c) **Project Loan to Cost Ratio (LTC)** – The Borrower shall, at all times, maintain an LTC Ratio of less than 85.0%; notwithstanding the foregoing, for the purposes of calculating this ratio each Fiscal Quarter as required pursuant to the compliance certificate contemplated in Section 4.1(e)(iv). LTC shall be calculated in accordance with the parameters defined in Section 2.1;
- d) **Maximum Borrowing** – The Borrower shall ensure that outstanding Advances under the Commitment Letter do not exceed the most current calculation of the Maximum Total Amount Available (Loan Amount less estimated costs to complete). The Loan Amount is the total credit approved as outlined in Section I.

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4.3 Negative Covenants

So long as any amount payable hereunder is outstanding or the Loan Facilities are available hereunder, each of the Borrower (with respect to itself and each of the other Obligor(s)) covenants and agrees with the Lender that, unless the Lender otherwise consents in writing:

- a) **Sale of Guarantors** – The Borrower shall not, and shall cause every other Person with an ownership interest in a Guarantor (other than the Borrower) not to, sell, transfer, assign, convey or otherwise dispose of its ownership interest in any of the Guarantors (other than the Borrower) to any Person except another Affiliate of the Borrower (but only if such Guarantor remains a direct or indirect wholly-owned Subsidiary of the Borrower) or except with the prior written consent of the Lenders, such consent not to be unreasonably withheld or delayed.
- b) **No Merger, Amalgamation, Etc.** – Except as otherwise permitted hereunder, no Obligor shall enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other Person (whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise).
- c) **No Sale, etc. of Property Interest** – No Obligor shall sell, transfer, assign or otherwise dispose of all or any portion of any Property Interest except pursuant to a Permitted Encumbrance.
- d) **No Dissolution** – No Obligor shall liquidate, dissolve or wind-up or take any steps or proceedings in connection therewith, provided, however, that a Guarantor (other than the Borrower) may enter into a transaction designed to wind-up or dissolve such Guarantor into the Borrower, but not without the Lender's consent, such consent not to be unreasonably withheld or delayed; the parties agree that the Lender's consent will not have been unreasonably withheld if, in the Lender's sole discretion, the Lenders' credit risk or the Security will be adversely affected by the proposed transaction.
- e) **Non-Arm's Length Transactions** – No Obligor shall enter into any contract relating in any manner to the Property Interest with an Affiliate (e.g. any related entity with a related ownership interest held directly or indirectly) for the sale, purchase, lease or other dealing in any property other than at a consideration which is no more than the fair market value of such property or other than at a fair market rental as regards leased property.
- f) **Negative Pledge** – Except for Permitted Encumbrances, no Obligor shall create, issue, incur, assume or permit to exist any mortgage, charge, lien or other Encumbrance on the Property Interest other than Permitted Encumbrances.
- g) **No Changes to Material Document** – No Obligor shall amend, surrender or terminate any Material Document without the prior written consent of the Lender which consent is not to be unreasonably withheld or delayed.
- h) **No Changes to Major Leases** – No Obligor shall terminate or accept a surrender of, or agree to any material amendment to, any Major Lease without the consent of the Lender which consent is not to be unreasonably withheld or delayed. For the sake of clarification, amendments related to the term, rent or premises to be rented shall be considered material.
- i) **Dealing with Leases** – None of the Obligor(s) shall enter into any Leases or amend, renew, terminate, forfeit or cancel any Leases unless:
 - i. such Leases, amendments, renewals, terminations, forfeitures or cancellations are made on arm's length terms and in good faith, and
 - ii. such Leases, amendments, renewals, terminations, forfeitures or cancellations reflect good business practice.

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- j) **Concerning Leases Generally** – Except in the ordinary course of business and provided such action is prudent in the circumstances, none of the Obligors shall accept or require payment of rent or other moneys payable by a tenant under any Lease that would result in more than three months of such rent or other moneys being prepaid under such Lease other than:
- i. prepaid rent or deposits on account of rent which represent the portion of the cost of construction of the relevant demised premises which exceeds the portion of such cost which was used as the basis for determining the basic rental otherwise payable under such Lease; or
 - ii. amounts representing a bona fide pre-calculation of any amount (which is required to be paid under such Lease) in addition to basic rent, including amounts payable with respect to taxes and maintenance of the applicable Property and overage and percentage rents; or
 - iii. lease surrender payments made by the tenant under such Lease; and
 - iv. except for any renewals or extensions of existing Leases pursuant to the terms thereof, each of the Obligors shall not hereafter enter or purport to enter into or suffer to exist any Lease in respect of any Project except if the Security shall have priority over such Lease and such Lease shall provide that such Lease is subordinated to the Security and contain a covenant of the tenant thereunder obligating such tenant if and whenever required by the Lender to attorn to and become the tenant of the Lenders or any purchaser from the Lenders in the event of an exercise by the Lenders of their remedies under the Documents, for the then unexpired residue of the term of, and upon all of the terms and conditions of such Lease.
- k) **No Waiver** – Except as otherwise provided pursuant to Section 5, no Obligor shall waive, or agree to waive, any failure of any party to any Permitted Encumbrance, Material Document or Lease to perform any material obligation thereunder or suffer or permit anything allowing any party thereto to terminate any such agreement or consent to any assignment thereof by any party thereto unless the same is in the ordinary course of business, is in accordance with good business practice and the same would not have a Material Adverse Effect.
- l) **Ground Leases** – No Obligor will agree with the landlords under any of the Ground Leases to terminate, forfeit, cancel, alter, amend or modify any Ground Lease or provide a surrender of any Ground Lease prior to the end of the term of such Ground Lease unless such surrender occurs concurrently with the acquisition of the freehold interest in the applicable Property and the applicable Obligor concurrently provides a Mortgage of such freehold interest to the Lender together with such legal opinions and other documents and agreements as the Lender may reasonably require in connection therewith. No Obligor shall exercise any right of termination it may have under any Ground Lease.
- m) **Freehold Interest in the Property** – Unless the Lender otherwise expressly consents in writing, which consent shall not be unreasonably withheld or delayed, the freehold estate in the Property and the leasehold estate demised by the Ground Leases, respectively, shall not merge but shall always remain, respectively, separate and distinct notwithstanding the union of such estates either in the respective landlords or, any Obligor.
- n) **Name Change** – No Obligor shall change its name without first giving notice to the Lender of its new name and the date when such new name is to become effective.
- o) **Change of Chief Executive Office** – No Obligor shall change its chief executive office or the location of the offices where it keeps its records respecting receivables and rents or move any of the inventory, securities or equipment from the present locations thereof without prior written notice to the Lender.

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V. DEFAULT PROVISIONS

The content of this Default Provisions section shall be subject to the restrictions of any priority agreement(s) between the Lender and any other permitted encumbrance holders

5.1 Events of Default

The occurrence of any one or more of the following events (each such event being herein referred to as an "Event of Default") shall constitute an Event of Default under this Agreement:

- a) **Payment of Principal** – if the Borrower defaults in the payment of the principal of any Advance under any Credit Facility when due and payable, without any requirement by the Lender to provide notice of the same;
- b) **Payment of Interest and Fees** – if the Borrower defaults in the payment of:
 - i. any interest (including, if applicable, default interest) due on any Advance under this Commitment;
 - ii. any fee with respect to this Commitment, including Lender Fee, Renewal Fee, etc.
 - iii. any other amount not specifically referred to herein payable by the Borrower to the Mortgage Administrator or the Lenders (or any of them) hereunder when due and payable; and such default continues for three (3) Business Days after notice of such default has been given by the Lender to the Borrower;
- c) **Covenants or Obligations** – if any Obligor neglects to observe or perform any covenant or obligation contained in any Document on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this Section 5.0) and, such Obligor shall fail (in the case of those defaults which can be rectified by such Obligor) to remedy such default within a period of thirty (30) days after the giving of notice, unless the Lender (having regard to the subject matter of the default) shall have agreed to a longer period and, in such event, within the period agreed to by the Lender;
- d) **Cross Default** – if a default or an Event of Default as defined in any indenture or instrument evidencing, or under which, any indebtedness for borrowed money of any Obligor or of any Associate (as that term is defined in the Business Corporations Act R.S.O. 1990) of any Obligor has occurred and is continuing; provided, however, that if such default or Event of Default under such indenture or instrument shall be remedied or cured by such Obligor or Associate of such Obligor or be waived by the holders of such indebtedness before any judgment or decree for the payment of the money due shall have been obtained or entered, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived without further action on the part of the Lender;
- e) **Priority Encumbrance Cross Default** – if an Event of Default as defined in any indenture or instrument which is an Encumbrance on any Property in priority to the Security shall have occurred and be continuing and all applicable cure periods have expired;
- f) **Bankruptcy or Insolvency Order** – if a decree or order of a court of competent jurisdiction is entered adjudging any Obligor a bankrupt or insolvent, or approving as properly filed a petition seeking the winding-up of such Obligor, under the Companies' Creditors Arrangement Act (Canada), the Bankruptcy and Insolvency Act (Canada) or the Winding Up and Restructuring Act (Canada) or any other bankruptcy, insolvency or analogous laws or issuing sequestration or process of execution against, or against any substantial part of the assets of any Obligor or material subsidiary or ordering the winding up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of ten (10) business days;

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- g) **Insolvency** – if any Obligor becomes insolvent, makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the Bankruptcy and Insolvency Act (Canada) or any comparable law, seeks relief under the Companies' Creditors Arrangement Act (Canada), the Winding Up and Restructuring Act (Canada) or any other bankruptcy, insolvency or analogous law, is adjudged bankrupt, files a petition or proposal to take advantage of any act of insolvency;
- h) **Trustee or Receiver Appointed** – if any proceedings are commenced against, or steps are taken by, any Obligor for the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other Person with similar powers of such Obligor or of all or any substantial portion of its assets, or seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights and in the case of any such proceedings commenced against such Obligor, such proceedings are not stayed or dismissed within ten (10) days after the commencement thereof;
- i) **Material Provision or Agreement Null and Void** – if any material provision of this Agreement or of any material document ceases to be in full force and effect (other than through the normal expiration of the stated term of such material document pursuant to the terms thereof) or is declared null and void or invalid or any breach or default shall occur under any material document that has a Material Adverse Effect and such breach or default is not remedied within ten Business Days of such occurrence or such longer or shorter cure period as may be allowed the applicable Obligor pursuant to the terms of such material document;
- j) **Judgements** – if a judgment or decree for payment of money due in an amount of \$5,000 or more (in any single instance or in the aggregate for all such judgments and decrees against each of the Obligors) shall have been obtained or entered against any Obligor (except in the case of any such judgment or decree in respect of which recourse is limited to property which is not subject to the Security hereunder) and such judgment or decree shall not have been, and remain, vacated, discharged or stayed pending appeal within the applicable appeal period;
- k) **Incorrect Representation or Warranty** – if any representation or warranty made or deemed to be made by any Obligor in any Document or in any certificate or other document at any time delivered in connection with this Agreement to the Lender shall prove to have been incorrect or misleading in any material respect on and as of the date thereof and with respect to any such incorrect or misleading representation or warranty that is capable of being cured, such incorrectness or misleading aspect continues for a period of ten (10) Business Days or more;
- l) **Invalid Security** – if any of the Security shall cease to be a valid and perfected first priority security interest as against third parties subject only to Permitted Encumbrances and such state continues for more than two business (2) days;
- m) **Material Adverse Effect** – if the Lender determines, in their sole discretion acting reasonably, that there has been a material change in the business, assets, properties, liabilities, operations, condition (financial or otherwise) of the Obligors, individually, or its subsidiaries taken as a whole or the ability to perform its obligations under the Commitment;
- n) **Creditor Seized Property** – if the property of any Obligor or a part thereof which is, in the opinion of the Lender, a substantial portion thereof, is seized or otherwise attached by creditors pursuant to any legal process, the enforcement of a secured claim or otherwise or if a distress, execution or any similar process is levied or enforced against any Obligor and the same is not released, bonded, satisfied, discharged, vacated or stayed within the shorter of a period of thirty (30) days or such shorter period as would permit any Property or any part thereof to be sold thereunder;

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- o) **Dissolution, Liquidation or Wind-Up Proceedings** – if proceedings are commenced for the dissolution, liquidation or winding-up of any Obligor, or for the suspension of the operations of any Obligor, unless such proceedings are stayed or dismissed within thirty (30) days of the commencement thereof;
- p) **Assignment, Disposition or Conveyance** – if any Obligor makes or agrees to make an assignment, disposition or conveyance, whether by sale or otherwise, of all its assets (or a material portion thereof) in bulk;
- q) **Default Under Permitted Encumbrance or Material Document** – if there is a default by any Obligor under any permitted encumbrance, or material document in respect of the Project and such default has a Material Adverse Effect and is not rectified within five business days; or
- r) **Financial Covenant Default** – if there is a default by the Borrower of any of the Financial Covenants outlined in Section 4.2;
- s) **Merger or Amalgamation** – if any transaction occurs (whether by reconstruction, reorganization, consolidation, amalgamation, merger, transfer, sale or otherwise) whereby all or substantially all of an Obligor's undertaking, property and assets, or any interest therein becomes the property of any other person, or in the case of any amalgamation, of the continuing company resulting therefrom, or if any Obligor is dissolved; or
- t) **Environmental** – if any Obligor violates or breaches any Requirements of Environmental Law applicable to the Project (or, in the case of the Guarantor, applicable to all or any material part of its property and assets) or if any Obligor violates or breaches any other Applicable Law and such breach or violation of Applicable Law has or could reasonably be expected to have a Material Adverse Effect and continues for the shorter of a period of 30 days or 10 business days less than any such period as would permit the property in question to escheat to the Crown or be sold or otherwise forfeited; or

For greater certainty, none of the foregoing events shall constitute an Event of Default hereunder if the default is cured or remedied within the time limited therefor pursuant to the applicable provision of this Section 5.1.

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5.2 Acceleration and Demand

Upon the occurrence of any Event of Default that has not been cured within the timelines set out herein, the Lender by written notice to the Borrower (an "Acceleration Notice") shall be entitled to:

- a) declare the Loan and the right of the Borrower to apply for further Advances to be terminated;
- b) declare all Obligations (whether matured or unmatured, drawn or undrawn) of the Borrower to the Lender (including, without limitation, the all unpaid fees whether or not deemed earned) to be immediately due and payable (or to be due and payable at such later time as may be stated in such notice) without further demand, presentation, protest or other notice of any kind, all of which are expressly waived by Borrower;
- c) upon the occurrence of an Event of Default specified in Section 5.1(a), the Loan shall automatically terminate and all Obligations specified in Section I shall automatically become due and payable, in each case without any requirement that notice be given to the Borrower;
- d) Immediately upon the occurrence of an Event of Default specified in Section 5.1 or at the time stated in an Acceleration Notice, the Borrower shall pay to the Lender all amounts owing or payable in respect of all Obligations of such Borrower specified in Section I, failing which all rights and remedies of the Lender under the Documents, at law, in equity or otherwise shall thereupon become enforceable and shall be enforced by the Lender.

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5.3 Appointment of Receiver

- a) Upon any default under this Commitment or the Security, that is not cured within the time frames set out herein, the Lender may proceed to realize the security hereby constituted and to enforce its rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Lender or not, and the Lender may remove any receiver or receivers so appointed and appoint another or others in his or their instead; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Project or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Borrower. Any such receiver or receivers so appointed shall have power to take possession of the Project or any part thereof and to carry on the business of the Borrower, and to borrow money required for the maintenance, preservation or protection of the Project or any part thereof, and to further charge the Project in priority to the security constituted by this Commitment as security for money so borrowed, and to sell, lease or otherwise dispose of the whole or any part of the Project on such terms and conditions and in such manner as he shall determine. In exercising any powers, any such receiver or receivers shall act as agent or agents for the Borrower and the Lender shall not be responsible for his or their actions.
- b) In addition, the Lender may enter upon the applicable premises and lease or sell the whole or any part or parts of the Project. The Borrower agrees that it will be commercially reasonable to sell such part of the Project:
 - i. as a whole or in various units;
 - ii. by a public sale or call for tenders by advertising such sale; and
 - iii. by private sale.
- c) Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Lender in its sole discretion may seem advantageous and such sale may take place whether or not the Lender has taken possession of such property and assets.
- d) No remedy for the realization of the security hereof or for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this letter includes a receiver and manager.

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5.4 Application of Payments Following Demand and Acceleration

Except as otherwise agreed to by the Lender in its' sole discretion, any sum received by the Lender at any time after the delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section 5.1 which the Lender is obliged to apply in or towards the satisfaction of sums due from the Borrower under any Document shall be applied by the Lender in accordance with amounts owed to the Lender by the Borrower in respect of each category of amounts set forth below, each such application to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category:

- a) in or towards payment of any expenses and fees then due and payable to the Lender hereunder and owing by the Borrower (including, without limitation, in the case of the Borrower, any such fees and expenses owing whether or not deferred or contingent);
- b) in respect of amounts due and payable by such Borrower to the Lenders by way of interest and fees (including, without limitation, in the case of the Borrower, any such interest and fees owing whether or not deferred or contingent);
- c) in respect of any other amount (other than Advances) not hereinbefore referred to in this Section 5.4 which are then due and payable by the Borrower hereunder such Borrower under any Document (including, without limitation, in the case of the Borrower, any such other amounts owing whether deferred or contingent);
- d) in or towards repayment to the Lender of the Principal Advances to such Borrower then outstanding hereunder; and
- e) any remaining amounts to be released to the Borrower or as required by the loan.

For certainty, unless otherwise agreed by the Lender, all amounts owing by the Borrower in each of the above-noted categories (whether directly or indirectly by virtue of Guarantees) shall, within each category, rank *pari passu* and be applied *pro rata* to the Obligations owing by the Borrower within such category based on the respective outstanding amounts.

5.5 Remedies Cumulative

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Lender under the Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law; any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement therein contained shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for the same default or breach, and any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement therein contained, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. The Lender may, to the extent permitted by Applicable Law, bring suit at law, in equity or otherwise for any available relief or purpose including but not limited to:

- 1) the specific performance of any covenant or agreement contained in the Documents;
- 2) enjoining a violation of any of the terms of the Documents;
- 3) aiding in the exercise of any power granted by the Documents or by law; or
- 4) obtaining and recovering judgment for any and all amounts due in respect of the Advances or amounts otherwise due hereunder or under the Documents.

To the extent permitted by applicable law, Borrower hereby waives any rights now or hereafter conferred by statute or otherwise which may limit or modify any of the Lender's rights or remedies under the Documents.

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5.6 Set-Off

In addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, the Lender is authorized at any time after the delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section 5.1 which has not theretofore been waived or rescinded by the Lender and from time to time thereafter without notice to Borrower or to any other person, any such notice being expressly waived by the Borrower, to set-off and to appropriate and to apply any and all deposits (general and special) and any other indebtedness at any time held by or owing to the Lender for the account of the Borrower against and on account of the obligations and liabilities of the such Borrower to the Lender or such Lender under this Agreement, including, without limitation, contingent or deferred obligations of the Lenders.

5.7 Cash Collateral Accounts

Upon delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section 5.1 and in addition to any other rights or remedies of the Lenders hereunder, the Lender shall thereafter be entitled to deposit and retain in an account to be maintained by the Lender, and which for the purposes hereof shall be considered to be the Lender's account and not the Borrower's account bearing interest for the Borrower at the rates of interest of the Lender as may be applicable in respect of other deposits of similar amounts for similar terms, amounts which are received by the Lender from the Borrower to the extent that and for so long as such amounts either may be required to satisfy any Obligations of such Borrower or are actually used to satisfy any such Obligations; provided that if such amounts are no longer required or not so used, the Lender shall forthwith return the same together with interest accrued thereon to the Borrower.

5.8 Lender May Perform Covenants

If the Borrower shall fail to perform any covenant on its part herein contained, the Lender may, upon prior notice to the Borrower, perform any of the said covenants capable of being performed by the Lender and, if any such covenant requires the payment or expenditure of money, it may make such payment or expenditure with its own funds and shall be entitled to reimbursement of any such expenditure. All amounts so paid by the Lender hereunder shall be repaid by the Borrower on demand and therefore shall bear interest at the rate set forth in Section I from the date paid by the Lender hereunder to and including the date such amounts are repaid in full by the Borrower.

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VI. GENERAL PROVISIONS

- a) The Lender shall have no obligation to advance funds unless and until all of the above terms and conditions have been deemed by the Lender to be complete, true and otherwise in all respects satisfactory, in the Lender's sole discretion.
- b) No term or requirement of this Commitment may be waived or varied orally or by any course of conduct of the Borrower or anyone acting on his behalf or by any officer, employee or agent of the Lender. Any alteration or amendment to this Commitment must be in writing and signed by a duly authorized officer of the Lender and accepted by the Borrower and Guarantor.
- c) The Lenders solicitors shall be:

Sorbara Schumacher McCann LLP
 31 Union Street East
 Waterloo, Ontario N2J 1B8
 Attention: Mark Schumacher

- d) The Borrower's solicitor shall be:

~~Serena Lee,
 Simpson Wigle Law, LLP
 Sims Square Suite 501
 290 Brant Street
 Burlington, ON L7R 4J4~~

STEVEN J. GRAY PARTNER
 199 BAY ST SUITE 2200
 COMMERCE COURT WEST
 TORONTO ONT.
 M5L 1G4

The Borrower shall bear any and all reasonable legal costs of the Lender.

- e) Time is of the essence in this Commitment.
- f) The Borrower and Guarantors agree that if any one or more of the provisions contained in this Commitment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Lender, not affect any or all other provisions of this Commitment and this Commitment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
- g) The waiver by the Lender of any breach or default by the Borrower of any provisions contained herein shall not be construed as a waiver of any other or subsequent breach or default by the Borrower. In addition, any failure by the Lender to exercise any rights or remedies hereunder or under the Security shall not constitute a waiver thereof.
- h) The representations, warranties, covenants and obligations herein set out shall not merge or be extinguished by the execution or registration of the Security but shall survive until all obligations under this Commitment and the Security have been duly performed and the Loan, interest thereon and any other moneys payable to the Lender are repaid in full. In the event of any inconsistency or conflict between any of the provisions of the Commitment and any provision or provisions of the Security, the Lender shall choose which provisions that will prevail.
- i) Notwithstanding the registration of the Security or the advancement of funds, the terms of this Commitment Letter shall not merge with the delivery and/or registration of the Security and shall remain in full force and effect. Any default under the terms of this Commitment Letter shall be deemed a default under the Security and any default under the terms of the Security



shall be deemed a default under the terms hereof. In the event of a conflict between the terms of the Security and the terms of this Commitment Letter, the Lender, in its sole discretion may determine which shall take precedence and govern.

- j) This Agreement may be simultaneously 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. A facsimile or electronic copy of an executed counterpart shall be deemed to be an original.

If you are in agreement with the above terms, please indicate such agreement by signing and forwarding to the undersigned a copy of this letter agreement. The execution of this letter does not obligate the Lender to advance any of the agreed funds unless all of the conditions to such advances have been satisfied to the satisfaction of the Lender and its solicitors.

By signing this Commitment Letter, pertaining to Burnham Meadows MZGI 241, the Borrowers and Guarantors agree that the Lender may obtain credit and other financially related information about the Borrower(s) and the Guarantor(s), including reports from other credit grantors, consumer reporting agencies and credit bureau.

Unless this Commitment Letter is accepted by the Borrower and all required Guarantors within five (5) business days of the date hereof by delivery of a fully executed copy to the Lender, then, at the Lender's sole option, the Commitment shall be terminated.

This Commitment Letter is not binding until it has been approved and signed back by an Officer of the Lender, MarshallZehr Group Inc.

Yours truly,

A handwritten signature in black ink, appearing to read 'Jana Mirt', written over the Marshall Zehr logo.



Financing Efficiency = Opportunity

Jana Mirt
Vice President – Transaction Execution

T 519 342 1000 X 224
C 519 841 6419

marshallzehr.com email

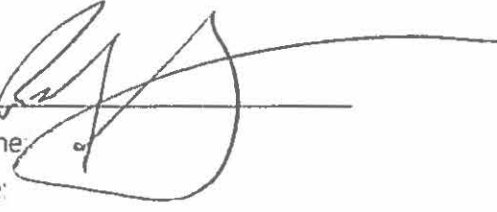
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Acknowledged and agreed at Peter Zelensky this 14TH day of January, 2019, 2020

Borrower:

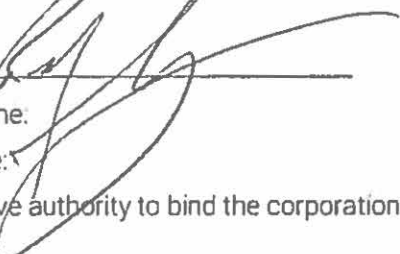
2174542 Ontario Inc.


Per: 
Name:
Title:

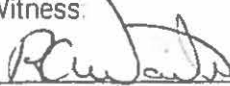
I have authority to bind the corporation

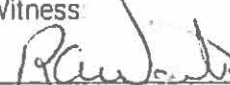
The following parties execute this commitment letter in their capacities as guarantors only.

Safe Harbour Developments Inc.


Per: 
Name:
Title:
I have authority to bind the corporation




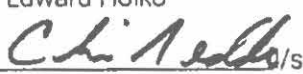
Witness:


Witness:


Witness:



I/s
Michael Steplock


I/s
Edward Holko


I/s
Christopher Geddes




Lender:

I HEREBY accept the terms and conditions as stated herein.

DATED at Waterloo, this 14th day of January, ~~2019~~ 2020

Marshall Zehr Group Inc. "in Trust"

Per 
 C7AE498891764AB

Gregory Zehr
CEO & Co-Founder
"I/We have the authority to bind the Corporation"

Burnham Meadows MZGI 241

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APPENDIX A – OFFICERS’ CERTIFICATE & STATUTORY DECLARATION

(This document may be updated from time to time and confirms the Obligor(s) are in full compliance with the terms of the Commitment Letter. It further provides details on how funds provided will be used and details on any amounts that could rank in priority to the security registered to secure this Loan).

[Date of Letter]

[Borrower]

[Borrower Address]

MarshallZehr Group Inc.
206-465 Phillip St
Waterloo ON N2L 6C7
Attention: [MZ Contact]

Re: Officers’ Certificate for [Project Name] [Funding # or Quarterly Update]

I/we, [Officer #1] of [Borrower], being respectively the [Officer #1 Title] of [Borrower] in my capacity as an officer of [Borrower] and not in my personal capacity, do hereby certify that:

1. This Certificate is being delivered pursuant to Section [2.1 for Initial Funding, 2.2 for Borrower Draws or 4.1 for Quarterly Certificates] of the Commitment dated as of [DAY] day of [MONTH, YEAR] made among [Borrower] and MarshallZehr Group Inc. (“MZG”).
2. To the best of our knowledge and belief, no Event of Default exists as of the date of this Certificate.
3. The representations and warranties contained in Section 4.1 of the Commitment are true and correct as though made on the date hereof, except for those changes to the representations and warranties which have been disclosed to and accepted by the Lenders pursuant to Section 4.1 and any representation and warranty which is stated to be made as of a certain date.



4. We hereby confirm that the Financial Covenants set out in Section 4.2 of the Loan Agreement are in full compliance as of the date of execution of this Certificate.
5. We hereby acknowledge that we have personal knowledge of the fact that all accounts for labour, subcontracts, products, services, and construction machinery and equipment which have been incurred directly by the Borrower in performance of the work required to complete the Project, and for which the Borrower(s) and/or Owner(s) of the Borrower(s) might in any way be held responsible, have been paid in full as required by the Commitment up to and including the latest progress payment received, being on the [DAY] day of [MONTH], [YEAR], except for
 - a. Holdback monies properly retained amounting to [S•]
 - b. Payments deferred by agreement amounting to [S•], or
 - c. Amounts withheld by reason of legitimate dispute which have been identified to the party or parties, from whom payment has been withheld amounting to [S•].

IN WITNESS WHEREOF I/we, the undersigned, have signed this Certificate as of the [DAY] day of [MONTH], [YEAR]

[Name of Borrower]

Per: _____

Name:

Title:

I have authority to bind the corporation

A handwritten signature in black ink, appearing to be a stylized 'A' or similar character.



APPENDIX B – COMPLIANCE CERTIFICATE

(This document may be updated from time to time and confirms full compliance with the terms contained within the Commitment Letter and provides details of the calculations confirming same)

[Date of Letter]

[Borrower]

[Borrower Address]

MarshallZehr Group Inc.
206-465 Phillip St
Waterloo ON N2L 6C7
Attention: [MZ Contact]

Re: Compliance Certificate for [Project Name] [Funding #1 or Quarterly Update]

The undersigned, [Borrower], refers to the Commitment Letter dated as of [MONTH] [DAY], [YEAR] (as amended, supplemented, replaced or restated from time to time, the "Commitment", the terms defined therein being used herein as therein defined) among the Obligor and the Lender party thereto.

I/we, [Officer #1] of [Borrower], being respectively the [Officer #1 Title] of [Borrower] in my capacity as an officer of [Borrower] and not in my personal capacity, do hereby certify that:

1. This Compliance Certificate is delivered pursuant to Section [2.1 for Initial Funding or 4.1 for Quarterly Certificates] of the Loan Agreement for [Funding #1 dated [DAY] [MONTH], [YEAR] (the "Initial Funding Period") or the Financial Fiscal Quarter/Year ending on [DAY] [MONTH], [YEAR] (the "Fiscal Period")].
2. I am familiar with and have examined the provisions of the Commitment.
3. The financial statements most recently delivered pursuant to Section 4.1 of the Commitment present fairly the financial position, results of operations and changes in financial position of the persons specified therein in accordance with GAAP (subject to normal year-end adjustments and the absence of any required notes to such financial statements).
4. As of the date hereof, [Borrower] is not in breach of any of the covenants contained in Sections 4 and 5 of the Commitment, and no Default or Event of Default has occurred and is continuing as at the date hereof.
5. As of [DAY] [MONTH], [YEAR], the [Initial Funding or Fiscal Period]:

a. Total Net Project Costs to Date:	[S·]	
b. Estimated Cost to Complete Project (incl. lien holdback):	[S·]	
c. Total Advanced Loan ((incl. current/previous funding #)):	[S·]	[S·]
d. Estimated Current Project Value:	[S·]	
e. Last Appraised Value as of [MONTH] [DAY], [YEAR]:	[S·]	[S·]



6. The Financial Covenants outlined in Section 4.2 of the Commitment have been calculated below as of the [Initial Funding or Fiscal Period]:

FINANCIAL COVENANTS: Guideline only, refer to Commitment for Covenants that are required.	CALCULATIONS: Guideline only, refer to Commitment on how to calculate Covenants and update accordingly.	AMOUNT:
Project Net Equity	Project Costs to Date (a) Less Advanced Loan (c)	\$
Maximum Borrowing	Loan Amount Less Costs to Complete (b)	\$
Estimated Loan to Value Ratio	Loan Advanced to Date (c) Divided by Estimated Current Value (d)	%
Estimated Loan to Cost Ratio	Loan Advanced to Date (c) Divided by Project Costs to Date (a)	%
Estimated Borrower Interest Coverage Ratio	Company's earnings before interest & taxes (EBIT) Divided by Company's interest expenses for the same period	%
Estimated Borrower Debt Service Coverage Ratio	Net Operating Income (NOI) Divided by Debt Service Requirements including interest and principal payments due in same period	%

IN WITNESS WHEREOF I/we, the undersigned, have signed this Certificate as of the [DAY] day of [MONTH], [YEAR]

[Name of Borrower]

Per: _____

Name:

Title:

I have authority to bind the corporation



APPENDIX C – REQUEST FOR LENDER ADVANCE NOTICE

(This document may be updated from time to time and is used to request funds from the Lender(s) that will be advanced to the Mortgage Administrator and start interest charges to the Borrower)

[Date of Letter]
[Borrower]
[Borrower Address]

MarshallZehr Group Inc.
206-465 Phillip St
Waterloo ON N2L 6C7
Attention: [MZ Contact]

Re: Request for Advance of Funds for [Project Name] Funding Number [#]

I hereby formally request the advance of CAD [Advance Amount] from the Commitment dated [Commitment Date] (the "Commitment") and secured against the lands described as [Municipal Address] and legally known as [Legal Address] as well as all other security issued pursuant to the Commitment (the "Security").

I hereby acknowledge according to the Commitment Letter that the Borrower must give at least [#] day's written notice of an advance, and wish to receive acknowledgement from MarshallZehr as to the date of the advance. I understand and acknowledge that the interest will begin on the date of the advance regardless of if funds are released or held in Trust by MarshallZehr.

Furthermore, a Borrower Draw will not be processed until such time as all the conditions related to the Draw are met, as outlined in Section 2.2, and the Borrower has provided the applicable form and Notices as provided in Appendix D.

The Borrower acknowledges that a failure to comply with the covenants and conditions of the Commitment letter represents a default on behalf of the Borrower, and grants the Lender the right to pursue whatever remedy it deems most appropriate, at the expense of the Borrower, with no further notice.

[Name of Borrower]

Per: _____

Name:

Title:

I have authority to bind the corporation



APPENDIX D – BORROWER DRAW NOTICE

(This document may be updated from time to time and is required for funds to be delivered to the Borrower from funds held by the Mortgage Administrator in accordance with the terms of the Commitment Letter)

[Date of Letter]

[Borrower]

[Borrower Address]

MarshallZehr Group Inc
206-465 Phillip St
Waterloo ON N2L 6C7
Attention: [MZ Contact]

Re: Request for Draw of Funds for [Project Name] Funding Number [#]

I hereby formally request the advance of CAD [Advance Amount] from the Commitment dated [Commitment Date] (the "Commitment") and secured with the instrument registered as [Instrument Number], and secured against the lands described as [Municipal Address] and legally known as [Legal Address] as well as other security issued pursuant to the Commitment (the "Security").

I hereby acknowledge according to the Commitment Letter that the Borrower must give at least [#] day's written notice of an advance, and wish to receive acknowledgement from MarshallZehr as to the date of the advance.

I hereby certify, represent and warrant that all conditions and covenants of the Commitment and Security are met, and that the Borrower and the guarantors have not violated any of the conditions or covenants of the Commitment or Security. Specifically, the Borrower and Guarantors certify, represent and warrant:

- There are no liens on the Property
- No subordinate financing has been placed on the Property without prior written consent
- No party has committed any waste on the Property
- At this time Property taxes are current
- There have been no sales or purchases of shares, or payments of dividends from the Borrower to any party without prior written consent of the Lender
- The owner of the Borrower has not changed
- The Borrower where applicable is in compliance with the Construction Lien Act, and there are no Liens on the Property
- The Borrower has informed the Lender of all changes to the Project schedule and the budget

The hereby gives you notice pursuant to Section 2.2 of the Commitment Letter that the undersigned hereby requests a Draw under the Commitment Letter, and, in that connection sets forth below the information relating to such Draw as required by:

- a. The date of the Draw, being a Business Day, is [•].
- b. The aggregate amount of the Draw is [\$•].

A handwritten signature in black ink, appearing to be a stylized name, located in the bottom right corner of the page.



The undersigned hereby certifies and confirms that on the date of this Notice and the date of the corresponding Draw, and immediately after giving effect thereto and to the application of any proceeds therefrom, the representations and warranties contained in Section 4 of the Commitment Letter are true and correct on and as of each such date, all as though made on and as of each such date, except for those changes to the representations and warranties which have been disclosed to and accepted by the Lenders pursuant to Section 4. Any representation and warranty which is stated to be made as of a certain date shall confirm:

- a. no event or condition has occurred and is continuing, or would result from such Borrowing or giving effect to this Borrowing Notice, which constitutes a Default or an Event of Default; and
- b. such Borrowing, or otherwise giving effect to this Borrowing Notice, will not violate any Applicable Law now in effect.

The undersigned further confirms and certifies to each Lender that the proceeds of the proposed Borrowing will be used solely for the purposes permitted by the Credit Agreement.

The Borrower acknowledges that a failure to comply with the covenants and conditions of the Commitment letter represents a default on behalf of the Borrower, and grants the Lender the right to pursue whatever remedy it deems most appropriate, at the expense of the Borrower, with no further notice.

Borrower:

[Name of Borrower]

Per _____

Name:

Title:

I have authority to bind the corporation

A handwritten signature in black ink, appearing to be a stylized name, located in the bottom right corner of the page.



APPENDIX E – REPAYMENT NOTICE

(This document may be updated from time to time and is to be provided in advance of any repayment in accordance with the terms of the Commitment Letter)

[DATE]

Borrower:

[Borrower Name]

[Borrower Address]

Lender:

MarshallZehr Group Inc

206-465 Phillip St

Waterloo ON N2L 6C7

Attention: [MZ Contact]

Re: Notice of Repayment for [PROJECT NAME]

I hereby formally inform MarshallZehr Group Inc. of the repayment of the [PROJECT NAME] Loan as per the Commitment Letter dated [DATE], and as further amended [DATE] and per the renewal dated [DATE]. This repayment is inclusive of all principal, interest and fees.

I hereby acknowledge the Borrower must provide 60 days' written notice of repayment as per the Commitment Letter. With this notice, we would request a Discharge Statement contemplating the stated repayment date.

The maturity date on this Loan is [DATE], (however or and) the anticipated date of repayment will be [DATE].

I hereby acknowledge according to the Commitment Letter that the Borrower must pay the Lender an administration fee of \$500.00 and its solicitor's reasonable legal fees in respect to the preparation of the discharge or repayment.

Borrower:

[Borrower Name]

Per: _____

Name: [Name]

Title: [Title]

I have authority to bind the corporation



APPENDIX F – PROJECT OPERATING REPORT

(This document may be updated from time to time and is to be provided upon request by the Borrower to the Lender providing detail on the items outlined below)

(Borrower/Developer letterhead)

[Date of Letter]

[Borrower]

[Borrower Address]

MarshallZehr Group Inc.
206-465 Phillip St
Waterloo ON N2L 6C7
Attention: [MZ Contact]

Re: Compliance Project Operating Report for [Project Name]

[Project Magnitude – Total Units/Acres/Construction Costs/ Expected Gross Receipts]

[Sales Activity - Pre-Sales Order Book/Homes under Construction/Closed, Expected Closings & Closing Schedule]

[Project Completion Status – Status of Approvals, Completion Schedule, Cost to Date, Expected Costs to Complete/Budget]

[Current Project Debt and Description of Debt and related Liens]

[Estimated Current Project Value]

[Project Site Pictures]

A handwritten signature in black ink, appearing to be the initials 'MZ' or similar, located in the bottom right corner of the page.

SEPARATOR PAGE



**Marshall
Zehr**

Financing Efficiency = Opportunity

MarshallZehr Group Inc.

465 Phillip Street, Suite 206
Waterloo ON N2L 6C7 Canada

Wednesday, October 6, 2021

PRIVATE AND CONFIDENTIAL

2174542 Ontario Inc.
202-113 Park Street
Peterborough, ON
K9J 3R8

Attention: Michael Steplock

RE:	Project:	Burnham Meadows – MZGI 241
	Purpose:	1 st Renewal
	Borrower:	2174542 Ontario Inc.
	Property Address:	THOSE LANDS AND PREMISES DESCRIBED MUNICIPALLY AS TELEVISION ROAD, PETERBOROUGH, ON AND LEGALLY AS PART OF LOT 30, CONCESSION 11 – OTONABEE WARD TOWNSHIP OF ONTONABEE – SOUTH MONAGHAN GEOGRAPHIC TOWNSHIP OF OTONABEE COUNTY OF PETERBOROUGH COUNTY FILE NO. 15T-08003.
	Current Maturity Date:	October 1, 2021

MarshallZehr Group Inc. (the "Lender") is pleased to advise we have approved the following amendment (the "1st Amendment") to the above noted mortgage and Commitment Letter dated January 9th, 2020:

Delete (Original):
Maturity Date: October 1st, 2021

Insert (New):
Maturity Date: February 1st, 2022



Project: Burnham Meadows - MZGI 241
Wednesday, October 6, 2021

Delete (Original):

Renewal: Provided the Borrower is not in default of any of its obligations under this Commitment or under any Lender security, the Lender will offer two six (6) month extension options with 60 days written notice prior to the end of the Term (the "Renewal Term"). The interest will be calculated and compounded at the same rate as the original Term of this mortgage. The extension is open for repayment at any time, within the Renewal Term with 60 days' notice. The Borrower shall pay a renewal fee (the "Renewal Fee") of one (1.00%) percent of the borrowed amount, or of the outstanding balance if the Loan has been advanced and repayment has begun, and such shall not be effective unless the Renewal Fee is paid in full. A subsearch will be conducted by the Lender's solicitor upon the acceptance of this renewal letter at the Borrower's expense. The Borrower will be responsible for any reasonable costs associated with the extension.

Insert (New):

**Renewal 6
Month:**

Provided the Borrower is not in default of any of its obligations under this Commitment or under any Lender security, the Lender will offer one six (6) month extension option with 60 days written notice prior to the end of the Term (the "Renewal Term"). The interest will be calculated and compounded at the same rate as the original Term of this mortgage. The extension is open for repayment at any time, within the Renewal Term with 60 days' notice. The Borrower shall pay a renewal fee (the "Renewal Fee") of one (1.00%) percent of the borrowed amount, or of the outstanding balance if the Loan has been advanced and repayment has begun, and such shall not be effective unless the Renewal Fee is paid in full. A subsearch will be conducted by the Lender's solicitor upon the acceptance of this renewal letter at the Borrower's expense. The Borrower will be responsible for any reasonable costs associated with the extension.

Insert (New):

**Renewal 2
Month:**

Provided the Borrower is not in default of any of its obligations under this Commitment or under any Lender security, the Lender will offer one two (2) month extension option with 60 days written notice prior to the end of the Term (the "Renewal Term"). The interest will be calculated and compounded at the same rate as the original Term of this mortgage. The extension is open for repayment at any time, within the Renewal Term with 60 days' notice. The Borrower shall pay a renewal fee (the "Renewal Fee") one sixth (0.1667%) percent of the borrowed amount, or of the outstanding balance if the Loan has been advanced and repayment has begun, and such shall not be effective unless the Renewal Fee is paid in full. A subsearch will be conducted by the Lender's solicitor upon the acceptance of this renewal letter at the Borrower's expense. The Borrower will be responsible for any reasonable costs associated with the extension.



Project: Burnham Meadows - MZGI 241
Wednesday, October 6, 2021

The following provisions shall be included in this Amendment that were not contemplated in the original Commitment:

1st Amendment Fee: Upon execution of this Amendment, the Borrower shall pay a fee of \$257,333 to the Lender (the "1st Amendment Fee"). The 1st Amendment Fee shall be due and payable on the earlier of (i) an event of default under the Loan, (ii) discharge of the Loan, or (iii) the maturity date of the Loan.

Subsearch: A subsearch will be completed prior to executing this Amendment at the expense of the Borrower .

**Effective Date
Of Amendment:** September 1st, 2021

A handwritten signature in black ink, appearing to be the initials 'MZ' or similar, located in the bottom right corner of the page.



Project: Burnham Meadows - MZGI 241
Wednesday, October 6, 2021

All other terms of the Commitment shall survive, unamended.

This Agreement may be simultaneously 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. A facsimile or electronic copy of an executed counterpart shall be deemed to be an original.

By signing this amending letter, the Borrowers and Guarantors agree that the Lender may obtain credit and other financially related information about the Borrower(s) and the Guarantor(s), including reports from other credit grantors, consumer reporting agencies and credit bureau.

The execution of this letter does not obligate the Lender to advance any of the agreed funds unless all the conditions to such advances have been satisfied to the satisfaction of the Lender and its solicitors.

If you are in agreement with the above terms, please indicate such agreement by signing and forwarding to the undersigned a copy of this agreement, by October 11th, 2021.

This Amendment Letter is not binding until it has been approved and signed back by an Officer of the Lender, MarshallZehr Group Inc. and the mortgage is in good standing.

Sincerely,

DocuSigned by:

6897E6642B774AE



Financing Efficiency = Opportunity

Cecil Hayes CIM
Chief Operating Officer

T 519 342 1000 X 233
C 519 590 3810

marshallzehr.com | [email](#)



Project: Burnham Meadows - MZGI 241
Wednesday, October 6, 2021

Broker
MarshallZehr Group Inc. Mortgage Administration #11955 Mortgage Brokerage #12453

Acknowledged and agreed at _____ this _____ day of _____, 2021.

Borrower:

2174542 Ontario Inc.

Per: 

Name: MICHAEL STEPLOCK

Title: PRES/CEO

I have authority to bind the corporation

The following parties execute this commitment letter in their capacities as Guarantors only.

Safe Harbour Developments Inc.,

Per: 

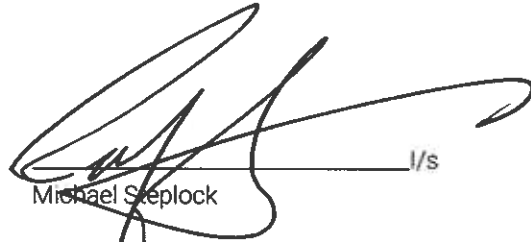
Name: CHRIS GEDDES

Title: COO

I have authority to bind the corporation



Witness


_____ /s

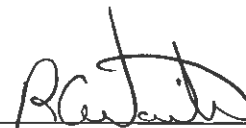
Michael Steplock




Witness


_____ /s

Edward Holko



Witness


_____ /s

Christopher Geddes



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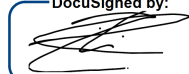
MarshallZehr Group Inc.
465 Phillip Street, Suite 206
Waterloo ON N2L 6C7 Canada

Lender:

I HEREBY accept the terms and conditions as stated herein.

DATED at Waterloo, this 15 day of October, 2021.

MarshallZehr Group Inc.

DocuSigned by:

Per: _____
C7AE499691764A8

Gregory Zehr
CEO & Co-Founder

I have the authority to bind the Corporation

A handwritten signature in black ink, appearing to be 'GZ', located in the bottom right corner of the page.

SEPARATOR PAGE



Financing Efficiency = Opportunity

MarshallZehr Group Inc.
465 Phillip Street, Suite 206
Waterloo ON N2L 6C7 Canada

Wednesday, February 16, 2022

PRIVATE AND CONFIDENTIAL

2174542 Ontario Inc.
202-113 Park Street
Peterborough, ON
K9J 3R8

Attention: Michael Steplock

RE: Project: Burnham Meadows – MZGI 241
 Purpose: 2nd Renewal
 Borrower: 2174542 Ontario Inc.
 Property Address: THOSE LANDS AND PREMISES DESCRIBED MUNICIPALLY AS
 TELEVISION ROAD, PETERBOROUGH, ON AND LEGALLY AS
 PART OF LOT 30, CONCESSION 11 – OTONABEE WARD
 TOWNSHIP OF ONTONABEE – SOUTH MONAGHAN
 GEOGRAPHIC TOWNSHIP OF OTONABEE COUNTY OF
 PETERBOROUGH COUNTY FILE NO. 15T-08003.
 Current Maturity Date: February 1, 2022

MarshallZehr Group Inc. (the "Lender") is pleased to advise we have approved the following Renewal (the 1st Renewal) to the above noted mortgage and Commitment Letter dated January 9th, 2020 And Renewed October 6, 2021:

MarshallZehr will renew the mortgage on this property for a period of 6 months on the following conditions:

1. The new maturity date will be August 1st, 2022;
2. Upon execution of this Renewal, the Borrower shall pay a fee of ~~\$35,145~~ ^{\$12500} to the Lender (the "2nd Renewal Fee"). The 2nd Renewal Fee shall be due and payable on the earlier of (i) an event of default under the Loan, (ii) discharge of the Loan, or (iii) the maturity date of the Loan.
3. A subsearch will be conducted by the Lender's solicitor upon the acceptance of this Renewal at the Borrower's expense

Handwritten signature and initials

DS
CK

Effective Date
of Renewal: December 1st, 2021

All other terms of the Commitment shall survive, unamended.

Handwritten signature



Project: Burnham Meadows MZGI 241
Wednesday, February 16, 2022

This Agreement may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterpart together shall constitute one and the same instrument. A facsimile or electronic copy of an executed counterpart shall be deemed to be an original.

By signing this renewal letter the Borrowers and Guarantors agree that the Lender may obtain credit and other financially related information about the Borrower(s) and the Guarantor(s), including reports from other credit grantors, consumer reporting agencies and credit bureau.

The execution of this letter does not obligate the Lender to advance any of the agreed funds unless all of the conditions to such advances have been satisfied to the satisfaction of the Lender and its solicitors.

If you are in agreement with the above terms, please indicate such agreement by signing and forwarding to the undersigned a copy of this agreement, February 24th 2022.

This Renewal Letter is not binding until it has been approved and signed back by an Officer of the Lender, MarshallZehr Group Inc. and the mortgage is in good standing.

After the execution of this Renewal the Borrower will have only one 2-month renewal option remaining.

Sincerely,

DocuSigned by:

6697E8842B774AE



Financing Efficiency = Opportunity

Cecil Hayes CIM
Chief Operating Officer

T 519 342 1000 X 233
C 519 590 3810

marshallzehr.com | [email](#)

Broker
MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453



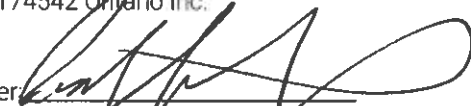
By signing below, I agree to the extension of the above-noted mortgage.

Borrower:

I HEREBY accept the terms and conditions as stated herein.

DATED this 28TH day of FEBRUARY 2022.

2174542 Ontario Inc.

Per: 

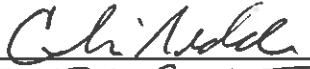
Name: R. M. STEPLOCK

Title: PRESIDENT

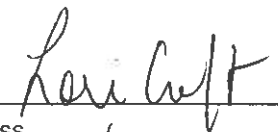
I have authority to bind the corporation

The following parties execute this Commitment letter in their capacities as guarantors only.

Safe Harbour Developments Inc.,

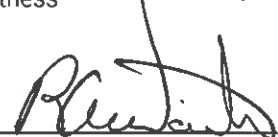
Per: 
Name: CHRIS GEDDES
Title: COO

I have authority to bind the corporation



Witness

Witness



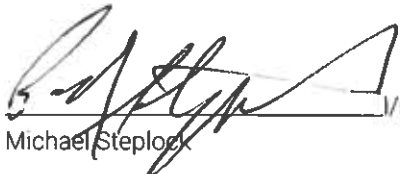
Witness

Witness




Witness

Witness



Michael Steplock I/s



Edward Holko I/s



Christopher Geddes I/s



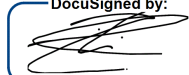
Project: Burnham Meadows MZGI 241
Wednesday, February 16, 2022

Lender:

I HEREBY accept the terms and conditions as stated herein.
3/7/2022


DATED at Waterloo, this _____ day of _____, 2022.

MarshallZehr Group Inc.

DocuSigned by:

Per: _____
C7AE499691764A8...

Gregory Zehr
CEO & Co-Founder
I have the authority to bind the Corporation

2nd Renewal Burnham Meadows – MZGI 241

4


***THIS IS EXHIBIT "E" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.



Friday, 23 October 2020

Attention: Michael Steplock

2174542 Ontario Inc.
202-113 Park Street
Peterborough, ON
K9J3R8

Attention: Michael Steplock

Dear Michael Steplock,

Re: Construction and Debt Refinance Loan for "Burnham Meadows" project, Peterborough, ON

Project Name: Burnham Meadows - MZGI 342 (the "Project")

This commitment letter confirms that MarshallZehr Group Inc. (the "Lender") is prepared to provide financing (the "Loan") for the Project conditional on the terms and conditions contained in this letter agreement (the "Commitment").

THIS LETTER REPLACES AND RENDERS NULL AND VOID THE PREVIOUS COMMITMENT LETTERS DATED TUESDAY, 06 OCTOBER 2020.

I. LOAN

BORROWER: 2174542 Ontario Inc. & Safe Harbour Homes Inc. (the "Borrowers")

Guarantors: Safe Harbour Developments Inc., Michael Steplock, Edward Holko and Christopher Geddes together with such other related parties as the Lender may deem advisable (the "Guarantors").

Obligors: Means, collectively, the Borrower and the Guarantors and the "Obligor(s)" means any one of them.

Lender: MarshallZehr Group Inc. (the "Lender") and/or such other assignee or lenders as MarshallZehr Group Inc. may arrange to participate in the Loan.

Project: Those lands and premises described municipally as Listed in Appendix G and legally as Listed in Appendix G and additional lots as required.

Loan Amount: \$4,159,000 (the "Loan") to be advanced through multiple facilities as follows:

Facility 1 (Land):	\$2,159,000
Facility 2 (Construction):	<u>\$2,000,000</u>
Total Loan Amount:	\$4,159,000

Facility 1 shall be pari-passu to Facility 2.

Facility 2 is a revolving, demand, construction loan. Increases will be made on a dollar by dollar basis with corresponding related exposure reductions. (the "Loan").



Purpose: 1st Mortgage for construction.

The Lender understands that the Project is to consist of the construction of presold homes, the first phase of which is Phase 1B consisting of 20 detached single family homes. The second phase is anticipated to be 30 garden townhomes in Phase 2D in Peterborough. Furthermore, the Lender understands that Phase 1B is site plan approved and construction ready subject to presales. Subsequent phases are being severed and registered separately. The subsequent phases will be financed by Facility 2 once the lots are severed and registered and the financing is approved by the Lender.

Syndication of the Loan:

It is the Lender's intention to syndicate all or a portion of the Loan with other lenders on terms and conditions satisfactory to the Lender. All obligations of the Lender are conditional on successful syndication by the Lender. This Commitment shall be null and void if the Lender is unable to syndicate the Loan, and all fees, less the Good Faith Deposit together with any due-diligence and legal costs incurred by the Lender, shall be returned to the Borrower. The Lender shall notify the Borrower within 21 days from the date of the Borrower signing this Commitment that the Lender has successfully syndicated this Loan. If the Lender is unable to provide the Borrower written confirmation that the Loan has been successfully syndicated within this time, it will be the sole option of the Borrower to terminate this agreement, in which case this Commitment will be null and void and all fees, less the Good Faith Deposit together with any due-diligence and legal costs incurred by the Lender, shall be returned to the Borrower.

Initial Advance and Draw:

The first advance and draw (the "Initial Advance" and "Draw 1", respectively) is anticipated to be in the principal amount of \$4,159,000 and advanced upon satisfaction of the conditions contained herein and accompanied by the applicable Notices (see Appendix A, B, C and D). The Initial Advance and Draw is expected to be advanced as follows:

Refinance Existing Damarcher Loan	\$	1,489,000
Refinance Existing Frazer Loan	\$	670,000
Lender Fee Amount	\$	85,000
Legal and Admin Amount	\$	30,000
Costs to Date	\$	238,000
Funds in Trust	\$	1,647,000
Initial Advance Amount	\$	4,159,000

Further draws and advances shall follow the processes outlined for Borrower Draws and Lender Advances as defined herein.

**Order of**

Advances: The Loan shall be advanced in the following order, until each part has been fully advanced:

- 1) Facility 1
- 2) Facility 2

Lender

Advances: A Lender Advance is defined as the transfer of funds from the participating Lender(s) to MarshallZehr's Trust account. Interest shall become payable on these funds from the date of the deposit of the funds into the MarshallZehr Trust account, regardless of whether the funds are used in the project immediately, or later returned to the Lender without ever having been drawn by the Borrower.

Lender Advances shall be requested by the Borrower in advance of funds being required with a notice period as defined in Section 2.2, in the form provided in Appendix C.

Borrower

Draws: A Borrower Draw is defined as the request of funds from MarshallZehr's Trust account to fund the Project bank account or to be directly applied against project expenses. A Borrower Draw will not be processed until such time as all the conditions related to the Draw are met, as outlined in Section 2.2.

Borrower Draws shall be processed and based upon the progress of construction or another Lender approved costs in place, as hereinafter provided and accompanied by the applicable Notices as provided in Appendix A and D.

Term: Thirteen (13) months (commencing from the Interest Adjustment Date or IAD). Interest from the date of the Initial Advance to the IAD shall be deducted by the Lender from the Initial Advance.

Renewal: Provided the Borrower is not in default of any of its obligations under this Commitment or under any Lender security, the Lender will offer one six (6) month extension option with 60 days written notice prior to the end of the Term (the "Renewal Term"). The interest will be calculated and compounded at the same rate as the original Term of this mortgage. The extension is open for repayment at any time, within the Renewal Term with 60 days' notice. The Borrower shall pay a renewal fee (the "Renewal Fee") of one (1.0%) percent of the borrowed amount, or of the outstanding balance if the Loan has been advanced and repayment has begun, and such shall not be effective unless the Renewal Fee is paid in full. A subsearch will be conducted by the Lender's solicitor upon the acceptance of this renewal letter at the Borrower's expense. The Borrower will be responsible for any reasonable costs associated with the extension.

Interest Rate: Facility 1: Prime + 9.55% per annum (Floor of 12%)
Facility 2: Prime + 9.55% per annum (Floor of 12%)

Interest shall accrue commencing on the date of the Initial Advance, calculated daily



(365 days/year), compo unded and payable monthly with interest only payments made from Borrower Draws up to the budgeted amount, after which payments shall be made from the Borrower and/or the Guarantor's own resources. If applicable, interest shall be paid from the interest reserve. Once the Interest Reserve has been fully utilized, interest payments will come from Borrower Draws or the Borrower and/or the Guarantor's own resources, as the case may be. Prime shall be defined as the Bank of Montreal Prime Rate of Interest. For the purpose of determining the interest rate used in the interest calculation, the Bank of Montreal Prime Business Rate on the first day of each month will be used as the Prime Rate for that entire month.

**Wrap Up
Period:**

The final month of the Term, or the Renewal Term if renewed pursuant to the renewal provision contained herein, shall be the beginning of the Wrap Up Period, and bear interest at twice the Interest Rate, and if there are multiple Facilities or Tranches, calculated, compounded and payable in the same manner as prior to entering the Wrap Up Period for each applicable Facility or Tranche.

**Interest
Adjustment
Date:**

The "Interest Adjustment Date" or "IAD" shall be the 1st of the month following the Initial Advance.

**Standby
Interest:**

In the event that:

- a) Draw 1 has not been fully advanced by November 30th, 2020 or for any reason other than a default by the Lender; or
- b) the funding conditions for Borrower Draws provided for in Section 2.2 of this Commitment result in the Borrower being permitted to receive less than the Borrower Draw actually requested;

Interest will commence on the advance date established herein for such Draw 1 or a Borrower Draw as the case may be, in the form of standby interest ("Standby Interest") on any unadvanced portion of the Draw 1 or the Borrower Draw as the case may be and will become due and payable monthly at a rate equal to the applicable Interest Rate set out herein until the earlier of the applicable draw being fully advanced, or the termination of this Commitment Letter without any advances having been made. Any accrued and unpaid Standby Interest shall be payable at the time of the advance and deducted from the advance.

Standby interest shall be calculated from the date of the expected advance as mentioned herein to the IAD and shall be payable at the time of the advance and deducted from the advance.

**Advance
Deductions:**

At the time of a Lender Advance, the Lender may at its sole discretion, deduct an amount equal to the applicable interest for such advance for the balance of the term of the Loan as an interest reserve (the "Interest Reserve").

The Interest Reserve shall be held in the Lender's trust account and be used to service the interest payments on the outstanding balance of the Loan. Any funds



held in the Lender's trust account from an advance are considered to be and shall be deemed to be principal advanced to the Borrower and interest shall accrue on those funds as if they had been paid directly to the Borrower.

Cancellation: The Lender may on demand require immediate payment of all amounts outstanding or accrued in connection with this Commitment. The Lender may at any time, for any reason and without notice, cancel the undrawn portion of the Loan.

Anniversary

Date: The anniversary date is defined as one year from the Interest Adjustment Date (IAD). The Lender may request compliance deliverables based on anniversary dates of the mortgage, or as the lender deems necessary in their sole discretion.

Time and

Place of

Payments:

Payments are to be made to the Lender at its offices at 206-465 Phillip Street, Waterloo, Ontario no later than 1:00 p.m. on the date scheduled for payment. Payments made after such time shall be treated as having been received on the next business day. Payments made after the date scheduled for payment must be made by certified cheque or bank draft. Whenever any payment is due on a day that is not a business day, then such payment will be due on the next business day, and interest will accrue to such business day. Any NSF Cheques will incur a fee of \$500.

Principal

Payments:

There shall be no regularly scheduled principal repayments and the entire outstanding principal amount shall become due and payable at maturity.

1B Partial

Discharges:

Provided that the Borrower is not in default, the Lender shall provide partial discharges of Project units on the closing of a unit sale transaction provided the Borrower pays the Lender Net Sales Proceeds of each sale. Net Sales Proceeds is defined as the sale price of the unit less deductions for deposits (used in the Project's financing) and any payments on account of principal required to be made to a permitted prior lender, if any, to obtain a partial discharge of its security, normal sales commissions, and legal costs. The Borrower will pay the Lender an administration fee of \$250 and its solicitor's reasonable legal fees in respect of the preparation of the discharge for each partial discharge requested by the Borrower. In the Event of Default, the Lender shall not be obligated to provide partial discharges. The Net Sale Proceeds shall be dispersed as follows:

- a) Repayment of all accrued and unpaid interest;
- b) Repayment of the outstanding \$230,000 principal balance for Facility 2
- c) Repayment of the outstanding \$135,000 principal balance for Facility 1

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**Partial
Discharges
(Future
Phases):**

Provided that the Borrower is not in default, the Lender shall provide partial discharges of Project units on the closing of a unit sale transaction provided the Borrower pays the Lender Net Sales Proceeds of each sale. Net Sales Proceeds is defined as the sale price of the unit less deductions for deposits (used in the Project's financing) and any payments on account of principal required to be made to a permitted prior lender, if any, to obtain a partial discharge of its security, normal sales commissions, and legal costs. The Borrower will pay the Lender an administration fee of \$250 and its solicitor's reasonable legal fees in respect of the preparation of the discharge for each partial discharge requested by the Borrower. In the Event of Default, the Lender shall not be obligated to provide partial discharges. The Net Sale Proceeds shall be dispersed as follows:

- a) Repayment of all accrued and unpaid interest;
- b) Repayment of the outstanding principal balance for Facility 2
- c) Repayment of the outstanding principal balance for Facility 1

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Prepayment: Subject to any partial discharge provisions, the mortgage may be prepaid in whole or in part at any time or times on the following terms:

- a) At least 60 days prior written notice is given to the Lender in the form provided in Appendix E – Repayment Notice
- b) No pre-payment shall be in an amount of less than \$100,000 without consent of the Lender
- c) The Borrower shall pay the Lender an administration fee of \$500 and its solicitor's reasonable legal fees in respect to the discharge or repayment

Fees: The Borrower shall pay the following Lender fees to the transaction mortgage broker, MarshallZehr Group Inc.:

Good Faith

Deposit: \$0.

Lender Fee: \$85,000, the Lender Fee, shall be earned by the Lender upon notification of successful syndication. The Lender Fee less the Good Faith Deposit shall be deducted from the Initial Advance. Failing an Initial Advance, these funds are due and payable by the Borrower.

Admin

Fee: An additional fee of \$5,000 payable to MarshallZehr Group Inc. will be paid by the Borrower at closing of the Initial Advance in order to set up the administration files and complete all regulatory documentation.

Draw Fee: The Borrower agrees to pay \$250 to the Lender as an administrative fee (the "Draw Fee") in conjunction with each request for a Borrower Draw (the "Draw Request").

Final

Discharge Fee: The Borrower will pay the Lender an administration fee of \$500 and its solicitor's reasonable legal fees in respect of the preparation of the final discharge of this mortgage.

Expenses: All reasonable expenses of the Lender and the Borrower shall be paid by the Borrower including (but not limited to), the cost of any third-party reports and all legal costs regardless of whether the Borrower proceeds with the transaction and any costs of recovery of unpaid amounts should that be necessary. Upon request the Lender shall provide an estimate of the legal fees to be incurred by the Lender. Regardless, the Borrower is responsible for all reasonable legal fees incurred by the Lender.



**Subordinate
Financing:**

No additional financing will be permitted without the prior written consent of the Lender and in the event of a default under this restriction, the entire principal, interest, fees and all other amounts under the Commitment and security issued pursuant thereto shall become immediately due and payable.

Should additional subordinate financing be placed by the Borrower on the consent of the Lender, such consent will be conditional upon the secondary lender entering into a postponement, subordination and standstill agreement that requires the secondary lender to issue zero dollar discharges to the Lender and Borrower within 2 business days of being requested and requires complete cooperation in executing all postponements and consents as may be required to advance the development of the Project. Any discharge greater than zero shall require prior consent from the Lender. Failure to comply shall be considered a default by the Borrower.

**Right of
First
Refusal:**

With respect to the 2D lots, the Borrower shall grant to the Lender:

- a) a right of first opportunity (the "Right of First Opportunity") and
- b) a right of first refusal ("Right of First Refusal") (collectively, the "Further Financing Rights"),

with respect to providing any further financing required for the Project, including without limitation arranging replacement or additional financing for the Project as contemplated herein, and financing for any further development of the Project or of any improvements thereon (any such financing being referred to herein as "Further Financing").

With respect to the Right of First Opportunity: prior to consulting with any other lender with respect to any Further Financing, the Borrower shall provide to the Lender in writing a request for such Further Financing with all information necessary for the Lender to process the request and the Lender shall have a period of sixty (60) days after receipt of same (the "Opportunity Period") to provide to the Borrower a mortgage commitment letter to provide the Further Financing. The Borrower hereby undertakes not to communicate with any other lender with respect to provision of the Further Financing during the Opportunity Period, and to fully cooperate with the Lender in good faith during the Opportunity Period to provide such further information as the Lender may require in pursuit of its Right of First Opportunity.

With respect to the Right of First Refusal: upon receipt by the Borrower of any written offer of financing received from any other party, including but not limited to term sheets, mortgage commitments, and funding agreements (the "Third-Party Funding Offer"), the terms of which the Borrower is prepared to accept, the Borrower shall provide to the Lender a copy of the Third-Party Funding Offer and all information relevant to it. Upon receipt of same, the Lender shall have a period of fourteen (14) days (the "Matching Period") to provide a mortgage commitment letter to the Borrower containing financing terms that are substantially the same or better as the Third-Party Funding Offer (the "Matching Offer"). The Borrower hereby undertakes, in the event that the Lender submits to the Borrower a Matching Offer within the



Matching Period, to accept the Matching Offer and forthwith provide to the Lender such information and execute such documentation as is reasonably required by it in connection with that acceptance. In the event that the Lender fails to deliver to the Borrower a Matching Offer within the Matching Period, the Borrower shall be at liberty to accept the Third-Party Funding Offer. The Borrower hereby undertakes to fully cooperate with the Lender in good faith during the Matching Period to provide such information as the Lender may require in pursuit of its Right of First Refusal.

In order to secure the Lender's Further Financing Rights, the Borrower hereby authorizes the Lender and its solicitors to register on title to the Project a notice pursuant to Section 118 of the Land Titles Act restricting the Borrower from further charging the Project except upon the consent of the Lender.

**Maximum
Rate of
Return:**

The parties agree that notwithstanding any agreement to the contrary, no interest on the credit advanced will be payable in excess of that permitted by the laws of Canada. If the effective annual rate of interest calculated in accordance with generally accepted actuarial practices and principles would exceed sixty (60) percent (or such other rate as the Parliament of Canada may deem from time to time as The Criminal Rate) on the credit advance, then (1) the amount of any fees, bonus, commissions or like charges payable in connection therewith will be reduced to the extent necessary to eliminate such excess; (2) any remaining excess that has been paid will be credited toward prepayment of the credit advanced; and (3) any overpayment that may remain after such crediting will be returned forthwith upon demand. In this paragraph the terms "interest", "Criminal Rate" and "credit advanced" have the meaning ascribed to them in Section 347 of The Criminal Code; and "credit advanced" has the same meaning as "Loan" referred to elsewhere in this Commitment.

**Administration
Fee Payable
on Default:**

In the event of a default by the Borrower or any Guarantor in their respective obligations under this Commitment, Loan or Security that is not cured within the timeframes set out herein, the Lender shall, notwithstanding anything contained herein to the contrary, be entitled to receive in addition to all other fees, charges and disbursements, an administration and management fee in the amount of \$5,000.00 for each month or part thereof that the Borrower and/or any Guarantor is in default of its obligations under the Commitment, Loan or Security. The said sum or sums are agreed to be liquidated damages to cover the Lender's administration and management costs and are not intended nor shall they be construed as a penalty. All such sums payable to the Lender shall be a charge upon the Project and its assets and interest shall accrue thereon as if they were Loan principal.

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II. TERMS AND CONDITIONS

The Loan terms and conditions shall be such terms and conditions as the Lender may from time to time require and shall include, but not be limited to the following:

2.1 Initial Funding Conditions of Phase 1B

The Lender shall not be required to advance any funds prior to the Borrower having fulfilled to the Lender's satisfaction the following conditions:

- a) All the Security and ancillary loan agreements and documents and opinions shall have been executed and delivered to the Lender or its solicitors and registered where and as required. Please refer to Section III. SECURITY TO BE DELIVERED for a complete listing.
- b) The Lender shall have satisfied itself with the financial performance and condition of the Borrower and each of the Guarantors in the Lender's sole discretion. Each of the Obligors shall provide within ten (10) business days of the date of execution of this Commitment, at a minimum, the following deliverables:
 - i. Corporate Borrower(s) shall provide audited financial statements for its most recently ended fiscal year.
 - ii. Corporate Borrower(s) shall provide external accountant prepared annual financial statements (Review Engagement or Notice to Reader) for its second most recently ended fiscal year.
 - iii. Corporate Guarantors shall provide externally accountant prepared annual financial statements (Review Engagement or Notice to Reader) for its two most recently ended fiscal years.
 - iv. Corporate Obligors shall provide Corporate Notice of Assessments for its two most recently ended fiscal years.
 - v. Personal Obligors shall provide Notices of Assessment received from the Canada Revenue Agency for their two most recently ended taxation years, with respect to their income tax filings.
 - vi. Personal Obligors shall provide the Lender's form of Personal Net Worth Statement with supporting documentation.
 - vii. All Obligors shall complete the Lender's form of Mortgage Application. To facilitate the Lender's due diligence regarding the creditworthiness of the Obligors, each of the Obligors shall authorize the Lender to conduct credit checks and authorize each of the financial institutions with which the Obligors deal to release any and all information reasonably required and requested by the Lender to adequately assess the credit worthiness of each respectively.
- c) The Borrower shall deliver to the Lender within ten (10) business days of the acceptance of this Commitment for the Lender's satisfactory review and acceptance the following:
 - i. A copy of the Purchase and Sale Agreement (and any subsequent amendments or side letters related thereto) and statement of adjustments for the purchase by the Borrower of the Project Lands confirming a purchase price of not less than \$800,000 (**Received**).
 - ii. A soils-test/geotechnical report (load bearing capacity) by a professional engineer as is acceptable to the Lender that the proposed construction and site improvements of the Project are feasible under existing soil conditions, together with evidence that the construction specifications for the Project provide for construction in compliance with such conditions and with the recommendations, if any, which may be contained in such soils-test/geotechnical report. Such geotechnical report must be addressed to the



- Lender or be accompanied by a Reliance letter from the engineer to the Lender and shall confirm that the Lender can rely upon such report for lending purposes.
- iii. An appraisal, satisfactory to the Lender, of the Project confirming a fair market value of the land as-is, in the minimum amount of \$2,352,107 inclusive of HST to be prepared at the Borrower's expense and paid in advance by a Lender approved appraiser. Such appraisal report must be addressed to the Lender or be accompanied by a Reliance letter from the appraiser to the Lender and shall confirm that the Lender can rely upon such appraisal for lending purposes.
 - iv. The Borrower shall have pre-sold residential units, with firm and binding purchase and sale agreements including satisfactory deposits, sufficient to generate \$3,221,450 of revenue. Each purchase and sale agreement shall be on terms and with purchasers acceptable to the Lender. The Lender reserves the right to disregard agreements with purchasers buying for investment or who are directly or indirectly related to the Borrower or Guarantors (non-arms-length purchasers). All purchaser deposits shall have been paid in full and held in a separate escrow account for the sole benefit of the Project.
 - v. Receipt and satisfactory review by the Lender of the Project sales list showing all sold and unsold units which shall include the sale price, units size, date of sale, purchaser name, purchaser address, deposit amount, and deposit schedule.
 - vi. A satisfactory Phase 1 Environmental Site Assessment Report (and further Environmental Site Assessment Reports, Environmental Remediation Plans or a Record of Site Condition, if necessary) conducted and prepared by a consultant approved by the Lender together with a transmittal letter from the consultant permitting the Lender to rely on the Assessment Report (and the subsequent environmental reports, if any). If deemed necessary by the Lender in their sole discretion, these reports and the Project will be reviewed by a separate environmental professional engaged by the Lender at the Borrower's expense and the Borrower will provide an appropriate Emergency Response Plan for the Project and related activities.
 - vii. A survey of the Project by an Ontario licensed land surveyor showing the relationship of the lands to public thoroughfares for access purposes; and indicating no encroachments, easements or rights of way, save and except those that do not encroach or hinder the Borrower's ability to construct the project in accordance with the proposed site plan which the Lender may specifically accept. If no survey is available at the time of the Initial Advance, the Lender in its sole discretion may rely upon the title insurance policy to be obtained in connection with the Loan.
 - viii. Discharge Statement from Damarcher confirming the outstanding principal balance does not exceed \$1,489,000 and is in good standing.
 - ix. Discharge statement from Frazer confirming the outstanding principal balance does not exceed \$670,000 and is in good standing.
 - x. Receipt of copy of the Current Mortgage Security, if any commitment.
 - xi. MZG or a related party may post two MZG signs (on each main street).
 - xii. Satisfactory proof of \$2,187,000 in invested capital in the Project and means to cover any potential closing costs, if required.
 - xiii. A Project budget prepared by the Lender's Quantity Surveyor satisfactory to the Lender. The Lender and its Quantity Surveyor, in their sole discretion, shall be satisfied
 - a) that the budgeted hard and soft Project costs (including financing and contingency costs) shall be sufficient to complete the Project as planned;



- b) all sources and uses of cash are acceptable;
- c) the terms of the contract with the general contractor/project manager are satisfactory. On presold units, a minimum of 75% of Project construction costs shall be supported by binding fixed price material supply and construction contracts satisfactory in all respects to the Lender.
- xiv. Copy of the most recent Disclosure Statement and attachments as required by the Condominium Act, 1998 to be provided to prospective unit purchasers.
- xv. The Borrower's Tarion Warranty application and confirmation a Tarion Warranty certificate for the Project will be issued within 30 days of posting the required security deposit.
- d) The initial Loan to Value ratio at the time of the Initial Advance, as determined in the Lender's sole discretion, shall not be greater than 70%. For the purpose of calculating the Loan to Value ratio in the absence of current market values;
 - i. The Loan amount shall include all debt obligations including senior ranking and unapproved subordinate debt and outstanding Project accounts payable, and excludes VTB (Subordinated) cumulating in \$1,827,000.
 - ii. Value shall be calculated by utilizing the Appraised Value, or presold contracted sale value, at the time of the Initial Advance as per the Appraisal provided per the initial transaction underwriting unless otherwise agreed to by the Lender. In the case of unsold lots, the value shall be calculated as per the methodology used by the Appraisal. For units under construction, the Appraised Value shall be the Estimated Value of the unit upon completion less the cost to complete including financing costs as per the methodology used by the Appraisal less the expected profit margin.
- e) The initial Loan to Cost ratio at the time of the Initial Advance, as determined in the Lender's sole discretion, shall not be greater than 75%. For the purpose of calculating the Loan to Cost ratio in the absence of current market values;
 - i. The Loan amount shall include all debt obligations including senior ranking and unapproved subordinate debt and outstanding Project accounts payable, and excludes VTB (Subordinated) cumulating in \$1,827,000.
 - ii. Cost shall be determined by utilizing the Net Cost to Date per the Lender approved Quantity Surveyor's report unless otherwise adjusted and agreed to by the Lender.
- f) Confirmation satisfactory to the Lender that all property taxes for the Project are current and have been paid.
- g) Applicable Notices in the forms provided in Appendix A, B, C and D.
- h) Anti-Money Laundering Compliance documentation to be completed; Agent Examination of Identification Form will be provided to the Borrower's lawyer with the closing documents. (to be completed by the Borrower and each Guarantor, the identification of all authorized signatories as outlined on the Director's Resolution, to a maximum of three must be obtained).
- i) Evidence of the existence, details and signing authorities related to a separate Project specific bank account through which all Project related transactions will flow. At the Lender's discretion, the Borrower agrees to register the account with BMO's Positive Pay service, with the Lender being an approver of payments from the account.
- j) Such other matters as the Lender may deem appropriate and necessary to satisfy itself of the Project's viability, the Borrower's creditworthiness and the ability of the Borrower and Guarantors to fulfil their obligations herein.

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2.2 Funding Conditions for Lender Advances and Borrower Draws

The Borrower shall adhere to the following conditions when requesting Lender Advances or Borrower Draws, as the case may be:

- a) **Lender Advance Conditions** – The Lender shall not be required to provide any Lender Advances to the Borrower prior to the Borrower having fulfilled to the Lender’s satisfaction the following conditions at the time of each and every advance:
- i. Lender Advances shall be requested in the form provided in Appendix C;
 - ii. The Lender shall have a period of not less than five (5) business days from the date that a Lender Advance is requested to fund and process the Lender Advance;
 - iii. Each Lender Advance shall be in an amount not less than \$100,000;
 - iv. A title search will be conducted with each Lender Advance. The title search and solicitors’ fees and expenses applicable thereto are at the Borrower’s expense and shall be deducted from the Lender Advance by the Lender;
 - v. Lender Advances in the aggregate (plus the Initial Advance) shall total the Loan Amount.
 - vi. The Borrower will immediately infuse, upon the Lender’s request, funds required to cover any and all cost overruns beyond the original budget.
- b) **Borrower Draw Conditions** – The Lender shall not be required to provide any Borrower Draws to the Borrower prior to the Borrower having fulfilled to the Lender’s satisfaction the following conditions at the time of each and every draw:
- i. **General Conditions** – The following conditions must be fulfilled for each and every Borrower Draw:
 1. Borrower Draws shall only be permitted on two units that are not bound by agreement of purchase and sale to final consumer at any one time (i.e. two speculative units allowed). All other Borrower Draws must be against presold units.
 2. Borrower Draws shall be requested in the form provided in Appendix D;
 3. The Lender shall have a period of not less than five (5) business days from the date that a Borrower Draw is requested to fund and process the Borrower Draw;
 4. Borrower Draws are to be made no more frequently than monthly and shall reference the Quantity Surveyor report Project Budget agreed to in Section 2.1., the funds paid to date, and any revisions to the original budget, and shall only be used to pay Project specific costs provided for in the approved Project Budget;
 5. The Borrower shall sign a Statutory Declaration indicating it is in compliance with the requirements of the Construction Act, of applicable, and that all funds provided by the Borrower shall be used to pay Project expenses as outlined in the draw request;
 6. Each Borrower Draw shall be in an amount not less than \$100,000;
 7. The Lender at its sole discretion may fund Borrower Draws on behalf of the Borrower to fund the interest obligations of the Project;
 8. The Lender at its sole discretion, may hold back Borrower Draws until the Borrower has fulfilled all obligations of this Commitment; should any deliverables be outstanding as per Section 4.1 the Borrower is expected to submit all items prior to receiving funds;



9. A title search will be conducted with each Borrower Draw. The title search and solicitors' fees and expenses applicable thereto are at the Borrower's expense and shall be deducted from the Borrower Draw by the Lender;
 10. Confirmation that the Borrower's Tarion Warranty is still in effect; and
 11. The unadvanced portion of the Loan will exceed the Borrower's cost to complete, including holdbacks and expected financing costs; and
- ii. **Hard Cost Borrower Draw Conditions** – The following conditions must be fulfilled for each and every Borrower Draw against hard costs:
1. It is agreed that the Lender shall retain the services of a professional Quantity Surveyor to monitor progression of the Project. The Borrower agrees to assist and cooperate with such a surveyor in order to allow for timely reporting to the Lender. A detailed report shall be provided to the Lender a minimum of five (5) business days prior to funding. This reporting will be at the expense of the Borrower;
 2. Each draw will be supported by a Quantity Surveyor report, prepared by the Lender's Quantity Surveyor, which indicates the amount of work in place, the cost to complete, and that the work in place is in accordance with approved plans and specifications. The Lender shall deduct an amount from each Borrower Draw equal to the Quantity Surveyor's invoiced amount associated with preparing their report for the Borrower Draw;
 3. The Borrower will ensure compliance with all aspects of the Construction Act and any other governmental requirements; and
 4. Applicable holdbacks equal to 10% of the hard construction costs will be withheld in accordance with the Construction Act of Ontario.
 5. On any unit being constructed by Facility 2 being a presold or speculative a minimum of 75% of Project construction costs shall be supported by binding fixed price material supply and construction contracts satisfactory in all respects to the Lender.
- iii. **Soft Cost Borrower Draw Conditions** – The following conditions must be fulfilled for each and every Borrower Draw against soft costs:
1. For drawdowns against soft costs, each draw would be supported by a monthly summary of costs to date;
 2. The Lender, at its sole discretion, shall request additional support for the summary of costs to date including, but not limited to, invoices, bank statements, and cancelled cheques; and
 3. The Lender reserves the right to require a drawdown against soft costs by supported by a Quantity Surveyor's report, prepared by the Lender's Quantity Surveyor, which indicates the amount of work in place, the cost to complete, and that the work in place is in accordance with approved plans and specifications. The Lender shall deduct an amount from each Borrower Draw equal to the Quantity Surveyor's invoiced amount associated with preparing their report for the Borrower Draw.

The Lender will be under no obligation to advance further Borrowings if any of the funding conditions and timelines outlined in 2.2 are not met.



The Borrower and the Guarantors will be jointly and severally liable to immediately cover any such deficiency as soon as it arises or is identified by the Lender. As used herein "Potential Prior Ranking Claim" means all amounts owing or required to be paid, where the failure to pay such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the lender's security or otherwise in priority to any claim by the Lender for repayment of any amounts owing under this Commitment letter.

2.3 Initial Funding Conditions of Subsequent Phases

The Lender shall not be required to advance any funds prior to the Borrower having fulfilled to the Lender's satisfaction the following conditions:

- a) All the Security and ancillary loan agreements and documents and opinions shall have been executed and delivered to the Lender or its solicitors and registered where and as required.
- b) The Borrower shall deliver to the Lender for the Lender's satisfactory review and acceptance the following:
 - i. A copy of the Purchase and Sale Agreement (and any subsequent amendments or side letters related thereto) and statement of adjustments for the purchase by the Borrower of the Project Lands confirming a purchase price of not less than \$800,000 (**Received**).
 - ii. The Borrower shall have pre-sold residential units, with firm and binding purchase and sale agreements including satisfactory deposits
 - iii. Each purchase and sale agreement shall be on terms and with purchasers acceptable to the Lender. The Lender reserves the right to disregard agreements with purchasers buying for investment or who are directly or indirectly related to the Borrower or Guarantors (non-arms-length purchasers). All purchaser deposits shall have been paid in full and held in a separate escrow account for the sole benefit of the Project.
 - iv. Receipt and satisfactory review by the Lender of the Project sales list showing all sold and unsold units which shall include the sale price, units size, state of sale, purchaser name, purchaser address, deposit amount, and deposit schedule.
 - v. Sale of lots in future phases to the Borrower.
 - vi. Postponement and subordination from MarshallZehr Group Inc. MZGI 241 and confirmation the loan is in good standing.
 - vii. Receipt of copy of the Current Mortgage Security, if any commitment.
 - viii. MZG or a related party may post two MZG signs (on each main street).
 - ix. A Project budget prepared by the Lender's Quantity Surveyor satisfactory to the Lender. The Lender and its Quantity Surveyor, in their sole discretion, shall be satisfied
 - d) that the budgeted hard and soft Project costs (including financing and contingency costs) shall be sufficient to complete the Project as planned;
 - e) all sources and uses of cash are acceptable;
 - f) the terms of the contract with the general contractor/project manager are satisfactory. A minimum of 75% of Project construction costs shall be supported by binding fixed price material supply and construction contracts satisfactory in all respects to the Lender.
 - x. Copy of the most recent Disclosure Statement and attachments as required by the Condominium Act, 1998 to be provided to prospective unit purchasers.
 - xi. The Borrower's Tarion Warranty application and confirmation a Tarion Warranty certificate for the Project will be issued within 30 days of posting the required security



- deposit.
- c) Confirmation satisfactory to the Lender that all property taxes for the Project are current and have been paid.
 - d) Applicable Notices in the forms provided in Appendix A, B, C and D.
 - e) Such matters as the Lender may deem appropriate and necessary to satisfy itself of the Project's viability, the Borrower's creditworthiness and the ability of the Borrower and Guarantors to fulfil their obligations herein.

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III. SECURITY TO BE DELIVERED

The Borrower shall deliver the following security (the "Security") duly registered where applicable and all in the form and on the terms acceptable to the Lender's solicitors:

- a) **Mortgage** – A 1st mortgage in the amount of \$5,000,000 on the Burnham Meadows - MZGI 342 Project and property plus any accrued contingent payments. The mortgage will be registered at the Wrap Up rate of interest, being two times the rate of prime + 19.1%.
- b) **GSA** – General Security Agreement over all of the assets and undertaking of the Borrower and each Guarantor, if any.
- c) **General Assignment of all leases and rents with respect to this project.**
- d) **Guarantees** – Unlimited joint and several guarantees from each of the guarantors.
- e) **Environmental** – An Environmental Undertaking and Indemnity and Checklist from the Borrower in such form as the Lender shall require.
- f) **Security Opinion** – A favourable Letter of Opinion from the Lender's solicitor confirming the validity and enforceability of the Lender's security.
- g) **Insurance** – Proof of appropriate Insurance and an assignment of insurance satisfactory to an insurance professional engaged on behalf of the Lender. In addition, a certificate of insurance showing the Lender as additional insured and loss payee on any required insurance, and Commercial Liability coverage of not less than the amount deemed appropriate by the Lender's Insurance Consultant.
- h) **Title Insurance** – Satisfactory title insurance.
- i) **Taxes** – Borrower provides satisfactory proof that taxes are current.
- j) **Postponement** – Postponement, Subrogation and Assignment from the shareholders of the Borrower (and such other creditors as the Lender may require upon completion of its due diligence) of all indebtedness owed by and claims against the Borrower to and by the shareholders to the indebtedness and claims of the Lender.
- k) **General Assignment** – General Assignment and Reliance letters from the authors of all project plans, specifications, drawings and permits, all architectural, engineering, general contractor and construction contracts and copies of all third party purchase and sale agreements and deposits for individual units sold together with any other rights, interests and obligations of any kind respecting the Project and reasonably necessary for the completion of the Project as contemplated by the Lender on a default by the Borrower.



- l) **Preauthorized Payment** – If required by the Lender such preauthorized payment documentation necessary to authorize the Lender to debit directly from the Borrower's account amounts due under the Commitment and Loan.
- m) **Deficiency Agreement** – Joint and Several Deficiency Agreement executed by the Borrower and the Guarantors agreeing to fund costs not included or in excess of forecasted expenditure.
- n) **Assignment of Purchaser Deposits** – Such assignments of purchaser's deposits as the Lender and its solicitor's may reasonably require provided, the Borrower shall be permitted to inject the deposit funds into the Project in respect of direct Project construction costs.
- o) **Assignment of Cash Security** - An assignment and pledge of all securities posted in relation to the subject property, including, but not limited to, cash security posted (i) directly with Tarion, (ii) directly with the city/town/municipality, and/or (iii) posted with a financial institution as security for letters of credit for the project. The Borrower is to provide a direction to the party holding the cash security (i.e. Tarion, City/Municipality, Financial Institution, etc.) directing all releases/reductions in the cash security to the Lender.
- p) **Further Security** – Such further security, guarantors and ancillary documents and agreements as the Lender or its solicitors may, acting reasonably, deem necessary to adequately secure the Loan obligations and complete and perfect the Security.

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IV. BORROWERS COVENANTS

The Borrower and, where applicable, each of the Guarantors covenants as follows and a breach of any covenant shall be a default under the terms of the Security:

4.1 Affirmative Covenants

So long as any amount under the Loan is outstanding or available, the Borrower covenants and agrees with the Lender that unless the Lender otherwise consents in writing:

- a) **Punctual Payment** – The Borrower shall duly and punctually pay the principal of all Advances made to it under the Loan, all interest thereon and all fees and other amounts required to be paid by the Borrower hereunder in the manner specified hereunder.
- b) **Corporate Existence and Conduct of Business** – The Borrower shall, and the Borrower shall cause the Guarantors to, maintain their respective corporate existences in good standing and do or cause to be done all things necessary to keep in full force and effect all properties, rights, franchises, licences and qualifications to carry on business in any jurisdiction in which it or they carry on business and each of the Borrowers shall, and the Borrower shall cause the Guarantors to, maintain all of its or their respective properties and assets consistent with industry standards.
- c) **Compliance with Legislation** – The Borrower shall do or cause to be done, and the Borrower shall cause the Guarantors to do or cause to be done, all acts necessary or desirable to comply with all material Applicable Laws, including, without limitation, all Requirements of Environmental Law and to preserve and keep in full force and effect all franchises, licences, rights, privileges and permits necessary to enable each of the Obligor to operate and conduct their respective businesses in accordance with standard industry practice and to advise the Lender of any anticipated changes, loss or sale of such franchises, licences, rights, privileges and permits.
- d) **Material Litigation** – The Borrower shall promptly give written notice to the Lender of any litigation, proceeding or dispute affecting it or any of the other Obligor if the result might, in such Borrower's bona fide opinion, have a Material Adverse Effect on the financial condition or operations of any of the Obligor or any of its Subsidiaries and from time to time furnish to the Lender all reasonable information requested by the Lender concerning the status of any such litigation, proceeding or dispute.
- e) **Financial Statements and Other Information** – The Borrower shall deliver, or cause to be delivered, to the Lender:
 - i. **Annual Audited Financial Statements of the Borrower** – as soon as available and, in any event, within one hundred and twenty (120) days after the end of each of its fiscal years, copies of the Borrower's externally professional accountant prepared audited financial statements are required. Statements on a consolidated basis in each case consisting of the balance sheet, statement of profit and loss and surplus and statement of changes in financial condition for each such year, together with the notes thereto, all prepared in accordance with Generally Accepted Accounting Principles ("GAAP") consistently applied;
 - ii. **Annual Financial Statements of the Guarantors** – as soon as available and, in any event within ninety (90) days after the end of each fiscal year of each Guarantor, copies of such Guarantor's externally professional accountant prepared (Review Engagement or Notice to Reader) financial statements are required. Statements on an unconsolidated basis, in each case consisting of the balance sheet, statement of profit and loss and



- surplus and statements of change in financial condition for each such period, all in reasonable detail and stating in comparative form the figures for the corresponding date and period in the previous fiscal year prepared and certified by such Guarantor's, Chief Executive Office or Chief Financial Officer, without personal liability;
- iii. **Annual 'As Is' Appraisal Report** – as soon as available and, in any event within thirty days (30) prior to the one-year anniversary of the previous 'As Is' appraisal report, a refreshed 'As Is' appraisal report is to be submitted to the Lender. The report shall be prepared by a member of the Appraisal Institute of Canada and prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice. The effective date of the appraisal shall be at or up to 60 days after the date of inspection and the estimated value cannot depend on assumptions not in existence at the effective date of appraisal. Such appraisal report must be addressed to the Lender or be accompanied by a Reliance letter from the appraiser to the Lender and shall confirm that the Lender can rely upon such appraisal for lending purposes;
 - iv. **Annual Project Budget** - as soon as available, and in any event, within ninety (90) days prior to the end of the Borrower fiscal year, a Project Budget for the following two fiscal years shall be provided to the Lender;
 - v. **Annual Personal Net Worth Statement** – Personal Obligors shall provide to the Lender, an updated personal net worth statement with supporting documentation on an annual basis;
 - vi. **Annual Personal Notice of Assessment** – Personal Obligors shall provide to the Lender, their respective Notice of Assessments within 60 days of their personal tax deadlines, for the most recently ended taxation year;
 - vii. **Annual Corporate Notice of Assessment** – Corporate Obligors shall provide to the Lender, their respective Notice of Assessments within 60 days of their corporate tax deadlines, for the most recently ended taxation year;
 - viii. **Quarterly Financial Statements of the Borrower** – as soon as available and, in any event within thirty (30) days after the end of each of its first, second and third Fiscal Quarters, copies of the Borrower's internally prepared quarterly financial statements on a consolidated basis, in each case consisting of the balance sheet, statement of profit and loss and surplus and statement of changes in financial condition for each such period all in reasonable detail and stating in comparative form the figures for the corresponding date and period in the previous fiscal year prepared and certified by its Chief Executive Officer or Chief Financial Officer, without personal liability;
 - ix. **Quarterly Compliance Certificates** – as soon as available, and in any event, within thirty (30) days of the end of each Fiscal Quarter, a Loan Compliance Certificate as provided in Appendix B of this agreement are to be provided to the Lender;
 - x. **Quarterly Property Taxes** - The Borrower shall ensure that all property taxes and any other taxes applicable to the Project have been paid when due except if such taxes are permitted encumbrances. On each tax installment date, the Borrower will provide to the Lender proof of payment;
 - xi. **Monthly Project Specific Bank Account Statements** - as soon as available, and in any event, within seven (7) business days after the end of each calendar month, the bank statement detailing the activity in the Project specific bank account which will only contain activity relating to the Project;
 - xii. **Project Bank Account Control** - at the Lender's discretion, the Borrower may be required to open a BMO Bank Account which provides access and controls to ensure that only



- Lender approved activity flows through the account, also known as “Positive Pay”. Any fees related to this service will be to the account of the Borrower;
- xiii. **Insurance** – 30 days prior to the insurance expiry date(s), the Borrower will provide to the Lender, a certificate of insurance and policy from its insurance broker indicating that all insurance required by the Lender is adequate and still in effect. Refer to Section 4.1 h) for further details;
 - xiv. **Other** – The Lender may reasonably request such other financial information, reporting, certificates, projections of income and cash flow, and any information affecting the financial condition of the Project, the Property Interest, or the Obligor’s business. This list is not exhaustive and the Lender may also reasonably request such other qualitative information including expected pre-sales, expected closings and associated timing, closed transactions, and editorial updates including project status, and photos showing progress at a reporting frequency prescribed at the time of request. Should such a request be made please refer to Appendix F.
- f) **Rights of Inspection** – At any reasonable time and from time to time upon reasonable prior notice, the Borrower shall permit and cause each of the other Obligors to permit, the Lender or any representative(s) thereof, at the expense and risk of the Borrower, to examine and make copies of and abstracts from the records and its physical and computer books of account with respect to the Project and the Property Interests and to visit and inspect the Project and to discuss the affairs, finances and accounts of it with any of its officers, senior employees or managers (but not tenants, if applicable).
- g) **Project Specific** – The Borrower shall:
- i. comply in all relevant aspects with the provisions of the Construction Act;
 - ii. as and when requested by the Lender, provide to the Lender complete bank records relating to all holdbacks including cancelled cheques, bank statements and completion certificates as the Lender may reasonably require;
 - iii. grant to the Lender the right and authority for the Lender to obtain all information relative to the holdback account(s) from the financial institution(s) where the holdback(s) is/are retained;
 - iv. provide a covenant that the Borrower will supply to the Lender a statutory declaration in conjunction with each advance under the mortgage, confirming the status of the holdback account(s) as at the date of the statutory declaration;
 - v. substantially complete the Project in accordance with Lender approved plans, specifications, project budget and construction schedule, pay its taxes, protect its properties by contest of adverse claims, maintain required insurance, perform its obligations under contracts and agreements, obtain all necessary approvals for construction and use of the Project, comply with all governmental rules and regulations, permit reasonable inspections, by the Lender and its agents of the Project and all records pertaining to the Project. It is agreed that the Lender shall retain the services of a quantity surveyor to monitor the Project at the expense of the Borrower and the Borrower covenants to assist and cooperate with such surveyor.
 - vi. shall make and ensure that all payments due to the architect, general contractor, all contractors, sub-contractors and all other suppliers of materials and services of any kind to the Project are made when and as they become due in compliance with the terms of their respective contracts and the provisions of the Construction Act.
 - vii. shall ensure that no liens are registered against the Project or its assets and will immediately move to have same vacated if registered.



- viii. shall authorize the Lender to approve all professional services involved in the Project. Such professional reports and services include but are not limited to, appraisals, environmental, geotechnical, planning, architects, quantity surveyors, auditors, and Borrower's solicitor.
- ix. shall, at the request of the Lender, provide a percentage completion report on a weekly basis detailing the percentage completion of various tasks necessary to complete the Project subject to this financing. If unable to provide, the Lender may engage a third party to complete the onsite reporting requirements at the Borrower's expense.

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h) Insurance

- i. The Borrower shall maintain or shall cause to be maintained appropriate insurance coverage as agreed with the Lender or any Insurance consultant engaged by the Lender to assess the required coverage during the Project. The following shall be provided with respect to insurance on the Project:
 - a) Proof of appropriate Commercial Liability Insurance and an assignment of insurance. A certificate of insurance showing the Lender as additional insured and loss payee, and coverage of not less than the amount deemed adequate by the Lender's Insurance Consultant.
 - b) Builders' all risks property insurance in connection with the Project, including rental loss insurance (if applicable) with responsible and reputable insurance companies in such amounts equal to 100% of replacement value
 - c) If applicable, boiler and pressure vessel insurance including rental loss, for such amount as may be acceptable to the Lender, all with such deductibles as are customary in the case of businesses of established reputation engaged in the same or similar businesses and in any event as are acceptable to the Lender. The Lender shall be added as an additional insured to the liability policies.
 - d) Other insurance as the Lender's Insurance Consultant may deem necessary given the nature of the Project. The amount of coverage required shall be reasonably determined by the Lender's Insurance Consultant.
- ii. All such insurance policies shall:
 - a) name the Lender as a mortgagee thereunder as its interest may appear;
 - b) name MarshallZehr Group Inc. as additional insured and loss payee;
 - c) have attached the Insurance Bureau of Canada standard mortgage clause;
 - d) provide that no cancellation, termination or adverse amendment thereof shall take effect unless the insurer concerned has given the Lender not less than thirty (30) days prior written notice of such proposed action;
 - e) provide that proceeds of all insurance for physical damage and rental losses shall be payable to the Lender or as it may direct; and
 - f) otherwise be in such form as the Lender shall reasonably require.
- iii. So long as no Event of Default has occurred and is continuing, the proceeds of all insurance relating to physical damage and rental losses shall be, with the approval of the Lender:
 - a) applied in reduction of amounts outstanding hereunder; or
 - b) released to the Borrower subject to compliance with such conditions as the Lender may require.
- iv. If an Event of Default has occurred or is continuing, the proceeds of all insurance relating to physical damage and rental losses shall be payable to the Lender to be applied by it in reduction of the amounts outstanding hereunder.
- v. The proceeds of all insurance held by the Lender shall, unless and until the same are applied or released to the Borrower as aforesaid, constitute continuing collateral security for the Borrower's obligations and liabilities in respect of amounts outstanding hereunder. The Lender shall place such funds in an interest-bearing account and interest thereon shall accrue to the benefit of the Borrower.
- vi. In the event that the Lender shall not be obligated hereunder to apply the proceeds of insurance to pay for the cost of repairing the damage or destruction to or replacement



- of the property in respect of which the insurance is payable and the Lender elects to apply the proceeds of insurance to amounts owing by the Borrower hereunder, each of the Borrower (on its own behalf and on behalf of each of the Guarantors), hereby irrevocably waives any and all statutory provisions which may require that proceeds of insurance be used to restore or rebuild the Property.
- vii. The Borrower shall deliver or cause to be delivered to the Lender, certificates of insurance signed by the insurers, or other evidence satisfactory to the Lender, acting reasonably, of the insurance coverage required hereunder, including certificates of renewal as soon as they are available.
 - viii. **Insurance Consultant:** The Borrower acknowledges that all policies of insurance shall be subject to review and approval by an **insurance consultant** acting on behalf of the Lender and the Borrower agrees to pay for the consultant's fees in connection with such review upon registration of the mortgage and for each insurance renewal throughout the term of the mortgage.
 - i) **Notices** – The Borrower shall promptly give notice to the Lender of:
 - a) any fire or other casualty or any notice of expropriation, action or proceeding materially affecting any Project;
 - b) all claims, proceedings, suits, actions or litigation in respect of any Obligor or the Project (whether or not any such claim, proceeding, suit, action or litigation is covered by insurance) which, if determined adversely, could have a Material Adverse Effect; the occurrence of any Default or Event of Default;
 - c) any other matter or event that has a Material Adverse Effect.
 - j) **Use of Advances** - The Borrower shall use all Advances made to it for the specific purposes set out in the Loan.
 - k) **Payment of Taxes, etc.** - The Borrower shall, and the Borrower shall cause each of the Guarantors to, from time to time:
 - i. pay or cause to be paid all rents, Taxes, rates, levies or assessments, ordinary or extraordinary, governmental fees or dues, lawfully levied, assessed or imposed upon any Obligor or any of the assets of any Obligor, as and when the same become due and payable;
 - ii. withhold, deduct and collect all Taxes required to be withheld, deducted and collected by it, and remit such Taxes to the appropriate Governmental Authority at the time and in the manner required; and
 - iii. pay and discharge all obligations incidental to any trust imposed upon it, by statute which, if unpaid, might become an encumbrance upon any of the Properties, except when and so long as any such rents, Taxes, rates, levies, assessments, fees, dues or obligations constitute a permitted encumbrance and the validity thereof is in good faith being contested by such Obligor.
 - l) **Material Documents, Leases and Permitted Encumbrances** - The Borrower shall ensure that all material documents and permitted encumbrances are kept in good standing in all material respects and will advise the Lender forthwith after being so notified of a material breach or alleged material breach of any material documents or permitted encumbrances. It will ensure that it does not default under any major lease related to any Property and will advise the Lender forthwith after being so notified of a material breach of any major lease.



- m) **New Material Documents** – The Borrower will promptly advise the Lender if any Obligor enters into any agreement which could reasonably be expected to be a material document and shall provide a copy of such agreement to the Lender.
- n) **Security** – The Borrower shall, and the Borrower shall cause each of the Guarantors to, provide the Security contemplated hereunder, perfected to the satisfaction of the Lender.
- o) **Environmental Law** – The Borrower shall, and the Borrower shall cause each of the Guarantors to, with respect to each Project:
 - i. notify the Lender promptly of any event or occurrence that will, or is likely to, give rise to an inquiry or investigation, or any legal proceeding, relating to, or a violation of, the Requirements of Environmental Law;
 - ii. provide the Lender, on request, such information, certificates or statutory declarations, and shall conduct such environmental audits or site assessments, as may be reasonably necessary to ensure the compliance with all Requirements of Environmental Law; and
 - iii. execute, and cause each of the Guarantors to execute, all consents, authorizations and directions to appropriate Governmental Authorities that are required to permit the inspections mandated by law of each of the Properties or the property and the release to the Lender, or its representatives, of information relating to the assets or undertakings of each Obligor. The Borrower hereby irrevocably constitutes and appoints, and the Borrower shall cause each Guarantor to irrevocably constitute and appoint, the Lender the true and lawful attorney of the such Borrower or such Guarantor, as the case may be, with full power of substitution, to execute any of the foregoing consents, authorizations and directions; provided however that such power of attorney shall only be exercised during the continuance of an Event of Default.
- p) **Maintain Security** – The Borrower will fully and effectually maintain and keep the Security valid and effective at all times during the continuance of this Agreement, and it will not permit or suffer the registration of any debt, lien, privilege or encumbrance whatsoever other than permitted encumbrances and the Security (including the Existing Security), whether of workmen, builders, contractors, engineers, architects or suppliers of material, on or in respect of any Property (except such liens which only affect or purport to affect a tenant's interest in the Property), provided that the registration of any construction lien or privilege shall not be deemed to be a breach of this covenant if the Borrower shall contest same and shall if the Lender so requires, give security to the satisfaction of the Lender for the due payment of the amount claimed in respect thereof and provided further that nothing herein will require the Borrower to renew or amend financing statements filed under personal property security statutes.
- q) **Operation and Repair** – Except as otherwise permitted herein, the Borrower will ensure the diligent management and operation of each of the Properties and repair and keep in repair and good order and condition, or cause to be so repaired and kept in repair and good order and condition, all buildings, structures, plant, machinery and equipment used in or in connection with each of the Properties and which are necessary in connection with the efficient operation of such business and undertaking up to a modern standard of usage and, subject to the provisions of this Agreement, renew and replace, or cause to be renewed or replaced all and any of the same which may be worn, dilapidated, unserviceable, inconvenient or destroyed, even by a fortuitous event, fire or other cause, and at all reasonable times allow, and cause the Guarantors to allow, the Lender or its representative access to each of the Properties in order to review the state and condition the same are in.



- r) **Payment of Preferred Claims** – The Borrower shall, and the Borrower shall cause each of the Guarantors to, from time to time pay or cause to be paid, all amounts related to taxes, wages, workers' compensation obligations, government royalties or pension fund obligations and any other amount which may result in an encumbrance against the assets of any Obligor arising under Applicable Law.
- s) **Maintain and Operate** – The Borrower will diligently maintain, use and operate or will cause to be maintained, used and operated the Property Interest and the Project, in a proper and efficient manner so as to preserve and protect the Property Interest and each of the Properties.
- t) **Lease Attornment** – Subject to the requirements, if any, within any leases for the Lender to execute and deliver non-disturbance agreements, the Borrower agrees, at the written request of the Lender, to use all reasonable commercial efforts to obtain from the tenants under such leases and deliver to the Lender such instruments of attornment, postponement or subordination as the tenants under such leases are required to provide and as the Lender may reasonably request in a form acceptable to the Lender, acting reasonably, and which is otherwise consistent with the terms of such leases.
- u) **Expropriation** – Any awards or payments received by an Obligor for expropriation of any Project Lands, or any part thereof, which are, in respect of any single payment or award, equal to or greater than \$1,000 shall, unless the Lender otherwise agrees, be forthwith paid to the Lender to repay amounts outstanding up to the amount outstanding hereunder at such time.

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4.2 Financial Covenants

So long as any amount payable hereunder is outstanding or the Loan is available hereunder, the Borrower covenants and agrees with the Lenders that, unless the Lender otherwise consents in writing:

- a) **Project Net Equity** – The Borrower and Guarantors must have and maintain throughout the term of the loan a minimum combined net equity in the Project equal to \$2,187,000. \$2,187,000 is the sum of the VTB to be paid and the purchaser deposits received to date. The Borrower expects to receive additional deposits of \$840,000 over the life of the project.
 - i. For the purposes of this paragraph net equity shall be equal to the sum of the cost of the raw land as determined by the Lender (to a maximum value of \$3,986,00) plus the cost of the Project completed to date (exclusive of land value) as determined by the Lender's quantity surveyor, net of all payables, paid into the Project, construction holdbacks, unsubordinated Project financing, amounts advanced by the Lender and all Recoveries (Recoveries being defined as all recaptured Project expenses including, HST, previously funded by the construction lender or the proceeds of the Loan herein).
- b) **Project Loan to Value Ratio (LTV)** – The Borrower shall, at all times, maintain an LTV Ratio of less than 70%; notwithstanding the foregoing, for the purposes of calculating this ratio each Fiscal Quarter as required pursuant to the compliance certificate contemplated in Section 4.1(e)(iv). LTV shall be calculated in accordance with the parameters defined in Section 2.1;
- c) **Project Loan to Cost Ratio (LTC)** – The Borrower shall, at all times, maintain an LTC Ratio of less than 75%; notwithstanding the foregoing, for the purposes of calculating this ratio each Fiscal Quarter as required pursuant to the compliance certificate contemplated in Section 4.1(e)(iv). LTC shall be calculated in accordance with the parameters defined in Section 2.1;
- d) **Maximum Borrowing** – The Borrower shall ensure that outstanding Advances under the Commitment Letter do not exceed the most current calculation of the Maximum Total Amount Available (Loan Amount less estimated costs to complete). The Loan Amount is the total credit approved as outlined in Section I.

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4.3 Negative Covenants

So long as any amount payable hereunder is outstanding or the Loan Facilities are available hereunder, each of the Borrower (with respect to itself and each of the other Obligor(s)) covenants and agrees with the Lender that, unless the Lender otherwise consents in writing:

- a) **Sale of Guarantors** – The Borrower shall not, and shall cause every other Person with an ownership interest in a Guarantor (other than the Borrower) not to, sell, transfer, assign, convey or otherwise dispose of its ownership interest in any of the Guarantors (other than the Borrower) to any Person except another Affiliate of the Borrower (but only if such Guarantor remains a direct or indirect wholly-owned Subsidiary of the Borrower) or except with the prior written consent of the Lenders, such consent not to be unreasonably withheld or delayed.
- b) **No Merger, Amalgamation, Etc.** – Except as otherwise permitted hereunder, no Obligor shall enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other Person (whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise).
- c) **No Sale, etc. of Property Interest** – No Obligor shall sell, transfer, assign or otherwise dispose of all or any portion of any Property Interest except pursuant to a permitted encumbrance.
- d) **No Dissolution** – No Obligor shall liquidate, dissolve or wind-up or take any steps or proceedings in connection therewith, provided, however, that a Guarantor (other than the Borrower) may enter into a transaction designed to wind-up or dissolve such Guarantor into the Borrower, but not without the Lender's consent, such consent not to be unreasonably withheld or delayed; the parties agree that the Lender's consent will not have been unreasonably withheld if, in the Lender's sole discretion, the Lenders' credit risk or the Security will be adversely affected by the proposed transaction.
- e) **Non-Arm's Length Transactions** – No Obligor shall enter into any contract relating in any manner to the Property Interest with an Affiliate (e.g. any related entity with a related ownership interest held directly or indirectly) for the sale, purchase, lease or other dealing in any property other than at a consideration which is no more than the fair market value of such property or other than at a fair market rental as regards leased property.
- f) **Negative Pledge** – Except for permitted encumbrances, no Obligor shall create, issue, incur, assume or permit to exist any mortgage, charge, lien or other encumbrance on the Property Interest other than permitted encumbrances.
- g) **No Changes to Material Document** – No Obligor shall amend, surrender or terminate any material document without the prior written consent of the Lender which consent is not to be unreasonably withheld or delayed.
- h) **No Changes to Major Leases** – No Obligor shall terminate or accept a surrender of, or agree to any material amendment to, any major lease without the consent of the Lender which consent is not to be unreasonably withheld or delayed. For the sake of clarification, amendments related to the term, rent or premises to be rented shall be considered material.
- i) **Dealing with Leases** – None of the Obligor(s) shall enter into any leases or amend, renew, terminate, forfeit or cancel any leases unless:
 - i. such leases, amendments, renewals, terminations, forfeitures or cancellations are made on arm's length terms and in good faith; and
 - ii. such leases, amendments, renewals, terminations, forfeitures or cancellations reflect good business practice.



- j) **Concerning Leases Generally** – Except in the ordinary course of business and provided such action is prudent in the circumstances, none of the Obligor shall accept or require payment of rent or other moneys payable by a tenant under any lease that would result in more than three months of such rent or other moneys being prepaid under such lease other than:
- i. prepaid rent or deposits on account of rent which represent the portion of the cost of construction of the relevant demised premises which exceeds the portion of such cost which was used as the basis for determining the basic rental otherwise payable under such lease; or
 - ii. amounts representing a bona fide pre-calculation of any amount (which is required to be paid under such lease) in addition to basic rent, including amounts payable with respect to taxes and maintenance of the applicable Property and overage and percentage rents; or
 - iii. lease surrender payments made by the tenant under such lease; and
 - iv. except for any renewals or extensions of existing leases pursuant to the terms thereof, each of the Obligor shall not hereafter enter or purport to enter into or suffer to exist any lease in respect of any Project except if the Security shall have priority over such lease and such lease shall provide that such lease is subordinated to the Security and contain a covenant of the tenant thereunder obligating such tenant if and whenever required by the Lender to attorn to and become the tenant of the Lenders or any purchaser from the Lenders in the event of an exercise by the Lenders of their remedies under the Documents, for the then unexpired residue of the term of, and upon all of the terms and conditions of such lease.
- k) **No Waiver** – Except as otherwise provided pursuant to Section 5, no Obligor shall waive, or agree to waive, any failure of any party to any permitted encumbrance, material document or lease to perform any material obligation thereunder or suffer or permit anything allowing any party thereto to terminate any such agreement or consent to any assignment thereof by any party thereto unless the same is in the ordinary course of business, is in accordance with good business practice and the same would not have a Material Adverse Effect.
- l) **Ground Leases** – No Obligor will agree with the landlords under any of the ground leases to terminate, forfeit, cancel, alter, amend or modify any ground lease or provide a surrender of any ground lease prior to the end of the term of such ground lease unless such surrender occurs concurrently with the acquisition of the freehold interest in the applicable Property and the applicable Obligor concurrently provides a mortgage of such freehold interest to the Lender together with such legal opinions and other documents and agreements as the Lender may reasonably require in connection therewith. No Obligor shall exercise any right of termination it may have under any ground lease.
- m) **Freehold Interest in the Property** – Unless the Lender otherwise expressly consents in writing, which consent shall not be unreasonably withheld or delayed, the freehold estate in the Property and the leasehold estate demised by the ground leases, respectively, shall not merge but shall always remain, respectively, separate and distinct notwithstanding the union of such estates either in the respective landlords or, any Obligor.
- n) **Name Change** – No Obligor shall change its name without first giving notice to the Lender of its new name and the date when such new name is to become effective.
- o) **Change of Chief Executive Office** – No Obligor shall change its chief executive office or the location of the offices where it keeps its records respecting receivables and rents or move any of the inventory, securities or equipment from the present locations thereof without prior written notice to the Lender.



V. DEFAULT PROVISIONS

The content of this default provisions section shall be subject to the restrictions of any priority agreement(s) between the Lender and any other permitted encumbrance holders.

5.1 Events of Default

The occurrence of any one or more of the following events (each such event being herein referred to as an “Event of Default”) shall constitute an Event of Default under this Agreement:

- a) **Payment of Principal** – if the Borrower defaults in the payment of the principal of any Advance under any Credit Facility when due and payable, without any requirement by the Lender to provide notice of the same;
- b) **Payment of Interest and Fees** – if the Borrower defaults in the payment of:
 - i. any interest (including, if applicable, default interest) due on any Advance under this Commitment;
 - ii. any fee with respect to this Commitment, including Lender Fee, Renewal Fee, etc.
 - iii. any other amount not specifically referred to herein payable by the Borrower to the Mortgage Administrator or the Lenders (or any of them) hereunder when due and payable; and such default continues for three (3) Business Days after notice of such default has been given by the Lender to the Borrower;
- c) **Covenants or Obligations** – if any Obligor neglects to observe or perform any covenant or obligation contained in any Document on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this Section 5.0) and, such Obligor shall fail (in the case of those defaults which can be rectified by such Obligor) to remedy such default within a period of thirty (30) days after the giving of notice, unless the Lender (having regard to the subject matter of the default) shall have agreed to a longer period and, in such event, within the period agreed to by the Lender;
- d) **Cross Default** – if a default or an Event of Default as defined in any indenture or instrument evidencing, or under which, any indebtedness for borrowed money of any Obligor or of any Associate (as that term is defined in the Business Corporations Act R.S.O. 1990) of any Obligor has occurred and is continuing; provided, however, that if such default or Event of Default under such indenture or instrument shall be remedied or cured by such Obligor or Associate of such Obligor or be waived by the holders of such indebtedness before any judgment or decree for the payment of the money due shall have been obtained or entered, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived without further action on the part of the Lender;
- e) **Priority Encumbrance Cross Default** – if an Event of Default as defined in any indenture or instrument which is an encumbrance on any Property in priority to the Security shall have occurred and be continuing and all applicable cure periods have expired;
- f) **Bankruptcy or Insolvency Order** – if a decree or order of a court of competent jurisdiction is entered adjudging any Obligor a bankrupt or insolvent, or approving as properly filed a petition seeking the winding-up of such Obligor, under the Companies’ Creditors Arrangement Act (Canada), the Bankruptcy and Insolvency Act (Canada) or the Winding Up and Restructuring Act (Canada) or any other bankruptcy, insolvency or analogous laws or issuing sequestration or process of execution against, or against any substantial part of the assets of any Obligor or material subsidiary or ordering the winding up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of ten (10) business days;



- g) **Insolvency** – if any Obligor becomes insolvent, makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the Bankruptcy and Insolvency Act (Canada) or any comparable law, seeks relief under the Companies' Creditors Arrangement Act (Canada), the Winding Up and Restructuring Act (Canada) or any other bankruptcy, insolvency or analogous law, is adjudged bankrupt, files a petition or proposal to take advantage of any act of insolvency;
- h) **Trustee or Receiver Appointed** – if any proceedings are commenced against, or steps are taken by, any Obligor for the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other Person with similar powers of such Obligor or of all or any substantial portion of its assets, or seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights and in the case of any such proceedings commenced against such Obligor, such proceedings are not stayed or dismissed within ten (10) days after the commencement thereof;
- i) **Material Provision or Agreement Null and Void** – if any material provision of this Agreement or of any material document ceases to be in full force and effect (other than through the normal expiration of the stated term of such material document pursuant to the terms thereof) or is declared null and void or invalid or any breach or default shall occur under any material document that has a Material Adverse Effect and such breach or default is not remedied within ten Business Days of such occurrence or such longer or shorter cure period as may be allowed the applicable Obligor pursuant to the terms of such material document;
- j) **Judgements** – if a judgment or decree for payment of money due in an amount of \$5,000 or more (in any single instance or in the aggregate for all such judgments and decrees against each of the Obligors) shall have been obtained or entered against any Obligor (except in the case of any such judgment or decree in respect of which recourse is limited to property which is not subject to the Security hereunder) and such judgment or decree shall not have been, and remain, vacated, discharged or stayed pending appeal within the applicable appeal period;
- k) **Incorrect Representation or Warranty** – if any representation or warranty made or deemed to be made by any Obligor in any Document or in any certificate or other document at any time delivered in connection with this Agreement to the Lender shall prove to have been incorrect or misleading in any material respect on and as of the date thereof and with respect to any such incorrect or misleading representation or warranty that is capable of being cured, such incorrectness or misleading aspect continues for a period of ten (10) Business Days or more;
- l) **Invalid Security** – if any of the Security shall cease to be a valid and perfected first priority security interest as against third parties subject only to permitted encumbrances and such state continues for more than two business (2) days;
- m) **Material Adverse Effect** – if the Lender determines, in their sole discretion acting reasonably, that there has been a material change in the business, assets, properties, liabilities, operations, condition (financial or otherwise) of the Obligors, individually, or its subsidiaries taken as a whole or the ability to perform its obligations under the Commitment;
- n) **Creditor Seized Property** – if the property of any Obligor or a part thereof which is, in the opinion of the Lender, a substantial portion thereof, is seized or otherwise attached by creditors pursuant to any legal process, the enforcement of a secured claim or otherwise or if a distress, execution or any similar process is levied or enforced against any Obligor and the same is not released, bonded, satisfied, discharged, vacated or stayed within the shorter of a period of thirty (30) days or such shorter period as would permit any Property or any part thereof to be sold thereunder;



- o) **Dissolution, Liquidation or Wind-Up Proceedings** – if proceedings are commenced for the dissolution, liquidation or winding-up of any Obligor, or for the suspension of the operations of any Obligor, unless such proceedings are stayed or dismissed within thirty (30) days of the commencement thereof;
- p) **Assignment, Disposition or Conveyance** – if any Obligor makes or agrees to make an assignment, disposition or conveyance, whether by sale or otherwise, of all its assets (or a material portion thereof) in bulk;
- q) **Default Under Permitted Encumbrance or Material Document** – if there is a default by any Obligor under any permitted encumbrance, or material document in respect of the Project and such default has a Material Adverse Effect and is not rectified within five business days; or
- r) **Financial Covenant Default** – if there is a default by the Borrower of any of the Financial Covenants outlined in Section 4.2;
- s) **Merger or Amalgamation** – if any transaction occurs (whether by reconstruction, reorganization, consolidation, amalgamation, merger, transfer, sale or otherwise) whereby all or substantially all of an Obligor’s undertaking, property and assets, or any interest therein becomes the property of any other person, or in the case of any amalgamation, of the continuing company resulting therefrom, or if any Obligor is dissolved; or
- t) **Environmental** – if any Obligor violates or breaches any Requirements of Environmental Law applicable to the Project (or, in the case of the Guarantor, applicable to all or any material part of its property and assets) or if any Obligor violates or breaches any other Applicable Law and such breach or violation of Applicable Law has or could reasonably be expected to have a Material Adverse Effect and continues for the shorter of a period of 30 days or 10 business days less than any such period as would permit the property in question to escheat to the Crown or be sold or otherwise forfeited; or

For greater certainty, none of the foregoing events shall constitute an Event of Default hereunder if the default is cured or remedied within the time limited therefor pursuant to the applicable provision of this Section 5.1.

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5.2 Acceleration and Demand

Upon the occurrence of any Event of Default that has not been cured within the timelines set out herein, the Lender by written notice to the Borrower (an "Acceleration Notice") shall be entitled to:

- a) declare the Loan and the right of the Borrower to apply for further Advances to be terminated;
- b) declare all Obligations (whether matured or unmatured, drawn or undrawn) of the Borrower to the Lender (including, without limitation, the all unpaid fees whether or not deemed earned) to be immediately due and payable (or to be due and payable at such later time as may be stated in such notice) without further demand, presentation, protest or other notice of any kind, all of which are expressly waived by Borrower;
- c) upon the occurrence of an Event of Default specified in Section 5.1(a), the Loan shall automatically terminate and all Obligations specified in Section I shall automatically become due and payable, in each case without any requirement that notice be given to the Borrower;
- d) Immediately upon the occurrence of an Event of Default specified in Section 5.1 or at the time stated in an Acceleration Notice, the Borrower shall pay to the Lender all amounts owing or payable in respect of all Obligations of such Borrower specified in Section I, failing which all rights and remedies of the Lender under the Documents, at law, in equity or otherwise shall thereupon become enforceable and shall be enforced by the Lender.

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5.3 Appointment of Receiver

- a) Upon any default under this Commitment or the Security, that is not cured within the time frames set out herein, the Lender may proceed to realize the security hereby constituted and to enforce its rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Lender or not, and the Lender may remove any receiver or receivers so appointed and appoint another or others in his or their instead; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Project or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Borrower. Any such receiver or receivers so appointed shall have power to take possession of the Project or any part thereof and to carry on the business of the Borrower, and to borrow money required for the maintenance, preservation or protection of the Project or any part thereof, and to further charge the Project in priority to the security constituted by this Commitment as security for money so borrowed, and to sell, lease or otherwise dispose of the whole or any part of the Project on such terms and conditions and in such manner as he shall determine. In exercising any powers, any such receiver or receivers shall act as agent or agents for the Borrower and the Lender shall not be responsible for his or their actions.
- b) In addition, the Lender may enter upon the applicable premises and lease or sell the whole or any part or parts of the Project. The Borrower agrees that it will be commercially reasonable to sell such part of the Project:
 - i. as a whole or in various units;
 - ii. by a public sale or call for tenders by advertising such sale; and
 - iii. by private sale.
- c) Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Lender in its sole discretion may seem advantageous and such sale may take place whether or not the Lender has taken possession of such property and assets.
- d) No remedy for the realization of the security hereof or for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this letter includes a receiver and manager.

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5.4 Application of Payments Following Demand and Acceleration

Except as otherwise agreed to by the Lender in its' sole discretion, any sum received by the Lender at any time after the delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section 5.1 which the Lender is obliged to apply in or towards the satisfaction of sums due from the Borrower under any Document shall be applied by the Lender in accordance with amounts owed to the Lender by the Borrower in respect of each category of amounts set forth below, each such application to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category:

- a) in or towards payment of any expenses and fees then due and payable to the Lender hereunder and owing by the Borrower (including, without limitation, in the case of the Borrower, any such fees and expenses owing whether or not deferred or contingent);
- b) in respect of amounts due and payable by such Borrower to the Lenders by way of interest and fees (including, without limitation, in the case of the Borrower, any such interest and fees owing whether or not deferred or contingent);
- c) in respect of any other amount (other than Advances) not hereinbefore referred to in this Section 5.4 which are then due and payable by the Borrower hereunder such Borrower under any Document (including, without limitation, in the case of the Borrower, any such other amounts owing whether deferred or contingent);
- d) in or towards repayment to the Lender of the Principal Advances to such Borrower then outstanding hereunder; and
- e) any remaining amounts to be released to the Borrower or as required by the loan.

For certainty, unless otherwise agreed by the Lender, all amounts owing by the Borrower in each of the above-noted categories (whether directly or indirectly by virtue of Guarantees) shall, within each category, rank *pari passu* and be applied *pro rata* to the Obligations owing by the Borrower within such category based on the respective outstanding amounts.

5.5 Remedies Cumulative

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Lender under the Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law; any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement therein contained shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for the same default or breach, and any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement therein contained, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. The Lender may, to the extent permitted by Applicable Law, bring suit at law, in equity or otherwise for any available relief or purpose including but not limited to:

- 1) the specific performance of any covenant or agreement contained in the Documents;
- 2) enjoining a violation of any of the terms of the Documents;
- 3) aiding in the exercise of any power granted by the Documents or by law; or
- 4) obtaining and recovering judgment for any and all amounts due in respect of the Advances or amounts otherwise due hereunder or under the Documents.

To the extent permitted by applicable law, Borrower hereby waives any rights now or hereafter conferred by statute or otherwise which may limit or modify any of the Lender's rights or remedies under the Documents.



5.6 Set-Off

In addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, the Lender is authorized at any time after the delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section 5.1 which has not theretofore been waived or rescinded by the Lender and from time to time thereafter without notice to Borrower or to any other person, any such notice being expressly waived by the Borrower, to set-off and to appropriate and to apply any and all deposits (general and special) and any other indebtedness at any time held by or owing to the Lender for the account of the Borrower against and on account of the obligations and liabilities of the such Borrower to the Lender or such Lender under this Agreement, including, without limitation, contingent or deferred obligations of the Lenders.

5.7 Cash Collateral Accounts

Upon delivery of an Acceleration Notice or the occurrence of an Event of Default specified in Section 5.1 and in addition to any other rights or remedies of the Lenders hereunder, the Lender shall thereafter be entitled to deposit and retain in an account to be maintained by the Lender, and which for the purposes hereof shall be considered to be the Lender's account and not the Borrower's account bearing interest for the Borrower at the rates of interest of the Lender as may be applicable in respect of other deposits of similar amounts for similar terms, amounts which are received by the Lender from the Borrower to the extent that and for so long as such amounts either may be required to satisfy any Obligations of such Borrower or are actually used to satisfy any such Obligations; provided that if such amounts are no longer required or not so used, the Lender shall forthwith return the same together with interest accrued thereon to the Borrower.

5.8 Lender May Perform Covenants

If the Borrower shall fail to perform any covenant on its part herein contained, the Lender may, upon prior notice to the Borrower, perform any of the said covenants capable of being performed by the Lender and, if any such covenant requires the payment or expenditure of money, it may make such payment or expenditure with its own funds and shall be entitled to reimbursement of any such expenditure. All amounts so paid by the Lender hereunder shall be repaid by the Borrower on demand and therefore shall bear interest at the rate set forth in Section I from the date paid by the Lender hereunder to and including the date such amounts are repaid in full by the Borrower.

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VI. GENERAL PROVISIONS

- a) The Lender shall have no obligation to advance funds unless and until all of the above terms and conditions have been deemed by the Lender to be complete, true and otherwise in all respects satisfactory, in the Lender's sole discretion.
- b) No term or requirement of this Commitment may be waived or varied orally or by any course of conduct of the Borrower or anyone acting on his behalf or by any officer, employee or agent of the Lender. Any alteration or amendment to this Commitment must be in writing and signed by a duly authorized officer of the Lender and accepted by the Borrower and Guarantor.
- c) The Lenders solicitors shall be:

Sorbara Schumacher McCann LLP
31 Union Street East
Waterloo, Ontario N2J 1B8
Attention: Mark Schumacher

- d) The Borrower's solicitor shall be:

Dickinson Wright, LLP
199 Bay Street Suite 2200
Commerce Court West
Toronto, Ontario M5L 1G4
Attention: Steven J. Gray

The Borrower shall bear any and all reasonable legal costs of the Lender.

- e) Time is of the essence in this Commitment.
- f) The Borrower and Guarantors agree that if any one or more of the provisions contained in this Commitment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Lender, not affect any or all other provisions of this Commitment and this Commitment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
- g) The waiver by the Lender of any breach or default by the Borrower of any provisions contained herein shall not be construed as a waiver of any other or subsequent breach or default by the Borrower. In addition, any failure by the Lender to exercise any rights or remedies hereunder or under the Security shall not constitute a waiver thereof.
- h) The representations, warranties, covenants and obligations herein set out shall not merge or be extinguished by the execution or registration of the Security but shall survive until all obligations under this Commitment and the Security have been duly performed and the Loan, interest thereon and any other moneys payable to the Lender are repaid in full. In the event of any inconsistency or conflict between any of the provisions of the Commitment and any provision or provisions of the Security, the Lender shall choose which provisions that will prevail.
- i) Notwithstanding the registration of the Security or the advancement of funds, the terms of this Commitment Letter shall not merge with the delivery and/or registration of the Security and shall remain in full force and effect. Any default under the terms of this Commitment Letter



shall be deemed a default under the Security and any default under the terms of the Security shall be deemed a default under the terms hereof. In the event of a conflict between the terms of the Security and the terms of this Commitment Letter, the Lender, in its sole discretion may determine which shall take precedence and govern.

- j) This Agreement may be simultaneously 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. A facsimile or electronic copy of an executed counterpart shall be deemed to be an original.

If you are in agreement with the above terms, please indicate such agreement by signing and forwarding to the undersigned a copy of this letter agreement together with the \$0 Good Faith Deposit payable to MarshallZehr Group Inc. in Trust. The execution of this letter does not obligate the Lender to advance any of the agreed funds unless all of the conditions to such advances have been satisfied to the satisfaction of the Lender and its solicitors.

By signing this Commitment Letter, pertaining to Burnham Meadows - MZGI 342, the Borrowers and Guarantors agree that the Lender may obtain credit and other financially related information about the Borrower(s) and the Guarantor(s), including reports from other credit grantors, consumer reporting agencies and credit bureau.

Unless this Commitment Letter is accepted by the Borrower and all required Guarantors within five (5) business days of the date hereof by delivery of a fully executed copy to the Lender, along with the Good Faith Deposit, then, at the Lender's sole option, the Commitment shall be terminated.

This Commitment Letter is not binding until it has been approved and signed back by an Officer of the Lender, MarshallZehr Group Inc.

Yours truly,

DocuSigned by:

6697E6642B774AE...
10/23/2020



Financing Efficiency = Opportunity

Cecil Hayes CIM
Chief Operating Officer

T 519 342 1000 **X** 233
C 519 590 3810

marshallzehr.com | [email](mailto:)



Acknowledged and agreed at _____ this 23rd day of October, 2020.

Borrowers:

2174542 Ontario Inc.

DocuSigned by:
Per: Mike Steplock
C4EFAD824EB84B4...

Name: **Mike Steplock**

Title: **Pres/CEO**

I have authority to bind the corporation

Safe Harbour Homes Inc.

DocuSigned by:
Per: Chris Geddes
0DE151D3197149B...

Name: **Chris Geddes**

Title: **coo**

I have authority to bind the corporation



The following parties execute this commitment letter in their capacities as guarantors only.

Safe Harbour Developments Inc.

DocuSigned by: Chris Geddes
Per: 0DE151D3197149B...
Name: Chris Geddes
Title: COO

I have authority to bind the corporation

Witness:

DocuSigned by: Mike Steplock

C4EFAD824EB84B4... I/S
Michael Steplock

Witness:

DocuSigned by: Edward Holko

95DADEAEB38D4BF... I/S
Edward Holko

Witness:

DocuSigned by: Chris Geddes

0DE151D3197149B... I/S
Christopher Geddes

Lender:

I HEREBY accept the terms and conditions as stated herein.

DATED at Waterloo, this 23rd day of October, 2020.

MarshallZehr Group Inc. "in Trust"

DocuSigned by:
Per: C7AE499691764A8...

Gregory Zehr
CEO & Co-Founder
"I/We have the authority to bind the Corporation"

Burnham Meadows - MZGI 342



Burnham Meadows - MZGI 342



APPENDIX A – OFFICERS’ CERTIFICATE & STATUTORY DECLARATION

(This document may be updated from time to time and confirms the Obligor(s) are in full compliance with the terms of the Commitment Letter. It further provides details on how funds provided will be used and details on any amounts the could rank in priority to the security registered to secure this Loan).

[Date of Letter]

[Borrower]

[Borrower Address]

MarshallZehr Group Inc.
206-465 Phillip St
Waterloo ON N2L 6C7
Attention: [MZ Contact]

Re: Officers’ Certificate for [Project Name] [Funding # or Quarterly Update]

I/we, [Officer #1] of [Borrower], being respectively the [Officer #1 Title] of [Borrower] in my capacity as an officer of [Borrower] and not in my personal capacity, do hereby certify that:

1. This Certificate is being delivered pursuant to Section [2.1 for Initial Funding, 2.2 for Borrower Draws or 4.1 for Quarterly Certificates] of the Commitment dated as of [DAY] day of [MONTH, YEAR] made among [Borrower] and MarshallZehr Group Inc. (“MZG”).
2. To the best of our knowledge and belief, no Event of Default exists as of the date of this Certificate.
3. The representations and warranties contained in Section 4.1 of the Commitment are true and correct as though made on the date hereof, except for those changes to the representations and warranties which have been disclosed to and accepted by the Lenders pursuant to Section 4.1 and any representation and warranty which is stated to be made as of a certain date.
4. We hereby confirm that the Financial Covenants set out in Section 4.2 of the Loan Agreement are in full compliance as of the date of execution of this Certificate.
5. We hereby acknowledge that we have personal knowledge of the fact that all accounts for labour, subcontracts, products, services, and construction machinery and equipment which have been incurred directly by the Borrower in performance of the work required to complete the Project, and for which the Borrower(s) and/or Owner(s) of the Borrower(s) might in any way be held responsible, have been paid in full as required by the Commitment up to and including the latest progress payment received, being on the [DAY] day of [MONTH], [YEAR], except for
 - a. Holdback monies properly retained amounting to [\$.]
 - b. Payments deferred by agreement amounting to [\$.], or
 - c. Amounts withheld by reason of legitimate dispute which have been identified to the party or parties, from whom payment has been withheld amounting to [\$.].

IN WITNESS WHEREOF I/we, the undersigned, have signed this Certificate as of the [DAY] day of [MONTH], [YEAR]



[Name of Borrower]

Per: _____

Name:

Title:

I have authority to bind the corporation



APPENDIX B – COMPLIANCE CERTIFICATE

(This document may be updated from time to time and confirms full compliance with the terms contained within the Commitment Letter and provides details of the calculations confirming same)

[Date of Letter]

[Borrower]

[Borrower Address]

MarshallZehr Group Inc.
206-465 Phillip St
Waterloo ON N2L 6C7
Attention: [MZ Contact]

Re: Compliance Certificate for [Project Name] [Funding #1 or Quarterly Update]

The undersigned, [Borrower], refers to the Commitment Letter dated as of [MONTH] [DAY], [YEAR] (as amended, supplemented, replaced or restated from time to time, the "Commitment", the terms defined therein being used herein as therein defined) among the Obligors and the Lender party thereto.

I/we, [Officer #1] of [Borrower], being respectively the [Officer #1 Title] of [Borrower] in my capacity as an officer of [Borrower] and not in my personal capacity, do hereby certify that:

1. This Compliance Certificate is delivered pursuant to Section [2.1 for Initial Funding or 4.1 for Quarterly Certificates] of the Loan Agreement for [Funding #1 dated [DAY] [MONTH], [YEAR] (the "Initial Funding Period") or the Financial Fiscal Quarter/Year ending on [DAY] [MONTH], [YEAR] (the "Fiscal Period")].
2. I am familiar with and have examined the provisions of the Commitment.
3. The financial statements most recently delivered pursuant to Section 4.1 of the Commitment present fairly the financial position, results of operations and changes in financial position of the persons specified therein in accordance with GAAP (subject to normal year-end adjustments and the absence of any required notes to such financial statements).
4. As of the date hereof, [Borrower] is not in breach of any of the covenants contained in Sections 4 and 5 of the Commitment, and no default or Event of Default has occurred and is continuing as at the date hereof.
5. As of [DAY] [MONTH], [YEAR], the [Initial Funding or Fiscal Period]:
 - a. Total Net Project Costs to Date: [\$•]
 - b. Estimated Cost to Complete Project (incl. lien holdback): [\$•]
 - c. Total Advanced Loan ([incl. current/previous funding #]): [\$•] [\$•]
 - d. Estimated Current Project Value: [\$•] [\$•]
 - e. Last Appraised Value as of [MONTH] [DAY], [YEAR]: [\$•] [\$•]



6. The Financial Covenants outlined in Section 4.2 of the Commitment have been calculated below as of the [Initial Funding or Fiscal Period]:

<u>FINANCIAL COVENANTS:</u> Guideline only, refer to Commitment for Covenants that are required.	<u>CALCULATIONS:</u> Guideline only, refer to Commitment on how to calculate Covenants and update accordingly.	<u>AMOUNT:</u>
Project Net Equity	Project Costs to Date (a) Less Advanced Loan (c)	\$
Maximum Borrowing	Loan Amount Less Costs to Complete (b)	\$
Estimated Loan to Value Ratio	Loan Advanced to Date (c) Divided by Estimated Current Value (d)	%
Estimated Loan to Cost Ratio	Loan Advanced to Date (c) Divided by Project Costs to Date (a)	%

IN WITNESS WHEREOF I/we, the undersigned, have signed this Certificate as of the [DAY] day of [MONTH], [YEAR]

[Name of Borrower]

Per: _____

Name:

Title:

I have authority to bind the corporation



APPENDIX C – REQUEST FOR LENDER ADVANCE NOTICE

(This document may be updated from time to time and is used to request funds from the Lender(s) that will be advanced to the Mortgage Administrator and start interest charges to the Borrower).

[Date of Letter]
[Borrower]
[Borrower Address]

MarshallZehr Group Inc.
206-465 Phillip St
Waterloo ON N2L 6C7
Attention: [MZ Contact]

Re: Request for Advance of Funds for [Project Name] Funding Number [#]

I hereby formally request the advance of CAD [Advance Amount] from the Commitment dated [Commitment Date] (the “Commitment”) and secured against the lands described as [Municipal Address] and legally known as [Legal Address] as well as all other security issued pursuant to the Commitment (the “Security”).

I hereby acknowledge according to the Commitment Letter that the Borrower must give at least [#] day’s written notice of an advance, and wish to receive acknowledgement from MarshallZehr as to the date of the advance. I understand and acknowledge that the interest will begin on the date of the advance regardless of if funds are released or held in Trust by MarshallZehr.

Furthermore, a Borrower Draw will not be processed until such time as all the conditions related to the Draw are met, as outlined in Section 2.2, and the Borrower has provided the applicable form and Notices as provided in Appendix D.

The Borrower acknowledges that a failure to comply with the covenants and conditions of the Commitment letter represents a default on behalf of the Borrower, and grants the Lender the right to pursue whatever remedy it deems most appropriate, at the expense of the Borrower, with no further notice.

[Name of Borrower]

Per: _____

Name:

Title:

I have authority to bind the corporation



APPENDIX D – BORROWER DRAW NOTICE

(This document may be updated from time to time and is required for funds to be delivered to the Borrower from funds held by the Mortgage Administrator in accordance with the terms of the Commitment Letter)

[Date of Letter]

[Borrower]

[Borrower Address]

MarshallZehr Group Inc.
206-465 Phillip Stw
Waterloo ON N2L 6C7
Attention: [MZ Contact]

Re: Request for Draw of Funds for [Project Name] Funding Number [#]

I hereby formally request the advance of CAD [Advance Amount] from the Commitment dated [Commitment Date] (the “Commitment”) and secured with the instrument registered as [Instrument Number], and secured against the lands described as [Municipal Address] and legally known as [Legal Address] as well as other security issued pursuant to the Commitment (the “Security”).

I hereby acknowledge according to the Commitment Letter that the Borrower must give at least [#] day’s written notice of an advance, and wish to receive acknowledgement from MarshallZehr as to the date of the advance.

I hereby certify, represent and warrant that all conditions and covenants of the Commitment and Security are met, and that the Borrower and the guarantors have not violated any of the conditions or covenants of the Commitment or Security. Specifically, the Borrower and Guarantors certify, represent and warrant:

- There are no liens on the Property
- No subordinate financing has been placed on the Property without prior written consent
- No party has committed any waste on the Property
- At this time Property taxes are current
- There have been no sales or purchases of shares, or payments of dividends from the Borrower to any party without prior written consent of the Lender
- The owner of the Borrower has not changed
- The Borrower where applicable is in compliance with the Construction Act, and there are no Liens on the Property
- The Borrower has informed the Lender of all changes to the Project schedule and the budget

The hereby gives you notice pursuant to Section 2.2 of the Commitment Letter that the undersigned hereby requests a Draw under the Commitment Letter, and, in that connection sets forth below the information relating to such Draw as required by:

- a. The date of the Draw, being a Business Day, is [•].
- b. The aggregate amount of the Draw is [\$.].





The undersigned hereby certifies and confirms that on the date of this Notice and the date of the corresponding Draw, and immediately after giving effect thereto and to the application of any proceeds therefrom, the representations and warranties contained in Section 4 of the Commitment Letter are true and correct on and as of each such date, all as though made on and as of each such date, except for those changes to the representations and warranties which have been disclosed to and accepted by the Lenders pursuant to Section 4. Any representation and warranty which is stated to be made as of a certain date shall confirm:

- a. no event or condition has occurred and is continuing, or would result from such Borrowing or giving effect to this Borrowing Notice, which constitutes a default or an Event of Default; and
- b. such Borrowing, or otherwise giving effect to this Borrowing Notice, will not violate any Applicable Law now in effect.

The undersigned further confirms and certifies to each Lender that the proceeds of the proposed Borrowing will be used solely for the purposes permitted by the Credit Agreement.

The Borrower acknowledges that a failure to comply with the covenants and conditions of the Commitment letter represents a default on behalf of the Borrower, and grants the Lender the right to pursue whatever remedy it deems most appropriate, at the expense of the Borrower, with no further notice.

Borrower:

[Name of Borrower]

Per: _____

Name:

Title:

I have authority to bind the corporation



APPENDIX E – REPAYMENT NOTICE

(This document may be updated from time to time and is to be provided in advance of any repayment in accordance with the terms of the Commitment Letter)

[DATE]

Borrower:

[Borrower Name]

[Borrower Address]

Lender:

MarshallZehr Group Inc.

206-465 Phillip St

Waterloo ON N2L 6C7

Attention: [MZ Contact]

Re: Notice of Repayment for [PROJECT NAME]

I hereby formally inform MarshallZehr Group Inc. of the repayment of the [PROJECT NAME] Loan as per the Commitment Letter dated [DATE], and as further amended [DATE] and per the renewal dated [DATE]. This repayment is inclusive of all principal, interest and fees.

I hereby acknowledge the Borrower must provide 60 days’ written notice of repayment as per the Commitment Letter. With this notice, we would request a Discharge Statement contemplating the stated repayment date.

The maturity date on this Loan is [DATE], (however or and) the anticipated date of repayment will be [DATE].

I hereby acknowledge according to the Commitment Letter that the Borrower must pay the Lender an administration fee of \$500.00 and its solicitor’s reasonable legal fees in respect to the preparation of the discharge or repayment.

Borrower:

[Borrower Name]

Per: _____

Name: [Name]

Title: [Title]

I have authority to bind the corporation



APPENDIX F – PROJECT OPERATING REPORT

(This document may be updated from time to time and is to be provided upon request by the Borrower to the Lender providing detail on the items outlined below)

(Borrower/Developer letterhead)

[Date of Letter]

[Borrower]

[Borrower Address]

MarshallZehr Group Inc.
206-465 Phillip St
Waterloo ON N2L 6C7
Attention: [MZ Contact]

Re: Compliance Project Operating Report for [Project Name]

[Project Magnitude – Total Units/Acres/Construction Costs/ Expected Gross Receipts]

[Sales Activity - Pre-Sales Order Book/Homes under Construction/Closed, Expected Closings & Closing Schedule]

[Project Completion Status – Status of Approvals, Completion Schedule, Cost to Date, Expected Costs to Complete/Budget]

[Current Project Debt and Description of Debt and related Liens]

[Estimated Current Project Value]

[Project Site Pictures]



APPENDIX G – PROJECT ADDRESS

PH 1B Plan 45M-253	Original Lot Number	Municipal Address	Legal Address
64	42	70 Paul Rexe Blvd	LOT 64, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
1	43	2 Veteran's Rd	LOT 1, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
2	44	4 Veteran's Rd	LOT 2, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
3	45	6 Veteran's Rd	LOT 3, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
5	47	10 Veteran's Rd	LOT 5, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
7	49	14 Veteran's Rd	LOT 7, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
8	50	16 Veteran's Rd	LOT 8, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
9	51	18 Veteran's Rd	LOT 9, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
10	52	20 Veteran's Rd	LOT 10, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
11	53	22 Veteran's Rd	LOT 11, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
46	161	19 Veteran's Rd.	LOT 46, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
47	162	17 Veteran's Rd.	LOT 47, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
48	163	15 Veteran's Rd.	LOT 48, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
49	164	13 Veteran's Rd.	LOT 49, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
50	165	11 Veteran's Rd.	LOT 50, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
51	166	9 Veteran's Rd.	LOT 51, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
52	167	7 Veteran's Rd.	LOT 52, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
53	168	5 Veteran's Rd.	LOT 53, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
54	169	3 Veteran's Rd.	LOT 54, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
55	170	1 Veteran's Rd.	LOT 55, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

SEPARATOR PAGE



Financing Efficiency = Opportunity

MarshallZehr Group Inc.
465 Phillip Street, Suite 206
Waterloo ON N2L 6C7 Canada

Wednesday, February 16, 2022

PRIVATE AND CONFIDENTIAL

2174542 Ontario Inc.
202-113 Park Street
Peterborough, ON
K9J3R8

Attention: Michael Steplock

RE:	Project:	Burnham Meadows MZGI 342
	Purpose:	First (1 st) Amendment
	Borrower:	2174542 Ontario Inc. & Safe Harbour Homes Inc.
	Property Address:	Those lands and premises described municipally as listed in Appendix G of the Commitment Letter
	Current Maturity Date:	January 1 st 2022

MarshallZehr Group Inc. (the "Lender") is pleased to advise we have approved the following amendment (the "1st Amendment") to the above noted mortgage and Commitment Letter dated Friday, 23 October 2020:

The Project Lands are in 3 sections as delimited in Appendix G

THIS LETTER REPLACES AND RENDERS NULL AND VOID THE PREVIOUS 1st AMENDMENT DATED FEBRUARY 7TH, 2022 UNDER THE PROJECT NAME BURNHAM MEADOWS - MZGI 342.

Delete (Original):

Loan Amount: \$4,159,000 (the "Loan") to be advanced through multiple facilities as follows:

Facility 1 (Land):	\$2,159,000
Facility 2 (Construction):	<u>\$2,000,000</u>
TOTAL LOAN AMOUNT:	\$4,159,000

Facility 1 shall be pari-passu to Facility 2.

Facility 2 is a revolving, demand, construction loan. Increases will be made on a dollar by dollar basis with corresponding related exposure reductions. (the "Loan").

Insert (New):

Loan Amount: \$5,879,000 (the "Loan") to be advanced through multiple facilities as follows:

Facility 1 (Land):	\$ 1,379,000
Facility 2 (Construction):	<u>\$ 4,500,000</u>
TOTAL LOAN AMOUNT:	\$ 5,879,000

Facility 1 shall be pari-passu to Facility 2.

1



Burnham Meadows MZGI 342
Wednesday, February 16, 2022

Delete (Original):
Maturity Date: January 1st 2022

Insert (New):
Maturity Date: July 1st 2023

Dec 31 / 2023

The Maturity is July 1st 2023
The Borrower has a 6 Month
Extension option

DS
MS

Insert (New):
Amendment Fee: Upon execution of this Amendment, the Borrower shall pay a fee of \$120,000 to the Lender (the "Amendment Fee"). This Amendment fee will be paid from the advance proceeds of the first advance following the execution of this amendment.

Insert (New):
Loan Mechanics:

Facility 1 (Land):

- a) Facility 1 Advance proceeds will be used to paydown the land loan owed to MarshallZehr Group Inc. MZGI 241 held by 2174542 Ontario Inc.
- b) 75% of the lot value, See Appendix G, will be required as a paydown to MZGI 241 prior to the Borrower drawing costs against a lot. The requirement may be met from advance proceeds, from sale proceeds to end unit purchaser, or from the Borrower's resources.
 - a. 75% of Executive Towns A lot value, as described in Appendix G, are to be funded with Facility 1 advance proceeds.
 - b. 75% of Executive Towns B lot value, as described in Appendix G, are intended to be funded with profits from completed units.
- c) The remainder of the 25% lot per value will be repaid to MZGI 241 upon final sale to end purchasers via closing proceeds.
- d) The Borrower may at any time instruct the lender to pay money held in trust towards principal, so long as there is no interest outstanding. Facility 1 will be advanced in full on initial advance following the first amendment. There will be no subsequent Advances of Facility 1.

Facility 2 (Construction):

- a) The Facility 2 will finance construction for the remaining six (6) lots of Phase 1B, and the fifteen (15) new lots to be added (Appendix G) once the Borrower successfully registers PINs on those new lots. Registration of these PINs is anticipated to take place March 2022 for Executive Towns A and in 2023 for the Executive Towns B.
- b) Lots will start construction once the funding conditions in 2.1, 2.2, and 2.3 have been met.
- c) Outstanding principal is not to exceed \$4,500,000 at any time. Discharge proceeds from closed lots will be held in a MarshallZehr trust account and are available to be readvanced to the Borrower via Borrower Draws to fund construction. Interest is payable on the indebtedness of Facility 2 regardless of the balance of funds held in trust. Total cumulative draws from Facility 2 are never to exceed \$7,745,000.
- d) The Borrower may at any time instruct the lender to pay money held in trust towards principal, so long as there is no interest outstanding. Facility 2 will be advanced in full on initial advance following the first amendment. There will be no subsequent Advances of Facility 2.



Burnham Meadows MZGI 342
Wednesday, February 16, 2022

Insert (New):
**Sources and
Uses of
Funds:**

Uses	
Land Costs	\$ 2,946,000
Development Charges	\$ 845,000
Tarion	\$ 210,000
Hard Costs	\$ 7,219,000
Financing Costs	\$ 1,350,000
Total Uses	\$ 12,570,000

Sources	
Facility 1 Land (Increase)	\$ 1,110,000
Facility 1 Land (Outstanding Principal Pre 1 st Amendment)	\$ 269,000
Facility 2 Construction (Additional Source)	\$ 5,745,000
Facility 2 Construction (Existing Principal)	\$ 2,000,000
Vender Take Back Mortgage*	\$ \$1,568,000
Deposits	\$ 1,880,000
Total Sources	\$ 12,570,000

*The VTB proceeds are payable to the MZGI 241 Servicing Loan Based on 75% of lot value when the lot is first drawn, and 25% payable upon sale to end user.

Delete (Original):

1B Partial

Discharges:

Provided that the Borrower is not in default, the Lender shall provide partial discharges of Project units on the closing of a unit sale transaction provided the Borrower pays the Lender Net Sales Proceeds of each sale. Net Sales Proceeds is defined as the sale price of the unit less deductions for deposits (used in the Project's financing) and any payments on account of principal required to be made to a permitted prior lender, if any, to obtain a partial discharge of its security, normal sales commissions, and legal costs. The Borrower will pay the Lender an administration fee of \$250 and its solicitor's reasonable legal fees in respect of the preparation of the discharge for each partial discharge requested by the Borrower. In the Event of Default, the Lender shall not be obligated to provide partial discharges. The Net Sale Proceeds shall be dispersed as follows:

- a) Repayment of all accrued and unpaid interest;
- b) Repayment of the outstanding \$230,000 principal balance for Facility 2
- c) Repayment of the outstanding \$135,000 principal balance for Facility 1



Burnham Meadows MZGI 342
Wednesday, February 16, 2022

Insert (New):

1B Partial

Discharges:

Provided that the Borrower is not in default, the Lender shall provide partial discharges of Project units on the closing of a unit sale transaction provided the Borrower pays the Lender Net Sales Proceeds of each sale. Net Sales Proceeds is defined as the sale price of the unit less deductions for MarshallZehr approved deposits and any payments on account of principal required to be made to a permitted prior lender, if any, to obtain a partial discharge of its security, normal sales commissions, and legal costs. The Borrower will pay the Lender an administration fee of \$250 and its solicitor's reasonable legal fees in respect of the preparation of the discharge for each partial discharge requested by the Borrower. In the Event of Default, the Lender shall not be obligated to provide partial discharges. The Net Sale Proceeds shall be dispersed as follows:

- d) Repayment of all accrued and unpaid late interest and fees;
- e) Repayment of the outstanding \$135,000 principal balance for Facility 1
- f) Repayment of Vender Take Back MarshallZehr mortgage MZGI 241 allocations.
- g) Remainder of Net Sale Proceeds will be held in trust for readvancement against budgeted construction costs on any remaining MZGI 342 security.

Delete (Original):

Partial

Discharges

(Future

Phases):

Provided that the Borrower is not in default, the Lender shall provide partial discharges of Project units on the closing of a unit sale transaction provided the Borrower pays the Lender Net Sales Proceeds of each sale. Net Sales Proceeds is defined as the sale price of the unit less deductions for deposits (used in the Project's financing) and any payments on account of principal required to be made to a permitted prior lender, if any, to obtain a partial discharge of its security, normal sales commissions, and legal costs. The Borrower will pay the Lender an administration fee of \$250 and its solicitor's reasonable legal fees in respect of the preparation of the discharge for each partial discharge requested by the Borrower. In the Event of Default, the Lender shall not be obligated to provide partial discharges. The Net Sale Proceeds shall be dispersed as follows:

- a) Repayment of all accrued and unpaid interest;
- b) Repayment of the outstanding principal balance for Facility 2
- c) Repayment of the outstanding principal balance for Facility 1



Burnham Meadows MZGI 342
Wednesday, February 16, 2022

Insert (New):

Partial

Discharges

(Exec Towns): Provided that the Borrower is not in default, the Lender shall provide partial discharges of Project units on the closing of a unit sale transaction provided the Borrower pays the Lender Net Sales Proceeds of each sale. Net Sales Proceeds is defined as the sale price of the unit less deductions for deposits (used in the Project's financing) and any payments on account of principal required to be made to a permitted prior lender, if any, to obtain a partial discharge of its security, normal sales commissions, and legal costs. The Borrower will pay the Lender an administration fee of \$250 and its solicitor's reasonable legal fees in respect of the preparation of the discharge for each partial discharge requested by the Borrower. In the Event of Default, the Lender shall not be obligated to provide partial discharges. The Net Sale Proceeds shall be dispersed as follows:

- d) Repayment of all unpaid fees,
- e) Repayment of all accrued and unpaid late interest,
- f) Repayment of \$158,000 principal balance for Facility 1;
- g) Costs advanced for unit construction as determined by quantity surveyor will be held in trust for readvancement (estimated to be \$375,000 per unit per Borrower budget)
- h) Repayment of outstanding 25% VTB payment to MZGI 241 as outlined by Appendix G;
- i) Proceeds held in MarshallZehr trust as required to make the 75% VTB payment of a future lot, if applicable. This is expected to average \$115,000,
- j) The lesser of \$75,000 or the profit on a unit close as confirmed by Quantity Surveyor will be directed to the Borrower,
- k) Repayment of all accrued and unpaid interest under MarshallZehr Servicing loan MZGI 241;
- l) Repayment of principal balance of MarshallZehr Servicing loan MZGI 241



Burnham Meadows MZGI 342
Wednesday, February 16, 2022

II. TERMS AND CONDITIONS

Delete (Original)

2.2 Funding Conditions for Lender Advances and Borrower Draws

The Borrower shall adhere to the following conditions when requesting Lender Advances or Borrower Draws, as the case may be:

b) **Borrower Draw Conditions** – The Lender shall not be required to provide any Borrower Draws to the Borrower prior to the Borrower having fulfilled to the Lender’s satisfaction the following conditions at the time of each and every draw:

i. **General Conditions** – The following conditions must be fulfilled for each and every Borrower Draw:

- 1. Borrower Draws shall only be permitted on two units that are not bound by agreement of purchase and sale to final consumer at any one time (i.e. two speculative units allowed). All other Borrower Draws must be against presold units.
- 4. Borrower Draws are to be made no more frequently than monthly and shall reference the Quantity Surveyor report Project Budget agreed to in Section 2.1., the funds paid to date, and any revisions to the original budget, and shall only be used to pay Project specific costs provided for in the approved Project Budget;

Insert (New):

2.2 Funding Conditions for Lender Advances and Borrower Draws

The Borrower shall adhere to the following conditions when requesting Lender Advances or Borrower Draws, as the case may be:

b) **Borrower Draw Conditions** – The Lender shall not be required to provide any Borrower Draws to the Borrower prior to the Borrower having fulfilled to the Lender’s satisfaction the following conditions at the time of each and every draw:

ii. **General Conditions** – The following conditions must be fulfilled for each and every Borrower Draw:

- 1. All units actively being constructed, less 2 permitted speculative units, must have fully executed binding agreements of purchase and sale and all subsequent amendments provided to MarshallZehr Group Inc. Purchase and sale agreements are subject to satisfactory review. Speculative units are units that are actively under construction which do not have binding purchase and sale agreements with end unit purchasers.
- 4. Borrower Draws are to be made no more frequently than monthly and shall reference the Quantity Surveyor report Project Budget agreed to in Section 2.1 or 2.3., the funds paid to date, and any revisions to the original budget, and shall only be used to pay Project specific costs provided for in the approved Project Budget;
- 12. Lots under construction must be owned by Safe Harbour Homes Inc.
- 13. All deposits in excess of \$1,880,000 are to be held in a separate escrow account ultimately to be included in Net Sales Proceeds for partial discharge of the loan.
- 14. Each purchase and sale agreement shall be on terms and with purchasers acceptable to the Lender. The Lender reserves the right to disregard agreements with purchasers buying for investment or who are directly or indirectly related to the Borrower or Guarantors (non-arms-length purchasers). All purchaser deposits shall have been paid in full and held in a separate escrow account for the sole benefit of the Project.



Burnham Meadows MZGI 342
Wednesday, February 16, 2022

Delete (Original):

4.2 Financial Covenants

So long as any amount payable hereunder is outstanding or the Loan is available hereunder, the Borrower covenants and agrees with the Lenders that, unless the Lender otherwise consents in writing:

- a) **Project Net Equity** – The Borrower and Guarantors must have and maintain throughout the term of the loan a minimum combined net equity in the Project equal to \$2,187,000. \$2,187,000 is the sum of the VTB to be paid and the purchaser deposits received to date. The Borrower expects to receive additional deposits of \$840,000 over the life of the project
 - i. For the purposes of this paragraph net equity shall be equal to the sum of the cost of the raw land as determined by the Lender (to a maximum value of \$3,986,00) plus the cost of the Project completed to date (exclusive of land value) as determined by the Lender's quantity surveyor, net of all payables, paid into the Project, construction holdbacks, unsubordinated Project financing, amounts advanced by the Lender and all Recoveries (Recoveries being defined as all recaptured Project expenses including, HST, previously funded by the construction lender or the proceeds of the Loan herein).
- b) **Project Loan to Value Ratio (LTV)** – The Borrower shall, at all times, maintain an LTV Ratio of less than 70%; notwithstanding the foregoing, for the purposes of calculating this ratio each Fiscal Quarter as required pursuant to the compliance certificate contemplated in Section 4.1(e)(iv). LTV shall be calculated in accordance with the parameters defined in Section 2.1;
- c) **Project Loan to Cost Ratio (LTC)** – The Borrower shall, at all times, maintain an LTC Ratio of less than 75%; notwithstanding the foregoing, for the purposes of calculating this ratio each Fiscal Quarter as required pursuant to the compliance certificate contemplated in Section 4.1(e)(iv). LTC shall be calculated in accordance with the parameters defined in Section 2.1;
- d) **Maximum Borrowing** – The Borrower shall ensure that outstanding Advances under the Commitment Letter do not exceed the most current calculation of the Maximum Total Amount Available (Loan Amount less estimated costs to complete). The Loan Amount is the total credit approved as outlined in Section I.



Burnham Meadows MZGI 342
Wednesday, February 16, 2022

Insert (New):

4.2 Financial Covenants

So long as any amount payable hereunder is outstanding or the Loan is available hereunder, the Borrower covenants and agrees with the Lenders that, unless the Lender otherwise consents in writing:

- e) **Project Net Equity** – The Borrower and Guarantors must have and maintain throughout the term of the loan a minimum combined net equity in the Project equal to \$0. It is expected that \$1,880,000 of additional deposits over the 15 units will be used in the project and \$392,000 of new additional subordinated VTB land value.
 - i. For the purposes of this paragraph net equity shall be equal to the sum of the cost of the raw land as determined by the Lender (to a maximum value of \$2,946,000) plus the cost of the Project completed to date (exclusive of land value) as determined by the Lender's quantity surveyor, net of all payables, paid into the Project, construction holdbacks, unsubordinated Project financing, amounts advanced by the Lender and all Recoveries (Recoveries being defined as all recaptured Project expenses including, HST, previously funded by the construction lender or the proceeds of the Loan herein).
- f) **Project Loan to Value Ratio (LTV)** – The Borrower shall, at all times, maintain an LTV Ratio of less than 75%; notwithstanding the foregoing, for the purposes of calculating this ratio each Fiscal Quarter as required pursuant to the compliance certificate contemplated in Section 4.1(e)(iv). LTV shall be calculated in accordance with the parameters defined in Section 2.1;
- g) **Project Loan to Cost Ratio (LTC)** – The Borrower shall, at all times, maintain an LTC Ratio of less than 85%; notwithstanding the foregoing, for the purposes of calculating this ratio each Fiscal Quarter as required pursuant to the compliance certificate contemplated in Section 4.1(e)(iv). LTC shall be calculated in accordance with the parameters defined in Section 2.1;
- h) **Maximum Borrowing** – The Borrower shall ensure that outstanding Advances under the Commitment Letter do not exceed the most current calculation of the Maximum Total Amount Available (Loan Amount less estimated costs to complete). The Loan Amount is the total credit approved as outlined in Section 1.

The following provisions shall be included in this Amendment that were not contemplated in the original Commitment:

**Mortgage Security
(15 Lots):**

The Borrower shall deliver the following security (the "Security") duly registered where applicable and all in the form and on the terms acceptable to the Lender's solicitors:

- a) **Mortgage** – A 1st mortgage in the amount of \$8,000,000 on the Burnham Meadows - MZGI 342 new security and property plus any accrued contingent payments. The mortgage will be registered at the Wrap Up rate of interest, being two times the rate of prime + 19.1%.

Subsearch: A subsearch will be completed prior to executing this Amendment at the expense of the Borrower .



Burnham Meadows MZGI 342
Wednesday, February 16, 2022

All other terms of the Commitment shall survive, unamended.

This Agreement may be simultaneously 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. A facsimile or electronic copy of an executed counterpart shall be deemed to be an original.

By signing this amending letter the Borrowers and Guarantors agree that the Lender may obtain credit and other financially related information about the Borrower(s) and the Guarantor(s), including reports from other credit grantors, consumer reporting agencies and credit bureau.

The execution of this letter does not obligate the Lender to advance any of the agreed funds unless all of the conditions to such advances have been satisfied to the satisfaction of the Lender and its solicitors.

If you are in agreement with the above terms, please indicate such agreement by signing and forwarding to the undersigned a copy of this agreement, by February 22nd 2021. The Borrower retains the 6-month renewal option originally written in the Commitment Letter.

This Amendment Letter is not binding until it has been approved and signed back by an Officer of the Lender, MarshallZehr Group Inc. and the mortgage is in good standing.

Sincerely,

DocuSigned by:

6897E6642B774AE



Financing Efficiency = Opportunity

Cecil Hayes CIM
Chief Operating Officer

T 519 342 1000 X 233

C 519 590 3810

marshallzehr.com | [email](#)

Broker

MarshallZehr Group Inc. | Mortgage Administration #11955 | Mortgage Brokerage #12453



Burnham Meadows MZGI 342
Wednesday, February 16, 2022


By signing below, I agree to the extension of the above-noted mortgage.

Borrower:


Acknowledged and agreed at Berkeley this 17th day of Feb, 2022.

Borrowers:

2174542 Ontario Inc.


Per: _____
Name: ROB STEINHILBER
Title: PRES/CEO
I have authority to bind the corporation

Safe Harbour Homes Inc.


Per: _____
Name: CHRIS GEDDES
Title: COO
I have authority to bind the corporation



Burnham Meadows MZGI 342
Wednesday, February 16, 2022

The following parties execute this commitment letter in their capacities as guarantors only.

Safe Harbour Developments Inc.

Per: Ch'Neke

Name:

Title:

I have authority to bind the corporation

[Signature]
Witness:

[Signature]
Witness:

[Signature]
Witness:

[Signature] /s
Michael Steplock

[Signature] /s
Edward Holko

Ch'Neke /s
Christopher Geddes



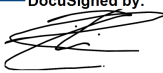
Burnham Meadows MZGI 342
Wednesday, February 16, 2022

Lender:

I HEREBY accept the terms and conditions as stated herein.
2/17/2022

DATED at Waterloo, this _____ day of _____, 2021.

MarshallZehr Group Inc.

DocuSigned by:


Per: _____
C7AE499691764A8...

Gregory Zehr
CEO & Co-Founder

I have the authority to bind the Corporation



Burnham Meadows MZGI 342
Wednesday, February 16, 2022

APPENDIX G – PROJECT ADDRESS (MODIFIED)

The following chart is the remaining existing security as of Wednesday, 16 February 2022. These will be the next 6 units to discharge.

PH 1B Plan 45M- 253	Original Lot Number	Municipal Address	Legal Address	Financing Phase
64	42	70 Paul Rexe Blvd	LOT 64, PLAN 45M253; TOWNSHIP OF OTONABEE- SOUTH MONAGHAN	Phase 1 B
7	49	14 Veteran's Rd	LOT 7, PLAN 45M253; TOWNSHIP OF OTONABEE- SOUTH MONAGHAN	Phase 1 B
9	51	18 Veteran's Rd	LOT 9, PLAN 45M253; TOWNSHIP OF OTONABEE- SOUTH MONAGHAN	Phase 1 B
10	52	20 Veteran's Rd	LOT 10, PLAN 45M253; TOWNSHIP OF OTONABEE- SOUTH MONAGHAN	Phase 1 B
11	53	22 Veteran's Rd	LOT 11, PLAN 45M253; TOWNSHIP OF OTONABEE- SOUTH MONAGHAN	Phase 1 B
50	165	11 Veteran's Rd.	LOT 50, PLAN 45M253; TOWNSHIP OF OTONABEE- SOUTH MONAGHAN	Phase 1 B

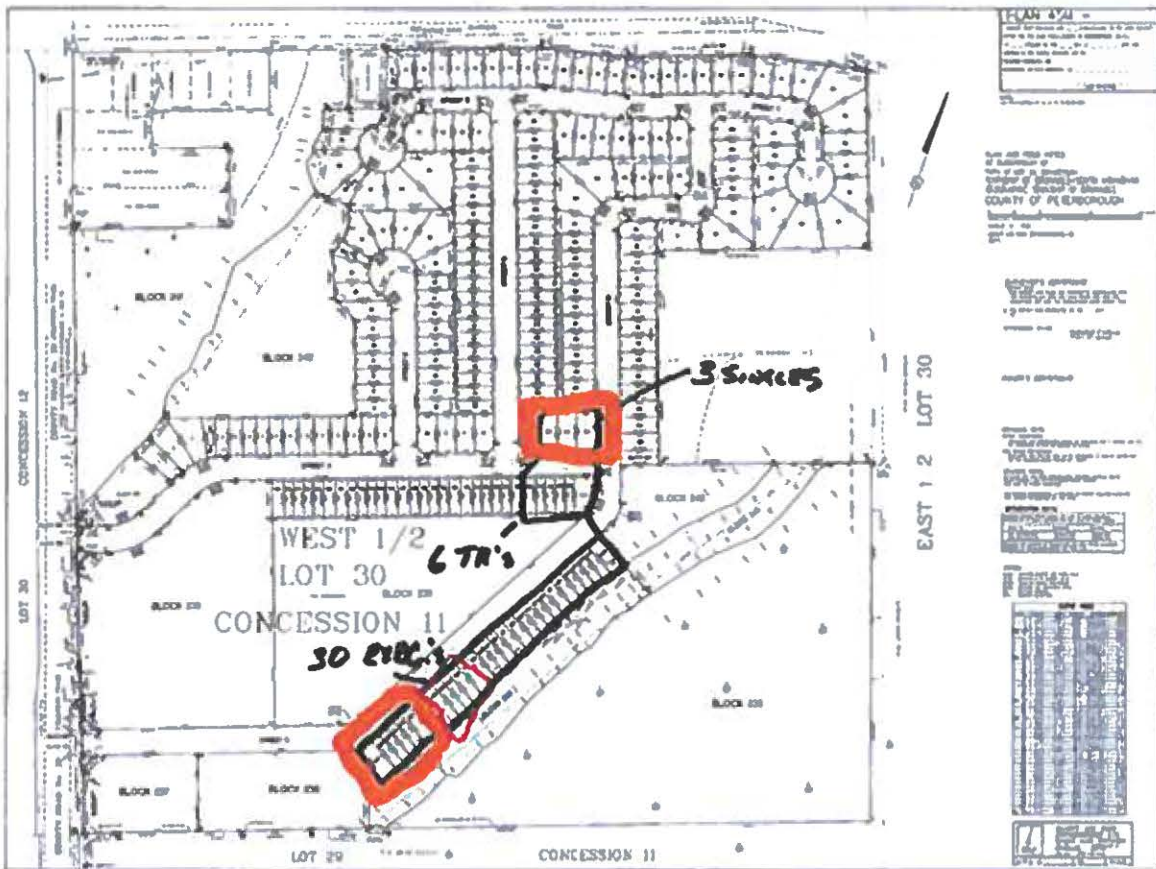


Burnham Meadows MZGI 342
Wednesday, February 16, 2022

APPENDIX G – PROJECT ADDRESS CONT.

The Borrower intends to add the following 9 lots immediately. These lots do not currently have PINs. Security will be taken once the units receive PINs. They are the 3 north most single detached on Paul Rexe Blvd units and the 6 southwest most executive townhouses on Safe Harbour Way.

The Borrower intends to add an additional 6 lots at a later time as described below.





Burnham Meadows MZGI 342
Wednesday, February 16, 2022

APPENDIX G– CONTEMPLATED UNITS TO BE ADDED

PH 1B Plan 45M-253	Municipal Address	Timing to Be Added	Phase
172	84 Paul Rexe Boulevard	Initial Advance	Exec Townhouse A
173	88 Paul Rexe Boulevard	Initial Advance	Exec Townhouse A
174	90 Paul Rexe Boulevard	Initial Advance	Exec Townhouse A
223	63 Safe Harbour Way	Subsequent Notice From Borrower	Exec Townhouse B
224	61 Safe Harbour Way	Subsequent Notice From Borrower	Exec Townhouse B
225	59 Safe Harbour Way	Subsequent Notice From Borrower	Exec Townhouse B
226	57 Safe Harbour Way	Subsequent Notice From Borrower	Exec Townhouse B
227	55 Safe Harbour Way	Subsequent Notice From Borrower	Exec Townhouse B
228	53 Safe Harbour Way	Subsequent Notice From Borrower	Exec Townhouse B
229	51 Safe Harbour Way	Initial Advance	Exec Townhouse A
230	49 Safe Harbour Way	Initial Advance	Exec Townhouse A
231	47 Safe Harbour Way	Initial Advance	Exec Townhouse A
232	45 Safe Harbour Way	Initial Advance	Exec Townhouse A
233	43 Safe Harbour Way	Initial Advance	Exec Townhouse A
234	41 Safe Harbour Way	Initial Advance	Exec Townhouse A



Burnham Meadows MZGI 342
 Wednesday, February 16, 2022

APPENDIX H- LAND REPAYMENT SCHEDULE.

Safe Harbour Developments – Burnham Meadows Subdivision								
Otonabee-South Monaghan								
PHASE 2 - 142 LOTS								
# of lots in Block	Total # of Lots	Lot Number (Draft Plan)	Frontage (ft)	Depth (ft)	Total Price Land	Paid On Drawdown of lot (75%)	Paid on Sale to End Purchaser (25%)	\$ Price/ft
BLOCK 4								
1	74	172	47.57	98.42	\$178,397	\$133,797.75	\$44,599.25	3,750
2	75	173	47.57	98.42	\$178,397	\$133,797.75	\$44,599.25	3,750
3	76	174	50.85	98.42	\$179,885	\$134,913.75	\$44,971.25	3,538
Partial Total			146	295.26	\$536,679.00	\$402,509.25	\$134,169.75	3,679
BLOCK 5								
EXECUTIVE TOWNHOUSES ON THE WETLAND								
19	101	223	30.51	109.84	\$168,090	\$126,067.50	\$42,022.50	5,509
20	102	224	24.6	114.56	\$144,450	\$108,337.50	\$36,112.50	5,872
21	103	225	24.6	111.77	\$144,450	\$108,337.50	\$36,112.50	5,872
22	104	226	24.6	109.51	\$144,450	\$108,337.50	\$36,112.50	5,872
23	105	227	24.6	111.87	\$144,450	\$108,337.50	\$36,112.50	5,872
24	106	228	30.51	107.93	\$168,090	\$126,067.50	\$42,022.50	5,509
Partial Total			159.4	665.48	\$913,980.00	\$685,485.00	\$228,495.00	5,751
25	107	229	30.51	93.43	\$168,090	\$126,067.50	\$42,022.50	5,509
26	108	230	24.6	96.52	\$144,450	\$108,337.50	\$36,112.50	5,872
27	109	231	24.6	99.27	\$144,450	\$108,337.50	\$36,112.50	5,872
28	110	232	24.6	102.06	\$144,450	\$108,337.50	\$36,112.50	5,872
29	111	233	24.6	104.82	\$144,450	\$108,337.50	\$36,112.50	5,872
30	112	234	37.92	103.9	\$197,730	\$148,297.50	\$49,432.50	5,214
Partial Total			166.8	600	\$943,620.00	\$707,715.00	\$235,905.00	5,702
Sum Total			472.2	1560.7	\$2,394,279.00	\$1,795,709.25	\$598,569.75	5,317

***THIS IS EXHIBIT "F" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

Properties

PIN 28158 – 0049 LT *Interest/Estate* Fee Simple
Description PT LT 30 CON 11 OTONABEE PT 1, 45R15402 SAVE & EXCEPT 45M241; SUBJECT TO AN EASEMENT IN GROSS OVER PT 1 PL 45R15921 AS IN PE214870; SUBJECT TO AN EASEMENT IN GROSS OVER PTS 2, 3 & 4 PL 45R15922 AS IN PE214873; TOWNSHIP OF OTONABEE–SOUTH MONAGHAN
Address TELEVISION ROAD
 PETERBOROUGH

Chargor(s)

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

Name 2174542 ONTARIO INC.
Address for Service Suite 202 – 113 Park Street,
 Peterborough, ON, L9J 3R8

I, Michael Steplock, President, have the authority to bind the corporation.

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

Chargee(s)*Capacity**Share*

Name MARSHALLZEHR GROUP INC.
Address for Service Suite 206 – 465 Phillip Street, Waterloo, ON, N2L 6C7

Statements

Schedule: See Schedules

Provisions

Principal \$16,000,000.00 *Currency* CDN
Calculation Period See Schedule
Balance Due Date See Schedule
Interest Rate 28.0%
Payments
Interest Adjustment Date
Payment Date See Schedule
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount full insurable value
Guarantor

Signed By

Karen Grace Larocque 31 Union Street East acting for Chargor Signed 2015 05 21
 Waterloo (s)
 N2J 1B8

Tel 519-576-0460

Fax 519-576-3234

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

Submitted By

SORBARA, SCHUMACHER, MCCANN LLP 31 Union Street East 2015 06 09
 Waterloo
 N2J 1B8

Tel 519-576-0460

Fax 519-576-3234

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

File Number

Chargor Client File Number :	71807
Chargee Client File Number :	71807

SCHEDULE "A"

1. Security

This Charge is given as continuing collateral security for the due payment and performance by 2174542 Ontario Inc. (the "Borrower") of all indebtedness, covenants, obligation and agreements of the Borrower set out in the mortgage commitment entered into among the Borrower, MarshallZehr Group Inc. as lender (the "Lender"), Safe Harbour Developments Inc., Safe Harbour Lakefield Inc., Safe Harbour Retirement Homes Inc., Michael Steplock, Edward Holko and Christopher Geddes as guarantors (the "Guarantors") dated March 26, 2015 as amended from time to time (the "Commitment").

2. Term and Payments

Subject to any extension rights of the Borrower, this Charge is for a term (the "Term") of thirteen (13) months ending on June 15, 2016 (the "Maturity Date") as may be extended pursuant to paragraph 6 of this Schedule "A". There shall be no regularly scheduled principal repayments and the entire outstanding principal amount shall become due and payable on the Maturity Date.

3. Interest

Interest shall be paid on all amounts outstanding under this Charge at the rate of 28.0% per annum calculated, compounded and payable monthly with interest only payments paid monthly.

4. Partial discharges

Provided the Borrower is not in default under this Charge, the Lender shall provide partial discharges on the closing of a sale transaction, provided the Borrower pays to the Lender the Net Sale Proceeds of each sale. Net Sale Proceeds is defined as the sale price of the lot, including all upgrades, less deductions for deposits (used in the project financing), and any payments on account of principal required to be made to a permitted prior lender, if any, to obtain a partial discharge of its security, normal sales commissions and legal costs. The Borrower will pay the Lender an administration fee of \$250.00 and its solicitor's reasonable legal fees in respect of the preparation of the discharge for each partial discharge requested by the Borrower.

5. Prepayment

No prepayment on account of principal shall be permitted except in accordance with the prepayment privileges provided for in the Commitment and this Charge.

Provided the Borrower is not in default under this Charge, the Commitment or any other security issued pursuant thereto, the Borrower upon 60 days prior written notice to the Lender shall have the privilege of prepaying the principal amount of the Charge in whole or in part, without bonus or penalty. No pre-payment shall be in an amount of less than \$100,000.00 without the consent of the Lender.

6. Borrower Covenants

The Borrower covenants as follows and a breach of any covenant shall be a default under the terms of the Commitment and this Charge:

- a) The Borrower shall not assign, transfer or otherwise dispose of the Commitment, the property charged by this Charge (the "Property") and/or any security given pursuant to the Commitment including but not limited to this Charge without the Lender's prior written consent. The Commitment, this Charge and any other security held by the Lender may be assigned by the Lender in whole or in part to another lender(s). Except as hereinafter provided, the Borrower consents to the disclosure by the Lender to any such prospective assignee or participant of all information and documents regarding the Property or within the possession or control of the Lender.
- b) Subject to paragraph 7(a) above, without the Lender's prior written consent having first been obtained, the Borrower shall not sell, transfer or convey the Property or its rights therein. In the event of a breach by the Borrower of this

covenant then, at the sole option of the Lender, all monies outstanding, together with all accrued and unpaid interest thereon and any other amounts due under the Commitment, this Charge or any other security held by the Lender, shall become due and payable.

- c) The Borrower shall not commit any waste on the lands.
- d) The Borrower shall not permit any transfer or issuance of shares in the share capital of the Borrower or any change in the officers and directors or a change in the terms or the termination of the shareholders agreement made between the Borrower and each of its shareholders, without the prior written consent of the Lender.
- e) The Borrower shall not further charge, mortgage, encumber or suffer any other encumbrance or lien to be registered upon the property.
- f) In the event of a breach of any of the foregoing covenants, or any other covenants contained herein, by the Borrower then, at the option of the Lender, all monies outstanding, together with all accrued unpaid interest thereon and all other amounts due under this Charge or the Commitment shall become due and payable.

7. Events of Default

In addition to the events of default set out in the Standard Charge Terms, each and every of the following events shall constitute an event of default hereunder ("Event of Default"):

- a) the Borrower shall neglect to carry out or observe any of the covenants or conditions contained in this Schedule or the Commitment;
- b) an event of default described in the Commitment occurs;
- c) if the Borrower ceases, or threatens to cease carrying on business or an order shall be made, or an effective resolution be passed by the Borrower for the winding-up or liquidation of the Borrower;
- d) if the Borrower shall become insolvent or shall make a bulk sale of its assets, or shall make a general assignment for the benefit of its creditors or shall file a notice of intention to make or shall make a proposal under bankruptcy legislation, or if a bankruptcy petition shall be filed or presented against the or if a custodian or a sequestrator or a receiver and manager or any other officer with similar powers shall be appointed of the Borrower its property or any part thereof which is, in the opinion of the Lender, a substantial part thereof;
- e) if any proceedings are commenced in respect of the Borrower under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, or similar legislation of any other jurisdiction;
- f) if an encumbrancer shall lawfully take possession of the Property of the Borrower or any part thereof or if a distress or execution or any similar process be levied or enforced there against;
- g) if the Borrower shall make default in observing or performing any covenant, including any covenant for the payment of money, contained in any deeds or instruments evidencing or securing indebtedness where such default results in the acceleration of the due date of payment of such indebtedness;
- h) if the Borrower shall make default in observing or performing any covenant contained in any document executed in connection with this Charge, including the Commitment Letter;
- i) if there shall be expropriated or taken by power of eminent domain the whole or any part of the Property and the Lender is of the opinion that such expropriation or taking is prejudicial to the Charge; or

- j) if the Borrower ceases to be controlled by the same parties as set out in the Commitment.

8. Remedies Upon Event of Default

- a) Upon the occurrence of an Event of Default, the Lender may declare the principal and interest to be due and payable and the same shall forthwith become immediately due and payable and the shall forthwith pay to the Lender the principal together with all interest thereon at the rate from time to time in effect pursuant to the provisions of this Charge hereof from the date of the said declaration until payment is received by the Lender, such subsequent interest to be payable at the times and places and in the moneys mentioned herein.
- b) Upon the happening of any Event of Default, the Lender may exercise any rights, powers or remedies available to it at law or in equity or under applicable legislation and, in addition, shall have the following right, powers and remedies:
 - i) to enter upon and take possession of all or any part of the Property;
 - ii) to hold, use, repair, preserve and maintain all or any part of the Property and make such replacements thereof and additions thereto as the Lender shall deem advisable;
 - iii) to exercise all powers necessary to the performance of all functions provided for herein including without limitation the powers to purchase on credit, to money in the Borrower's name or in its own name and to advance its own money to the Borrower at such rates of interest as it may deem reasonable;
 - iv) to sell, for cash or credit or part cash and part credit, lease or dispose of or otherwise realize upon all or any part of the Property whether by public auction or by private sale or lease in such manner as the Lender in its absolute discretion may determine, provided that it shall not be incumbent on the Lender to sell, lease or dispose of the said Property but that it shall be lawful for the Lender peaceably to use and possess the same without hindrance or interruption by the Borrower, or any other person or persons whomsoever, and to receive income from such Property and to convey, transfer and assign to a purchaser or purchasers the title to any undertaking, property and assets so sold and provided further that in the case of a sale on credit the Lender shall only be liable to account to the Borrower, any subsequent encumbrancers and others for moneys actually received by the Lender;
- (c) Upon the happening of any Event of Default that is not cured within the time frames set out here or in the Commitment, as applicable, the Lender may proceed to realize the security hereby constituted and to enforce its rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Lender or not, and the Lender may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Property or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, windup-up or other juridical proceedings relative to the Borrower. Any such receiver or receivers so appointed shall have power to take possession of the Property or any part thereof and to carry on the business of the Borrower, and to borrow money required for the maintenance, preservation or protection of the Property or any part thereof, and to further charge the Property in priority to the security constituted by this Commitment as security for money so borrowed, and to sell, lease or otherwise dispose of the whole or any part of the Property on such terms and conditions and in such manner as he shall determine. In exercising any powers, any such receiver or

receivers shall act as agent or agents for the Borrower and the Lender shall not be responsible for his or their actions.

- d) In addition, the Lender may enter upon the applicable premises and lease or sell the whole or any part or parts of the Property. The Borrower agrees that it will be commercially reasonable to sell such part of the Property:
 - i) as a whole or in various units;
 - ii) by a public sale or call for tenders by advertising such sale; and
 - iii) by private sale.
- (e) Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Lender in its sole discretion may seem advantageous and such sale may take place whether or not the Lender has taken possession of such property and assets.
- (f) No remedy for the realization of the security hereof or for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "Receiver" as used in this schedule includes a receiver and manager.
- (g) In the event of default by the Borrower or any Guarantor in their respective obligations under the Commitment, this Charge or any other security issued in connection with the Commitment to the Lender then, the Lender shall, notwithstanding anything contained herein to the contrary, be entitled to receive in addition to all other fees, charges and disbursements, an administration and management fee in the amount of \$5,000.00 for each month or part thereof that the and/or any Guarantor is in default of its obligations under the Charge, Commitment or other security issued in connection with the Commitment. The said sum or sums are agreed to be liquidated damages in respect of the Lender's administration and management costs and are not intended nor shall they be construed as a penalty. All such sums payable to the Lender shall be added to and deemed to be outstanding principal and interest shall accrue thereon.

9. Paramountcy

This Charge shall be subject to the terms and conditions of the Commitment and in the event of any conflict between the terms hereof and those contained in the Commitment, or the Standard Charge Terms incorporated herein, the Lender in its sole discretion, shall determine which provisions shall take precedence and prevail. The Commitment shall not be deemed to merge with the terms of this Charge but shall survive the delivery and registration of this Charge and any default under the terms of the Commitment shall be and be deemed a default under the terms of this Charge and a default under the terms of this Charge shall be deemed a default under the terms of the Commitment.

SEPARATOR PAGE

Properties

PIN 28158 - 0049 LT
Description PT LT 30 CON 11 OTONABEE PT 1, 45R15402 SAVE & EXCEPT 45M241; SUBJECT TO AN EASEMENT IN GROSS OVER PT 1 PL 45R15921 AS IN PE214870; SUBJECT TO AN EASEMENT IN GROSS OVER PTS 2, 3 & 4 PL 45R15922 AS IN PE214873; SUBJECT TO AN EASEMENT IN GROSS OVER PT 1 ON 45R16119 AS IN PE237367; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
Address TELEVISION ROAD
 PETERBOROUGH

Applicant(s)

Name 2174542 ONTARIO INC.
Address for Service 113 Park Street, Suite 202
 Peterborough, ON, L9J 3R8

I, Michael Steplock, President, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Party To(s)*Capacity**Share*

Name MARSHALLZEHR GROUP INC.
Address for Service 465 Phillip Street, Suite 206
 Waterloo, ON, N2L 6C7

I, Gregory Zehr, Co-CEO & Founder, have the authority to bind the corporation
 This document is not authorized under Power of Attorney by this party.

Statements

I Michael Steplock, President of 2174542 Ontario Inc. registered owner(s) of the lands hereby apply under section 71 of the Land Titles Act to have the register for the said PIN amended by: Amending Terms in Charge No. PE225968

Schedule: See Schedules

This document relates to registration number(s)PE225979; PE245197; PE253215

Signed By

Karen Grace Larocque 31 Union Street East acting for Signed 2017 05 04
 Waterloo Applicant(s)
 N2J 1B8

Tel 519-576-0460

Fax 519-576-3234

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

Submitted By

SORBARA, SCHUMACHER, MCCANN LLP 31 Union Street East 2017 05 04
 Waterloo
 N2J 1B8

Tel 519-576-0460

Fax 519-576-3234

Fees/Taxes/Payment

Statutory Registration Fee \$63.35

Total Paid \$63.35

File Number

Applicant Client File Number : 77777

Party To Client File Number : 77777

MORTGAGE AMENDING AGREEMENT

This Agreement made the 4th day of May, 2017.

BETWEEN:

2174542 ONTARIO INC.
(the "Chargor")

- and -

MARSHALLZEHR GROUP INC.

(the "Chargee")

WHEREAS:

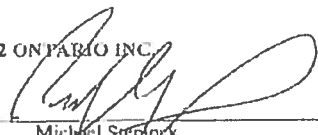
- A. The Chargor executed in favour of the Chargee a Charge/Mortgage of land registered as Instrument No. PE225968 on June 9, 2015 securing the principal sum of Sixteen Million (\$16,000,000.00) Dollars; and;
- B. The Chargor and Chargee have agreed to amend the Charges as hereinafter provided pursuant to Commitment Letter dated October 13, 2016;

NOW THEREFORE the parties hereto hereby agree as follows:

- 1. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Charge.
- 2. The parties hereto agree to the following changes to the above-noted Instrument:
DELETE: Principal amount of \$16,000,000.00
INSERT: Principal amount of \$30,000,000.00;
- 3. DELETE: Schedule "A" in its entirety;
INSERT: New Schedule "A" as attached hereto;
- 4. Save and except as otherwise provided herein, the parties confirm that the terms, conditions and all other provisions of the Charge shall remain the same and the Charge shall, where necessary, be read with all changes that may be required by the context in order to carry out the purpose and intent and to give full force and effect to each and every provision of the Charge as intended to be amended by the provisions of the Amending Agreement

This Agreement made effective as of the date first above written.

2174542 ONTARIO INC.

Per: 
Name: Michel Stepien
Title: President
I have authority to bind the Corporation

MARSHALLZEHR GROUP INC.

Per: _____
Name: Gregory Zehr
Title: Co-CEO & Founder
I have authority to bind the Corporation

MORTGAGE AMENDING AGREEMENT

This Agreement made the 4th day of May, 2017.

BETWEEN:

2174542 ONTARIO INC.
(the "Chargor")

- and -

MARSHALLZEHR GROUP INC.
(the "Chargee")

WHEREAS:

- A. The Chargor executed in favour of the Chargee a Charge/Mortgage of land registered as Instrument No. PE225968 on June 9, 2015 securing the principal sum of Sixteen Million (\$16,000,000.00) Dollars; and;
- B. The Chargor and Chargee have agreed to amend the Charges as hereinafter provided pursuant to Commitment Letter dated October 13, 2016;

NOW THEREFORE the parties hereto hereby agree as follows:

- 1. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Charge.
- 2. The parties hereto agree to the following changes to the above-noted Instrument:
DELETE: Principal amount of \$16,000,000.00
INSERT: Principal amount of \$30,000,000.00;
- 3. DELETE: Schedule "A" in its entirety;
INSERT: New Schedule "A" as attached hereto;
- 4. Save and except as otherwise provided herein, the parties confirm that the terms, conditions and all other provisions of the Charge shall remain the same and the Charge shall, where necessary, be read with all changes that may be required by the context in order to carry out the purpose and intent and to give full force and effect to each and every provision of the Charge as intended to be amended by the provisions of the Amending Agreement

This Agreement made effective as of the date first above written.

2174542 ONTARIO INC.

Per: _____
Name: Michael Steplock
Title: President
I have authority to bind the Corporation

MARSHALLZEHR GROUP INC.

Per: _____
Name: Gregory Zehr
Title: Co-CEO & Founder
I have authority to bind the Corporation

SCHEDULE "A"

1. Security

This Charge is given as continuing collateral security for the due payment and performance by 2174542 Ontario Inc. (the "Borrower") of all indebtedness, covenants, obligation and agreements of the Borrower set out in the mortgage commitment entered into among the Borrower, MarshallZehr Group Inc. as lender (the "Lender"), Safe Harbour Developments Inc., Safe Harbour Lakefield Inc., Safe Harbour Retirement Homes Inc., Michael Steplock, Edward Holko and Christopher Geddes as guarantors (collectively the "Guarantors") dated October 13, 2016 as may amended from time to time (the "Commitment").

2. Term and Payments

Subject to any extension rights of the Borrower, the Charge is for a term of nineteen (19) months from June 1, 2017 ending on January 1, 2019 (the "Maturity Date") as may be extended pursuant to paragraph 4 of this Schedule "A". Payments of interest only (at the rate set out herein) shall be paid monthly. There shall be no regularly scheduled principal repayments and the entire outstanding principal amount shall become due and payable on the Maturity Date.

3. Interest

Interest shall be paid on all amounts outstanding under this Charge at the rate of 28.0% per annum calculated and compounded monthly with interest only payments paid monthly.

4. Renewal

The Borrower, when not in default under this Charge, the Commitment or any security given pursuant thereto, may extend the Balance Due Date as set forth in the Provisions section of this Charge for a further six (6) months upon notice in writing to the Lender at least sixty (60) days prior to the then current Maturity Date. Save and except for the Maturity Date, all terms and provisions of the Charge shall remain the same. The Borrower shall pay an additional Renewal Fee of 1.00% of the total amount borrowed at the time of the renewal and shall pay any legal or other costs associated with such renewal.

5. Partial Discharges

Provided the Chargor is not in default under this Charge, it shall have the right to call for a partial discharge of an individual lot on the closing of the lot sale transaction provided the Chargor pays to the Chargee the Net Sale Proceeds of each sale. Net Sale Proceeds is defined as the sale price of the lot and dwelling house constructed thereon, including all upgrades, less deductions for deposits (used in construction of the dwelling house upon the lot), applicable HST to be remitted, commissions and legal costs. The Chargor will pay the Chargee an administration fee of \$250.00 together with its solicitor's reasonable legal fees in respect of the preparation of the discharge for each partial discharge requested by the Chargor.

In the event that the Chargor is in default under this Charge, it shall have no right to any partial discharge of this Charge.

6. Prepayment

Subject to paragraph 5 and this paragraph 6, no prepayment on account of principal shall be permitted except in accordance with the prepayment privileges provided for in the Commitment and this Charge.

Provided the Borrower is not in default under this Charge, the Commitment or any other security issued pursuant thereto, the Borrower upon 60 days prior written notice to the Lender shall have the privilege of prepaying the principal amount of the Charge in whole or in part, without bonus or penalty. No pre-payment shall be in an amount of less than \$100,000.00 without the consent of the Lender.

7. Borrower Covenants

The Borrower covenants as follows and a breach of any covenant shall be a default under the terms of the Commitment and this Charge:

- a) The Borrower shall not assign, transfer or otherwise dispose of the Commitment, the property charged by this Charge (the "Property") and/or any security given pursuant to the Commitment including but not limited to this Charge without the Lender's prior written consent. The Commitment, this Charge and any other security held by the Lender may be assigned by the Lender in whole or in part to another lender(s). Except as hereinafter provided, the Borrower consents to the disclosure by the Lender to any such prospective assignee or participant of all information and documents regarding the Property or Borrower within the possession or control of the Lender.
- b) Subject to paragraph 7(a) above, without the Lender's prior written consent having first been obtained, the Borrower shall not sell, transfer or convey the Property or its rights therein. In the event of a breach by the Borrower of this covenant then, at the sole option of the Lender, all monies outstanding, together with accrued and unpaid interest thereon and any other amounts due under the Commitment, this Charge or any other security held by the Lender, shall become due and payable.
- c) The Borrower shall not commit any waste on the lands.
- d) The Borrower shall not permit any transfer or issuance of shares in the share capital of the Borrower or any change in the officers and directors or a change in the terms or the termination of the shareholders agreement made between the Borrower and each of its shareholders, without the prior written consent of the Lender.
- e) The Borrower shall not further charge, mortgage, encumber or suffer any other encumbrance or lien to be registered upon the property.

In the event of a breach of any of the foregoing covenants, or any other covenants contained herein, by the Borrower then, at the option of the Lender, all monies outstanding, together with all accrued unpaid interest thereon and all other amounts due under this Charge or the Commitment shall become due and payable.

8. Events of Default

In addition to the events of default set out in the Standard Charge Terms, each and every of the following events shall constitute an event of default hereunder ("Event of Default"):

- a) The Borrower shall neglect to carry out or observe any of the covenants or conditions contained in this Schedule or the Commitment;
- b) if the Borrower ceases, or threatens to cease carrying on business or an order shall be made, or an effective resolution be passed by the Borrower for the winding-up or liquidation of the Borrower;
- c) if the Borrower shall become insolvent or shall make a bulk sale of its assets, or shall make a general assignment for the benefit of its creditors or shall file a notice of intention to make or shall make a proposal under bankruptcy legislation, or if a bankruptcy petition shall be filed or presented against the Borrower or if a custodian or a sequestrator or a receiver and manager or any other officer with similar powers shall be appointed of the Borrower its property or any part thereof which is, in the opinion of the Lender, a substantial part thereof;
- d) if any proceedings are commenced in respect of the Borrower under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, or similar legislation of any other jurisdiction;

- e) if an encumbrancer shall lawfully take possession of the Property of the Borrower or any part thereof or if a distress or execution or any similar process be levied or enforced thereagainst;
- f) if the Borrower shall make default in observing or performing any covenant, including any covenant for the payment of money, contained in any deeds or instruments evidencing or securing indebtedness where such default results in the acceleration of the due date of payment of such indebtedness;
- g) if the Borrower shall make default in observing or performing any covenant contained in any document executed in connection with this Charge, including the Commitment Letter;
- h) if there shall be expropriated or taken by power of eminent domain the whole or any part of the Property and the Lender is of the opinion that such expropriation or taking is prejudicial to the Charge; or
- i) if the Borrower ceases to be controlled by the same parties as set out in the Commitment.

9. Remedies Upon Event of Default

- a) Upon the occurrence of an Event of Default, the Lender may declare the principal and interest to be due and payable and the same shall forthwith become immediately due and payable and the Borrower shall forthwith pay to the Lender the principal together with all interest thereon at the rate from time to time in effect pursuant to the provisions of this Charge hereof from the date of the said declaration until payment is received by the Lender, such subsequent interest to be payable at the times and places and in the moneys mentioned herein.
- b) Upon the happening of any Event of Default, the Lender may exercise any rights, powers or remedies available to it at law or in equity or under applicable legislation and, in addition, shall have the following right, powers and remedies:
 - i) to enter upon and take possession of all or any part of the Property;
 - ii) to hold, use, repair, preserve and maintain all or any part of the Property and make such replacements thereof and additions thereto as the Lender shall deem advisable;
 - iii) to exercise all powers necessary to the performance of all functions provided for herein including without limitation the powers to purchase on credit, to borrow money in the Borrower's name or in its own name and to advance its own money to the Borrower at such rates of interest as it may deem reasonable;
 - iv) to sell, for cash or credit or part cash and part credit, lease or dispose of or otherwise realize upon all or any part of the Property whether by public auction or by private sale or lease in such manner as the Lender in its absolute discretion may determine, provided that it shall not be incumbent on the Lender to sell, lease or dispose of the said Property but that it shall be lawful for the Lender peaceably to use and possess the same without hindrance or interruption by the Borrower, or any other person or persons whomsoever, and to receive income from such Property and to convey, transfer and assign to a purchaser or purchasers the title to any undertaking, property and assets so sold and provided further that in the case of a sale on credit the Lender shall only be liable to account to the Borrower, any subsequent encumbrancers and others for moneys actually received by the Lender;
 - v) to appoint by instrument in writing any person or persons to be a Receiver of all or any portion of the undertaking, property and assets hereby charged, to fix the Receiver's remuneration and to remove any Receiver so appointed and appoint another or others in his stead;

- vi) to apply to any court of competent jurisdiction for the appointment of a Receiver of all or any portion of the undertaking, property and assets hereby charged; and
 - vii) to retain the Property in satisfaction of the monies owing hereunder.
- (c) In addition, the Lender or Receiver or Receivers may enter upon the applicable premises and lease or sell the whole or any part or parts of the Property. The Borrower agrees that it will be commercially reasonable to sell such part of the Property:
- i) as a whole or in various units;
 - ii) by a public sale or call for tenders by advertising such sale once in a local daily newspaper at least seven (7) days before such sale; and
 - iii) by private sale after the receipt by the Lender of at least two offers from prospective arms-length purchasers.
- (d) Notwithstanding the above, the Lender or Receiver or Receivers must use all commercially reasonable efforts to sell the Property for the full market value.
- (e) Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Lender in its sole discretion may seem advantageous and such sale may take place whether or not the Lender has taken possession of such property and assets.
- (f) No remedy for the realization of the security hereof or for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "Receiver" as used in this schedule includes a receiver and manager.
- (g) Any Receiver shall have all of the powers of the Lender set out in this Charge and, in addition, shall have the following powers:
- i) to carry on the business of the Borrower and to enter into any compromise or arrangement on behalf of the Borrower; and
 - ii) with the prior written consent of the Lender to borrow money in its name or in the Borrower's name, for the purpose of carrying on the business of the Borrower and for the preservation and realization of the undertaking, property and assets of the Borrower including, without limitation, the right to pay persons having prior charges or encumbrances on the properties on which the Borrower may have hold charges or encumbrances with any amount so borrowed and any interest thereon to be a charge upon the mortgaged property in priority to this Charge;
- (h) Any Receiver appointed pursuant to the provisions hereof shall be deemed to be an agent of the Borrower for the purposes of:
- i) carrying on and managing the business and affairs of the Borrower and
 - ii) establishing liability for all of the acts or omissions of the Receiver while acting in any capacity hereunder and the Lender shall not be liable for such acts or omissions, provided that, without restricting the generality of the foregoing, the Borrower irrevocably authorizes the Lender to give instructions to the Receiver relating to the performance of its duties as set out herein.
- (i) In the event of default by the Borrower or any Guarantor in their respective obligations under the Commitment, this Charge or any other security issued in connection with the Commitment to the Lender then, the Lender shall, notwithstanding anything contained herein to the contrary, be entitled to receive in addition to all other fees, charges and disbursements, an administration and management fee in the amount of \$5,000.00 for each month or part thereof that

the Borrower and/or any Guarantor is in default of its obligations under the Charge, Commitment or other security issued in connection with the Commitment. The said sum or sums are agreed to be liquidated damages in respect of the Lender's administration and management costs and are not intended nor shall they be construed as a penalty. All such sums payable to the Lender shall be added to and deemed to be outstanding principal and interest shall accrue thereon.

10. Paramountcy

This Charge shall be subject to the terms and conditions of the Commitment and in the event of any conflict between the terms hereof and those contained in the Commitment, or the Standard Charge Terms incorporated herein, the Lender in its sole discretion, shall determine which provisions shall take precedence and prevail. The Commitment shall not be deemed to merge with the terms of this Charge but shall survive the delivery and registration of this Charge and any default under the terms of the Commitment shall be and be deemed a default under the terms of this Charge and a default under the terms of this Charge shall be deemed a default under the terms of the Commitment.

SEPARATOR PAGE

Properties

PIN 28158 - 0049 LT
Description PT LT 30 CON 11 OTONABEE PT 1, 45R15402 SAVE & EXCEPT 45M241; SUBJECT TO AN EASEMENT IN GROSS OVER PT 1 PL 45R15921 AS IN PE214870; SUBJECT TO AN EASEMENT IN GROSS OVER PTS 2, 3 & 4 PL 45R15922 AS IN PE214873; SUBJECT TO AN EASEMENT IN GROSS OVER PT 1 ON 45R16119 AS IN PE237367; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
Address TELEVISION ROAD
 PETERBOROUGH

Consideration

Consideration \$2.00

Applicant(s)

The notice is based on or affects a valid and existing estate, right, interest or equity in land

Name 2174542 ONTARIO INC.
Address for Service 113 Park Street, Suite 202
 Peterborough,
 ON, L9J 3R8

I, Michael Steplock, President, have the authority to bind the corporation.

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

Party To(s)*Capacity**Share*

Name MARSHALLZEHR GROUP INC.
Address for Service 465 Phillip Street, Suite 206
 Waterloo, ON, N2L 6C7

I, Gregory Zehr, CEO & Co-Founder, have the authority to bind the corporation

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

Statements

This notice is pursuant to Section 71 of the Land Titles Act.

This notice may be deleted by the Land Registrar when the registered instrument, PE225968 registered on 2015/06/09 to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration number(s) PE225969; PE225979; PE267145; PE267146; PE267156; PE267165

Signed By

Karen Grace Larocque 31 Union Street East acting for Signed 2018 03 27
 Waterloo Applicant(s)
 N2J 1B8

Tel 519-576-0460

Fax 519-576-3234

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

Submitted By

SORBARA, SCHUMACHER, MCCANN LLP 31 Union Street East 2018 03 27
 Waterloo
 N2J 1B8

Tel 519-576-0460

Fax 519-576-3234

Fees/Taxes/Payment

Statutory Registration Fee \$63.65

Total Paid \$63.65

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

File Number

Applicant Client File Number : 80232

Party To Client File Number : 80232

MORTGAGE AMENDING AGREEMENT

This Agreement made the 14~~th~~ ^{March} day of ~~February~~, 2018.

BETWEEN:

2174542 ONTARIO INC.
(the "Chargor")

- and -

MARSHALLZEHR GROUP INC.
(the "Chargee")

WHEREAS:

- A. The Chargor executed in favour of the Chargee a charge registered as Instrument No. PE225968 on June 9, 2015 (the "Charge") securing the principal sum of Sixteen Million Dollars (\$16,000,000.00) together with a General Assignment of Rents, notice of which was registered on June 9, 2015 as Instrument No. PE225969 on the title to the property legally described as Part of Lot 30 Concession 11 Otonabee, being Part 1 on Reference Plan 45R15402 save and except Registered Plan 45M241; Township of Otonabee-South Monaghan (the "Property");
- B. The Chargor and Chargee entered into a mortgage commitment letter dated October 13, 2016 (the "Commitment Letter") under which the Chargor's indebtedness to the Chargee shall continue;
- C. Pursuant to the Commitment Letter, the Chargor and Chargee entered into a Mortgage Amending Agreement dated May 4, 2017 increasing the principal sum of the Charge to \$30,000,000.00, a notice of which agreement was registered on the title to the Property on May 4, 2017 as Instrument No. PE267146;
- D. The Chargor and Chargee entered into a letter agreement dated January 22, 2018 amending the Commitment Letter (the "Amending Letter") under which the Chargor's indebtedness to the Chargee shall continue; and
- E. It is a condition of the Amending Letter that the Chargor enter into an agreement with the Chargee to further amend the Charge and to confirm that the Charge stands as continuing security for all indebtedness from the Chargor to the Chargee;

NOW THEREFORE, in consideration of the premises herein, the sum of TEN DOLLARS (\$10.00) now given by each party to each other, and of other good and valuable consideration (the receipt and sufficiency of all of which is hereby acknowledged), the parties hereby agree as follows:

- 1. The recitals above are true in substance and fact, and the terms defined therein shall have such meaning throughout this Agreement.
- 2. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Charge Instrument.
- 3. The parties hereto agree to the following changes to the Charge Instrument:
 - a. DELETE: Principal amount: "\$30,000,000.00";
 - b. INSERT: Principal amount: "\$35,000,000.00";
- 4. Save and except as otherwise provided herein, the parties confirm that the terms, conditions and all other provisions of the Charge Instrument shall remain the same and the Charge Instrument shall, where necessary, be read with all changes that may be required by the context in order to carry out the purpose and intent and to give full force and effect to each and every provision of the Charge as intended to be amended by the provisions of the Commitment Letter.
- 5. The invalidity of any particular provision of this agreement shall not affect any other provision of it, but the agreement shall be construed as if the invalid provision had been omitted.
- 6. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
8. This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.
9. This Agreement and/or counterparts hereof, may also be executed either in original, PDF and/or faxed form and the parties adopt any signatures received by a receiving fax machine or PDF as original signatures of the parties.


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

2174542 ONTARIO INC.

Per: 
Name: Michael Steplock
Title: President

I have authority to bind the Corporation

MARSHALLZEHR GROUP INC.

Per: 
Name: Gregory Zehr
Title: CEO & Co-Founder

I have authority to bind the Corporation

SEPARATOR PAGE

Properties

<i>PIN</i>	28158 - 0199 LT
<i>Description</i>	PART LOT 30 CONCESSION 11 OTONABEE PART 1 PLAN 45R15402, EXCEPT PLAN 45M241, PLAN 45M253 AND PART 2 PLAN 45R16786; SUBJECT TO AN EASEMENT IN GROSS OVER PARTS 2, 3 & 4 PLAN 45R15922 AS IN PE214873; SUBJECT TO AN EASEMENT IN GROSS OVER PART 1, PLAN 45R16119 AS IN PE237367; SUBJECT TO AN EASEMENT IN GROSS OVER PART 1, PLAN 45R16786 AS IN PE311242; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0125 LT
<i>Description</i>	LOT 1, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0126 LT
<i>Description</i>	LOT 2, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0127 LT
<i>Description</i>	LOT 3, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0129 LT
<i>Description</i>	LOT 5, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0131 LT
<i>Description</i>	LOT 7, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0132 LT
<i>Description</i>	LOT 8, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0133 LT
<i>Description</i>	LOT 9, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0134 LT
<i>Description</i>	LOT 10, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0135 LT
<i>Description</i>	LOT 11, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0170 LT
<i>Description</i>	LOT 46, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0171 LT
<i>Description</i>	LOT 47, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0172 LT
<i>Description</i>	LOT 48, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0173 LT
<i>Description</i>	LOT 49, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0174 LT
<i>Description</i>	LOT 50, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0175 LT
<i>Description</i>	LOT 51, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH
<i>PIN</i>	28158 - 0176 LT
<i>Description</i>	LOT 52, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
<i>Address</i>	PETERBOROUGH

Properties

PIN 28158 - 0177 LT
Description LOT 53, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
Address PETERBOROUGH

PIN 28158 - 0178 LT
Description LOT 54, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
Address PETERBOROUGH

PIN 28158 - 0179 LT
Description LOT 55, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
Address PETERBOROUGH

PIN 28158 - 0188 LT
Description LOT 64, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
Address PETERBOROUGH

Consideration

Consideration \$2.00

Applicant(s)

The notice is based on or affects a valid and existing estate, right, interest or equity in land

Name 2174542 ONTARIO INC.
Address for Service Suite 202- 113 Park Street
 Peterborough, ON
 K9J 3R8

I, Michael Steplock, President, have the authority to bind the corporation.

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

Party To(s)*Capacity**Share*

Name MARSHALLZEHR GROUP INC.
Address for Service 465 Phillip Street, Suite 206
 Waterloo, ON
 N2L 6C7

I, Jana Mirt, VP, Transaction Execution, have the authority to bind the corporation

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

Statements

This notice is pursuant to Section 71 of the Land Titles Act.

This notice may be deleted by the Land Registrar when the registered instrument, PE225968 registered on 2015/06/09 to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration number(s)PE225968, PE225969, PE267146, PE287361

Signed By

Karen Grace Larocque	31 Union Street East Waterloo N2J 1B8	acting for Applicant(s)	First Signed	2020 02 28
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Tel 519-576-0460

Fax 519-576-3234

Karen Grace Larocque	31 Union Street East Waterloo N2J 1B8	acting for Applicant(s)	Last Signed	2020 03 17
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Tel 519-576-0460

Fax 519-576-3234

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

MORTGAGE AMENDING AGREEMENT

This Agreement made the 27th day of February, 2020.

BETWEEN:

2174542 ONTARIO INC.
(the "Chargor")

- and -

MARSHALLZEHR GROUP INC.
(the "Chargee")

WHEREAS:

- A. The Chargor executed in favour of the Chargee a charge registered as Instrument No. PE225968 on June 9, 2015 (the "Charge") securing the principal sum of Sixteen Million Dollars (\$16,000,000.00) together with a General Assignment of Rents, notice of which was registered on June 9, 2015 as Instrument No. PE225969 on the title to the property legally described as (1) Part of Lot 30 Concession 11 Otonabee, being Part 1 on Reference Plan 45R15402 save and except Registered Plan 45M241; Township of Otonoabee-South Monaghan; and (2) Lots 1-3, Plan 45M-253; Lots 5-11, Plan 45M-253; Lots 46-55, Plan 45M-253; Lots 63 & 64, Plan 45M-253, Township of Otonoabee-South Monaghan (collectively the "Property");
- B. The Chargor and Chargee subsequently entered into a Mortgage Amending Agreement increasing the principal sum of the Charge to \$30,000,000.00, notice of which was registered on the title to the Property on May 4, 2017 as Instrument No. PE267146;
- C. The Chargor and Chargee subsequently entered into a further Mortgage Amending Agreement increasing the principal sum of the Charge to \$35,000,000.00, notice of which was registered on the title to the Property on March 28, 2018 as Instrument No. PE287361;
- D. It is a condition of a commitment letter entered into between the Chargor and the Chargee dated January 9, 2020 (the "Commitment Letter") that the Chargor enter into a mortgage amending agreement with the Chargee to further amend the Charge and to confirm that the Charge stands as continuing security for all indebtedness from the Chargor to the Chargee;

NOW THEREFORE, in consideration of the premises herein, the sum of TEN DOLLARS (\$10.00) now given by each party to each other, and of other good and valuable consideration (the receipt and sufficiency of all of which is hereby acknowledged), the parties hereby agree as follows:

- 1. The recitals above are true in substance and fact, and the terms defined therein shall have such meaning throughout this Agreement.
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- 3. The parties hereto agree to the following changes to the Charge Instrument:
 - a. DELETE: Principal amount: "\$35,000,000.00",
 - b. INSERT: Principal amount: "\$45,000,000.00";
- 4. Save and except as otherwise provided herein, the parties confirm that the terms, conditions and all other provisions of the Charge Instrument shall remain the same and the Charge Instrument shall, where necessary, be read with all changes that may be required by the context in order to carry out the purpose and intent and to give full force and effect to each and every provision of the Charge as intended to be amended by the provisions of the Commitment Letter.
- 5. The invalidity of any particular provision of this agreement shall not affect any other provision of it, but the agreement shall be construed as if the invalid provision had been omitted.
- 6. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
- 7. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

***THIS IS EXHIBIT "G" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

Properties

PIN 28158 - 0108 LT Interest/Estate Fee Simple
 Description BLOCK 59, PLAN 45M241; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
 Address TELEVISION ROAD
 PETERBOROUGH

Chargor(s)

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

Name 2174542 ONTARIO INC.
 Address for Service 113 Park Street, Suite 202
 Peterborough, ON, L9J 3R8

I, Michael Steplock, President, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name MARSHALLZEHR GROUP INC.
 Address for Service 465 Phillip Street, Suite 206
 Waterloo, ON, N2L 6C7

Statements

Schedule: See Schedules

Provisions

Principal \$30,000,000.00 Currency CDN
 Calculation Period SEE SCHEDULE
 Balance Due Date ON DEMAND
 Interest Rate SEE SCHEDULE
 Payments
 Interest Adjustment Date
 Payment Date SEE SCHEDULE
 First Payment Date
 Last Payment Date
 Standard Charge Terms 200033
 Insurance Amount full insurable value
 Guarantor

Signed By

Karen Grace Larocque 31 Union Street East acting for Signed 2017 04 27
 Waterloo Chargor(s)
 N2J 1B8

Tel 519-576-0460

Fax 519-576-3234

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

Submitted By

SORBARA, SCHUMACHER, MCCANN LLP 31 Union Street East 2017 05 04
 Waterloo
 N2J 1B8

Tel 519-576-0460

Fax 519-576-3234

Fees/Taxes/Payment

Statutory Registration Fee	\$63.35
Total Paid	\$63.35

File Number

Chargor Client File Number :	77777
Chargee Client File Number :	77777

SCHEDULE "A"

1. Security

This Charge is given as continuing collateral security for the due payment and performance by 2174542 Ontario Inc. (the "Borrower") of all indebtedness, covenants, obligation and agreements of the Borrower set out in the mortgage commitment entered into among the Borrower, MarshallZehr Group Inc. as lender (the "Lender"), Safe Harbour Developments Inc., Safe Harbour Lakefield Inc., Safe Harbour Retirement Homes Inc., Michael Steplock, Edward Holko and Christopher Geddes as guarantors (collectively the "Guarantors") dated October 13, 2016 as may amended from time to time (the "Commitment").

2. Term and Payments

Subject to any extension rights of the Borrower, the Charge is for a term of nineteen (19) months from June 1, 2017 ending on January 1, 2019 (the "Maturity Date") as may be extended pursuant to paragraph 4 of this Schedule "A". Payments of interest only (at the rate set out herein) shall be paid monthly. There shall be no regularly scheduled principal repayments and the entire outstanding principal amount shall become due and payable on the Maturity Date.

3. Interest

Interest shall be paid on all amounts outstanding under this Charge at the rate of 28.0% per annum calculated and compounded monthly with interest only payments paid monthly.

4. Renewal

The Borrower, when not in default under this Charge, the Commitment or any security given pursuant thereto, may extend the Balance Due Date as set forth in the Provisions section of this Charge for a further six (6) months upon notice in writing to the Lender at least sixty (60) days prior to the then current Maturity Date. Save and except for the Maturity Date, all terms and provisions of the Charge shall remain the same. The Borrower shall pay an additional Renewal Fee of 1.00% of the total amount borrowed at the time of the renewal and shall pay any legal or other costs associated with such renewal.

5. Partial Discharges

Provided the Chargor is not in default under this Charge, it shall have the right to call for a partial discharge of an individual lot on the closing of the lot sale transaction provided the Chargor pays to the Chargee the Net Sale Proceeds of each sale. Net Sale Proceeds is defined as the sale price of the lot and dwelling house constructed thereon, including all upgrades, less deductions for deposits (used in construction of the dwelling house upon the lot), applicable HST to be remitted, commissions and legal costs. The Chargor will pay the Chargee an administration fee of \$250.00 together with its solicitor's reasonable legal fees in respect of the preparation of the discharge for each partial discharge requested by the Chargor.

In the event that the Chargor is in default under this Charge, it shall have no right to any partial discharge of this Charge.

6. Prepayment

Subject to paragraph 5 and this paragraph 6, no prepayment on account of principal shall be permitted except in accordance with the prepayment privileges provided for in the Commitment and this Charge.

Provided the Borrower is not in default under this Charge, the Commitment or any other security issued pursuant thereto, the Borrower upon 60 days prior written notice to the Lender shall have the privilege of prepaying the principal amount of the Charge in whole or in part, without bonus or penalty. No pre-payment shall be in an amount of less than \$100,000.00 without the consent of the Lender.

7. Borrower Covenants

The Borrower covenants as follows and a breach of any covenant shall be a default under the terms of the Commitment and this Charge:

- a) The Borrower shall not assign, transfer or otherwise dispose of the Commitment, the property charged by this Charge (the "Property") and/or any security given pursuant to the Commitment including but not limited to this Charge without the Lender's prior written consent. The Commitment, this Charge and any other security held by the Lender may be assigned by the Lender in whole or in part to another lender(s). Except as hereinafter provided, the Borrower consents to the disclosure by the Lender to any such prospective assignee or participant of all information and documents regarding the Property or Borrower within the possession or control of the Lender.
- b) Subject to paragraph 7(a) above, without the Lender's prior written consent having first been obtained, the Borrower shall not sell, transfer or convey the Property or its rights therein. In the event of a breach by the Borrower of this covenant then, at the sole option of the Lender, all monies outstanding, together with accrued and unpaid interest thereon and any other amounts due under the Commitment, this Charge or any other security held by the Lender, shall become due and payable.
- c) The Borrower shall not commit any waste on the lands.
- d) The Borrower shall not permit any transfer or issuance of shares in the share capital of the Borrower or any change in the officers and directors or a change in the terms or the termination of the shareholders agreement made between the Borrower and each of its shareholders, without the prior written consent of the Lender.
- e) The Borrower shall not further charge, mortgage, encumber or suffer any other encumbrance or lien to be registered upon the property.

In the event of a breach of any of the foregoing covenants, or any other covenants contained herein, by the Borrower then, at the option of the Lender, all monies outstanding, together with all accrued unpaid interest thereon and all other amounts due under this Charge or the Commitment shall become due and payable.

8. Events of Default

In addition to the events of default set out in the Standard Charge Terms, each and every of the following events shall constitute an event of default hereunder ("Event of Default"):

- a) The Borrower shall neglect to carry out or observe any of the covenants or conditions contained in this Schedule or the Commitment;
- b) if the Borrower ceases, or threatens to cease carrying on business or an order shall be made, or an effective resolution be passed by the Borrower for the winding-up or liquidation of the Borrower;
- c) if the Borrower shall become insolvent or shall make a bulk sale of its assets, or shall make a general assignment for the benefit of its creditors or shall file a notice of intention to make or shall make a proposal under bankruptcy legislation, or if a bankruptcy petition shall be filed or presented against the Borrower or if a custodian or a sequestrator or a receiver and manager or any other officer with similar powers shall be appointed of the Borrower its property or any part thereof which is, in the opinion of the Lender, a substantial part thereof;
- d) if any proceedings are commenced in respect of the Borrower under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, or similar legislation of any other jurisdiction;

- e) if an encumbrancer shall lawfully take possession of the Property of the Borrower or any part thereof or if a distress or execution or any similar process be levied or enforced thereagainst;
- f) if the Borrower shall make default in observing or performing any covenant, including any covenant for the payment of money, contained in any deeds or instruments evidencing or securing indebtedness where such default results in the acceleration of the due date of payment of such indebtedness;
- g) if the Borrower shall make default in observing or performing any covenant contained in any document executed in connection with this Charge, including the Commitment Letter;
- h) if there shall be expropriated or taken by power of eminent domain the whole or any part of the Property and the Lender is of the opinion that such expropriation or taking is prejudicial to the Charge; or
- i) if the Borrower ceases to be controlled by the same parties as set out in the Commitment.

9. Remedies Upon Event of Default

- a) Upon the occurrence of an Event of Default, the Lender may declare the principal and interest to be due and payable and the same shall forthwith become immediately due and payable and the Borrower shall forthwith pay to the Lender the principal together with all interest thereon at the rate from time to time in effect pursuant to the provisions of this Charge hereof from the date of the said declaration until payment is received by the Lender, such subsequent interest to be payable at the times and places and in the moneys mentioned herein.
- b) Upon the happening of any Event of Default, the Lender may exercise any rights, powers or remedies available to it at law or in equity or under applicable legislation and, in addition, shall have the following right, powers and remedies:
 - i) to enter upon and take possession of all or any part of the Property;
 - ii) to hold, use, repair, preserve and maintain all or any part of the Property and make such replacements thereof and additions thereto as the Lender shall deem advisable;
 - iii) to exercise all powers necessary to the performance of all functions provided for herein including without limitation the powers to purchase on credit, to borrow money in the Borrower's name or in its own name and to advance its own money to the Borrower at such rates of interest as it may deem reasonable;
 - iv) to sell, for cash or credit or part cash and part credit, lease or dispose of or otherwise realize upon all or any part of the Property whether by public auction or by private sale or lease in such manner as the Lender in its absolute discretion may determine, provided that it shall not be incumbent on the Lender to sell, lease or dispose of the said Property but that it shall be lawful for the Lender peaceably to use and possess the same without hindrance or interruption by the Borrower, or any other person or persons whomsoever, and to receive income from such Property and to convey, transfer and assign to a purchaser or purchasers the title to any undertaking, property and assets so sold and provided further that in the case of a sale on credit the Lender shall only be liable to account to the Borrower, any subsequent encumbrancers and others for moneys actually received by the Lender;
 - v) to appoint by instrument in writing any person or persons to be a Receiver of all or any portion of the undertaking, property and assets hereby charged, to fix the Receiver's remuneration and to remove any Receiver so appointed and appoint another or others in his stead;

- vi) to apply to any court of competent jurisdiction for the appointment of a Receiver of all or any portion of the undertaking, property and assets hereby charged; and
 - vii) to retain the Property in satisfaction of the monies owing hereunder.
- (c) In addition, the Lender or Receiver or Receivers may enter upon the applicable premises and lease or sell the whole or any part or parts of the Property. The Borrower agrees that it will be commercially reasonable to sell such part of the Property:
- i) as a whole or in various units;
 - ii) by a public sale or call for tenders by advertising such sale once in a local daily newspaper at least seven (7) days before such sale; and
 - iii) by private sale after the receipt by the Lender of at least two offers from prospective arms-length purchasers.
- (d) Notwithstanding the above, the Lender or Receiver or Receivers must use all commercially reasonable efforts to sell the Property for the full market value.
- (e) Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Lender in its sole discretion may seem advantageous and such sale may take place whether or not the Lender has taken possession of such property and assets.
- (f) No remedy for the realization of the security hereof or for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "Receiver" as used in this schedule includes a receiver and manager.
- (g) Any Receiver shall have all of the powers of the Lender set out in this Charge and, in addition, shall have the following powers:
- i) to carry on the business of the Borrower and to enter into any compromise or arrangement on behalf of the Borrower; and
 - ii) with the prior written consent of the Lender to borrow money in its name or in the Borrower's name, for the purpose of carrying on the business of the Borrower and for the preservation and realization of the undertaking, property and assets of the Borrower including, without limitation, the right to pay persons having prior charges or encumbrances on the properties on which the Borrower may have hold charges or encumbrances with any amount so borrowed and any interest thereon to be a charge upon the mortgaged property in priority to this Charge;
- (h) Any Receiver appointed pursuant to the provisions hereof shall be deemed to be an agent of the Borrower for the purposes of:
- i) carrying on and managing the business and affairs of the Borrower and
 - ii) establishing liability for all of the acts or omissions of the Receiver while acting in any capacity hereunder and the Lender shall not be liable for such acts or omissions, provided that, without restricting the generality of the foregoing, the Borrower irrevocably authorizes the Lender to give instructions to the Receiver relating to the performance of its duties as set out herein.
- (i) In the event of default by the Borrower or any Guarantor in their respective obligations under the Commitment, this Charge or any other security issued in connection with the Commitment to the Lender then, the Lender shall, notwithstanding anything contained herein to the contrary, be entitled to receive in addition to all other fees, charges and disbursements, an administration and management fee in the amount of \$5,000.00 for each month or part thereof that

the Borrower and/or any Guarantor is in default of its obligations under the Charge, Commitment or other security issued in connection with the Commitment. The said sum or sums are agreed to be liquidated damages in respect of the Lender's administration and management costs and are not intended nor shall they be construed as a penalty. All such sums payable to the Lender shall be added to and deemed to be outstanding principal and interest shall accrue thereon.

10. Paramountcy

This Charge shall be subject to the terms and conditions of the Commitment and in the event of any conflict between the terms hereof and those contained in the Commitment, or the Standard Charge Terms incorporated herein, the Lender in its sole discretion, shall determine which provisions shall take precedence and prevail. The Commitment shall not be deemed to merge with the terms of this Charge but shall survive the delivery and registration of this Charge and any default under the terms of the Commitment shall be and be deemed a default under the terms of this Charge and a default under the terms of this Charge shall be deemed a default under the terms of the Commitment.

SEPARATOR PAGE

Properties

PIN 28158 - 0108 LT
 Description BLOCK 59, PLAN 45M241; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
 Address TELEVISION ROAD
 PETERBOROUGH

Consideration

Consideration \$2.00

Applicant(s)

The notice is based on or affects a valid and existing estate, right, interest or equity in land

Name 2174542 ONTARIO INC.
 Address for Service 113 Park Street, Suite 202
 Peterborough,
 ON, L9J 3R8

I, Michael Steplock, President, have the authority to bind the corporation.

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

Party To(s)*Capacity**Share*

Name MARSHALLZEHR GROUP INC.
 Address for Service 465 Phillip Street, Suite 206
 Waterloo, ON, N2L 6C7

I, Gregory Zehr, CEO & Co-Founder, have the authority to bind the corporation

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

Statements

This notice is pursuant to Section 71 of the Land Titles Act.

This notice may be deleted by the Land Registrar when the registered instrument, PE267147 registered on 2017/05/04 to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration number(s)PE267157; PE267164

Signed By

Karen Grace Larocque	31 Union Street East Waterloo N2J 1B8	acting for Applicant(s)	Signed	2018 03 27
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Tel 519-576-0460

Fax 519-576-3234

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

Submitted By

SORBARA, SCHUMACHER, MCCANN LLP	31 Union Street East Waterloo N2J 1B8	2018 03 28
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Tel 519-576-0460

Fax 519-576-3234

Fees/Taxes/Payment

Statutory Registration Fee \$63.65

Total Paid \$63.65

File Number

Applicant Client File Number : 80232

Party To Client File Number : 80232

MORTGAGE AMENDING AGREEMENT

This Agreement made the 14~~th~~ day of ^{March}~~February~~, 2018.

BETWEEN:

2174542 ONTARIO INC.
(the "Chargor")

- and -

MARSHALLZEHR GROUP INC.
(the "Chargee")

WHEREAS:

- A. The Chargor and Chargee entered into a mortgage commitment letter dated October 13, 2016 (the "Commitment Letter") securing certain indebtedness from the Chargee to the Chargor;
- B. Pursuant to the Commitment Letter, the Chargor executed in favour of the Chargee a charge registered as Instrument No. PE267147 on May 4, 2017 (the "Charge") securing the principal sum of Thirty Million Dollars (\$30,000,000.00) together with a General Assignment of Rents, notice of which was registered on May 4, 2017 as Instrument No. PE267157 on the title to the property legally described as Block 59, Plan 45M-241; Township of Otonabee-South Monaghan (the "Property")
- C. The Chargor and Chargee entered into a letter agreement dated January 22, 2018 amending the Commitment Letter (the "Amending Letter") under which the Chargor's indebtedness to the Chargee shall continue; and
- D. It is a condition of the Amending Letter that the Chargor enter into an agreement with the Chargee to further amend the Charge and to confirm that the Charge stands as continuing security for all indebtedness from the Chargor to the Chargee;

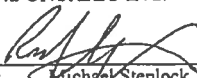
NOW THEREFORE, in consideration of the premises herein, the sum of TEN DOLLARS (\$10.00) now given by each party to each other, and of other good and valuable consideration (the receipt and sufficiency of all of which is hereby acknowledged), the parties hereby agree as follows:

1. The recitals above are true in substance and fact, and the terms defined therein shall have such meaning throughout this Agreement.
2. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Charge Instrument.
3. The parties hereto agree to the following changes to the Charge Instrument:
 - a. DELETE: Principal amount: "\$30,000,000.00";
 - b. INSERT: Principal amount: "\$35,000,000.00";
4. Save and except as otherwise provided herein, the parties confirm that the terms, conditions and all other provisions of the Charge Instrument shall remain the same and the Charge Instrument shall, where necessary, be read with all changes that may be required by the context in order to carry out the purpose and intent and to give full force and effect to each and every provision of the Charge as intended to be amended by the provisions of the Commitment Letter.
5. The invalidity of any particular provision of this agreement shall not affect any other provision of it, but the agreement shall be construed as if the invalid provision had been omitted.
6. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
7. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
8. This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.
9. This Agreement and/or counterparts hereof, may also be executed either in original, PDF and/or faxed form and the parties adopt any signatures received by a receiving fax machine or PDF as original signatures of the parties.

5


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

2174542 ONTARIO INC.

Per: 
Name: Michel Steplock
Title: President

I have authority to bind the Corporation

MARSHALLZEHR GROUP INC.

Per: 
Name: Gregory Zehr
Title: CEO & Co-Founder

I have authority to bind the Corporation

SEPARATOR PAGE

Properties

PIN 28158 - 0108 LT
Description BLOCK 59, PLAN 45M241; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
Address PETERBOROUGH

Consideration

Consideration \$2.00

Applicant(s)

The notice is based on or affects a valid and existing estate, right, interest or equity in land

Name 2174542 ONTARIO INC.
Address for Service 113 Park Street, Suite 202
 Peterborough, ON, L9J 3R8
 I, Michael Steplock, President, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Party To(s)*Capacity**Share*

Name MARSHALLZEHR GROUP INC.
Address for Service 465 Phillip Street, Suite 206
 Waterloo, ON
 N2L 6C7

I, Jana Mirt, VP, Transaction Execution, have the authority to bind the corporation
 This document is not authorized under Power of Attorney by this party.

Statements

This notice is pursuant to Section 71 of the Land Titles Act.

This notice may be deleted by the Land Registrar when the registered instrument, PE267147 registered on 2017/05/04 to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration number(s)PE267147; PE267157; PE287362;

Signed By

Karen Grace Larocque	31 Union Street East Waterloo N2J 1B8	acting for Applicant(s)	Signed	2020 02 28
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Tel 519-576-0460

Fax 519-576-3234

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

Submitted By

SORBARA, SCHUMACHER, MCCANN LLP	31 Union Street East Waterloo N2J 1B8	2020 02 28
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Tel 519-576-0460

Fax 519-576-3234

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$65.05
<i>Total Paid</i>	\$65.05

File Number

<i>Applicant Client File Number :</i>	85534
<i>Party To Client File Number :</i>	85534

MORTGAGE AMENDING AGREEMENT

This Agreement made the 28th day of February, 2020.

BETWEEN:

2174542 ONTARIO INC.
(the "Chargor")

- and -

MARSHALLZEHR GROUP INC.
(the "Chargee")

WHEREAS:

- A. The Chargor executed in favour of the Chargee a charge registered as Instrument No. PE267147 on May 4, 2017 (the "Charge") securing the principal sum of Thirty Million Dollars (\$30,000,000.00) together with a General Assignment of Rents, notice of which was registered on May 4, 2017 as Instrument No. PE267157 on the title to the property legally described as Block 59, Plan 45M-241; Township of Otonabee-South Monaghan (the "Property")
- B. It is a condition of a commitment letter entered into between the Chargor and the Chargee dated January 9, 2020 (the "Commitment Letter") that the Chargor enter into a mortgage amending agreement with the Chargee to further amend the Charge and to confirm that the Charge stands as continuing security for all indebtedness from the Chargor to the Chargee;

NOW THEREFORE, in consideration of the premises herein, the sum of TEN DOLLARS (\$10.00) now given by each party to each other, and of other good and valuable consideration (the receipt and sufficiency of all of which is hereby acknowledged), the parties hereby agree as follows:

- 1. The recitals above are true in substance and fact, and the terms defined therein shall have such meaning throughout this Agreement.
- 2. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Charge Instrument.
- 3. The parties hereto agree to the following changes to the Charge Instrument:
 - a. DELETE: Principal amount: "\$35,000,000.00";
 - b. INSERT: Principal amount: "\$45,000,000.00";
- 4. Save and except as otherwise provided herein, the parties confirm that the terms, conditions and all other provisions of the Charge Instrument shall remain the same and the Charge Instrument shall, where necessary, be read with all changes that may be required by the context in order to carry out the purpose and intent and to give full force and effect to each and every provision of the Charge as intended to be amended by the provisions of the Commitment Letter.
- 5. The invalidity of any particular provision of this agreement shall not affect any other provision of it, but the agreement shall be construed as if the invalid provision had been omitted.
- 6. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
- 7. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- 8. This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.
- 9. This Agreement and/or counterparts hereof, may also be executed either in original, PDF and/or faxed form and the parties adopt any signatures received by a receiving fax machine or PDF as original signatures of the parties.


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

2174542 ONTARIO INC.

Per: 
Name: Michael Steglock
Title: President

I have authority to bind the Corporation

MARSHALLZEHR GROUP INC.

Per: 
Name: Jana Mirt
Title: VP, Transaction Execution

I have authority to bind the Corporation

***THIS IS EXHIBIT "H" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

**MARSHALLZEHR GROUP INC.
SECURITY AGREEMENT**

**To: MarshallZehr Group Inc. ("MZG")
465 Phillip Street, Suite 206
Waterloo, Ontario, N2L 6C7
Facsimile No. (519-342-0851)**

**From: 2174542 Ontario Inc. ("Debtor")
#202-113 Park Street
Peterborough, Ontario K9J 3R8
Fax: (705) 750-0955**

1. **General Security Interest.** As security for the payment and performance of all present and future indebtedness, liabilities and obligations of the Debtor to MZG, whether direct or indirect, absolute or contingent, liquidated or unliquidated, as principal or as surety, alone or with others, of whatsoever nature or kind, in any currency or otherwise, under or in respect of agreements or dealings between the Debtor and MZG or agreements or dealings between the Debtor and others by which MZG may be or become in any manner whatsoever a creditor of the Debtor including, without limitation, Obligations under (i) any and all letter agreements and offers to finance/or offers to lease (the "Offers of Finance") entered into by the Debtor and MZG from time to time, (ii) any promissory notes, guarantees or indemnities executed by the Debtor in favour of MZG, and (iii) this Security Agreement (all such indebtedness, liabilities, obligations, expenditures, costs and expenses are hereinafter collectively referred to as the "Obligations"), the Debtor hereby assigns, charges, pledges, mortgages and grants to MZG a security interest in all of the undertaking, property and assets of the Debtor, both real and personal, immoveable and moveable, tangible and intangible, legal and equitable, of whatsoever nature and kind situate on and used in connection with the Real Property described in Schedule "A" hereto, now owned or hereafter acquired by or on behalf of the Debtor or in respect of which the Debtor now or hereafter has any right, title or interest (all of which is hereinafter called the "Collateral"), including without limitation:

- (a) **Intangibles** - all intangible property including without limitation book debts and accounts, all contractual rights and insurance claims, licences, computer software, warranties, ownership certificates, patents, trademarks, trade names, goodwill, copyrights and other industrial property of the Debtor;
- (b) **Books & Records** - all of the Debtor's, manuals, publications, letters, deeds, documents, writings, papers, invoices, books of account and other books relating to or being records of debts, chattel paper or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (c) **Equipment** - all of the Debtor's tools, machinery, equipment, apparatus, furniture, plants, fixtures, vehicles and other tangible personal property, other than Inventory (as defined below), (collectively, the "Equipment") including, without limitation, the Equipment described in Schedule "A" hereto;
- (d) **Inventory** - all of the Debtor's tangible personal property held for sale or lease or that have been leased or that are to be furnished or have been furnished under a contract of service, or that are raw materials, work in process, or materials used or consumed in a business or profession (collectively, the "Inventory");
- (e) **Real Property** - all of the Debtor's real and immovable property, both freehold and leasehold, now or hereafter owned, acquired or occupied by the Debtor, together with all buildings, erections, improvements and fixtures situate upon or used in connection therewith, including any lease, verbal or written or any agreement therefor, (collectively, the "Real Property") provided, however, the last day of any term of any such lease, verbal or written, or any agreement therefor now held or hereafter held by the Debtor, is excepted out of the Real Property charged by this Security Agreement, but should such charge become enforceable the Debtor shall thereafter stand possessed of the last day of such leasehold interest upon trust to assign and dispose thereof as MZG may direct;
- (f) **Other Property** - the Debtor's undertaking and all of the Debtor's other property and assets including, without limitation, uncalled capital, judgments, rights, franchises, chattel paper, documents of title, goods, instruments, money and securities (as those terms are defined in the Personal Property Security Act governing this Security Agreement); and

- (g) **Proceeds** - all of the Debtor's property in any form derived directly or indirectly from any use or dealing with the Collateral or that indemnifies or compensates for loss of or damage to the Collateral (collectively, the "Proceeds").
2. **Attachment.** The security interest given hereunder will attach immediately upon the execution of this Security Agreement. The security interest granted hereby has not been postponed and will attach to any particular Collateral as soon as the Debtor has rights in such Collateral.
3. **Representations and Warranties of the Debtor.** The Debtor represents and warrants to MZG as follows:
- (a) The Debtor now owns or will own the Collateral, as the case may be, free and clear of any prior lien, security interest or encumbrance save and except for the security interest granted hereby and for those encumbrances as shown in Schedule "B" which have been validly perfected ("Permitted Encumbrances");
 - (b) This Security Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Debtor;
 - (c) The authorization, creation, execution and delivery of this Security Agreement and compliance with its terms
 - (i) does not and shall not contravene any applicable law, regulation, rule, order, judgment or injunction or the charter documents, by-laws or any unanimous shareholders' agreement of the Debtor; and
 - (ii) does not and shall not result in a breach of or a default under any indenture, instrument, lease, agreement or undertaking to which the Debtor is a party or by which it or the Collateral is or may become bound.
4. **General Covenants.** The Debtor hereby declares, covenants and agrees that it:
- (a) **Pay Costs** - shall pay all costs and expenses (including legal fees and disbursements on a solicitor and own client basis) of MZG incidental to or which in any way relates to this Security Agreement or its enforcement, including (i) the preparation, execution and filing of this Security Agreement and any instruments postponing, discharging, amending, extending or supplemental to this Security Agreement or any security required by any Offer of Finance ("MZG's Security"); (ii) perfecting and keeping perfected MZG's Security; (iii) maintaining the intended priority of MZG's Security on all or any part of the Collateral; (iv) taking, recovering or possessing the Collateral; (v) taking any actions or other proceedings to enforce the remedies provided herein or otherwise in relation to this Security Agreement or the Collateral, or by reason of a default under MZG's Security or the Offer of Finance or the non-payment of the moneys hereby secured; (vi) taking proceedings, giving notices and giving responses required under any applicable law concerning or relating to MZG's Security, including compliance with the provisions of applicable bankruptcy, insolvency, personal property security and mortgage enforcement legislation; (vii) responding to or participating in proceedings in the nature of those described in Sections 14(d), (e) and (f) hereof; and (viii) obtaining the advice of counsel and other advisors in relation to the foregoing;
- all such costs and expenses and other monies payable hereunder, together with interest at the highest rate chargeable by MZG from time to time on the Obligations, shall form part of the Obligations, shall be payable by the Debtor on demand and shall be secured hereby;
- (b) **To Pay Rents and Taxes** - shall pay all rents, taxes and assessments lawfully imposed upon the Real Property where the Collateral is located or any part thereof when the same become due and payable, and shall show to MZG on request receipts for such payment;
 - (c) **To Maintain Corporate Existence and Security** - shall maintain its corporate existence, shall maintain the security hereby created as valid, effective and perfected security at all times, shall observe and perform all of its obligations under leases, licences and other agreements to which it is a party so as to preserve and protect the Collateral and its value;
 - (d) **Not to Sell** - shall not, except for Inventory sold in the ordinary course of business and except as otherwise permitted hereunder, remove, destroy, lease, sell or otherwise dispose or part with possession of any of the Collateral; provided that the Debtor may sell or

otherwise dispose of furniture, machinery, equipment, vehicles and accessories which have become worn out or damaged or otherwise unsuitable for their purposes on condition that it shall substitute therefor, subject to the lien hereof and free from prior liens, security interests or encumbrances, property of equal value so that the security hereby constituted shall not thereby be in any way reduced or impaired;

- (e) **No Other Liens** - shall not create, assume or suffer to exist any charge, lien, federal or provincial government priority claim arising pursuant to statute including any deemed trust, security interest or encumbrance upon any Collateral other than Permitted Encumbrances. No provision hereof shall be construed as a subordination or postponement of the security interest created hereunder to or in favour of any other charge, lien, security interest or encumbrance, whether or not it is a Permitted Encumbrance, except that the Debtor may give security to its bankers on its Inventory or under assignments of its accounts receivable (except to the extent that such accounts receivable represent proceeds of the sale or disposition of Equipment or Real Property) and such security, if validly perfected, shall rank prior to the interest granted hereby on such Inventory and accounts receivable without further action by MZG;
- (f) **To Hold Proceeds of Unauthorized Sale in Trust** - in the event the Collateral or any part thereof is sold or disposed of prior to the full discharge of this Security Agreement by MZG, in any manner not authorized by this Security Agreement, shall hold all proceeds of such sale or disposition received by the Debtor as trustee for MZG until the Debtor has been fully released from this Security Agreement by MZG;
- (g) **To Insure** - shall keep insured the Collateral to its full insurable value or in such amounts as MZG may reasonably require against all risks, with insurers approved by MZG and will pay all premiums necessary for such purposes as the same shall become due; the proceeds under all policies of insurance are hereby assigned to MZG subject to Permitted Encumbrances as further security hereunder and shall be payable to MZG as its interest may appear and contain such mortgage clauses as MZG may require; such policies or contracts shall be in terms reasonably satisfactory to MZG and at the request of MZG shall be delivered to and held by MZG subject to the rights of the holders of Permitted Encumbrances;
- (h) **To Furnish Proofs** - shall forthwith on the happening of any loss or damage furnish at its expense all necessary proofs and do all necessary acts to enable MZG to obtain payment of the insurance moneys subject to the rights of the holders of Permitted Encumbrances;
- (i) **Inspection by MZG** - shall allow any employees or third parties retained by MZG at any reasonable time to enter the premises of the Debtor or others to inspect the Collateral and to inspect the books and records of the Debtor relating to the Collateral and make extracts therefrom, and shall permit MZG prompt access to such other persons, as MZG may deem necessary or desirable for the purposes of inspecting or verifying any matters relating to any part of the Collateral or the books and records of the Debtor relating to the Collateral, provided that any information so obtained shall be kept confidential, save as required by MZG in exercising its rights hereunder or pursuant to any applicable law or court order. The Debtor shall pay all costs and expenses of third parties (including legal fees and disbursements on a solicitor and own client basis) retained by MZG for purposes of inspection under this Section 4(i);
- (j) **Use and Maintenance** - shall cause the Equipment and Inventory to be operated in accordance with any applicable manufacturer's manuals or instructions, by competent and duly qualified personnel. Any and all additions and accessions to and parts and replacements for the Equipment or Inventory shall immediately become subject to the security interest created hereby. The Debtor shall not change the intended use of the Collateral without the prior written consent of MZG which will not be unreasonably withheld or delayed;
- (k) **Location of Collateral** - shall keep the Collateral at the locations set forth in Schedule "A" hereto, except for goods in transit to such locations, or Inventory on lease or consignment, or with the prior written consent of MZG;
- (l) **No Affixation** - shall not permit the Collateral to be attached to or affixed to real or other personal property without the prior written consent of MZG which will not be

unreasonably withheld or delayed. The Debtor shall obtain and deliver to MZG such waivers as MZG may reasonably request from any owner, landlord or mortgagee of premises on which the Collateral is located or to which the Collateral may become affixed or attached. The Debtor shall promptly do, execute and deliver all such further acts, documents, agreements or assurances as MZG may reasonably require for giving effect to the intent of this Security Agreement and shall register such notice or documents against the title to such premises as MZG may reasonably request to protect its interests hereunder and shall maintain plates or marks showing the name of MZG upon the Collateral as requested;

- (m) **Not to Remove** - prior to moving any of the Collateral from any location indicated in Schedule "A" hereto, or to leasehold property, the Debtor shall effect such further registrations and obtain such other consents and give such other security, at the sole cost and expense of the Debtor, as may be required or desirable to protect or preserve the security hereby created and to maintain the priority intended to be granted to MZG hereunder as against all others including landlords, and the Debtor shall forthwith notify MZG of the intended removal and the action proposed to be taken;
- (n) **Compliance with Environmental Laws**
- (i) shall conduct and maintain its business, operations, Real Property and the Collateral so as to comply in all respects with all applicable Environmental Laws, including obtaining all necessary licenses, permits, consents and approvals required to own or operate the Collateral and the business carried out on, at or from the Real Property;
 - (ii) except as specifically permitted by MZG in writing, it shall not permit or suffer to exist, Contaminants or dangerous or potentially dangerous conditions in, on or below the Real Property including, without limitation, any polychlorinated biphenyls, radio-active substances, underground storage tanks, asbestos or urea formaldehyde foam insulation;
 - (iii) has no knowledge of the existence of Contaminants or dangerous or potentially dangerous conditions at, on or under the Real Property or any properties in the vicinity of the Real Property which could affect the Real Property or the market value thereof or in levels that exceed the standards in Environmental Laws;
 - (iv) has no knowledge of the Real Property, or any portion thereof, having been used for the disposal of waste;
 - (v) has not given or received, nor does it have an obligation to give, any notice, claim, communication or information regarding any past, present, planned or threatened treatment, storage, disposal, presence, release or spill of any Contaminant at, on, under or from the Real Property or any property in the vicinity of the Real Property, including any notice pursuant to any Environmental Laws or any environmental report or audit. The Debtor shall notify MZG promptly and in reasonable detail upon receipt of any such claim, notice, communication or information or if the Debtor becomes aware of any violation or potential violation of the Debtor of any Environmental Laws and shall describe therein the action which the Debtor intends to take with respect to such matter;
 - (vi) shall at the Debtor's expense establish and maintain a system to assure and monitor continued compliance with, and to prevent the contravention of, Environmental Laws, which system shall include periodic reviews of such compliance system and the Debtor shall provide an annual report to MZG regarding the Debtor's environmental performance, and the effectiveness of such system;
 - (vii) shall promptly advise MZG in writing of any material adverse change in the environmental or other legal requirements affecting the Debtor or the Collateral or the Real Property upon the Debtor becoming aware of any such change, and the Debtor shall provide MZG with a copy of any of the orders, by-laws, agreements or other documents pursuant to which any such change is effected or documented;

- (viii) shall at the Debtor's expense promptly take or cause to be taken any and all necessary remedial or clean-up action in response to the presence, storage, use, disposal, transportation, release or discharge of any Contaminant in, on, under or about any of the Real Property, or used by the Debtor, in compliance with all material laws including, without limitation, Environmental Laws, and in accordance with the orders and directions of all applicable federal, state, provincial, municipal and local governmental authorities;
- (ix) shall deliver to MZG a true and complete copy of all environmental audits, evaluations, assessments, studies or tests relating to the Real Property, the Collateral or the Debtor now in its possession or control or forthwith after the completion thereof, or upon such materials coming into the Debtor's possession or control;
- (x) shall at the Debtor's expense, if reasonably requested by MZG in writing, retain an environmental consultant acceptable to MZG, acting reasonably, to undertake environmental tests and to prepare a report or audit with respect to the Real Property and deliver same to MZG for its review; and
- (xi) shall indemnify and save harmless MZG, its officers, directors, employees, agents and shareholders from and against all losses, liabilities, damages or costs (including legal fees and disbursement on a solicitor and own client basis) suffered including, without limitation, the cost or expense of any environmental investigation, the preparation of any environmental or similar report, and the costs of any remediation arising from or relating to any breach of the foregoing covenants of this Section 4(n) , any breach by the Debtor or any other person now or hereafter having an interest in the Collateral or the Real Property which is asserted or claimed against MZG; the presence, in any form, of any Contaminant on or under the Real Property, or the discharge, release, spill or disposal of any contaminant by the Debtor, which is asserted or claimed against any of these indemnified persons. This indemnity shall survive the payment in full of all amounts secured hereby and the discharge of this Security Agreement. MZG shall hold the benefit of this indemnity in trust for those indemnified persons who are not parties to this Security Agreement.
- (xii) For the purposes hereof:
 - a. "Contaminant" means any solid, liquid, gas, odour, heat, sound, smoke, waste, vibration, radiation or combination of any of them resulting directly or indirectly from human activities that may cause: (i) impairment of the quality of the natural environment for any use that can be made of it, (ii) injury or damage to property or to plant or animal life, (iii) harm or material discomfort to any person, (iv) an adverse affect on the health of any person, (v) impairment of the safety of any person, (vi) rendering any property or plant or animal life unfit for use by man, (vii) loss of enjoyment of normal use of property, or (viii) interference with the normal conduct of business, and includes any pollutant or contaminant as defined in any applicable Environmental Laws and any biological, chemical or physical agent which is regulated, prohibited, restricted or controlled; and
 - b. "Environmental Laws" means the common law and all applicable federal, provincial, local, municipal, governmental or quasi-governmental laws, rules, regulations, policies, guidelines, licences, orders, permits, decisions or requirements concerning Contaminants, occupational or public health and safety or the environment and any other order, injunction, judgment, declaration, notice or demand issued thereunder.
- (o) **Financial Statements** - shall deliver to MZG, in accordance with the terms of any Offers of Finance, its interim and annual financial statements, all of which financial statements shall be signed by an authorized officer of the Debtor and prepared in accordance with generally accepted accounting principles. The Debtor shall at the same time deliver to MZG copies of all management reports prepared by the accountants or auditors of the Debtor together with any other statements stipulated in any Offer of Finance;

- (p) **Offers of Finance** - shall comply with all provisions of the Offers of Finance, including executing and delivering all such documents as may be necessary to maintain in force the pre-authorized payment system specified in any Offer of Finance.

5. **Collection of Debts.** Upon the occurrence of an event of default hereunder, MZG may, without exercising any of its other rights or remedies hereunder, give notice of the security interest in, and the assignment to, MZG of any debt or liability forming part of the Collateral and may direct such person to make all payments on account of any such debt or liability to MZG.

6. **Waiver of Covenants.** MZG may waive in writing any breach by the Debtor of any of the provisions contained in this Security 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, provided that no such waiver or any other act, failure to act or omission by MZG shall extend to or be taken in any manner to affect any subsequent breach or default or the rights of MZG resulting therefrom. All rights and remedies of MZG granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

7. **Performance of Covenants by MZG.** If the Debtor shall fail to perform any covenant on its part herein contained, MZG may in its absolute discretion perform any such covenant capable of being performed by it, but MZG shall be under no obligation to do so. If any such covenant requires the payment of money or if the Collateral or any part thereof shall become subject to any charge, lien, security interest or encumbrance ranking in priority to the security interest created hereby, MZG may in its absolute discretion make such payment and/or pay or discharge such charge, lien, security interest or encumbrance, but MZG shall be under no obligation to do so. All sums so paid by MZG, together with interest at the highest rate chargeable by MZG from time to time on the Obligations, shall be payable by the Debtor on demand and shall constitute a charge upon the Collateral. No such performance or payment shall relieve the Debtor from any default hereunder or any consequences of such default.

8. **Appointment of Monitor.** If in the opinion of MZG, acting reasonably, a material adverse change has occurred in the financial condition of the Debtor, or if MZG in good faith believes that the ability of the Debtor to pay any of its obligations to MZG or to perform any other covenant contained herein has become impaired or if an event of default has occurred, MZG may by written notice to the Debtor, appoint a monitor (the "Monitor") to investigate any or a particular aspect of the Collateral, the Debtor or its business and affairs for the purpose of reporting to MZG. The Debtor shall give the Monitor its full co-operation, including full access to facilities, assets and records of the Debtor and to its creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall have no responsibility for the affairs of the Debtor nor shall it participate in the management of the Debtor's affairs and shall incur no liability in respect thereof or otherwise in connection with the Debtor, its business and affairs or the Collateral. The Monitor shall act solely on behalf of MZG and shall have no contractual relationship with the Debtor as a consultant or otherwise. The appointment of a Monitor shall not be regarded as an act of enforcement of this Security Agreement. All reasonable fees and expenses of the Monitor (including legal fees and disbursements on a solicitor and own client basis) shall be paid by the Debtor upon submission to it of a written invoice therefor. MZG may at its option upon the occurrence of an event of default appoint or seek to have appointed the Monitor as receiver, receiver and manager, liquidator, or trustee in bankruptcy of the Debtor or the Collateral or any part thereof.

9. **Application of Insurance Proceeds.** Any insurance moneys received by MZG may at the option of MZG be applied to rebuilding or repairing the Collateral, or be paid to the Debtor, or any such moneys may be applied in the sole discretion of MZG, in whole or in part, to the repayment of the Obligations or any part thereof whether then due or not, with any partial payments to be credited against principal instalments payable thereunder in inverse order of their maturity dates.

10. **No Merger or Novation.** The taking of any judgment or the exercise of any power of seizure or sale shall not operate to extinguish the liability of the Debtor to perform its obligations hereunder or to pay the Obligations hereby secured, shall not operate as a merger of any covenant herein contained or affect the right of MZG to interest in effect from time to time hereunder and the acceptance of any payment or other security shall not constitute or create any novation. The execution and delivery of this Security Agreement or of any instruments or documents supplemental hereto shall not operate as a merger of any representation, warranty, term, condition or other provision contained in any other obligation or indebtedness of the Debtor to MZG or under any Offer of Finance.

11. **Security in Addition.** The security hereby constituted is in addition to any other security now or hereafter held by MZG. The taking of any action or proceedings or refraining from so doing, or any other

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dealings with any other security for the moneys secured hereby, shall not release or affect the security created hereby.

12. **Partial Discharges.** MZG may in its sole discretion grant partial discharges or releases of security in respect of any of the Collateral on such terms and conditions as it shall deem fit and no such partial discharges or releases shall affect the remainder of the security created hereby nor shall it alter the obligations of the Debtor under the Obligations or hereunder.

13. **Notice of Change.** The Debtor shall immediately notify MZG in writing of any proposed change and any actual change in the Debtor's name or address, the location of, and details of any loss or damage to, the Collateral, and the details of any claims or litigation affecting the Debtor or Collateral. The Debtor agrees to execute at the Debtor's expense, any instruments, notices or other documents required to effect any registration which MZG deems necessary to protect its interest in the Collateral in any jurisdiction.

14. **Events of Default.** Each of the following events shall constitute an "event of default":

- (a) the Debtor does not pay any of the Obligations when due;
- (b) the Debtor ceases or threatens to cease to carry on its business or defaults in the performance or observance of any of the covenants in Sections 4(d), (e), (i) or (m) or Section 8 hereof;
- (c) if the Debtor defaults in the performance or observance of any condition or covenant contained in this Security Agreement, other than as referred to elsewhere in this Section 14, in any other security previously, now or hereafter granted to MZG by the Debtor or in any other instrument or agreement (including any offer of finance) which the Debtor and MZG are parties to (whether alone or with others) or issued by either the Debtor or MZG to the other, and such default continues for ten (10) days after written notice thereof to the Debtor by MZG;
- (d) the Debtor becomes bankrupt or insolvent or commits an act of bankruptcy, or any proceeding is commenced against, by or affecting the Debtor:
 - (i) seeking to adjudicate it a bankrupt or insolvent;
 - (ii) seeking liquidation, dissolution, winding up, restructuring, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation or organization); or
 - (iii) seeking appointment of a receiver, receiver and manager, liquidator, trustee, agent, custodian or other similar official for it or for any part of its properties and assets, including the Collateral or any part thereof;
- (e) any order or judgment is issued by a court granting any of the relief referred to in Section 14(d) hereof;
- (f) if an encumbrancer or secured creditor shall appoint a receiver or agent or other similar official over any part of the Collateral, or take possession of any part of the Collateral or if any execution, distress or other process of any court becomes enforceable against any Collateral, or a distress or like process is levied upon any of such Collateral;
- (g) if the Debtor takes any proceedings for its dissolution, liquidation or amalgamation with another company or if the legal or corporate existence of the Debtor shall be terminated by expiration, forfeiture or otherwise;
- (h) if there is any material misrepresentation or misstatement contained in any certificate or document delivered by an officer or director of the Debtor in connection with any financing provided by MZG;
- (i) if any representation, warranty or statement made on behalf of the Debtor in any Offer of Finance or any instrument made pursuant thereto is or becomes untrue in any material respect;

- (j) if any guarantor of the obligations of the Debtor to MZG defaults in the performance of any condition or covenant in favour of MZG or if any party to an instrument or agreement supplemental or collateral to this Security Agreement or the financing provided for herein defaults thereunder, and such default continues for ten (10) days after written notice thereof to the Debtor by MZG;
- (k) if MZG, in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of any of the Obligations is or is about to be impaired or that the Collateral or any part thereof is or is about to be placed in jeopardy;
- (l) if voting control of the Debtor as provided for in any Offer of Finance or as subsequently effected with MZG's prior written consent, shall change without the prior written consent of MZG; or
- (m) if a default occurs under any agreement, promissory note, debt obligation, guarantee or otherwise now or hereafter granted to any other bank or financial institution by the Debtor.

15. **Enforcement.** Upon the happening of any event of default, the security granted herein shall become immediately enforceable and MZG may at its option declare this Security Agreement to be in default and may exercise any rights, powers or remedies available to MZG at law or in equity or under the Personal Property Security Act or other applicable legislation and, in addition, may exercise one or more of the following rights, powers or remedies, which rights, powers and remedies are cumulative:

- (a) to declare the full amount of the Obligations to be immediately due and payable;
- (b) to terminate the Debtor's right to possession of the Collateral, cause the Debtor to immediately assemble and deliver the Collateral at such place or places as may be specified by MZG, and enter upon the premises where the Collateral is located and take immediate possession thereof, whether it is affixed to the realty or not, and remove the Collateral without liability to MZG for or by reason of such entry or taking of possession, whether for damage to property caused by taking such or otherwise;
- (c) to enter upon and hold, possess, use, repair, preserve and maintain all or any part of the Collateral and make such replacements thereof and additions thereto as MZG shall deem advisable;
- (d) to sell, for cash or credit or part cash and part credit, lease or dispose of or otherwise realize upon the whole of any part of the Collateral whether by public or private sale as MZG in its absolute discretion may determine without notice to the Debtor or advertisement and after deducting from the proceeds of sale (including legal fees and disbursements on a solicitor and his own client basis) incurred in the repossession, sale, lease or other disposition of the Collateral apply the proceeds thereof to the Obligations in the manner and order to be determined by MZG, provided however that MZG shall only be liable to account to the Debtor, any subsequent encumbrancers and others for money actually received by MZG and provided that the Debtor shall pay any deficiency forthwith;
- (e) to appoint by instrument in writing any person or persons to be a receiver or receiver and manager of all or any portion of the Collateral, to fix the receiver's remuneration and to remove any receiver so appointed and appoint another or others in its stead;
- (f) to apply to any court of competent jurisdiction for the appointment of a receiver or receiver and manager for all or any portion of the Collateral; and
- (g) to retain the Collateral in satisfaction of the Obligations.

16. **Powers of Receiver.**

- (a) Any receiver (which term includes a receiver and manager) shall have all of the powers of MZG set forth in this Security Agreement and, in addition, shall have the following powers:

- (i) to lease all or any portion of the Collateral and for this purpose execute contracts in the name of the Debtor, which contracts shall be binding upon the Debtor and the Debtor hereby irrevocably constitutes such receiver as its attorney for such purposes;
 - (ii) to take possession of the Collateral, collect all rents, issues, incomes and profits derived therefrom and realize upon any additional or collateral security granted by the Debtor to MZG and for that purpose may take any proceedings in the name of the Debtor or otherwise; and
 - (iii) to carry on or concur in carrying on the business which the Debtor is conducting and for that purpose the receiver may borrow money on the security of the Collateral in priority to this Security Agreement;
- (b) Any receiver appointed pursuant to the provisions hereof shall be deemed to be the agent of the Debtor for the purposes of:
- (i) carrying on and managing the business and affairs of the Debtor, and
 - (ii) establishing liability for all of the acts or omissions of the receiver while acting in any capacity hereunder and MZG shall not be liable for such acts or omissions,

provided that, without restricting the generality of the foregoing, the Debtor irrevocably authorizes MZG to give instructions to the receiver relating to the performance of its duties as set out herein.

17. **Application of Moneys.** All moneys actually received by MZG or by the receiver pursuant to Sections 15 and 16 of this Security Agreement shall be applied:

- (a) first, in payment of those claims, if any, of secured creditors of the Debtor (including any claims of the receiver pursuant to Section 16(a), ranking in priority to the charges created by this Security Agreement as directed by MZG or the receiver;
- (b) second, in payment of all costs, charges and expenses of and incidental to the appointment of the receiver (including legal fees and disbursements on a solicitor and own client basis) and the exercise by the receiver or MZG of all or any of the powers granted to them under this Security Agreement, including the reasonable remuneration of the Receiver or any agent or employee of the receiver or any agent of MZG and all outgoings properly paid by the receiver or MZG in exercising their powers as aforesaid;
- (c) third, in or towards the payment to MZG of all other obligations due to it by the Debtor in such order as MZG in its sole discretion may determine;
- (d) fourth, in or towards the payment of the obligation of the Debtor to persons if any, with security interests against Collateral ranking subsequent to those in favour of MZG; and
- (e) fifth, subject to applicable law any surplus shall be paid to the Debtor.

18. **Possession of Collateral.** The Debtor acknowledges that MZG or any receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from MZG or any such Receiver to assemble and deliver possession of the Collateral at such place or places as directed.

19. **Deficiency.** The Debtor shall remain liable to MZG for any deficiency after the proceeds of any sale, lease or disposition of Collateral are received by MZG and applied in accordance with the provisions of Section 17(c) hereof.

20. **Assignment.** This Security Agreement may be assigned by MZG to any other person and, if so assigned, the assignee shall have and be entitled to exercise any and all discretions, rights and powers of MZG hereunder, and all references herein to MZG shall include such assignee. The Debtor may not assign this Security Agreement or any of its rights or obligations hereunder. This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. In any action brought by an assignee of this Security Agreement and the security interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or hereafter may have

against MZG.

21. **Limited Power of Attorney.** The Debtor hereby appoints MZG as the Debtor's attorney, with full power of substitution, in the name and on behalf of the Debtor, to execute, deliver and do all such acts, deeds, leases, documents, transfers, demands, conveyances, assignments, contracts, assurances, consents, financing statements and things as the Debtor has agreed to execute, deliver and do hereunder, under any Offer of Finance or otherwise, or as may be required by MZG or any receiver to give effect to this Security Agreement or in the exercise of any rights, powers or remedies hereby conferred on MZG or any receiver, and generally to use the name of the Debtor in the exercise of all or any of the rights, powers or remedies hereby conferred on MZG or any receiver. This appointment, being coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Debtor or for any other reason.

22. **Severability.** Each of the provisions contained in this Security 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 Security Agreement.

23. **Notices.** Any notice required or desired to be given hereunder or under any Offer of Finance or under any instrument supplemental hereto shall be in writing and may be given by personal delivery, by facsimile or other means of electronic communication or by sending the same by registered mail, postage prepaid, to MZG or to the Debtor at their respective addresses set out above and, in the case of electronic communication, to the facsimile numbers set out above. Any notice so delivered shall be conclusively deemed given when personally delivered and any notice sent by facsimile or other means of electronic transmission shall be deemed to have been delivered on the Business Day following the sending of the notice, and any notice so mailed shall be conclusively deemed given on the third Business Day following the day of mailing, provided that in the event of a known disruption of postal service, notice shall not be given by mail. Any address for notice or payments herein referred to may be changed by notice in writing given pursuant hereto.

Notwithstanding the foregoing, if the Personal Property Security Act requires that notice be given in a special manner, then such notice or communication shall be given in such manner.

24. **General.**

- (i) The Debtor authorizes MZG to file such financing statements, notices of security interest, caveats and other documents and do such acts and things as MZG may consider appropriate to perfect its security in the Collateral, to protect and preserve its interest in the Collateral and to realize upon the Collateral.
- (ii) Nothing in this Security Agreement will in any way obligate MZG to advance any funds, or otherwise make or cause to make credit available to the Debtor, nor will MZG have any liability for any failure or delay in its part to exercise any rights hereunder.
- (iii) If more than one Debtor executes this Security Agreement, the obligations of such Debtors hereunder shall be joint and several.
- (iv) The division of this Security Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Security Agreement.
- (v) When the context so requires, the singular shall include the plural and vice versa and words importing gender include all genders; all rights, advantages, privileges, immunities, powers and things hereby secured to the Debtor shall be equally secured to and exercised by its successors and assigns.
- (vi) Time is of the essence in this Security Agreement.
- (vii) The Debtor, if a corporation, waives the rights, benefits and protection given by and agrees that The Limitation of Civil Rights Act and The Land Contracts (Actions) Act, both of Saskatchewan, shall not apply to this Security Agreement or to any agreement renewing or extending this Security Agreement or to the rights, powers or remedies of

ca

MZG under this Security Agreement or under any agreement renewing or extending this Security Agreement.

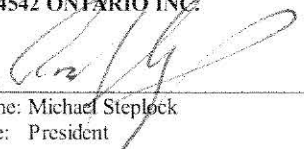
- (viii) Without limiting any other right of MZG, whenever the security granted hereunder becomes enforceable or MZG has the right to declare the security granted hereunder to be immediately due and payable (whether or not it has so declared), MZG may, in its sole discretion, set off against the Obligations any and all amounts then owed to Debtor by MZG in any capacity, whether or not due, and MZG shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on MZG's records subsequent thereto.
- (ix) MZG may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as MZG may see fit without prejudice to the liability of Debtor or MZG's right to hold and realize the security granted hereunder. Furthermore, MZG may demand, collect and sue on Collateral in either Debtor's or MZG's name, at MZG's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments (as defined in the Personal Property Security Act) pertaining to or constituting Collateral.
- (x) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the security interest granted hereunder, or any part thereof, to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against MZG.
- (xi) MZG may provide any financial and other information it has about Debtor, the security interest granted hereunder and the Collateral to anyone acquiring or who may acquire an interest in the security interest granted hereunder or the Collateral from MZG or anyone acting on behalf of MZG.

25. **Receipt.** The Debtor acknowledges that it has received an executed copy of this Security Agreement and, to the extent permitted by law, waives all rights to receive from MZG a copy of any financing statement or financing change statement filed, or any verification statement received, at any time in respect of this Security Agreement or any supplemental or collateral security granted to MZG.

26. **Governing Law.** This Security Agreement or any amendment or renewal thereof will be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein and the Debtor hereby irrevocably attorns to the jurisdiction of the courts of such province.

The Debtor has duly executed this Security Agreement on the ^{30th} day of April, 2015.

2174542 ONTARIO INC.

Per: 
Name: Michael Steplock
Title: President

I have authority to bind the Corporation

Schedule "A"

Location of Collateral:

Part Lot 30, Con 11, Otonabee being Part 1 on 45R-15402
Township of Otonabee-South Monaghan

Television Road, Peterborough

and

#202-133 Park Street
Peterborough, Ontario K9J 3R8

Schedule "B"

PERMITTED ENCUMBRANCES

- (i) liens for taxes, assessments, governmental charges or levies not at the time due;
- (ii) easements, rights of way or other similar rights in land which in the aggregate do not materially impair the usefulness in the business of the Debtor of the property subject thereto;
- (iii) rights reserved to or vested in any municipal, governmental or other public authority by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same or to require annual or other periodic payments as a condition to the continuance thereof;
- (iv) any charge, lien, security interest or encumbrance the validity of which is being contested by the Debtor in good faith and in respect of which either there shall have been deposited with MZG cash in an amount sufficient to satisfy the same or MZG shall be otherwise satisfied that its interests are not prejudiced thereby;
- (v) validly perfected security given by the Debtor to its bankers on its Inventory or under assignments of its accounts receivable, except to the extent that such accounts receivable represent proceeds of the sale or disposition of Equipment or Real Property; and
- (vi) purchase money security interests consisting of any validly perfected charge, lien, security interest or other encumbrance, created, assumed or arising by operation of law after the date hereof, to provide or secure the whole or any part of the consideration for the acquisition of tangible personal property other than Inventory, where
 - (A) the principal amount secured thereby does not exceed the cost to the Debtor of such property,
 - (B) the Debtor's obligation to repay is secured only by the property so acquired by the Debtor,
 - (C) the property is not being acquired as a replacement or substitution for property and assets which are specifically charged hereby, and
 - (D) such security includes the renewal or refinancing of any such purchase money security interest on the same property provided that the indebtedness secured and the security therefor is not increased and remains validly perfected.

PPSA registrations

- i) Debtor: 2174542 Ontario Inc.
Secured Party: MarshallZehr Group Inc.
Collateral: Inventory, Equipment, Accounts, Other, MV
Registration#: 20130719 0941 1862 0133
Reference #: 688743171
- iii) Debtor: 2174542 Ontario Inc.
Secured Party: MarshallZehr Group Inc.
Collateral: Inventory, Equipment, Accounts, Other, MV
Registration#: 20130924 1048 1862 4774
Reference #: 690508908
- iii) Debtor: 2174542 Ontario Inc.
Secured Party: MarshallZehr Group Inc.
Collateral: Inventory, Equipment, Accounts, Other, MV
Registration#: 20141016 1047 1862 3004
Reference #: 700725051

***THIS IS EXHIBIT "I" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

**AMENDED AND RESTATED
AGREEMENT OF GUARANTEE - Joint and Several**

THIS AMENDED AND RESTATED AGREEMENT OF GUARANTEE formally dated the 27th day of February, 2020.

BETWEEN:

SAFE HARBOUR DEVELOPMENTS INC. a corporation incorporated under the laws of the Province of Ontario and having a head office at 113 Park Street, Suite 202, Peterborough, ON, L9J 3R8.

and

MICHAEL STEPLOCK an individual residing at 625 Rishor Avenue, Lakefield, ON, K0L 2H0.

and

EDWARD HOLKO an individual residing at 2010 Scenic Point, Burlington, ON, L7P 4W2.

and

CHRISTOPHER GEDDES an individual residing at ~~625 Rishor Avenue,~~ ^{53 PAUL REVE BLDG} Lakefield, ON, K0L 2H0;

^{OTONABEE, ON, K9J 0G9}
(hereinafter collectively called the "Guarantors"),

OF THE FIRST PART;

-and-

MARSHALLZEHR GROUP INC., and having an office at 465 Phillip Street, Suite 206, Waterloo, Ontario, N2L 6C7

(hereinafter called "MZG"),

OF THE SECOND PART.

WHEREAS 2174542 ONTARIO INC. (the "Company") has issued to MZG a charge/mortgage registered as Instrument No. PE225966, as amended by Instrument No. PE267146 and as further amended by Instrument No. PE287361, on title to the property legally described as (1) Part of Lot 30 Concession 11 Otonabee, being Part 1 on Reference Plan 45R15402 save and except Registered Plan 45M241; Township of Otonabee-South Monaghan; and (2) Lots 1-3, Plan 45M-253; Lots 5-11, Plan 45M-253; Lots 46 -55, Plan 45M-253; Lots 63 & 64, Plan 45M-253, Township of Otonabee-South Monaghan; and a charge/mortgage registered as Instrument No. PE267147 on title to the property legally described as Block 59, Plan 45M-241; Township of Otonabee-South Monaghan (Instrument No. PE225966, as amended, and Instrument No. PE267147 are hereinafter collectively referred to as the "Charge");

AND WHEREAS the Company has entered into an agreement with MZG to increase the principal sum of the Charge to Forty-Five Million Dollars (CDN \$45,000,000.00) pursuant to certain corporate financing between the Company and MZG as set out in a commitment letter dated January 9, 2020 (the "Commitment Letter")

AND WHEREAS each of the Guarantors have an interest in the business of the Company;

AND WHEREAS the Guarantors did execute and issue to MZG a joint and several guarantee guaranteeing the payment of the indebtedness owing by the Company to MZG (the "Original Guarantee");

AND WHEREAS the Parties wish to amend and restate the terms of the Original Guarantee in respect of the corporate financing contemplated by the Commitment Letter;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises the Guarantors unconditionally and jointly and severally covenant and agree with MZG as follows:

**SECTION 1.
GUARANTEE**

1.1 For valuable consideration, the Guarantors hereby jointly and severally unconditionally guarantee and covenant with MZG that the Company will duly and punctually pay to MZG all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not at any time owing by the Company to MZG wherever incurred and whether incurred by the Company alone or with another or others, including, without limitation, all the principal of, interest on and all other moneys owing under the Charge and the Commitment Letter as and when the same become due and payable according to the terms of the Charge and the Commitment Letter (the "Company's Debts").

1.2 The Guarantors hereby acknowledge communication of the terms of the Charge and the Commitment Letter and consent to and approve of the same. The guarantee herein contained shall take effect and be binding upon the Guarantors notwithstanding any defect in or omission from any documentation or security delivered by the Company to MZG or any default in or omission from the Charge, the Commitment Letter or any non-registration or non-filing of

defective registration or filing or by reason of any failure of the security intended to be created by the Charge, Commitment Letter or any other security.

1.3 The liability of the Guarantors under 1.1 hereof shall be joint and several with that of the Company and shall be absolute and unconditional. The Guarantors shall for all purposes of the guarantee be regarded as in the same position as a principal debtor, and hereby expressly waive demand, presentment, protest and notice thereof and of default. The obligation of the Guarantors hereunder shall be deemed to arise in respect of each default.

1.4 Subject to the acceptance and agreement of MZG below, the Guarantors by this Agreement amend and restate the terms of the Original Guarantee in accordance with the terms of this Agreement.

SECTION 2.

POSTPONEMENT AND ASSIGNMENT OF CLAIMS

2.1 All obligations, indebtedness, advances and liabilities, present and future, of the Company to the undersigned or any of them are hereby assigned to the Lender and postponed to the liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Lender and forthwith upon receipt shall be paid over to the Lender, the whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect and notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "liabilities" includes any funds advanced or held at the disposal of the Company under any line(s) of credit.

2.2 It is further agreed that any security interests that the undersigned may have in and to the assets and undertaking to the Company is hereby postponed and subordinated in all respects to and in favour of the Lender's security interests in and to the assets and undertaking of the Company and acknowledges that the Lender's security ranks and will continue to rank in priority to the undersigned's security in respect of all the property, assets and undertaking of the Company, both present and future.

SECTION 3.

DEFAULT AND ENFORCEMENT

3.1 If the Company shall make default in payment of the principal of, interest on or any other moneys owing to MZG on any of the Company's Debts including, without limitation, any principal of, interest on or other monies owing under the Charge or the Commitment Letter as and when the same becomes due and payable, then the Guarantors shall forthwith on demand by MZG pay to MZG the principal, interest and other moneys in default.

3.2 If the Guarantors shall fail forthwith on demand to make good any such default, MZG may in its discretion proceed with the enforcement of its rights hereunder and may proceed to enforce such rights or from time to time any thereof prior to, contemporaneously with or after any action taken under any security or other documents delivered by the Company or others to MZG, including the Charge and the Commitment Letter. The Guarantors shall pay on demand all costs and expenses (including complete reimbursement for 100% of all legal fees and disbursements) incurred by MZG in enforcing or attempting to enforce its rights hereunder and all proceedings taken in relation hereto; all such costs and expenses and other moneys payable hereunder shall bear interest at the greater of the loan rate or the interest rate provided for in any of the Charge, the Commitment Letter, other security or loan documents.

3.3 All sums paid to or recovered by MZG pursuant to the provisions hereof shall be applied by it in payment of its costs and expenses payable hereunder and the principal, interest and other moneys owing to MZG including, without limitation, all amounts owing on the Charge or the Commitment Letter are in such order as MZG in its sole discretion may determine.

3.4 MZG may waive any default of the Guarantors or any one of them hereunder upon such terms and conditions as it may determine provided that no such waiver shall extend to or be taken in any manner whatsoever to affect any subsequent default or the rights resulting therefrom.

3.5 Any moneys paid by or recovered from the Guarantors hereunder shall be held to have been paid pro tanto in discharge of the liability of the Guarantors hereunder, but not in discharge of the liability of the Company, and in the event of any such payment by or recovery from any of the Guarantors, such Guarantor hereby assigns any rights with respect to or arising from such payment or recovery (including without limitation any right of subrogation) to MZG unless or until MZG has received in the aggregate payment in full of all moneys owing to MZG including, without limitation, amounts under the Charge. If any Guarantor receives money in payment of any such debts and liabilities, such Guarantor will hold them in trust for, and will immediately pay funds to, MZG without reducing the Guarantor's liability under this Guarantee.

SECTION 4.

ABSOLUTE LIABILITY

4.1 The liability of the Guarantors under this Guarantee is absolute and unconditional. It will not be limited or reduced, nor will MZG be responsible or owe any duty (as a fiduciary or otherwise) to any of the Guarantors, nor will MZG's rights under this Guarantee be prejudiced, by the existence or occurrence (with or without the knowledge or consent of any of the Guarantors) of any one or more of the following events:

- (a) any termination, invalidity, unenforceability or release by MZG or any of its rights against the Company or against any other person or of any security;
- (b) any increase, reduction, renewal, substitution or other change in, or discontinuance of, the terms relating to the Company's Debts or to any credit extended by MZG to the Company; any agreement to any proposal or scheme of arrangement concerning, or granting any extensions of time or any other

indulgences or concessions to, the Company or any other person; any taking or giving up of any security; abstaining from taking, perfecting, filing or registering any security; allowing any security to lapse (whether by failing to make or maintain any registration, filing or otherwise); or any neglect or omission by MZG in respect of, or in the course of, doing any of these things;

- (c) accepting compositions from compromises, arrangements or plans of reorganizations or granting releases or discharges to the Company or any other person, or any other dealing with the Company or any other person or with any security that MZG considers appropriate;
- (d) any unenforceability or loss of or in respect of the Charge or any security held from time to time by MZG from any Guarantor, the Company or any other person, whether the loss is due to the means or timing of any registration, disposition or realization of any collateral that is the subject of that security or otherwise due to MZG's fault or any other reason;
- (e) any change in the Company's name; or any reorganization (whether by way of amalgamation, merger, transfer, sale lease or otherwise) of the Company or the Company's business;
- (f) any change in the Company's financial condition or that of the Company or any other guarantor (including insolvency and bankruptcy);
- (g) any change of effective control of the Company;
- (h) any event, whether or not attributable to MZG, that may be considered to have caused or accelerated the bankruptcy or insolvency of the Company or any Guarantor, or to have resulted in the initiation of any such proceedings;
- (i) MZG's filing of any claim for payment with any administrator, provisional liquidator, conservator, trustee, receiver, custodian or other similar officer appointed for the Company or for all or substantially all of the Company's assets;
- (j) any failure by MZG to abide by any of the terms and conditions of MZG's agreements with, or to meet any of its obligations or duties owed to, the Guarantors, the Company or any person, or any breach of any duty (whether as a fiduciary or otherwise) that exists or is alleged to exist between MZG and the Guarantors, the Company or any person;
- (k) any incapacity, disability, or lack or limitation of status or of the power of the Company or of the Company's directors, managers, officers, partners or agents; the discovery that the Company is not or may not be a legal entity; or any irregularity, defect or informality in the incurring of any of the Company's Debts;
- (l) any event whatsoever that might be a defence available to, or result in a reduction or discharge of, the Guarantor, the Company or any other person in respect of either the Company's Debts or any of the Guarantors liability under this Guarantee; or
- (m) any amendment to any, some or all of the Commitment Letter, the Charge or any other security or agreements as between the Company and MZG .

For greater certainty, the Guarantors each agree that MZG may deal with the Guarantor, the Company and any other person in any manner without affecting the Guarantor's liability under this Guarantee.

Any claims by any of the Guarantors against MZG and its agents in respect of any of the foregoing matters or otherwise are hereby waived.

4.2 After all moneys payable by the Company to MZG including, without limitation, amounts owing under the Charge, have been paid in full, this guarantee shall cease and become null and void and MZG shall, at the request and at the expense of the Guarantor execute and deliver a release to the Guarantor.

SECTION 5. MISCELLANEOUS

5.1 Any notices given hereunder shall be conclusively deemed effectively given if delivered personally to any of the parties hereto at the address for such party given above or if forwarded by registered mail to such party at such address. Any notice so mailed shall be conclusively deemed given on the third business day after the day of mailing, provided that in the event of a known disruption of postal service notice shall be given by personal delivery only. Any party hereto may effect a change of address by written notice given to the other parties hereto in accordance with this section.

5.2 This Agreement may be simultaneously 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 deemed to be effective as of the date of delivery of the Charge to MZG, notwithstanding the formal date hereof.

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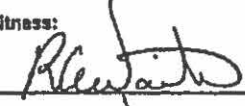
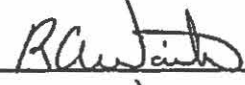
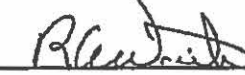
5.3 This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and shall extend to and be binding upon the heirs, executors, administrators and personal representatives of the Guarantors.


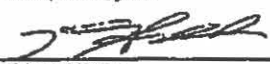

IN WITNESS WHEREOF the Guarantors have executed these presents.

SAFE HARBOUR DEVELOPMENTS INC.

Per:  c/s
Name: Michael Stepiak
Title: President

I have authority to bind the Corporation

Witness:





Michael Stepiak

Edward Holko

Christopher Geddes

MZG hereby accepts and agrees to the amendment and restatement of the Original Guarantee as contemplated herein.

MARSHALLZEHR GROUP INC.

Per:  c/s
Name: Jana Mirt
Title: VP, Transaction Execution

I have authority to bind the Corporation

***THIS IS EXHIBIT "J" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

**MARSHALLZEHR GROUP INC.
SECURITY AGREEMENT**

To: MarshallZehr Group Inc. ("MZG")
465 Phillip Street, Suite 206
Waterloo, Ontario, N2L 6C7
Facsimile No. (519-342-0851)

From: Safe Harbour Developments Inc. ("Debtor")
#202-113 Park Street
Peterborough, Ontario K9J 3R8
Fax: (705) 750-0955

1. **General Security Interest.** As security for the payment and performance of all present and future indebtedness, liabilities and obligations of the Debtor to MZG, whether direct or indirect, absolute or contingent, liquidated or unliquidated, as principal or as surety, alone or with others, of whatsoever nature or kind, in any currency or otherwise, under or in respect of agreements or dealings between the Debtor and MZG or agreements or dealings between the Debtor and others by which MZG may be or become in any manner whatsoever a creditor of the Debtor including, without limitation, Obligations under (i) any and all letter agreements and offers to finance/or offers to lease (the "Offers of Finance") entered into by the Debtor and MZG from time to time, (ii) any promissory notes, guarantees or indemnities executed by the Debtor in favour of MZG, and (iii) this Security Agreement (all such indebtedness, liabilities, obligations, expenditures, costs and expenses are hereinafter collectively referred to as the "Obligations"), the Debtor hereby assigns, charges, pledges, mortgages and grants to MZG a security interest in all of the undertaking, property and assets of the Debtor, both real and personal, immovable and moveable, tangible and intangible, legal and equitable, of whatsoever nature and kind situate on and used in connection with the Real Property described in Schedule "A" hereto, now owned or hereafter acquired by or on behalf of the Debtor or in respect of which the Debtor now or hereafter has any right, title or interest (all of which is hereinafter called the "Collateral"), including without limitation:

- (a) **Intangibles** - all intangible property including without limitation book debts and accounts, all contractual rights and insurance claims, licences, computer software, warranties, ownership certificates, patents, trademarks, trade names, goodwill, copyrights and other industrial property of the Debtor;
- (b) **Books & Records** - all of the Debtor's, manuals, publications, letters, deeds, documents, writings, papers, invoices, books of account and other books relating to or being records of debts, chattel paper or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (c) **Equipment** - all of the Debtor's tools, machinery, equipment, apparatus, furniture, plants, fixtures, vehicles and other tangible personal property, other than Inventory (as defined below), (collectively, the "Equipment") including, without limitation, the Equipment described in Schedule "A" hereto;
- (d) **Inventory** - all of the Debtor's tangible personal property held for sale or lease or that have been leased or that are to be furnished or have been furnished under a contract of service, or that are raw materials, work in process, or materials used or consumed in a business or profession (collectively, the "Inventory");
- (e) **Real Property** - all of the Debtor's real and immovable property, both freehold and leasehold, now or hereafter owned, acquired or occupied by the Debtor, together with all buildings, erections, improvements and fixtures situate upon or used in connection therewith, including any lease, verbal or written or any agreement therefor, (collectively, the "Real Property") provided, however, the last day of any term of any such lease, verbal or written, or any agreement therefor now held or hereafter held by the Debtor, is excepted out of the Real Property charged by this Security Agreement, but should such charge become enforceable the Debtor shall thereafter stand possessed of the last day of such leasehold interest upon trust to assign and dispose thereof as MZG may direct;
- (f) **Other Property** - the Debtor's undertaking and all of the Debtor's other property and assets including, without limitation, uncalled capital, judgments, rights, franchises, chattel paper, documents of title, goods, instruments, money and securities (as those terms are defined in the Personal Property Security Act governing this Security

Agreement); and

- (g) **Proceeds** - all of the Debtor's property in any form derived directly or indirectly from any use or dealing with the Collateral or that indemnifies or compensates for loss of or damage to the Collateral (collectively, the "Proceeds").

2. **Attachment.** The security interest given hereunder will attach immediately upon the execution of this Security Agreement. The security interest granted hereby has not been postponed and will attach to any particular Collateral as soon as the Debtor has rights in such Collateral.

3. **Representations and Warranties of the Debtor.** The Debtor represents and warrants to MZG as follows:

- (a) The Debtor now owns or will own the Collateral, as the case may be, free and clear of any prior lien, security interest or encumbrance save and except for the security interest granted hereby and for those encumbrances as shown in Schedule "B" which have been validly perfected ("Permitted Encumbrances");
- (b) This Security Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Debtor;
- (c) The authorization, creation, execution and delivery of this Security Agreement and compliance with its terms
 - (i) does not and shall not contravene any applicable law, regulation, rule, order, judgment or injunction or the charter documents, by-laws or any unanimous shareholders' agreement of the Debtor; and
 - (ii) does not and shall not result in a breach of or a default under any indenture, instrument, lease, agreement or undertaking to which the Debtor is a party or by which it or the Collateral is or may become bound.

4. **General Covenants.** The Debtor hereby declares, covenants and agrees that it:

- (a) **Pay Costs** - shall pay all costs and expenses (including legal fees and disbursements on a solicitor and own client basis) of MZG incidental to or which in any way relates to this Security Agreement or its enforcement, including (i) the preparation, execution and filing of this Security Agreement and any instruments postponing, discharging, amending, extending or supplemental to this Security Agreement or any security required by any Offer of Finance ("MZG's Security"); (ii) perfecting and keeping perfected MZG's Security; (iii) maintaining the intended priority of MZG's Security on all or any part of the Collateral; (iv) taking, recovering or possessing the Collateral; (v) taking any actions or other proceedings to enforce the remedies provided herein or otherwise in relation to this Security Agreement or the Collateral, or by reason of a default under MZG's Security or the Offer of Finance or the non-payment of the moneys hereby secured; (vi) taking proceedings, giving notices and giving responses required under any applicable law concerning or relating to MZG's Security, including compliance with the provisions of applicable bankruptcy, insolvency, personal property security and mortgage enforcement legislation; (vii) responding to or participating in proceedings in the nature of those described in Sections 14(d), (e) and (f) hereof; and (viii) obtaining the advice of counsel and other advisors in relation to the foregoing;

all such costs and expenses and other monies payable hereunder, together with interest at the highest rate chargeable by MZG from time to time on the Obligations, shall form part of the Obligations, shall be payable by the Debtor on demand and shall be secured hereby;

- (b) **To Pay Rents and Taxes** - shall pay all rents, taxes and assessments lawfully imposed upon the Real Property where the Collateral is located or any part thereof when the same become due and payable, and shall show to MZG on request receipts for such payment;
- (c) **To Maintain Corporate Existence and Security** - shall maintain its corporate existence, shall maintain the security hereby created as valid, effective and perfected security at all times, shall observe and perform all of its obligations under leases, licences and other agreements to which it is a party so as to preserve and protect the Collateral and its value;

- (d) **Not to Sell** - shall not, except for Inventory sold in the ordinary course of business and except as otherwise permitted hereunder, remove, destroy, lease, sell or otherwise dispose or part with possession of any of the Collateral; provided that the Debtor may sell or otherwise dispose of furniture, machinery, equipment, vehicles and accessories which have become worn out or damaged or otherwise unsuitable for their purposes on condition that it shall substitute therefor, subject to the lien hereof and free from prior liens, security interests or encumbrances, property of equal value so that the security hereby constituted shall not thereby be in any way reduced or impaired;
- (e) **No Other Liens** - shall not create, assume or suffer to exist any charge, lien, federal or provincial government priority claim arising pursuant to statute including any deemed trust, security interest or encumbrance upon any Collateral other than Permitted Encumbrances. No provision hereof shall be construed as a subordination or postponement of the security interest created hereunder to or in favour of any other charge, lien, security interest or encumbrance, whether or not it is a Permitted Encumbrance, except that the Debtor may give security to its bankers on its Inventory or under assignments of its accounts receivable (except to the extent that such accounts receivable represent proceeds of the sale or disposition of Equipment or Real Property) and such security, if validly perfected, shall rank prior to the interest granted hereby on such Inventory and accounts receivable without further action by MZG;
- (f) **To Hold Proceeds of Unauthorized Sale in Trust** - in the event the Collateral or any part thereof is sold or disposed of prior to the full discharge of this Security Agreement by MZG, in any manner not authorized by this Security Agreement, shall hold all proceeds of such sale or disposition received by the Debtor as trustee for MZG until the Debtor has been fully released from this Security Agreement by MZG;
- (g) **To Insure** - shall keep insured the Collateral to its full insurable value or in such amounts as MZG may reasonably require against all risks, with insurers approved by MZG and will pay all premiums necessary for such purposes as the same shall become due; the proceeds under all policies of insurance are hereby assigned to MZG subject to Permitted Encumbrances as further security hereunder and shall be payable to MZG as its interest may appear and contain such mortgage clauses as MZG may require; such policies or contracts shall be in terms reasonably satisfactory to MZG and at the request of MZG shall be delivered to and held by MZG subject to the rights of the holders of Permitted Encumbrances;
- (h) **To Furnish Proofs** - shall forthwith on the happening of any loss or damage furnish at its expense all necessary proofs and do all necessary acts to enable MZG to obtain payment of the insurance moneys subject to the rights of the holders of Permitted Encumbrances;
- (i) **Inspection by MZG** - shall allow any employees or third parties retained by MZG at any reasonable time to enter the premises of the Debtor or others to inspect the Collateral and to inspect the books and records of the Debtor relating to the Collateral and make extracts therefrom, and shall permit MZG prompt access to such other persons, as MZG may deem necessary or desirable for the purposes of inspecting or verifying any matters relating to any part of the Collateral or the books and records of the Debtor relating to the Collateral, provided that any information so obtained shall be kept confidential, save as required by MZG in exercising its rights hereunder or pursuant to any applicable law or court order. The Debtor shall pay all costs and expenses of third parties (including legal fees and disbursements on a solicitor and own client basis) retained by MZG for purposes of inspection under this Section 4(i);
- (j) **Use and Maintenance** - shall cause the Equipment and Inventory to be operated in accordance with any applicable manufacturer's manuals or instructions, by competent and duly qualified personnel. Any and all additions and accessions to and parts and replacements for the Equipment or Inventory shall immediately become subject to the security interest created hereby. The Debtor shall not change the intended use of the Collateral without the prior written consent of MZG which will not be unreasonably withheld or delayed;

- (k) **Location of Collateral** - shall keep the Collateral at the locations set forth in Schedule "A" hereto, except for goods in transit to such locations, or Inventory on lease or consignment, or with the prior written consent of MZG;
- (l) **No Affixation** - shall not permit the Collateral to be attached to or affixed to real or other personal property without the prior written consent of MZG which will not be unreasonably withheld or delayed. The Debtor shall obtain and deliver to MZG such waivers as MZG may reasonably request from any owner, landlord or mortgagee of premises on which the Collateral is located or to which the Collateral may become affixed or attached. The Debtor shall promptly do, execute and deliver all such further acts, documents, agreements or assurances as MZG may reasonably require for giving effect to the intent of this Security Agreement and shall register such notice or documents against the title to such premises as MZG may reasonably request to protect its interests hereunder and shall maintain plates or marks showing the name of MZG upon the Collateral as requested;
- (m) **Not to Remove** - prior to moving any of the Collateral from any location indicated in Schedule "A" hereto, or to leasehold property, the Debtor shall effect such further registrations and obtain such other consents and give such other security, at the sole cost and expense of the Debtor, as may be required or desirable to protect or preserve the security hereby created and to maintain the priority intended to be granted to MZG hereunder as against all others including landlords, and the Debtor shall forthwith notify MZG of the intended removal and the action proposed to be taken;
- (n) **Compliance with Environmental Laws**
- (i) shall conduct and maintain its business, operations, Real Property and the Collateral so as to comply in all respects with all applicable Environmental Laws, including obtaining all necessary licenses, permits, consents and approvals required to own or operate the Collateral and the business carried out on, at or from the Real Property;
- (ii) except as specifically permitted by MZG in writing, it shall not permit or suffer to exist, Contaminants or dangerous or potentially dangerous conditions in, on or below the Real Property including, without limitation, any polychlorinated biphenyls, radio-active substances, underground storage tanks, asbestos or urea formaldehyde foam insulation;
- (iii) has no knowledge of the existence of Contaminants or dangerous or potentially dangerous conditions at, on or under the Real Property or any properties in the vicinity of the Real Property which could affect the Real Property or the market value thereof or in levels that exceed the standards in Environmental Laws;
- (iv) has no knowledge of the Real Property, or any portion thereof, having been used for the disposal of waste;
- (v) has not given or received, nor does it have an obligation to give, any notice, claim, communication or information regarding any past, present, planned or threatened treatment, storage, disposal, presence, release or spill of any Contaminant at, on, under or from the Real Property or any property in the vicinity of the Real Property, including any notice pursuant to any Environmental Laws or any environmental report or audit. The Debtor shall notify MZG promptly and in reasonable detail upon receipt of any such claim, notice, communication or information or if the Debtor becomes aware of any violation or potential violation of the Debtor of any Environmental Laws and shall describe therein the action which the Debtor intends to take with respect to such matter;
- (vi) shall at the Debtor's expense establish and maintain a system to assure and monitor continued compliance with, and to prevent the contravention of, Environmental Laws, which system shall include periodic reviews of such

compliance system and the Debtor shall provide an annual report to MZG regarding the Debtor's environmental performance, and the effectiveness of such system;

- (vii) shall promptly advise MZG in writing of any material adverse change in the environmental or other legal requirements affecting the Debtor or the Collateral or the Real Property upon the Debtor becoming aware of any such change, and the Debtor shall provide MZG with a copy of any of the orders, by-laws, agreements or other documents pursuant to which any such change is effected or documented;
- (viii) shall at the Debtor's expense promptly take or cause to be taken any and all necessary remedial or clean-up action in response to the presence, storage, use, disposal, transportation, release or discharge of any Contaminant in, on, under or about any of the Real Property, or used by the Debtor, in compliance with all material laws including, without limitation, Environmental Laws, and in accordance with the orders and directions of all applicable federal, state, provincial, municipal and local governmental authorities;
- (ix) shall deliver to MZG a true and complete copy of all environmental audits, evaluations, assessments, studies or tests relating to the Real Property, the Collateral or the Debtor now in its possession or control or forthwith after the completion thereof, or upon such materials coming into the Debtor's possession or control;
- (x) shall at the Debtor's expense, if reasonably requested by MZG in writing, retain an environmental consultant acceptable to MZG, acting reasonably, to undertake environmental tests and to prepare a report or audit with respect to the Real Property and deliver same to MZG for its review; and
- (xi) shall indemnify and save harmless MZG, its officers, directors, employees, agents and shareholders from and against all losses, liabilities, damages or costs (including legal fees and disbursement on a solicitor and own client basis) suffered including, without limitation, the cost or expense of any environmental investigation, the preparation of any environmental or similar report, and the costs of any remediation arising from or relating to any breach of the foregoing covenants of this Section 4(n), any breach by the Debtor or any other person now or hereafter having an interest in the Collateral or the Real Property which is asserted or claimed against MZG; the presence, in any form, of any Contaminant on or under the Real Property, or the discharge, release, spill or disposal of any contaminant by the Debtor, which is asserted or claimed against any of these indemnified persons. This indemnity shall survive the payment in full of all amounts secured hereby and the discharge of this Security Agreement. MZG shall hold the benefit of this indemnity in trust for those indemnified persons who are not parties to this Security Agreement.
- (xii) For the purposes hereof:
 - a. "Contaminant" means any solid, liquid, gas, odour, heat, sound, smoke, waste, vibration, radiation or combination of any of them resulting directly or indirectly from human activities that may cause: (i) impairment of the quality of the natural environment for any use that can be made of it, (ii) injury or damage to property or to plant or animal life, (iii) harm or material discomfort to any person, (iv) an adverse affect on the health of any person, (v) impairment of the safety of any person, (vi) rendering any property or plant or animal life unfit for use by man, (vii) loss of enjoyment of normal use of property, or (viii) interference with the normal conduct of business, and includes any pollutant or contaminant as defined in any applicable Environmental Laws and any biological, chemical or physical agent which is regulated, prohibited, restricted or controlled; and

b. "Environmental Laws" means the common law and all applicable federal, provincial, local, municipal, governmental or quasi-governmental laws, rules, regulations, policies, guidelines, licences, orders, permits, decisions or requirements concerning Contaminants, occupational or public health and safety or the environment and any other order, injunction, judgment, declaration, notice or demand issued thereunder.

(o) **Financial Statements** - shall deliver to MZG, in accordance with the terms of any Offers of Finance, its interim and annual financial statements, all of which financial statements shall be signed by an authorized officer of the Debtor and prepared in accordance with generally accepted accounting principles. The Debtor shall at the same time deliver to MZG copies of all management reports prepared by the accountants or auditors of the Debtor together with any other statements stipulated in any Offer of Finance;

(p) **Offers of Finance** - shall comply with all provisions of the Offers of Finance, including executing and delivering all such documents as may be necessary to maintain in force the pre-authorized payment system specified in any Offer of Finance.

5. **Collection of Debts.** Upon the occurrence of an event of default hereunder, MZG may, without exercising any of its other rights or remedies hereunder, give notice of the security interest in, and the assignment to, MZG of any debt or liability forming part of the Collateral and may direct such person to make all payments on account of any such debt or liability to MZG.

6. **Waiver of Covenants.** MZG may waive in writing any breach by the Debtor of any of the provisions contained in this Security 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, provided that no such waiver or any other act, failure to act or omission by MZG shall extend to or be taken in any manner to affect any subsequent breach or default or the rights of MZG resulting therefrom. All rights and remedies of MZG granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

7. **Performance of Covenants by MZG.** If the Debtor shall fail to perform any covenant on its part herein contained, MZG may in its absolute discretion perform any such covenant capable of being performed by it, but MZG shall be under no obligation to do so. If any such covenant requires the payment of money or if the Collateral or any part thereof shall become subject to any charge, lien, security interest or encumbrance ranking in priority to the security interest created hereby, MZG may in its absolute discretion make such payment and/or pay or discharge such charge, lien, security interest or encumbrance, but MZG shall be under no obligation to do so. All sums so paid by MZG, together with interest at the highest rate chargeable by MZG from time to time on the Obligations, shall be payable by the Debtor on demand and shall constitute a charge upon the Collateral. No such performance or payment shall relieve the Debtor from any default hereunder or any consequences of such default.

8. **Appointment of Monitor.** If in the opinion of MZG, acting reasonably, a material adverse change has occurred in the financial condition of the Debtor, or if MZG in good faith believes that the ability of the Debtor to pay any of its obligations to MZG or to perform any other covenant contained herein has become impaired or if an event of default has occurred, MZG may by written notice to the Debtor, appoint a monitor (the "Monitor") to investigate any or a particular aspect of the Collateral, the Debtor or its business and affairs for the purpose of reporting to MZG. The Debtor shall give the Monitor its full co-operation, including full access to facilities, assets and records of the Debtor and to its creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall have no responsibility for the affairs of the Debtor nor shall it participate in the management of the Debtor's affairs and shall incur no liability in respect thereof or otherwise in connection with the Debtor, its business and affairs or the Collateral. The Monitor shall act solely on behalf of MZG and shall have no contractual relationship with the Debtor as a consultant or otherwise. The appointment of a Monitor shall not be regarded as an act of enforcement of this Security Agreement. All reasonable fees and expenses of the Monitor (including legal fees and disbursements on a solicitor and own client basis) shall be paid by the Debtor upon submission to it of a written invoice therefor. MZG may at its option upon the occurrence of an event of default appoint or seek to have appointed the Monitor as receiver, receiver and manager, liquidator, or trustee in bankruptcy of the Debtor or the Collateral or any part thereof.

9. **Application of Insurance Proceeds.** Any insurance moneys received by MZG may at the option of MZG be applied to rebuilding or repairing the Collateral, or be paid to the Debtor, or any such moneys may be applied in the sole discretion of MZG, in whole or in part, to the repayment of the Obligations or any part thereof whether then due or not, with any partial payments to be credited against principal instalments payable thereunder in inverse order of their maturity dates.

10. **No Merger or Novation.** The taking of any judgment or the exercise of any power of seizure or sale shall not operate to extinguish the liability of the Debtor to perform its obligations hereunder or to pay the Obligations hereby secured, shall not operate as a merger of any covenant herein contained or affect the right of MZG to interest in effect from time to time hereunder and the acceptance of any payment or other security shall not constitute or create any novation. The execution and delivery of this Security Agreement or of any instruments or documents supplemental hereto shall not operate as a merger of any representation, warranty, term, condition or other provision contained in any other obligation or indebtedness of the Debtor to MZG or under any Offer of Finance.

11. **Security in Addition.** The security hereby constituted is in addition to any other security now or hereafter held by MZG. The taking of any action or proceedings or refraining from so doing, or any other dealings with any other security for the moneys secured hereby, shall not release or affect the security created hereby.

12. **Partial Discharges.** MZG may in its sole discretion grant partial discharges or releases of security in respect of any of the Collateral on such terms and conditions as it shall deem fit and no such partial discharges or releases shall affect the remainder of the security created hereby nor shall it alter the obligations of the Debtor under the Obligations or hereunder.

13. **Notice of Change.** The Debtor shall immediately notify MZG in writing of any proposed change and any actual change in the Debtor's name or address, the location of, and details of any loss or damage to, the Collateral, and the details of any claims or litigation affecting the Debtor or Collateral. The Debtor agrees to execute at the Debtor's expense, any instruments, notices or other documents required to effect any registration which MZG deems necessary to protect its interest in the Collateral in any jurisdiction.

14. **Events of Default.** Each of the following events shall constitute an "event of default":

- (a) the Debtor does not pay any of the Obligations when due;
- (b) the Debtor ceases or threatens to cease to carry on its business or defaults in the performance or observance of any of the covenants in Sections 4(d), (e), (i) or (m) or Section 8 hereof;
- (c) if the Debtor defaults in the performance or observance of any condition or covenant contained in this Security Agreement, other than as referred to elsewhere in this Section 14, in any other security previously, now or hereafter granted to MZG by the Debtor or in any other instrument or agreement (including any offer of finance) which the Debtor and MZG are parties to (whether alone or with others) or issued by either the Debtor or MZG to the other, and such default continues for ten (10) days after written notice thereof to the Debtor by MZG;
- (d) the Debtor becomes bankrupt or insolvent or commits an act of bankruptcy, or any proceeding is commenced against, by or affecting the Debtor:
 - (i) seeking to adjudicate it a bankrupt or insolvent;
 - (ii) seeking liquidation, dissolution, winding up, restructuring, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation or organization); or
 - (iii) seeking appointment of a receiver, receiver and manager, liquidator, trustee, agent, custodian or other similar official for it or for any part of its properties and assets, including the Collateral or any part thereof;

- (c) any order or judgment is issued by a court granting any of the relief referred to in Section 14(d) hereof;
- (f) if an encumbrancer or secured creditor shall appoint a receiver or agent or other similar official over any part of the Collateral, or take possession of any part of the Collateral or if any execution, distress or other process of any court becomes enforceable against any Collateral, or a distress or like process is levied upon any of such Collateral;
- (g) if the Debtor takes any proceedings for its dissolution, liquidation or amalgamation with another company or if the legal or corporate existence of the Debtor shall be terminated by expiration, forfeiture or otherwise;
- (h) if there is any material misrepresentation or misstatement contained in any certificate or document delivered by an officer or director of the Debtor in connection with any financing provided by MZG;
- (i) if any representation, warranty or statement made on behalf of the Debtor in any Offer of Finance or any instrument made pursuant thereto is or becomes untrue in any material respect;
- (j) if any guarantor of the obligations of the Debtor to MZG defaults in the performance of any condition or covenant in favour of MZG or if any party to an instrument or agreement supplemental or collateral to this Security Agreement or the financing provided for herein defaults thereunder, and such default continues for ten (10) days after written notice thereof to the Debtor by MZG;
- (k) if MZG, in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of any of the Obligations is or is about to be impaired or that the Collateral or any part thereof is or is about to be placed in jeopardy;
- (l) if voting control of the Debtor as provided for in any Offer of Finance or as subsequently effected with MZG's prior written consent, shall change without the prior written consent of MZG; or
- (m) if a default occurs under any agreement, promissory note, debt obligation, guarantee or otherwise now or hereafter granted to any other bank or financial institution by the Debtor.

15. **Enforcement.** Upon the happening of any event of default, the security granted herein shall become immediately enforceable and MZG may at its option declare this Security Agreement to be in default and may exercise any rights, powers or remedies available to MZG at law or in equity or under the Personal Property Security Act or other applicable legislation and, in addition, may exercise one or more of the following rights, powers or remedies, which rights, powers and remedies are cumulative:

- (a) to declare the full amount of the Obligations to be immediately due and payable;
- (b) to terminate the Debtor's right to possession of the Collateral, cause the Debtor to immediately assemble and deliver the Collateral at such place or places as may be specified by MZG, and enter upon the premises where the Collateral is located and take immediate possession thereof, whether it is affixed to the realty or not, and remove the Collateral without liability to MZG for or by reason of such entry or taking of possession, whether for damage to property caused by taking such or otherwise;
- (c) to enter upon and hold, possess, use, repair, preserve and maintain all or any part of the Collateral and make such replacements thereof and additions thereto as MZG shall deem advisable;
- (d) to sell, for cash or credit or part cash and part credit, lease or dispose of or otherwise realize upon the whole of any part of the Collateral whether by public or private sale as MZG in its absolute discretion may determine without notice to the Debtor or advertisement and after deducting from the proceeds of sale (including legal fees and

disbursements on a solicitor and his own client basis) incurred in the repossession, sale, lease or other disposition of the Collateral apply the proceeds thereof to the Obligations in the manner and order to be determined by MZG, provided however that MZG shall only be liable to account to the Debtor, any subsequent encumbrancers and others for money actually received by MZG and provided that the Debtor shall pay any deficiency forthwith;

- (e) to appoint by instrument in writing any person or persons to be a receiver or receiver and manager of all or any portion of the Collateral, to fix the receiver's remuneration and to remove any receiver so appointed and appoint another or others in its stead;
- (f) to apply to any court of competent jurisdiction for the appointment of a receiver or receiver and manager for all or any portion of the Collateral; and
- (g) to retain the Collateral in satisfaction of the Obligations.

16. Powers of Receiver.

- (a) Any receiver (which term includes a receiver and manager) shall have all of the powers of MZG set forth in this Security Agreement and, in addition, shall have the following powers:
 - (i) to lease all or any portion of the Collateral and for this purpose execute contracts in the name of the Debtor, which contracts shall be binding upon the Debtor and the Debtor hereby irrevocably constitutes such receiver as its attorney for such purposes;
 - (ii) to take possession of the Collateral, collect all rents, issues, incomes and profits derived therefrom and realize upon any additional or collateral security granted by the Debtor to MZG and for that purpose may take any proceedings in the name of the Debtor or otherwise; and
 - (iii) to carry on or concur in carrying on the business which the Debtor is conducting and for that purpose the receiver may borrow money on the security of the Collateral in priority to this Security Agreement;
- (b) Any receiver appointed pursuant to the provisions hereof shall be deemed to be the agent of the Debtor for the purposes of:
 - (i) carrying on and managing the business and affairs of the Debtor, and
 - (ii) establishing liability for all of the acts or omissions of the receiver while acting in any capacity hereunder and MZG shall not be liable for such acts or omissions,

provided that, without restricting the generality of the foregoing, the Debtor irrevocably authorizes MZG to give instructions to the receiver relating to the performance of its duties as set out herein.

17. Application of Moneys. All moneys actually received by MZG or by the receiver pursuant to Sections 15 and 16 of this Security Agreement shall be applied:

- (a) first, in payment of those claims, if any, of secured creditors of the Debtor (including any claims of the receiver pursuant to Section 16(a), ranking in priority to the charges created by this Security Agreement as directed by MZG or the receiver;
- (b) second, in payment of all costs, charges and expenses of and incidental to the appointment of the receiver (including legal fees and disbursements on a solicitor and own client basis) and the exercise by the receiver or MZG of all or any of the powers granted to them under this Security Agreement, including the reasonable remuneration of the Receiver or any agent or employee of the receiver or any agent of MZG and all outgoings properly paid by the receiver or MZG in exercising their powers as aforesaid;

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- (c) third, in or towards the payment to MZG of all other obligations due to it by the Debtor in such order as MZG in its sole discretion may determine;
- (d) fourth, in or towards the payment of the obligation of the Debtor to persons if any, with security interests against Collateral ranking subsequent to those in favour of MZG; and
- (e) fifth, subject to applicable law any surplus shall be paid to the Debtor.

18. **Possession of Collateral.** The Debtor acknowledges that MZG or any receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from MZG or any such Receiver to assemble and deliver possession of the Collateral at such place or places as directed.

19. **Deficiency.** The Debtor shall remain liable to MZG for any deficiency after the proceeds of any sale, lease or disposition of Collateral are received by MZG and applied in accordance with the provisions of Section 17(e) hereof.

20. **Assignment.** This Security Agreement may be assigned by MZG to any other person and, if so assigned, the assignee shall have and be entitled to exercise any and all discretions, rights and powers of MZG hereunder, and all references herein to MZG shall include such assignee. The Debtor may not assign this Security Agreement or any of its rights or obligations hereunder. This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. In any action brought by an assignee of this Security Agreement and the security interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against MZG.

21. **Limited Power of Attorney.** The Debtor hereby appoints MZG as the Debtor's attorney, with full power of substitution, in the name and on behalf of the Debtor, to execute, deliver and do all such acts, deeds, leases, documents, transfers, demands, conveyances, assignments, contracts, assurances, consents, financing statements and things as the Debtor has agreed to execute, deliver and do hereunder, under any Offer of Finance or otherwise, or as may be required by MZG or any receiver to give effect to this Security Agreement or in the exercise of any rights, powers or remedies hereby conferred on MZG or any receiver, and generally to use the name of the Debtor in the exercise of all or any of the rights, powers or remedies hereby conferred on MZG or any receiver. This appointment, being coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Debtor or for any other reason.

22. **Severability.** Each of the provisions contained in this Security 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 Security Agreement.

23. **Notices.** Any notice required or desired to be given hereunder or under any Offer of Finance or under any instrument supplemental hereto shall be in writing and may be given by personal delivery, by facsimile or other means of electronic communication or by sending the same by registered mail, postage prepaid, to MZG or to the Debtor at their respective addresses set out above and, in the case of electronic communication, to the facsimile numbers set out above. Any notice so delivered shall be conclusively deemed given when personally delivered and any notice sent by facsimile or other means of electronic transmission shall be deemed to have been delivered on the Business Day following the sending of the notice, and any notice so mailed shall be conclusively deemed given on the third Business Day following the day of mailing, provided that in the event of a known disruption of postal service, notice shall not be given by mail. Any address for notice or payments herein referred to may be changed by notice in writing given pursuant hereto.

Notwithstanding the foregoing, if the Personal Property Security Act requires that notice be given in a special manner, then such notice or communication shall be given in such manner.

24. **General.**

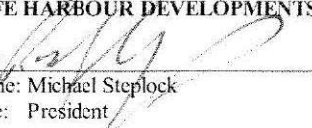
- (i) The Debtor authorizes MZG to file such financing statements, notices of security interest, caveats and other documents and do such acts and things as MZG may consider appropriate to perfect its security in the Collateral, to protect and preserve its interest in the Collateral and to realize upon the Collateral.
- (ii) Nothing in this Security Agreement will in any way obligate MZG to advance any funds, or otherwise make or cause to make credit available to the Debtor, nor will MZG have any liability for any failure or delay in its part to exercise any rights hereunder.
- (iii) If more than one Debtor executes this Security Agreement, the obligations of such Debtors hereunder shall be joint and several.
- (iv) The division of this Security Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Security Agreement.
- (v) When the context so requires, the singular shall include the plural and vice versa and words importing gender include all genders; all rights, advantages, privileges, immunities, powers and things hereby secured to the Debtor shall be equally secured to and exercised by its successors and assigns.
- (vi) Time is of the essence in this Security Agreement.
- (vii) The Debtor, if a corporation, waives the rights, benefits and protection given by and agrees that The Limitation of Civil Rights Act and The Land Contracts (Actions) Act, both of Saskatchewan, shall not apply to this Security Agreement or to any agreement renewing or extending this Security Agreement or to the rights, powers or remedies of MZG under this Security Agreement or under any agreement renewing or extending this Security Agreement.
- (viii) Without limiting any other right of MZG, whenever the security granted hereunder becomes enforceable or MZG has the right to declare the security granted hereunder to be immediately due and payable (whether or not it has so declared), MZG may, in its sole discretion, set off against the Obligations any and all amounts then owed to Debtor by MZG in any capacity, whether or not due, and MZG shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on MZG's records subsequent thereto.
- (ix) MZG may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as MZG may see fit without prejudice to the liability of Debtor or MZG's right to hold and realize the security granted hereunder. Furthermore, MZG may demand, collect and sue on Collateral in either Debtor's or MZG's name, at MZG's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments (as defined in the Personal Property Security Act) pertaining to or constituting Collateral.
- (x) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the security interest granted hereunder, or any part thereof, to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against MZG.
- (xi) MZG may provide any financial and other information it has about Debtor, the security interest granted hereunder and the Collateral to anyone acquiring or who may acquire an interest in the security interest granted hereunder or the Collateral from MZG or anyone acting on behalf of MZG.

25. **Receipt.** The Debtor acknowledges that it has received an executed copy of this Security Agreement and, to the extent permitted by law, waives all rights to receive from MZG a copy of any financing statement or financing change statement filed, or any verification statement received, at any time in respect of this Security Agreement or any supplemental or collateral security granted to MZG.

26. **Governing Law.** This Security Agreement or any amendment or renewal thereof will be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein and the Debtor hereby irrevocably attorns to the jurisdiction of the courts of such province.

The Debtor has duly executed this Security Agreement on the 30th day of April, 2015.

SAFE HARBOUR DEVELOPMENTS INC.

Per: 
Name: Michael Steplock
Title: President

I have authority to bind the Corporation

Schedule "A"

Location of Collateral:

#202-133 Park Street
Peterborough, Ontario K9J 3R8

Schedule "B"

PERMITTED ENCUMBRANCES

- (i) liens for taxes, assessments, governmental charges or levies not at the time due;
- (ii) easements, rights of way or other similar rights in land which in the aggregate do not materially impair the usefulness in the business of the Debtor of the property subject thereto;
- (iii) rights reserved to or vested in any municipal, governmental or other public authority by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same or to require annual or other periodic payments as a condition to the continuance thereof;
- (iv) any charge, lien, security interest or encumbrance the validity of which is being contested by the Debtor in good faith and in respect of which either there shall have been deposited with MZG cash in an amount sufficient to satisfy the same or MZG shall be otherwise satisfied that its interests are not prejudiced thereby;
- (v) validly perfected security given by the Debtor to its bankers on its Inventory or under assignments of its accounts receivable, except to the extent that such accounts receivable represent proceeds of the sale or disposition of Equipment or Real Property; and
- (vi) purchase money security interests consisting of any validly perfected charge, lien, security interest or other encumbrance, created, assumed or arising by operation of law after the date hereof, to provide or secure the whole or any part of the consideration for the acquisition of tangible personal property other than Inventory, where
 - (A) the principal amount secured thereby does not exceed the cost to the Debtor of such property,
 - (B) the Debtor's obligation to repay is secured only by the property so acquired by the Debtor,
 - (C) the property is not being acquired as a replacement or substitution for property and assets which are specifically charged hereby, and
 - (D) such security includes the renewal or refinancing of any such purchase money security interest on the same property provided that the indebtedness secured and the security therefor is not increased and remains validly perfected.

PPSA registrations

- i) Debtor: Safe Harbour Developments Inc.
Secured Party: MarshallZehr Group Inc. and The Bank of Nova Scotia Trust Company
Collateral: Inventory, Equipment, Accounts, Other, MV
Registration#: 20120516 1248 1862 9052
Reference #: 678427587
- ii) Debtor: Safe Harbour Developments Inc.
Secured Party: MarshallZehr Group Inc.
Collateral: Inventory, Equipment, Accounts, Other, MV
Registration#: 20130719 0942 1862 0134
Reference #: 688743189

***THIS IS EXHIBIT "K" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

Properties

<i>PIN</i>	28158 - 0200	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 1, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0201	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 2, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0202	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 3, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0203	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 4, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0204	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 5, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0205	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 6, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0206	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 7, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0207	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 8, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0208	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 9, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0209	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 10, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0210	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 11, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0211	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 12, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0212	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 13, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0213	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 14, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0214	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 15, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0215	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 16, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0216	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 17, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0217	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 18, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0218	LT	<i>Interest/Estate</i>	Fee Simple

Properties

<i>Description</i>	LOT 19, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0219	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 20, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0220	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 21, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0221	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 22, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0222	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 23, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0223	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 24, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0224	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 25, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0225	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 26, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0226	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 27, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0227	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 28, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0228	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 29, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0229	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 30, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0133	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 9, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		

Chargor(s)

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

Name 2174542 ONTARIO INC.
Address for Service 113 Park Street, 202, Peterborough, ON
 L9J 3R8

A person or persons with authority to bind the corporation has/have consented to the registration of this document.
 This document is not authorized under Power of Attorney by this party.

Chargee(s)	Capacity	Share
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Name MARSHALLZEHR GROUP INC.
Address for Service 412 Albert St Suite 100, Waterloo, ON N2L 3V3

Statements

Schedule: See Schedules

Provisions

<i>Principal</i>	\$8,000,000.00	<i>Currency</i>	CDN
<i>Calculation Period</i>	monthly, interest only		
<i>Balance Due Date</i>	2023/07/01		
<i>Interest Rate</i>	The Prime Rate plus 19.10% per annum		
<i>Payments</i>			
<i>Interest Adjustment Date</i>	2022 11 01		
<i>Payment Date</i>	1st day of each and every month		
<i>First Payment Date</i>	2022 11 01		
<i>Last Payment Date</i>	2023 07 01		
<i>Standard Charge Terms</i>	200033		
<i>Insurance Amount</i>	Full insurable value		
<i>Guarantor</i>	Safe Harbour Developments Inc., Michael Steplock, Edward Holko, Christopher Geddes, and Safe Harbour Homes Inc.		

Signed By

Wing Chiu Wu	5000 Yonge Street, 10th Floor Toronto M2N 7E9	acting for Chargor(s)	Signed	2022 10 12
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Tel 416-222-8888

Fax 416-218-1860

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

Submitted By

CHAITONS LLP	5000 Yonge Street, 10th Floor Toronto M2N 7E9	2022 10 12
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Tel 416-222-8888

Fax 416-218-1860

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$66.30
<i>Total Paid</i>	\$66.30

SCHEDULE - ADDITIONAL PROVISIONS

1. DEFINITIONS

In this Charge, unless the context requires otherwise:

- (a) **"Act"** means the *Condominium Act, 1998* (Ontario) as amended.
 - (b) **"Applicable Taxes"** means any goods and services tax levied under Part IV of the *Excise Tax Act* (Canada), the provincial portion of harmonized sales tax, value-added tax or any similar tax applicable thereon.
 - (c) **"Business Day"** means any day, other than a Saturday or Sunday, on which Canadian chartered banks are open for domestic and foreign exchange business in the Province of Ontario.
 - (d) **"Charge"** means this charge/mortgage of land (including the attached electronic form of charge/mortgage, this schedule and all other schedules to this charge) as it may be amended, restated or replaced from time to time.
 - (e) **"Chargee"** means MarshallZehr Group Inc.
 - (f) **"Chargor"** means the Person or Persons indicated in the applicable Computer Field.
 - (g) **"Commitment"** means the letter of commitment issued by the Chargee to the Chargor in connection with the borrowing contemplated hereby, as may be subsequently amended from time to time.
 - (h) **"Computer Field"** means a computer data entry field in the attached electronic form of charge/mortgage registered pursuant to Part 111 of the *Land Registration Reform Act* (Ontario) in which the terms and conditions of this Charge may be inserted.
 - (i) **"Condominium Corporation"** means, if applicable, the proposed condominium corporation which may be created on any portion of the Real Property upon registration of a declaration and description by the Chargor.
 - (j) **"Costs"** means all fees, costs, charges and expenses of the Chargee of and incidental to, including without limitation:
 - (i) the collection of any amounts payable hereunder, enforcement of any covenants contained herein, and the realization of the security herein contained;
 - (ii) procuring or attempting to procure payment of any portion of the outstanding principal sum secured hereunder or any other amounts due and payable hereunder, including foreclosure, power of sale or execution proceedings commenced by the Chargee or any other party;
 - (iii) the Chargee having to go into possession of the Real Property and secure, complete and equip any buildings or improvements situate thereon in any way in connection therewith;
 - (iv) the exercise of any of the powers of a Receiver contained herein; and
 - (v) all solicitor's costs, charges and expenses relating to any of the foregoing and any necessary examination of title to the Real Property.
- For greater certainty, Costs shall:
- (i) extend to and include legal costs incurred by the Chargee on a substantial indemnity basis;
 - (ii) be payable forthwith by the Chargor;
 - (iii) bear interest at the Interest Rate; and
 - (iv) be a charge on the Real Property.
- (k) **"Covenantor"** means the Person or Persons indicated in the applicable Computer Field.
 - (l) **"Governmental Authority"** means, when used with respect to any Person, any government, parliament, legislature, regulatory authority, agency, commission, tribunal, department, commission, board, administrative agency, court, arbitration board or arbitrator or other law, regulation or rule making entity having or purporting to have jurisdiction on behalf of, or pursuant to the laws of Canada or any province, municipality or district located therein.
 - (m) **"Hazardous Substance"** means any hazardous waste or substance, pollutant, contaminant, waste or other substance, whether solid, liquid or gaseous in form, which when released into the natural environment may immediately or in the future directly or indirectly cause material harm or degradation to the natural environment or to the health or welfare of any living thing and includes, without limiting the generality of the foregoing:
 - (i) any such substance as defined or designated under any applicable laws and regulations for the protection of the environment or any living thing;
 - (ii) asbestos, urea formaldehyde, poly-chlorinated biphenyl ("**PCB's**") and materials manufactured with or containing the same; and

- (iii) radioactive and toxic substances.
- (n) **"Interest Adjustment Date"** means the date indicated in the applicable Computer Field.
- (o) **"Interest Rate"** means the interest rate set out in the Commitment.
- (p) **"Loan"** means the loan extended by the Chargee to the Chargor pursuant to the terms of the Commitment.
- (q) **"Maturity Date"** means the Balance Due Date as set out in the applicable Computer Field.
- (r) **"Person"** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, and the executors, administrators or other legal representatives of an individual in such capacity.
- (s) **"Project"** means the proposed project intended to be developed by the Chargor on the Real Property, which may consist of the Units together with any ancillary amenities thereto.
- (t) **"Real Property"** means the real property described in the attached electronic form of charge/mortgage, together with all of the present and future interest of the Chargor in the Real Property including, all rights, benefits, agreements, rights-of-way, easements, privileges and right to use or occupy now or hereafter to such real property; and, all fixtures, improvements, buildings and other structures placed, installed or erected from time to time on any such real property (including all such property now or in the future owned, leased, licensed, possessed or acquired by the Chargor, or in which the Chargor now or in the future has any interest or to which the Chargor is now or may in the future become entitled).
- (u) **"Requirements of Environmental Law"** means all requirements of the common law or the statutes, regulations, by-laws, ordinances, treaties, judgments and decrees and (whether or not they have the force of law) rules, policies, guidelines, orders, approvals, notices, permits, directives and the like, of any Governmental Authority relating to environmental, health, fire or safety matters, or any of them and the Real Property and the activities carried out therein (whether in the past, present or the future), including, but not limited to, all such requirements relating to Hazardous Substances.
- (v) **"Taxes"** means all taxes, rates and assessments of whatever nature or kind and to whomever imposed, levied, collected, withheld or assessed as of the date of this Charge or at any time in the future charged or payable with respect to the Real Property by any Governmental Authority having jurisdiction, including local improvement rates and any and all interest, fines and penalties in connection therewith.
- (w) **"Term"** means the term of this Charge, to expire on the Maturity Date.
- (x) **"Unit"** means any portion of the Real Property (i) designated or intended for use as a single family residential dwelling in accordance with the *Planning Act* (Ontario) and/or (ii) consisting of an individual condominium unit created in accordance with the provisions of the Act, and **"Units"** means more than one (1) Unit.

2. **NON-MERGER**

Notwithstanding the registration of this Charge and the advance of funds secured hereunder, the Chargor hereby acknowledges that the terms, conditions, obligations, liabilities, warranties and representations contained in the Commitment shall not merge on the closing, registration and/or delivery of the Loan security, including, without limitation, this Charge, but shall remain binding and effective upon the parties hereto and in full force effect. It is understood and agreed that any default under the Commitment shall be deemed a default under this Charge. In the event of an inconsistency or conflict between any of the terms of this Charge and the terms of the Commitment, the Chargee shall determine, in its sole and unfettered discretion, which shall prevail.

3. **LOAN FACILITY EXTENDED TO THE CHARGOR AND SECURED HEREIN**

- (a) Whereas pursuant to the terms of the Commitment, the Chargee has agreed to extend a loan facility to the Chargor and the Chargor hereby charges the Real Property in favour of the Chargee with the indebtedness owing from time to time pursuant to the Loan up to the principal amount set out in the Commitment, together with interest thereon at the Interest Rate, Costs and other amounts thereon as provided for herein.
- (b) Provided this Charge to be void upon payment to the Chargee of the aggregate of the unpaid balance advanced to the Chargor by the Chargee in lawful money of Canada with interest thereon at the Interest Rate, and, which interest shall be calculated and compounded monthly not in advance as hereinafter set forth, as well after as before maturity and both before and after default and judgment.
- (c) Interest calculated daily and compounded monthly, not in advance, at the Interest Rate on the amount advanced from time to time shall become due and payable monthly on the first (1st) day of

each and every month from and including the first (1st) day of the month immediately following the Interest Adjustment Date to and including the first (1st) day of the month in which the Maturity Date takes place. The aggregate sum advanced to the Chargor by the Chargee, together with interest thereon at the Interest Rate shall become due and payable on the Maturity Date. The first payment of interest to be computed from the Interest Adjustment Date shall be due and payable on the first (1st) day of the month immediately following such date.

- (d) Costs and Taxes and performance of statute labour, and observance and performance of all covenants, provisos and conditions herein contained.
- (e) Notwithstanding any other provision hereof or rule of law or equity to the contrary, and notwithstanding the existing of any subsequent encumbrance, the Chargee shall be permitted to revolve the Loan to the Chargor and at any time and from time to time increase or decrease the principal amount of the Loan secured hereunder provided that at no time shall the principal amount of the Loan exceed the sum of Five Million Eight Hundred and Seventy Nine Thousand (\$5,879,000) Dollars plus interest and Costs thereon as provided above.

4. **COMPOUND INTEREST**

It is hereby agreed that in case default shall be made in payment of any sum in respect of the Loan to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate aforesaid, and in case the interest and compound interest are not paid in one (1) month from the time of default a rest shall be made, and compound interest at the Interest Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Real Property.

5. **CAPITALIZED INTEREST**

The Chargee shall have the right at its sole option to capitalize any interest owing from time to time and to add same to the principal amount of the Loan and to treat it as part thereof and charge interest thereon. Such capitalized interest and interest thereon shall at all times be secured under the security granted by the Chargor to the Chargee pursuant to this Loan in first priority in the same manner as accrued interest. The Chargee at its sole option shall have the right to treat such capitalized interest as principal or accrued interest. Notwithstanding anything contained herein to the contrary, the principle of deemed reinvestment of interest shall not apply to any interest calculation in respect of this Charge.

6. **PREPAYMENT**

The Chargor, when not in default hereunder, the Commitment, and/or any other Additional Security, shall have the prepayment rights set out in the Commitment.

7. **PRE-AUTHORIZED DEBIT**

- (a) If so requested by the Chargee from time to time, all or a portion of the payments to be made by the Chargor to the Chargee hereunder shall be made by way of automatic monthly debit withdrawals by the Chargee from a designated bank account of the Chargor, as the Chargor may notify the Chargee in writing. In this regard, the Chargor hereby authorizes and directs the Chargee to automatically debit any bank account designated by the Chargor for amounts payable hereunder. The Chargor hereby further agrees to do, make and execute, or cause to be done, made and executed, all such documents, acts, matters and things as may be reasonably required by the Chargee to give effect to the foregoing, including, without limitation, executing the Chargee's Pre-Authorized Debit Form.
- (b) Alternatively (or in addition), if so requested by the Chargee, the Chargor shall deliver to the Chargee a series of post-dated cheques from time to time at any time during the Term following the delivery to the Chargor by the Chargee of the final advance to be made under the Loan, representing all or a portion of monthly payments on account of interest due and owing on account thereof throughout the then-remaining Term.

8. **PAYMENTS AFTER 1:00 P.M.**

Any payment received by the Chargee after 1:00 P.M. (local time) on any Business Day, shall be deemed for the purpose of calculation of interest, to have been made and received on the immediately following Business Day. For greater certainty, if funds are received (or deemed received) on a Friday after 1:00 P.M. (local time), interest shall be calculated to the following Business Day.

9. **SALE OR CHANGE OF CONTROL**

- (a) In the event that the Chargor directly or indirectly sells, conveys, transfers, assigns or exercises a power of appointment with respect to the Real Property or any portion thereof to a purchaser, transferee or assignee, other than a sale or transfer of individual Units to a purchaser thereof as contemplated by Section 15 hereof, or in the event of a change of shareholders of the Chargor which results in a change of control of the Chargor, or in the event of a change in the legal or beneficial ownership of the Real Property or any portion thereof, other than a sale or transfer of

individual Units to a purchaser thereof as contemplated by Section 15 hereof, the Chargee may, at the Chargee's sole option, declare all of the sums secured by this Charge to be immediately due and payable and invoke any remedies permitted by this Charge or law, unless the written consent of the Chargee is first obtained, which consent may be arbitrarily or unreasonably withheld. The right of the Chargee pursuant to this provision shall not be affected or limited in any way by the acceptance of payments due under this Charge from the Chargor or any Person claiming through or under the Chargor and the rights of the Chargee hereunder shall continue without diminution for any reason whatsoever until such time as the Chargee has consented in writing as required by this provision.

- (b) No sale or other dealings by the Chargor with the equity of redemption in the Real Property or any part thereof shall in any way change the liability of the Chargor for the observance, fulfillment and maintenance of all covenants, terms and provisions herein or in any way alter the rights of the Chargee as against the Chargor or any other Person liable for payment of the moneys hereby secured. No dealing between the Chargee and the Chargor or the owner of the equity of redemption, including extending or renewing this Charge, shall in any way affect, change or prejudice the liability of the Chargor for the observance, fulfillment and maintaining of all covenants, terms, provisos, conditions, agreements and stipulations in this Charge or any amendment or extension thereof or in any way alter the rights of the Chargee as against the Chargor or any other Person liable for payment of the moneys hereby secured, and the Chargor expressly waives all notice of such dealings between the Chargee with the owner of the equity of redemption, including extending or renewing this Charge.

10. **MATERIAL ADVERSE CHANGES**

In the event that at any time while any indebtedness remains outstanding pursuant to the provisions of this Charge, the Chargee discovers that there is or has been any material adverse change, discrepancy or inaccuracy in any written information, statements or representations made or furnished to the Chargee by or on behalf of the Chargor and/or any Covenantor concerning the Real Property or the financial condition and responsibility of the Chargor or any Covenantor, or in the event of default by the Chargor or any Covenantor, then, in the event of such default, or if such material change, discrepancy or inaccuracy cannot be rectified or nullified by the Chargor or such Covenantor within thirty (30) days after written notification thereof by the Chargee to the Chargor or such Covenantor, the Chargee shall be entitled forthwith to withdraw and cancel its obligations hereunder or decline to advance any further funds, as the case may be, and to declare any funds which have been advanced, together with interest, to be forthwith due and repayable in full.

11. **RESTRICTIONS ON FURTHER FINANCING**

The Chargor covenants and agrees that it will not enter into, create, incur, assume, suffer or permit to exist any other charge, pledge or other form of financing against the Real Property and/or in respect of any chattels or other equipment directly related to the Real Property, and not to further encumber same in any manner without the prior written consent of the Chargee, which approval may be unreasonably withheld by the Chargee.

12. **CONSENT TO REGISTRATION OF A PLAN OF CONDOMINIUM**

Provided that the Chargor is not in default hereunder, the Commitment, and/or any other Additional Security, the Chargee hereby agrees that it will consent to the Chargor registering a plan of condominium and declaration (the "**Condominium**") pursuant to the Act with respect to a portion of the Real Property provided that the Chargee has received and approved the draft plan of condominium and the declaration.

13. **NON-APPORTIONMENT**

Units into which the Real Property is or may hereafter be divided do and shall stand charged with the whole of the principal amount of this Charge and interest and all other amounts payable under this Charge, and no Person shall have any right to require the principal amount of this Charge or interest or such other amounts to be apportioned upon or in respect of any such Unit, other than as provided for in the Act.

14. **DEVELOPMENT PROVISIONS**

- (a) The Chargor, its agents, employees, and parties authorized by it may not conduct development and construction operations on the Real Property, including, without limitation, demolition and removal of existing structures, survey work, grading and excavation operations, installation of services, construction of a sales pavilion and all other acts incidental to the development of the Project without the prior written consent of the Chargee, in its sole and unfettered discretion. Provided that in the event that the Chargee has approved of any such construction operations on the Real Property and the Chargor is not in default hereunder, the Commitment, and/or any other Additional Security, the Chargee shall, on written request from the Chargor, execute and deliver within five (5) Business Days of written request therefore, without the requirement of payment of any principal or interest under this Charge, all plans, agreements, consents, postponements, releases and other documents so that the Chargor may develop the Real Property, including, without limitation the following:
- (i) engineering, financial, condominium, subdivision, servicing, site plan, development, cost-sharing and reciprocal agreements required by the Governmental Authorities;

- (ii) consents or authorizations required to have the Real Property or any part thereof rezoned or divided or to comply with the provisions of the *Planning Act* (Ontario);
 - (iii) consents or postponements for any easements required to be granted for any public service or other purpose including the realignment of the existing pedestrian and vehicular easement with the adjoining land owner;
 - (iv) consents or partial discharges for or relating to parts of the Real Property required by the Governmental Authorities for the purpose of granting or dedicating roads, road widenings, walkways, reserves, parklands, recreation sites, school sites, drainage areas, buffer strips or other public purposes, provided such conveyances do not negatively impact on continued access to the Real Property; and
 - (v) consents for the registration of the Condominium relating to the Real Property.
- (b) Provided, however, that the Chargee shall not be required to undertake or assume any financial or other obligation as a result thereof and provided further, that with respect to partial discharges or consents required for any of the purposes referred to herein, an amount shall be paid for a partial discharge for such portion of the Real Property equal to the amount if any, received by the Chargor from any third party for the transfer or dedication of any such lands as set out in Section 15 herein.
- (c) The Chargor hereby covenants and agrees that it will:
- (i) indemnify the Chargee and save it harmless from any losses, claims, actions or damages arising as a result of its agreement to execute any of the documentation referred to above; and
 - (ii) bear the Costs of the Chargee's solicitors and consultants in connection with the review of such documentation.

15. **PARTIAL DISCHARGE PROVISIONS**

- (a) The following provisions shall apply in respect of each and every partial discharge of this Charge from any part of the Real Property as may be requested by the Chargor and/or given by the Chargee pursuant to the terms of this Charge:
- (i) notwithstanding anything otherwise contained herein, the Chargor shall not be entitled to request or receive any partial discharge when there is any outstanding material default by the Chargor hereunder;
 - (ii) in addition to all amounts on account of principal required to be paid by the Chargor to the Chargee in respect of any part of the Real Property to be partially discharged, the Chargor shall also pay to the Chargee:
 - a. accrued and unpaid interest on such principal amounts to the date of partial discharge;
 - b. the reasonable legal and other costs incurred by the Chargee in connection with each such partial discharge; and
 - c. any and all other charges due and owing by the Chargor pursuant to the provisions of this Charge;
 - (iii) the Chargor shall not be entitled to request and the Chargee shall not be obliged to give any partial discharge if doing so and registration of the same would result in any of the following:
 - a. a violation of the *Planning Act* (Ontario);
 - b. any undischarged parts of the Real Property becoming landlocked;
 - c. the occupancy and use of any undischarged parts of the Real Property in the same manner as prior to such partial discharge to be in non-compliance with any laws, by-laws or regulations of any Governmental Authority having jurisdiction;
 - (iv) the Chargee hereby agrees to deliver to the Chargor, upon prior written request, execution copies of all instruments and other documents reasonably required to be executed by the Chargee in connection with any partial discharge(s) of this Charge (collectively, the "**Discharge Documents**") contemplated to be registered at any time during the Term, in respect of any portion of the Real Property designated or intended for use as a Unit, provided that any such Discharge Documents so delivered to the Chargor by the Chargee pursuant to this subsection (d) shall be held in escrow by the Chargor's solicitors (provided that the Chargor's solicitors are acceptable to the Chargee) pending (i) the successful sale of any such Unit to a third party purchaser for value and delivery of the applicable Net

Closing Proceeds (as hereinafter defined) to the Chargee (or as it may otherwise direct) together with payment of the Chargee's reasonable administrative and legal costs incurred with respect to preparation and delivery of such partial discharge(s), and (ii) written notice from the Chargee or its solicitors that any such Discharge Documents may be so released. Any other request for partial discharge shall be made by the Chargor upon not less than five (5) Business Days' prior written notice to the Chargee accompanied by execution copies of all Discharge Documents required to be executed by the Chargee in connection therewith; and

- (v) all monies payable to the Chargee in respect of each partial discharge shall be paid by certified cheque, in lawful money of Canada.
- (b) When and if pursuant to exercise of the partial discharge provisions set forth in this Charge, the Chargor has paid to the Chargee all amounts secured by this Charge, then the Chargee acknowledges and agrees that, notwithstanding anything otherwise contained herein, the Chargor shall be entitled to request and obtain from the Chargee one or more partial discharges of this Charge from all parts of the Real Property then remaining undischarged without further payment on account of principal, but subject always to the provisions set forth in this Section 15.
- (c) Notwithstanding the foregoing, but subject always to the provisions set forth in this Section 15(a), the Chargor shall be entitled to request and obtain from the Chargee a partial discharge of any portion of the Real Property designated or intended for use as a Unit upon payment to the Chargee for each such Unit an amount on account of principal which is equal to one hundred (100%) percent of the Net Closing Proceeds from the sale of each such Unit. For the purposes herein, "**Net Closing Proceeds**" shall mean the sale price of such Unit (which sale price shall be approved by the Chargee) less, the aggregate of:
 - (i) deposits used in the Project's financing;
 - (ii) any payments required to be made to a permitted prior lender, if any, to obtain a partial discharge of its security;
 - (iii) approved legal costs in respect of such sale;
 - (iv) approved sales commission in respect of such sale; and
 - (v) any Applicable Taxes payable in respect of the sale of such Unit.

16. **CONDOMINIUM PROVISIONS**

- (a) Provided that if all or any part of the Real Property is or becomes a Unit pursuant to the provisions of the Act, the following covenants and provisions shall apply in addition to all other covenants and provisions set forth in this Charge:
 - (i) for the purposes of all parts of the Real Property comprising one or more such Unit, all references in this Charge to the Real Property shall include the Chargor's appurtenant undivided interest in the common elements and other assets of the Condominium Corporation;
 - (ii) the Chargor shall at all times comply with the Act;
 - (iii) the Chargor shall pay, when due, all monies payable by the Chargor or with respect to the Real Property in accordance with the provisions of the Act and the declaration, by-laws and rules of the Condominium Corporation, including all required contributions to common expenses and any special levies, charges and assessments, and shall provide proof of such payment to the Chargee upon request; and if the Chargor fails to make any such payment, the Chargee may do so at its option and all amounts so paid by the Chargee shall be secured by this Charge and shall be payable by the Chargor to the Chargee forthwith upon demand, together with interest thereon as herein provided;
 - (iv) the Chargee shall not be under any obligation to vote or to consent or to protect the interests of the Chargor;
 - (v) the exercise by the Chargee of its right to vote or to consent or to abstain from doing so shall not constitute the Chargee as a mortgagee or chargee in possession and shall not give rise to any liability on the part of the Chargee;
 - (vi) the Chargor hereby authorizes and directs the Condominium Corporation to permit the Chargee to inspect the records of the Condominium Corporation at any reasonable time;
 - (vii) in addition to and notwithstanding any other provisions of this Charge, the outstanding principal amount and all accrued interest and other charges secured by this Charge shall, at the Chargee's option, become immediately due and payable without notice or demand if any of the following events or circumstances shall occur and be continuing:

- a. the government of the Condominium Corporation or the government of the Real Property by the Condominium Corporation is terminated;
 - b. a vote of the Condominium Corporation authorizes the sale of all or substantially all of its property or assets or all or any part of its common elements or all or any part of the Real Property;
 - c. the Condominium Corporation fails to comply with any provision of the Act or its declaration or any of its by-laws and rules; and/or
 - d. the Condominium Corporation fails to insure its assets, including the Real Property, in accordance with the Act and the declaration and by-laws of the Condominium Corporation, or any insurer thereof cancels or threatens cancellation of any existing obligation to insure the same;
- (viii) the Chargee is hereby irrevocably authorized and empowered to exercise all rights of the Chargor (in its capacity as an owner of any particular Unit forming a part of the condominium development (the "**Condominium**")) to vote or to consent in all matters relating to the affairs of the Condominium Corporation (collectively, the "**Rights**") provided that:
- a. the Chargee may at any time or from time to time give notice in writing to the undersigned and the Condominium Corporation that the Chargee does not intend to exercise the Rights until such time as the Chargee revokes same and the undersigned may exercise its respective Rights. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter; and
 - b. the Chargee shall not by virtue of the assignment to the Chargee of the Rights be under any obligation to vote or consent or to protect the interest of the undersigned;
 - c. the foregoing assignment is made pursuant to the (i) *Land Registration Reform Act*, R.S.O. 1990, Chapter L.4 and (ii) Act.

17. **ENVIRONMENTAL PROVISIONS**

- (a) The Chargor represents and warrants that:
- (i) it has not caused or permitted, and to the best of its knowledge, information and belief after making due inquiry, no other person has caused or permitted, any Hazardous Substance to be manufactured, refined, traded, transported or transformed to or from, handled, produced, processed, placed, stored, located or disposed of on, under or at the Real Property;
 - (ii) it has no knowledge that any owner or occupier of any abutting or neighbouring properties has done any one or more of the matters or things prohibited by subsection (a) hereof;
 - (iii) it and its tenants, invitees and other occupiers of the Real Property have and will at all times carry out, and to the best of their respective knowledge, information and belief after making due inquiry, all prior owners and occupiers of the Real Property have at all times carried out, all business and other activities upon the Real Property in compliance with all applicable laws intended to protect the environment including, without limitation, laws respecting the discharge, emission, spill or disposal of any Hazardous Substance;
 - (iv) no order, direction, enforcement action or other governmental or regulatory action or notice, nor any action, suit or proceeding relating to an Hazardous Substance or the environment has been issued or is otherwise threatened or pending with respect to the Real Property;
 - (v) all of the representations and warranties set out herein shall remain true and accurate in all respects until all amounts secured hereunder are paid in full; and
 - (vi) the Chargee may delay or refuse to make any advance to the Chargor if the Chargee believes that any of the representations and warranties set out herein were not true and accurate when made or at any time thereafter.
- (b) The Chargee or agent of the Chargee may, at any time, before and after default of this Charge, and for any purpose deemed necessary by the Chargee, enter upon the Real Property to inspect the Real Property and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee (or its respective agents) may enter upon the Real Property to conduct any and all tests, inspections, appraisals and environmental audits of the Real Property deemed necessary by the Chargee so as to determine and ensure compliance with the provisions of this Charge including, without limitation, the right to conduct soil tests and to review and copy any records relating to the Real Property or the businesses and other activities conducted thereon at any time and from time to time. The reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Interest Rate, shall be payable by the Chargor forthwith and shall be a charge

upon the Real Property. The exercise of any of the powers enumerated in this clause shall not deem the Chargee or its respective agents to be in possession, management or control of the Real Property.

- (c) In consideration of the advance of funds by the Chargee, the Chargor and the Covenantor by way of separate guarantee, hereby agree that, in addition to any liability imposed on the Chargor and the Covenantor under any instrument evidencing or securing the Loan indebtedness, the Chargor and the Covenantor shall be jointly and severally liable for any and all of the costs, expenses, damages or liabilities of the Chargee, its directors and officers (including, without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Real Property of any Hazardous Substances and such liability shall survive foreclosure of the security for the Loan and any other existing obligations of the Chargor and Covenantor to the Chargee in respect of the Loan and any other exercise by the Chargee of any remedies available to it for any default under the Charge.
- (d) The Chargor covenants that it will:
 - (i) remedy forthwith, at its own expense, any environment damage that may occur or be discovered on the Real Property in the future;
 - (ii) comply with and monitor, on a regular basis, its compliance and the compliance of any tenant, subtenant, assignee or other occupant of the Real Property with all Requirements of Environmental Law;
 - (iii) notify the Chargee promptly of any event or occurrence that has given, or is likely to give, rise to a report, order, inquiry or investigation relating to a matter that may have an adverse effect on the financial position of the Chargor or the Real Property or any action, suit or proceeding against the Chargor or others having an interest in the Real Property relating to, or a violation of, the Requirements of Environmental Law, including any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of Hazardous Substances into, on or under the Real Property, air and surface and ground water, and will also notify the Chargee promptly of any such above-mentioned information of which the Chargor has or receives knowledge relating to lands adjacent to the Real Property;
 - (iv) not lease or content to any sublease or assignment of any part of the Real Property to a tenant, subtenant or assignee who may engage in, nor permit any tenant, subtenant, assignee or occupant of the Real Property to engage in a business involving the generation of Hazardous Substances or the storing, handling, processing, manufacturing or disposing of Hazardous Substances in, or, under or from the Real Property save and except in accordance with the Requirements of Environmental Law, and any lease, sublease or assignment of any part of the Real Property shall preserve as against any lessee, sublessee or assignee all of the rights of the Chargee herein;
 - (v) save and except for those Hazardous Substances which are present on, in or under the Real Property in accordance with the Requirements of Environmental Law and which have been disclosed to the Chargee in writing remove, in accordance with all Requirements of Environmental Law, any Hazardous Substances from the Real Property forthwith upon their discovery and advise the Chargee forthwith in writing of the procedures taken;
 - (vi) provide to the Chargee upon request such information, certificates or statutory declarations as to compliance with the provisions hereof and all Requirements of Environmental Law and conduct such environmental audits or site assessments as may be reasonably necessary to ensure compliance with the Requirements of Environmental Law, and to provide to the Chargee copies of any environmental, soils, safety or health reports or studies in respect of the Real Property that it receives or possesses from time to time; and
 - (vii) permit the Chargee to conduct such inspections and appraisals of all of any of its records, business and property relating to the Real Property at any time and from time to time to monitor compliance with the Requirements of Environmental Law.
- (e) The Chargor and Covenantor further covenant that they will be liable for and fully indemnify and save harmless the Chargee and its officers, directors, employees, agents and shareholders from and against any and all losses, damages, costs and expenses of any and every nature and kind whatsoever (including legal fees on a substantial indemnity basis and any environmental remediation costs included by the Chargee) which at any time or from time to time may be paid or incurred by or asserted against any of them as a direct or indirect result of:
 - (i) a breach of any of the representations, warranties or covenants hereinbefore set out;
 - (ii) the presence of any Hazardous Substance in, on or under the Real Property; or

- (iii) the discharge, emission, spill or disposal of any Hazardous Substance from the Real Property into or upon any property, the atmosphere, any watercourse, body of water or wetland;

and such losses, damages, costs and expenses include, without limitation:

- (i) the costs of defending, counterclaiming or claiming over against one or more third parties in respect of any action or matter; and
- (ii) any settlement of any action or proceeding entered into by the Chargee with the consent of the Chargor (which consent shall not be unreasonably withheld);

and the provisions of all representations, warranties, covenants and indemnifications set out herein shall survive the release and discharge of this Charge and any other security held by the Chargee and repayment and satisfaction of the Loan. The provisions of this indemnity shall enure to the benefit of the Chargee and its successors and assigns including, without limitation, any assignees of this Charge.

18. **TAXES**

- (a) The Chargor covenants and agrees that in the event the Chargee does not elect to collect the realty taxes imposed for the Real Property that the Chargor shall pay all instalments as they become due and shall provide proof of payment by way of a receipt to the Chargee on or before the due date for each such payment. In the event the Chargee elects to collect the realty taxes levied for the Real Property together with the monthly interest payment hereunder, and subsequently the monthly realty tax payments collected from the Chargor are insufficient to pay any realty tax bill when due, the Chargor covenants to pay all arrears, insufficiencies and instalments to the Chargee within fourteen (14) days of written notice from the Chargee's solicitors to make such payment. In the event that the Chargor fails to provide proof of payment as set out above, the Chargor agrees that the Chargee's solicitors may obtain verbal information from the applicable Governmental Authority, or for those Governmental Authorities which do not provide verbal information pertaining to realty tax accounts, by obtaining a tax certificate, and the Chargor agrees that the cost of obtaining such information shall be borne by the Chargor plus disbursements and Applicable Taxes which cost will be determined by the Chargee and will be added to the principal amount secured by the Charge. In all other respects, the Chargor covenants and agrees with the Chargee that it will comply strictly with every requirement of any Governmental Authority including without limitation, pay all Taxes as and when they are due and deliver to the Chargee evidence of such payment.

19. **INSURANCE**

Insurance shall be provided to the Chargee in accordance with the provisions of Paragraph 16 of Standard Charge Terms 200033 and in accordance with the provisions of the Commitment and shall be subject to the review and approval of the insurance consultant of the Chargee as contemplated in the Commitment.

20. **ACKNOWLEDGEMENT ON ASSIGNMENT**

In the event that the Chargee assigns, transfers or otherwise conveys its interest hereunder, and upon the delivery of notice of same to the Chargor, the Chargor, if so requested, shall without cost, at any time and from time to time, execute an acknowledgment with respect to the terms and conditions of this Charge and the amount outstanding thereunder. Failure to execute the acknowledgment shall be deemed to be default by the Chargor hereunder.

21. **INSPECTION OF REAL PROPERTY**

- (a) The Chargee shall be entitled to inspect the Real Property periodically and/or to appoint a monitor to conduct such inspections. The Chargee and/or any monitor when so appointed shall have the power to:
 - (i) inspect physical status of the Real Property and to make or cause to be made such tests and inspections in connection therewith as it may deem advisable; and
 - (ii) review the management and financial position of the business being conducted at the Real Property, and for such purpose shall have full access to all books and records relating to same.
- (b) The Chargee will not, by virtue of the exercise of the foregoing rights, or in exercising any of the rights given to the Chargee in this Charge, be deemed to be a mortgagee-in-possession of the Real Property.

22. **EXPROPRIATION**

If the Real Property or any part of it is expropriated by any Governmental Authority having powers of expropriation, all money payable in respect of such expropriation shall be paid to the Chargee and, if

received by the Chargor, shall be received in trust for the Chargee and forthwith paid over to the Chargee subject to the rights of any prior chargee pursuant to the terms of its charge provided such charge is permitted by this Charge. Such money shall, at the option of the Chargee, be applied against the obligations hereunder or such part of them as the Chargee may determine, or be held unappropriated in a collateral account as continuing security for the full payment and performance of the obligations hereunder. The Chargor shall forthwith deliver to the Chargee a copy of any notice of expropriation or proposed expropriation received by the Chargor in respect of the Real Property.

23. **LIENS**

The Chargor shall provide such additional security, information, documentation and assurances as may be required from time to time by the Chargee during the currency of this Charge to determine and to establish and preserve, in all respects, the priority of this Charge and all advances made hereunder over any rights of lien claimants pursuant to the provisions of the *Construction Act* (Ontario). If the Chargee makes any payment, in connection with the determination, establishment or preservation of its priority, whether such payment is made to a lien claimant or other Person claiming an interest in the Real Property or is paid into court, then the amount or amounts so paid and all costs, charges and expenses incurred in connection therewith shall be forthwith payable to the Chargee by the Chargor and shall be a charge on the Real Property and shall be added to the debt hereby secured and shall bear interest at the applicable rate and, in default of payment, the powers of sale and other remedies hereunder may be exercised. It is further agreed that the Chargee shall not become a mortgagee in possession by reason only of exercising any of the rights given to it under this Section 23 or in making any payment to preserve, protect or secure the Real Property.

24. **ADDITIONAL SECURITY**

- (a) A General Assignment of Rents, General Security Agreement and other collateral security documents contemplated by the Commitment (collectively, the “**Additional Security**”) are being given as further security to this Charge, which Additional Security is being granted by the Chargor to the Chargee and any default under the Additional Security shall constitute default under this Charge and any default under this Charge shall constitute default under the Additional Security and at the option of the Chargee require the entire principal secured under this Charge, together with all accrued and unpaid interest to become due and payable. Payment under the Additional Security shall constitute payment under this Charge and payment on account of this Charge shall constitute payment under the Additional Security.
- (b) It is agreed that the Chargee’s rights hereunder shall in no way merge or be affected by any proceedings the Chargee may take under the Additional Security and the Chargee shall not be required to take proceedings under such Additional Security or any part thereof before proceeding under this Charge, and conversely, no proceedings under this Charge shall in any way affect the rights of the Chargee under such Additional Security and the Chargee shall not be required to take proceedings under this Charge before proceeding under the Additional Security or any part thereof.
- (c) Upon request from the Chargee, the Chargor agrees forthwith upon delivery from time to time of any chattels in which it has an ownership interest (including replacements thereof) relating to the Real Property, it shall promptly notify the Chargee, and its solicitors, of such delivery and shall forthwith supply the Chargee with all serial numbers and a description which shall include make and model. The Chargor agrees to provide written evidence of proof of purchase of the chattels, free of encumbrances, and of insurance of same, both in the form and content satisfactory to the Chargee.

25. **UNDERTAKINGS**

In the event the Chargor or any Covenantor default with respect to any undertakings delivered to the Chargee in consideration of the advance of funds under this Charge or with respect to any covenant contained in the terms and provisions contained in this Charge or the Additional Security, such default will be an event of default under this Charge.

26. **SALE ON TERMS**

In the event power of sale proceedings are taken, the Chargee, as vendor, may sell the Real Property on terms and if the result is that any mortgages taken back are at a rate lower than the rate for first and/or second mortgages in the industry then the Chargee shall be entitled to sell these charges at a discount and the discount shall form part of the loss incurred by the Chargee and be recoverable against the Chargor.

27. **COSTS**

It is agreed that all Costs of the Chargee incurred in endeavouring to collect any money overdue under this Charge, including all legal costs on a substantial indemnity basis, whether legal proceedings are instituted or not, shall be added to the principal and be payable forthwith by the Chargor. Furthermore, and in addition to any Costs payable by the Chargee as aforesaid, upon default under this Charge resulting in the Chargee entering into or taking possession of the Real Property or any part of it, the Chargee or any Person appointed on its behalf shall be entitled to a management fee equal to five (5%) percent of the outstanding principal

indebtedness hereunder plus Applicable Taxes thereon, which fee shall be added to the mortgage indebtedness and shall bear interest at the rate herein set forth. The Chargor acknowledges and agrees that the Costs provided for herein are a genuine pre-estimate of the value of the services performed for same and are not a penalty or additional interest on the Loan secured by this Charge.

28. **MORTGAGE STATEMENT**

Any request for a mortgage statement shall be made in writing allowing the Chargee, at minimum, five (5) Business Days to respond. The Cost of any such statement shall be borne by the Chargor.

29. **EVENTS OF DEFAULT**

(a) At the option of the Chargee, it shall constitute default hereunder if the Chargor or any Covenantor shall become insolvent or be the subject of any bankruptcy, arrangement with creditors, proposal, amalgamation or any transaction or series of transactions which results in a change in control of the Chargor (subject to Section 9), reorganization (subject to Section 9), or any liquidation, winding-up, dissolution or receivership or without the Chargee's consent, seeks continuation under the laws of any other jurisdiction. In the event of a default by the Chargor under this Charge, the Chargor will, if required by the Chargee, establish a separate bank account for the Project.

(b) Provided and without in any way limiting anything herein contained, in the event that:

- (a) the Chargor makes default in the payment of any principal or interest or any other monies required to be paid by the Chargor hereunder;
- (b) the Chargor fails to observe or perform any other covenant or agreement herein contained and/or the Commitment;
- (c) any representation or warranty made herein and/or in the Commitment by the Chargor is at any time while this Charge is outstanding not true;
- (d) any construction lien is registered against any portion of the Real Property and is not removed within ten (10) Business Days;
- (e) an order is made or a resolution is passed for the winding up of the Chargor, or if a petition is filed for the winding up of the Chargor;
- (f) the Chargor becomes insolvent or makes an unauthorized assignment or bulk sale of the Chargor's assets or if a bankruptcy petition is filed or presented against the Chargor;
- (g) any proceedings with respect to the Chargor are commenced under the *Companies' Creditors Arrangement Act* (Canada) or other debtor relief legislation;
- (h) an execution, sequestration, extent or any other process of any court becomes enforceable against the Chargor or if a distress of analogous process is levied against the Real Property or any portion thereof, provided such execution, sequestration, extent, process of court, distress or analogous process is not in good faith being disputed by the Chargor;
- (i) the Chargor shall permit any sum which has been admitted as due by the Chargor or is not disputed to be due by the Chargor and which forms, or is capable of being made, a charge upon any portion of the Real Property in priority to or raking equally with the charge of this Charge to be or remain unpaid;
- (j) any charge or encumbrance created or issued by the Chargor having the nature of a fixed and/or floating charge shall become enforceable, whether ranking in priority to, or *pari passu* with this Charge; and/or
- (k) the Chargor ceases or threatens to cease to carry on its business or if the Chargor commits or threatens to commit any act of bankruptcy;

then, and in any such event, this Charge shall, at the option of the Chargee, be deemed to be in default.

30. **REMEDIES ON DEFAULT**

(a) Upon the occurrence and during the continuance of default the Chargee may, personally or by agent, at such time or times as the Chargee in its discretion may determine to exercise any one or more of the remedies in and by this Charge or conferred by law in case of default, including the following remedies:

- (a) Possession. Entry into possession and use of the Real Property or any part or parts of it with power, among other things, to exclude the Chargor therefrom, to preserve and maintain the Real Property and to make such repairs, replacements, alterations and additions to the whole or any part of the Real Property that the Chargee may think advisable, to satisfy the whole or any part of any prior charge or any other prior claim or encumbrance then affecting the Real Property, to receive rents, income and profits of all kinds owing to the Chargor in

respect of the Real Property and to pay from it all expenses of maintaining, preserving, protecting and operating the Real Property, including payments which may be due for insurance, Taxes, assessments, charges or liens prior to the charge of this Charge upon the Real Property and for the services of lawyers, agents and other Persons, and all costs, charges and expenses incurred in connection with the execution of the powers contained in this Charge; and to enjoy and exercise all powers necessary to the performance of all functions made necessary or advisable by possession, including the power to advance its own money (with interest payable on it at the Interest Rate) and to enter into contracts and to undertake obligations for the foregoing purposes upon the security of this Charge;

- (b) Court Receiver. Proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Real Property, and removal or replacement from time to time of any such receiver;
 - (c) Private Receiver. Appointment by instrument in writing of a receiver of all or any part of the Real Property, whether before or after entry into possession of the Real Property or any part of it, and removal or replacement from time to time of any such receiver;
 - (d) Distress. The Chargee may distrain for arrears of payments in respect of the principal amount of this Charge, interest or any other amount payable under this Charge;
 - (e) Sale or Lease. Sale, lease or other disposition of all or any part of the Real Property whether before or after entry into possession of the Real Property or any part of it;
 - (f) Foreclosure. Proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Real Property, with or without entry into possession of it;
 - (g) Action on Covenant. Taking any action or proceeding to enforce the performance of any covenant in favour of the Chargor contained in this Charge, whether before or after entry into possession of the Real Property or any part of it;
 - (h) Proof of Claim. Filing of proofs of claim and other documents to establish the claims of the Chargee in any proceeding relating to the Chargor; and
 - (i) Other. Any other remedy or proceeding authorized or permitted by this Charge or at law or in equity.
- (b) No right or remedy of the Chargee under this Charge or that the Chargee may have at law or in equity shall be exclusive or dependent on any other right or remedy, but any one or more of such rights and remedies may from time to time be exercised independently or in combination. The rights, remedies and powers conferred under this Charge are supplementary to and not in substitution for any of the powers that the Chargee may have or be entitled to at law, in equity or otherwise.

31. **RECEIVER**

- (a) Upon the occurrence of any one or more events of default, the Chargee may, in its discretion, by writing appoint a receiver (which term shall include a receiver and manager) (a "**Receiver**") of the Real Property or any part of it and of the rents and profits from it and may from time to time remove any Receiver and appoint another in his place, and in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor unless the Chargee indicates in writing a contrary intention. The following provisions shall apply in respect of the appointment of any Receiver:
 - (i) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Real Property or any part of it;
 - (ii) such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee and shall have the power to borrow on the security of the Real Property;
 - (iii) the Chargee may from time to time fix the remuneration of such Receiver and direct the payment of such remuneration from out of the proceeds of the Real Property;
 - (iv) such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever;
 - (v) such Receiver shall from time to time have the power to collect, realize, sell or otherwise deal with the Real Property in such manner, upon such terms and conditions and at such time or times as may seem to the Receiver to be advisable and without notice to the Chargor;

- (vi) such Receiver shall from time to time have the power to lease any portion of the Real Property which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient and, in so doing, such Receiver shall act as the attorney or agent for the Chargor (unless specifically appointed by the Chargee as the agent of the Chargee) and such Receiver shall have authority to execute, under seal or otherwise, any leases of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Real Property; and
- (vii) such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Real Property or any part of it in the name of the Chargor for the purpose of securing the payment of rental from the Real Property or any part of it, including the power to:
 - a. take proceedings in the name of the Chargor or otherwise and to make any arrangement or compromise;
 - b. borrow or raise money on all or any part of the Real Property in priority to this Charge or otherwise for such purposes as may be approved by the Chargee;
 - c. give any and all notices to be given by the Chargor under any leases and exercise any and all rights of the Chargor under them;
 - d. do or cause to be done any and all acts and things under any lease and adjust and settle all matters relating to such performance; and
 - e. institute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the Real Property, defend all suits, proceedings and actions against the Chargor or the Receiver, appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and appeal any suit, proceeding or action.

32. **APPLICATION OF PROCEEDS**

All money and other proceeds of disposition of any Real Property of the Chargor received by the Chargee or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Chargee rights against the Chargor under this Charge), encumbrances over the Real Property of the Chargor in favour of Persons other than the Chargee, borrowings, Taxes and other outgoings affecting the Real Property of the Chargor or which are considered advisable by the Chargee or the Receiver to protect, preserve, repair, process, maintain or enhance the Real Property of the Chargor or prepare it for sale, lease or other disposition, or to keep in good standing any encumbrances on the Real Property ranking in priority to the Charge from the Chargor, or to sell, lease or otherwise dispose of the Real Property of the Chargor. The balance of such proceeds, if any, may, at the sole discretion of the Chargee, be held as security for the obligations of the Chargor hereunder or be applied to such of the obligations (whether or not they are due and payable) in such manner and at such times as the Chargee considers appropriate (including in such manner as may be required to comply with any priority, subordination or security sharing arrangements between any one or more of those for whom the Chargee is the chargee) and thereafter will be accounted for as required by law.

33. **ATTORNEY OF THE CHARGOR**

- (a) Under Leases. The Chargee, as attorney or agent for the Chargor and in its name, may at any time and from time to time after default, exercise any of the rights, powers, authorities and discretion which under the terms of any of the leases could be exercised by the Chargor.
- (b) On Sale. In case of any sale under this Charge, whether by the Chargee or by a Receiver or under any judicial proceedings, the Chargor agrees that it will, forthwith upon request, execute and deliver to the purchaser such deeds, assurances, conveyances and receipts as may be necessary to transfer good title to the Real Property or any part or parts of it sold, and if in case of any such sale the Chargor shall fail to do so forthwith after request, the Chargee or such Receiver may execute and deliver to the purchaser of the Real Property or any part or parts of it such deeds, assurances, conveyances and receipts as may be necessary to transfer good and sufficient title to it, the Chargee or, if appointed, the Receiver being hereby irrevocably constituted the attorney of the Chargor for the purpose of making such sale and executing all deeds, assurances, conveyances, receipts and documents pertaining thereto.

34. **LIMITATION OF OBLIGATIONS**

The Chargee shall not, nor shall any Receiver appointed by it, be responsible or liable, otherwise than as a trustee, for any debts contracted by it or for salaries during any period during which the Chargee or such Receiver is managing the Real Property or any part or parts of it upon or after entry, as provided for in this Charge, nor shall the Chargee nor the Receiver be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession might be liable.

35. **CHARGEЕ'S COSTS**

- (a) The Chargee may (but shall not be obliged to) pay all costs, charges and expenses (including agents' charges and solicitors' fees and disbursements on a solicitor and his own client basis) incurred from time to time in taking, recovering and keeping possession of the Real Property or in performing work in respect of the buildings, erections, structures and improvements situate on it or in inspecting it and generally in any other proceedings taken to realize the money secured by this Charge or in protecting the security for such money, whether any action or other judicial proceeding to enforce such payment has been taken or not. Any and all amounts so paid shall be added to the obligation and shall be payable forthwith by the Chargor to the Chargee with interest at the Interest Rate from the date of payment by the Chargee.
- (b) The Chargor shall immediately pay to the Chargee all amounts paid or incurred by or on behalf of the Chargee and all costs and expenses of preparing, executing and registering the Charge and any other related instruments, inspecting, protecting, repairing, completing, insuring, taking, keeping possession of and managing all or any part of the Real Property, preparing the Real Property for sale or lease, selling or leasing the Real Property, collecting all or any part of the Principal amount of this Charge, the exercise of any of the rights of a Receiver appointed pursuant to the provisions of this Charge and such Receiver's fees and expenses, agents' costs and expenses, legal fees and disbursements on a solicitor and his own client basis, and any other costs and expenses of exercising or protecting the Chargee's rights (under this Charge or otherwise) or all or any part of the Real Property.

36. **ADDITIONAL REMEDIES**

The rights, powers, and remedies conferred herein are supplementary to and not in substitution for any of the powers which the Chargee may have or be entitled to at law or otherwise. Any one or more remedies may from time to time be exercised independently of or in combination with any of the others, as often and in such order as the Chargee considers appropriate and the remedies include, but are not limited to, the Chargee's right to commence court proceedings to foreclose the Chargor's right, title and equity of redemption to the Real Property and the Chargee's right to ask the court to order the sale of the Real Property under the court's supervision. Such rights, powers and remedies shall not be capable of being waived or varied except by virtue of an expressed waiver or variation in writing signed by an officer of the Chargee. In particular, any failure to exercise or any delay in exercising any of such rights and remedies shall not operate as a waiver or variation of that or any other such right or remedy, any defective or partial exercise of any of such rights shall not preclude any other or future exercise of that or any other such right or remedy and no act or course of conduct or negotiation on the part of the Chargee or on its behalf shall in any way preclude it from exercising any such right or remedy or constitute a suspension or variation of any such right or remedy.

37. **CONSENT TO PERSONAL INFORMATION AS PER PRIVACY POLICY**

The Chargor and each Covenantor agrees that any information, personal or otherwise, either that the Chargor and each Covenantor has provided or will provide to the Chargee or that the Chargee has on file about the Chargor and each Covenantor shall be retained and may be used as the Chargee deems necessary in its sole discretion for the mortgage placement herein, collection of any arrears or deficiencies in the event of a default and any renewals or extensions of same. The Chargor and each Covenantor also agree to any credit bureau search being carried out by the Chargee from time to time as the Chargee deems necessary in its sole and unfettered discretion. By signing this Charge, the Chargor and each Covenantor agree that the Chargee shall have the right to seek any information from any Governmental Authority at any time either before or after the registration of the Charge and before and after default including to request site inspections or any information on file about the Chargor and each Covenantor and/or the Real Property and the Chargee shall have the right to retain such information which may be used as the Chargee deems necessary in its sole and unfettered discretion. The Chargor and each Covenantor also agree that the Chargee may retain all information provided to it in accordance with the provisions of this Section 37 on file for as long as the Chargee deems appropriate.

38. **SEVERABILITY OF ANY INVALID PROVISIONS**

If in the event that any covenant, term or provision contained in this Charge is held to be invalid, illegal or unenforceable in whole or in part, then the validity, legality and enforceability of the remaining covenants, provisions and terms shall not be affected or impaired thereby, and all such remaining covenants, provisions and terms shall continue in full force and effect. All covenants, provisions and terms hereof are declared to be separate and distinct covenants, provisions or terms as the case may be.

39. **INDEMNIFICATION OF CHARGEЕ**

In the event the Chargee shall, without fault on its part, be made a party to any litigation commenced by or against the Chargor, the Chargor shall protect and hold the Chargee harmless therefrom and shall pay all costs, expenses and solicitors' fees on a substantial indemnity basis. Such costs shall be a charge on the Real Property and may be added to the Loan.

40. **HEADINGS**

The headings herein are not to be considered part of this Charge and are included solely for the convenience of reference and are not intended to be full or accurate descriptions of the contents of the paragraphs to which they relate.

41. **BREACH OF COVENANT**

A breach of any covenant contained in this Charge shall constitute a default hereunder and at the option of the Chargee, it may avail itself of the remedies contained in this Charge or available at law.

42. **TIME OF ESSENCE**

Time shall be of the essence of this Charge in all respects.

43. **GOVERNING LAW**

This Charge shall be governed by the laws of the Province of Ontario.

44. **SUCCESSORS AND ASSIGNS**

This Charge shall enure to the benefit of and be binding on the parties and their respective successors and permitted assigns.

45. **AGREEMENTS IN WRITING**

No agreement for modification to this Charge or to any other security agreement provided to the Chargee, including any renewals hereof for extension of the time for payment of the indebtedness due hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the Maturity Date, or of any subsequent term agreed to in writing between the Chargor and the Chargee, and that no modification, amendment, renewal hereof of extension of the time for payment of any indebtedness due hereunder shall result from, or be implied from, any other act, matter or thing, save only an express agreement in writing between the Chargor and the Chargee.

46. **CURRENCY REFERENCES**

All dollar amounts referred to in this Charge are stated in lawful money of Canada.

47. **CONFLICT/AMBIGUITY**

In the event of any inconsistency between the terms of this schedule to this Charge and the terms of Standard Charge Terms 200033, the terms of this schedule to this Charge shall prevail and the inclusion of any term in Standard Charge Terms 200033 that is not set out in this schedule to this Charge shall not be an inconsistency.

48. **BLANKET CHARGE**

(a) The Chargor hereby acknowledges and agrees that the indebtedness owing from time to time pursuant to the Loan shall be secured by all of the Real Property described under Properties field in the electronic form to which this Schedule is attached. For purposes hereof, each of the parcels of land comprising of the Real Property and designated by the Land Titles Office in which this Charge is registered shall hereinafter be referred to as a "Parcel" and collectively referred to as the "Parcels". The Chargor hereby further acknowledges and agrees that:

- (i) the Charge shall be registered against each of the Parcels;
- (ii) each Parcel shall be charged with the whole of the principal sum secured hereby together with interest thereon at the Interest Rate and Costs and other amounts thereon as provided herein; and
- (iii) the Chargor shall not be entitled to apportion any principal amount due under the Loan in respect of any of the Parcels.

***THIS IS EXHIBIT "L" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

**MARSHALLZEHR GROUP INC.
SECURITY AGREEMENT**

To: MarshallZehr Group Inc. ("MZG")
465 Phillip Street, Suite 206
Waterloo, Ontario, N2L 6C7
Facsimile No. (519-342-0851)

From: 2174542 ONTARIO INC. ("Debtor")
200- 113 Park Street
Peterborough, ON, K9J 3R8
Fax: _____

1. **General Security Interest.** As security for the payment and performance of all present and future indebtedness, liabilities and obligations of the Debtor to MZG, whether direct or indirect, absolute or contingent, liquidated or unliquidated, as principal or as surety, alone or with others, of whatsoever nature or kind, in any currency or otherwise, under or in respect of agreements or dealings between the Debtor and MZG or agreements or dealings between the Debtor and others by which MZG may be or become in any manner whatsoever a creditor of the Debtor including, without limitation, Obligations under (i) any and all letter agreements and offers to finance/or offers to lease (the "Offers of Finance") entered into by the Debtor and MZG from time to time, (ii) any promissory notes, guarantees or indemnities executed by the Debtor in favour of MZG, and (iii) this Security Agreement (all such indebtedness, liabilities, obligations, expenditures, costs and expenses are hereinafter collectively referred to as the "Obligations"), the Debtor hereby assigns, charges, pledges, mortgages and grants to MZG a security interest in all of the undertaking, property and assets of the Debtor, both real and personal, immovable and moveable, tangible and intangible, legal and equitable, of whatsoever nature and kind, now owned or hereafter acquired by or on behalf of the Debtor or in respect of which the Debtor now or hereafter has any right, title or interest (all of which is hereinafter called the "Collateral"), including without limitation:

- (a) **Intangibles** - all intangible property including without limitation book debts and accounts, all contractual rights and insurance claims, licences, computer software, warranties, ownership certificates, patents, trademarks, trade names, goodwill, copyrights and other industrial property of the Debtor;
- (b) **Books & Records** - all of the Debtor's, manuals, publications, letters, deeds, documents, writings, papers, invoices, books of account and other books relating to or being records of debts, chattel paper or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (c) **Equipment** - all of the Debtor's tools, machinery, equipment, apparatus, furniture, plants, fixtures, vehicles and other tangible personal property, other than Inventory (as defined below), (collectively, the "Equipment");
- (d) **Inventory** - all of the Debtor's tangible personal property held for sale or lease or that have been leased or that are to be furnished or have been furnished under a contract of service, or that are raw materials, work in process, or materials used or consumed in a business or profession (collectively, the "Inventory");
- (e) **Real Property** - all of the Debtor's real and immovable property, both freehold and leasehold, now or hereafter owned, acquired or occupied by the Debtor, together with all buildings, erections, improvements and fixtures situate upon or used in connection therewith, including any lease, verbal or written or any agreement therefor, (collectively, the "Real Property") provided, however, the last day of any term of any such lease, verbal or written, or any agreement therefor now held or hereafter held by the Debtor, is excepted out of the Real Property charged by this Security Agreement, but should such charge become enforceable the Debtor shall thereafter stand possessed of the last day of such leasehold interest upon trust to assign and dispose thereof as MZG may direct;
- (f) **Other Property** - the Debtor's undertaking and all of the Debtor's other property and assets including, without limitation, uncalled capital, judgments, rights, franchises, chattel paper, documents of title, goods, instruments, money and securities (as those terms are defined in the Personal Property Security Act governing this Security Agreement); and

- (g) **Proceeds** - all of the Debtor's property in any form derived directly or indirectly from any use or dealing with the Collateral or that indemnifies or compensates for loss of or damage to the Collateral (collectively, the "Proceeds");

but excepting that no interest is taken in any goods constituting "consumer goods" under the *Personal Property Security Act*, R.S.O. 1990, c. P.10.

2. **Attachment.** The security interest given hereunder will attach immediately upon the execution of this Security Agreement. The security interest granted hereby has not been postponed and will attach to any particular Collateral as soon as the Debtor has rights in such Collateral.

3. **Representations and Warranties of the Debtor.** The Debtor represents and warrants to MZG as follows:

- (a) The Debtor now owns or will own the Collateral, as the case may be, free and clear of any prior lien, security interest or encumbrance save and except for the security interest granted hereby and for those encumbrances as shown in Schedule "B" which have been validly perfected ("Permitted Encumbrances");
- (b) This Security Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Debtor;
- (c) The authorization, creation, execution and delivery of this Security Agreement and compliance with its terms
- (i) does not and shall not contravene any applicable law, regulation, rule, order, judgment or injunction or the charter documents, by-laws or any unanimous shareholders' agreement of the Debtor; and
- (ii) does not and shall not result in a breach of or a default under any indenture, instrument, lease, agreement or undertaking to which the Debtor is a party or by which it or the Collateral is or may become bound.

4. **General Covenants.** The Debtor hereby declares, covenants and agrees that it:

- (a) **Pay Costs** - shall pay all costs and expenses (including legal fees and disbursements on a solicitor and own client basis) of MZG incidental to or which in any way relates to this Security Agreement or its enforcement, including (i) the preparation, execution and filing of this Security Agreement and any instruments postponing, discharging, amending, extending or supplemental to this Security Agreement or any security required by any Offer of Finance ("MZG's Security"); (ii) perfecting and keeping perfected MZG's Security; (iii) maintaining the intended priority of MZG's Security on all or any part of the Collateral; (iv) taking, recovering or possessing the Collateral; (v) taking any actions or other proceedings to enforce the remedies provided herein or otherwise in relation to this Security Agreement or the Collateral, or by reason of a default under MZG's Security or the Offer of Finance or the non-payment of the moneys hereby secured; (vi) taking proceedings, giving notices and giving responses required under any applicable law concerning or relating to MZG's Security, including compliance with the provisions of applicable bankruptcy, insolvency, personal property security and mortgage enforcement legislation; (vii) responding to or participating in proceedings in the nature of those described in Sections 14(d), (e) and (f) hereof; and (viii) obtaining the advice of counsel and other advisors in relation to the foregoing;

all such costs and expenses and other monies payable hereunder, together with interest at the highest rate chargeable by MZG from time to time on the Obligations, shall form part of the Obligations, shall be payable by the Debtor on demand and shall be secured hereby;

- (b) **To Pay Rents and Taxes** - shall pay all rents, taxes and assessments lawfully imposed upon the Real Property where the Collateral is located or any part thereof when the same become due and payable, and shall show to MZG on request receipts for such payment;
- (c) **To Maintain Corporate Existence and Security** - shall maintain its corporate existence, shall maintain the security hereby created as valid, effective and perfected security at all times, shall observe and perform all of its obligations under leases, licences and other agreements to which it is a party so as to preserve and protect the Collateral and its value;

- (d) **Not to Sell** - shall not, except for Inventory sold in the ordinary course of business and except as otherwise permitted hereunder, remove, destroy, lease, sell or otherwise dispose or part with possession of any of the Collateral; provided that the Debtor may sell or otherwise dispose of furniture, machinery, equipment, vehicles and accessories which have become worn out or damaged or otherwise unsuitable for their purposes on condition that it shall substitute therefor, subject to the lien hereof and free from prior liens, security interests or encumbrances, property of equal value so that the security hereby constituted shall not thereby be in any way reduced or impaired;
- (e) **No Other Liens** - shall not create, assume or suffer to exist any charge, lien, federal or provincial government priority claim arising pursuant to statute including any deemed trust, security interest or encumbrance upon any Collateral other than Permitted Encumbrances. No provision hereof shall be construed as a subordination or postponement of the security interest created hereunder to or in favour of any other charge, lien, security interest or encumbrance, whether or not it is a Permitted Encumbrance, except that the Debtor may give security to its bankers on its Inventory or under assignments of its accounts receivable (except to the extent that such accounts receivable represent proceeds of the sale or disposition of Equipment or Real Property) and such security, if validly perfected, shall rank prior to the interest granted hereby on such Inventory and accounts receivable without further action by MZG;
- (f) **To Hold Proceeds of Unauthorized Sale in Trust** - in the event the Collateral or any part thereof is sold or disposed of prior to the full discharge of this Security Agreement by MZG, in any manner not authorized by this Security Agreement, shall hold all proceeds of such sale or disposition received by the Debtor as trustee for MZG until the Debtor has been fully released from this Security Agreement by MZG;
- (g) **To Insure** - shall keep insured the Collateral to its full insurable value or in such amounts as MZG may reasonably require against all risks, with insurers approved by MZG and will pay all premiums necessary for such purposes as the same shall become due; the proceeds under all policies of insurance are hereby assigned to MZG subject to Permitted Encumbrances as further security hereunder and shall be payable to MZG as its interest may appear and contain such mortgage clauses as MZG may require; such policies or contracts shall be in terms reasonably satisfactory to MZG and at the request of MZG shall be delivered to and held by MZG subject to the rights of the holders of Permitted Encumbrances;
- (h) **To Furnish Proofs** - shall forthwith on the happening of any loss or damage furnish at its expense all necessary proofs and do all necessary acts to enable MZG to obtain payment of the insurance moneys subject to the rights of the holders of Permitted Encumbrances;
- (i) **Inspection by MZG** - shall allow any employees or third parties retained by MZG at any reasonable time to enter the premises of the Debtor or others to inspect the Collateral and to inspect the books and records of the Debtor relating to the Collateral and make extracts therefrom, and shall permit MZG prompt access to such other persons, as MZG may deem necessary or desirable for the purposes of inspecting or verifying any matters relating to any part of the Collateral or the books and records of the Debtor relating to the Collateral, provided that any information so obtained shall be kept confidential, save as required by MZG in exercising its rights hereunder or pursuant to any applicable law or court order. The Debtor shall pay all costs and expenses of third parties (including legal fees and disbursements on a solicitor and own client basis) retained by MZG for purposes of inspection under this Section 4(i);
- (j) **Use and Maintenance** - shall cause the Equipment and Inventory to be operated in accordance with any applicable manufacturer's manuals or instructions, by competent and duly qualified personnel. Any and all additions and accessions to and parts and replacements for the Equipment or Inventory shall immediately become subject to the security interest created hereby. The Debtor shall not change the intended use of the Collateral without the prior written consent of MZG which will not be unreasonably withheld or delayed;
- (k) **Location of Collateral** - shall keep the Collateral at the locations set forth in Schedule "A" hereto, except for goods in transit to such locations, or Inventory on lease or consignment, or with the prior written consent of MZG;

- (l) **No Affixation** - shall not permit the Collateral to be attached to or affixed to real or other personal property without the prior written consent of MZG which will not be unreasonably withheld or delayed. The Debtor shall obtain and deliver to MZG such waivers as MZG may reasonably request from any owner, landlord or mortgagee of premises on which the Collateral is located or to which the Collateral may become affixed or attached. The Debtor shall promptly do, execute and deliver all such further acts, documents, agreements or assurances as MZG may reasonably require for giving effect to the intent of this Security Agreement and shall register such notice or documents against the title to such premises as MZG may reasonably request to protect its interests hereunder and shall maintain plates or marks showing the name of MZG upon the Collateral as requested;
- (m) **Not to Remove** - prior to moving any of the Collateral from any location indicated in Schedule "A" hereto, or to leasehold property, the Debtor shall effect such further registrations and obtain such other consents and give such other security, at the sole cost and expense of the Debtor, as may be required or desirable to protect or preserve the security hereby created and to maintain the priority intended to be granted to MZG hereunder as against all others including landlords, and the Debtor shall forthwith notify MZG of the intended removal and the action proposed to be taken;
- (n) **Compliance with Environmental Laws**
- (i) shall conduct and maintain its business, operations, Real Property and the Collateral so as to comply in all respects with all applicable Environmental Laws, including obtaining all necessary licenses, permits, consents and approvals required to own or operate the Collateral and the business carried out on, at or from the Real Property;
- (ii) except as specifically permitted by MZG in writing, it shall not permit or suffer to exist, Contaminants or dangerous or potentially dangerous conditions in, on or below the Real Property including, without limitation, any polychlorinated biphenyls, radio-active substances, underground storage tanks, asbestos or urea formaldehyde foam insulation;
- (iii) has no knowledge of the existence of Contaminants or dangerous or potentially dangerous conditions at, on or under the Real Property or any properties in the vicinity of the Real Property which could affect the Real Property or the market value thereof or in levels that exceed the standards in Environmental Laws;
- (iv) has no knowledge of the Real Property, or any portion thereof, having been used for the disposal of waste;
- (v) has not given or received, nor does it have an obligation to give, any notice, claim, communication or information regarding any past, present, planned or threatened treatment, storage, disposal, presence, release or spill of any Contaminant at, on, under or from the Real Property or any property in the vicinity of the Real Property, including any notice pursuant to any Environmental Laws or any environmental report or audit. The Debtor shall notify MZG promptly and in reasonable detail upon receipt of any such claim, notice, communication or information or if the Debtor becomes aware of any violation or potential violation of the Debtor of any Environmental Laws and shall describe therein the action which the Debtor intends to take with respect to such matter;
- (vi) shall at the Debtor's expense establish and maintain a system to assure and monitor continued compliance with, and to prevent the contravention of, Environmental Laws, which system shall include periodic reviews of such compliance system and the Debtor shall provide an annual report to MZG regarding the Debtor's environmental performance, and the effectiveness of such system;
- (vii) shall promptly advise MZG in writing of any material adverse change in the environmental or other legal requirements affecting the Debtor or the Collateral or the Real Property upon the Debtor becoming aware of any such change, and the Debtor shall provide MZG with a copy of any of the orders, by-laws,

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agreements or other documents pursuant to which any such change is effected or documented;

- (viii) shall at the Debtor's expense promptly take or cause to be taken any and all necessary remedial or clean-up action in response to the presence, storage, use, disposal, transportation, release or discharge of any Contaminant in, on, under or about any of the Real Property, or used by the Debtor, in compliance with all material laws including, without limitation, Environmental Laws, and in accordance with the orders and directions of all applicable federal, state, provincial, municipal and local governmental authorities;
- (ix) shall deliver to MZG a true and complete copy of all environmental audits, evaluations, assessments, studies or tests relating to the Real Property, the Collateral or the Debtor now in its possession or control or forthwith after the completion thereof, or upon such materials coming into the Debtor's possession or control;
- (x) shall at the Debtor's expense, if reasonably requested by MZG in writing, retain an environmental consultant acceptable to MZG, acting reasonably, to undertake environmental tests and to prepare a report or audit with respect to the Real Property and deliver same to MZG for its review; and
- (xi) shall indemnify and save harmless MZG, its officers, directors, employees, agents and shareholders from and against all losses, liabilities, damages or costs (including legal fees and disbursement on a solicitor and own client basis) suffered including, without limitation, the cost or expense of any environmental investigation, the preparation of any environmental or similar report, and the costs of any remediation arising from or relating to any breach of the foregoing covenants of this Section 4(n), any breach by the Debtor or any other person now or hereafter having an interest in the Collateral or the Real Property which is asserted or claimed against MZG; the presence, in any form, of any Contaminant on or under the Real Property, or the discharge, release, spill or disposal of any contaminant by the Debtor, which is asserted or claimed against any of these indemnified persons. This indemnity shall survive the payment in full of all amounts secured hereby and the discharge of this Security Agreement. MZG shall hold the benefit of this indemnity in trust for those indemnified persons who are not parties to this Security Agreement.
- (xii) For the purposes hereof:
 - a. "Contaminant" means any solid, liquid, gas, odour, heat, sound, smoke, waste, vibration, radiation or combination of any of them resulting directly or indirectly from human activities that may cause: (i) impairment of the quality of the natural environment for any use that can be made of it, (ii) injury or damage to property or to plant or animal life, (iii) harm or material discomfort to any person, (iv) an adverse affect on the health of any person, (v) impairment of the safety of any person, (vi) rendering any property or plant or animal life unfit for use by man, (vii) loss of enjoyment of normal use of property, or (viii) interference with the normal conduct of business, and includes any pollutant or contaminant as defined in any applicable Environmental Laws and any biological, chemical or physical agent which is regulated, prohibited, restricted or controlled; and
 - b. "Environmental Laws" means the common law and all applicable federal, provincial, local, municipal, governmental or quasi-governmental laws, rules, regulations, policies, guidelines, licences, orders, permits, decisions or requirements concerning Contaminants, occupational or public health and safety or the environment and any other order, injunction, judgment, declaration, notice or demand issued thereunder.
- (o) **Financial Statements** - shall deliver to MZG, in accordance with the terms of any Offers of Finance, its interim and annual financial statements, all of which financial statements shall be signed by an authorized officer of the Debtor and prepared in accordance with generally accepted accounting principles. The Debtor shall at the same

time deliver to MZG copies of all management reports prepared by the accountants or auditors of the Debtor together with any other statements stipulated in any Offer of Finance;

- (p) **Offers of Finance** - shall comply with all provisions of the Offers of Finance, including executing and delivering all such documents as may be necessary to maintain in force the pre-authorized payment system specified in any Offer of Finance.

5. **Collection of Debts.** Upon the occurrence of an event of default hereunder, MZG may, without exercising any of its other rights or remedies hereunder, give notice of the security interest in, and the assignment to, MZG of any debt or liability forming part of the Collateral and may direct such person to make all payments on account of any such debt or liability to MZG.

6. **Waiver of Covenants.** MZG may waive in writing any breach by the Debtor of any of the provisions contained in this Security 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, provided that no such waiver or any other act, failure to act or omission by MZG shall extend to or be taken in any manner to affect any subsequent breach or default or the rights of MZG resulting therefrom. All rights and remedies of MZG granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

7. **Performance of Covenants by MZG.** If the Debtor shall fail to perform any covenant on its part herein contained, MZG may in its absolute discretion perform any such covenant capable of being performed by it, but MZG shall be under no obligation to do so. If any such covenant requires the payment of money or if the Collateral or any part thereof shall become subject to any charge, lien, security interest or encumbrance ranking in priority to the security interest created hereby, MZG may in its absolute discretion make such payment and/or pay or discharge such charge, lien, security interest or encumbrance, but MZG shall be under no obligation to do so. All sums so paid by MZG, together with interest at the highest rate chargeable by MZG from time to time on the Obligations, shall be payable by the Debtor on demand and shall constitute a charge upon the Collateral. No such performance or payment shall relieve the Debtor from any default hereunder or any consequences of such default.

8. **Appointment of Monitor.** If in the opinion of MZG, acting reasonably, a material adverse change has occurred in the financial condition of the Debtor, or if MZG in good faith believes that the ability of the Debtor to pay any of its obligations to MZG or to perform any other covenant contained herein has become impaired or if an event of default has occurred, MZG may by written notice to the Debtor, appoint a monitor (the "Monitor") to investigate any or a particular aspect of the Collateral, the Debtor or its business and affairs for the purpose of reporting to MZG. The Debtor shall give the Monitor its full co-operation, including full access to facilities, assets and records of the Debtor and to its creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall have no responsibility for the affairs of the Debtor nor shall it participate in the management of the Debtor's affairs and shall incur no liability in respect thereof or otherwise in connection with the Debtor, its business and affairs or the Collateral. The Monitor shall act solely on behalf of MZG and shall have no contractual relationship with the Debtor as a consultant or otherwise. The appointment of a Monitor shall not be regarded as an act of enforcement of this Security Agreement. All reasonable fees and expenses of the Monitor (including legal fees and disbursements on a solicitor and own client basis) shall be paid by the Debtor upon submission to it of a written invoice therefor. MZG may at its option upon the occurrence of an event of default appoint or seek to have appointed the Monitor as receiver, receiver and manager, liquidator, or trustee in bankruptcy of the Debtor or the Collateral or any part thereof.

9. **Application of Insurance Proceeds.** Any insurance moneys received by MZG may at the option of MZG be applied to rebuilding or repairing the Collateral, or be paid to the Debtor, or any such moneys may be applied in the sole discretion of MZG, in whole or in part, to the repayment of the Obligations or any part thereof whether then due or not, with any partial payments to be credited against principal instalments payable thereunder in inverse order of their maturity dates.

10. **No Merger or Novation.** The taking of any judgment or the exercise of any power of seizure or sale shall not operate to extinguish the liability of the Debtor to perform its obligations hereunder or to pay the Obligations hereby secured, shall not operate as a merger of any covenant herein contained or affect the right of MZG to interest in effect from time to time hereunder and the acceptance of any payment or other security shall not constitute or create any novation. The execution and delivery of this Security Agreement or of any instruments or documents supplemental hereto shall not operate as a merger of any representation, warranty, term, condition or other provision contained in any other obligation or indebtedness of the Debtor to MZG or under any Offer of Finance.

11. **Security in Addition.** The security hereby constituted is in addition to any other security now or hereafter held by MZG. The taking of any action or proceedings or refraining from so doing, or any other dealings with any other security for the moneys secured hereby, shall not release or affect the security created hereby.

12. **Partial Discharges.** MZG may in its sole discretion grant partial discharges or releases of security in respect of any of the Collateral on such terms and conditions as it shall deem fit and no such partial discharges or releases shall affect the remainder of the security created hereby nor shall it alter the obligations of the Debtor under the Obligations or hereunder.

13. **Notice of Change.** The Debtor shall immediately notify MZG in writing of any proposed change and any actual change in the Debtor's name or address, the location of, and details of any loss or damage to, the Collateral, and the details of any claims or litigation affecting the Debtor or Collateral. The Debtor agrees to execute at the Debtor's expense, any instruments, notices or other documents required to effect any registration which MZG deems necessary to protect its interest in the Collateral in any jurisdiction.

14. **Events of Default.** Each of the following events shall constitute an "event of default":

- (a) the Debtor does not pay any of the Obligations when due;
- (b) the Debtor ceases or threatens to cease to carry on its business or defaults in the performance or observance of any of the covenants in Sections 4(d), (e), (f) or (m) or Section 8 hereof;
- (c) if the Debtor defaults in the performance or observance of any condition or covenant contained in this Security Agreement, other than as referred to elsewhere in this Section 14, in any other security previously, now or hereafter granted to MZG by the Debtor or in any other instrument or agreement (including any offer of finance) which the Debtor and MZG are parties to (whether alone or with others) or issued by either the Debtor or MZG to the other, and such default continues for ten (10) days after written notice thereof to the Debtor by MZG;
- (d) the Debtor becomes bankrupt or insolvent or commits an act of bankruptcy, or any proceeding is commenced against, by or affecting the Debtor:
 - (i) seeking to adjudicate it a bankrupt or insolvent;
 - (ii) seeking liquidation, dissolution, winding up, restructuring, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation or organization); or
 - (iii) seeking appointment of a receiver, receiver and manager, liquidator, trustee, agent, custodian or other similar official for it or for any part of its properties and assets, including the Collateral or any part thereof;
- (e) any order or judgment is issued by a court granting any of the relief referred to in Section 14(d) hereof;
- (f) if an encumbrancer or secured creditor shall appoint a receiver or agent or other similar official over any part of the Collateral, or take possession of any part of the Collateral or if any execution, distress or other process of any court becomes enforceable against any Collateral, or a distress or like process is levied upon any of such Collateral;
- (g) if the Debtor takes any proceedings for its dissolution, liquidation or amalgamation with another company or if the legal or corporate existence of the Debtor shall be terminated by expiration, forfeiture or otherwise;
- (h) if there is any material misrepresentation or misstatement contained in any certificate or document delivered by an officer or director of the Debtor in connection with any financing provided by MZG;

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- (i) if any representation, warranty or statement made on behalf of the Debtor in any Offer of Finance or any instrument made pursuant thereto is or becomes untrue in any material respect;
- (j) if any guarantor of the obligations of the Debtor to MZG defaults in the performance of any condition or covenant in favour of MZG or if any party to an instrument or agreement supplemental or collateral to this Security Agreement or the financing provided for herein defaults thereunder, and such default continues for ten (10) days after written notice thereof to the Debtor by MZG;
- (k) if MZG, in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of any of the Obligations is or is about to be impaired or that the Collateral or any part thereof is or is about to be placed in jeopardy;
- (l) if voting control of the Debtor as provided for in any Offer of Finance or as subsequently effected with MZG's prior written consent, shall change without the prior written consent of MZG; or
- (m) if a default occurs under any agreement, promissory note, debt obligation, guarantee or otherwise now or hereafter granted to any other bank or financial institution by the Debtor.

15. **Enforcement.** Upon the happening of any event of default, the security granted herein shall become immediately enforceable and MZG may at its option declare this Security Agreement to be in default and may exercise any rights, powers or remedies available to MZG at law or in equity or under the Personal Property Security Act or other applicable legislation and, in addition, may exercise one or more of the following rights, powers or remedies, which rights, powers and remedies are cumulative:

- (a) to declare the full amount of the Obligations to be immediately due and payable;
- (b) to terminate the Debtor's right to possession of the Collateral, cause the Debtor to immediately assemble and deliver the Collateral at such place or places as may be specified by MZG, and enter upon the premises where the Collateral is located and take immediate possession thereof, whether it is affixed to the realty or not, and remove the Collateral without liability to MZG for or by reason of such entry or taking of possession, whether for damage to property caused by taking such or otherwise;
- (c) to enter upon and hold, possess, use, repair, preserve and maintain all or any part of the Collateral and make such replacements thereof and additions thereto as MZG shall deem advisable;
- (d) to sell, for cash or credit or part cash and part credit, lease or dispose of or otherwise realize upon the whole of any part of the Collateral whether by public or private sale as MZG in its absolute discretion may determine without notice to the Debtor or advertisement and after deducting from the proceeds of sale (including legal fees and disbursements on a solicitor and his own client basis) incurred in the repossession, sale, lease or other disposition of the Collateral apply the proceeds thereof to the Obligations in the manner and order to be determined by MZG, provided however that MZG shall only be liable to account to the Debtor, any subsequent encumbrancers and others for money actually received by MZG and provided that the Debtor shall pay any deficiency forthwith;
- (e) to appoint by instrument in writing any person or persons to be a receiver or receiver and manager of all or any portion of the Collateral, to fix the receiver's remuneration and to remove any receiver so appointed and appoint another or others in its stead;
- (f) to apply to any court of competent jurisdiction for the appointment of a receiver or receiver and manager for all or any portion of the Collateral; and
- (g) to retain the Collateral in satisfaction of the Obligations.

16. **Powers of Receiver.**

- (a) Any receiver (which term includes a receiver and manager) shall have all of the powers of MZG set forth in this Security Agreement and, in addition, shall have the following powers:

- (i) to lease all or any portion of the Collateral and for this purpose execute contracts in the name of the Debtor, which contracts shall be binding upon the Debtor and the Debtor hereby irrevocably constitutes such receiver as its attorney for such purposes;
 - (ii) to take possession of the Collateral, collect all rents, issues, incomes and profits derived therefrom and realize upon any additional or collateral security granted by the Debtor to MZG and for that purpose may take any proceedings in the name of the Debtor or otherwise; and
 - (iii) to carry on or concur in carrying on the business which the Debtor is conducting and for that purpose the receiver may borrow money on the security of the Collateral in priority to this Security Agreement;
- (b) Any receiver appointed pursuant to the provisions hereof shall be deemed to be the agent of the Debtor for the purposes of:
- (i) carrying on and managing the business and affairs of the Debtor, and
 - (ii) establishing liability for all of the acts or omissions of the receiver while acting in any capacity hereunder and MZG shall not be liable for such acts or omissions.

provided that, without restricting the generality of the foregoing, the Debtor irrevocably authorizes MZG to give instructions to the receiver relating to the performance of its duties as set out herein.

17. Application of Moneys. All moneys actually received by MZG or by the receiver pursuant to Sections 15 and 16 of this Security Agreement shall be applied:

- (a) first, in payment of those claims, if any, of secured creditors of the Debtor (including any claims of the receiver pursuant to Section 16(a)), ranking in priority to the charges created by this Security Agreement as directed by MZG or the receiver;
- (b) second, in payment of all costs, charges and expenses of and incidental to the appointment of the receiver (including legal fees and disbursements on a solicitor and own client basis) and the exercise by the receiver or MZG of all or any of the powers granted to them under this Security Agreement, including the reasonable remuneration of the Receiver or any agent or employee of the receiver or any agent of MZG and all outgoings properly paid by the receiver or MZG in exercising their powers as aforesaid;
- (c) third, in or towards the payment to MZG of all other obligations due to it by the Debtor in such order as MZG in its sole discretion may determine;
- (d) fourth, in or towards the payment of the obligation of the Debtor to persons if any, with security interests against Collateral ranking subsequent to those in favour of MZG; and
- (e) fifth, subject to applicable law any surplus shall be paid to the Debtor.

18. Possession of Collateral. The Debtor acknowledges that MZG or any receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from MZG or any such Receiver to assemble and deliver possession of the Collateral at such place or places as directed.

19. Deficiency. The Debtor shall remain liable to MZG for any deficiency after the proceeds of any sale, lease or disposition of Collateral are received by MZG and applied in accordance with the provisions of Section 17(c) hereof.

20. Assignment. This Security Agreement may be assigned by MZG to any other person and, if so assigned, the assignee shall have and be entitled to exercise any and all discretions, rights and powers of MZG hereunder, and all references herein to MZG shall include such assignee. The Debtor may not assign this Security Agreement or any of its rights or obligations hereunder. This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. In any action brought by an assignee of this Security Agreement and the security interest or any part thereof to enforce any rights hereunder, the Debtor shall

not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against MZG.

21. **Limited Power of Attorney.** The Debtor hereby appoints MZG as the Debtor's attorney, with full power of substitution, in the name and on behalf of the Debtor, to execute, deliver and do all such acts, deeds, leases, documents, transfers, demands, conveyances, assignments, contracts, assurances, consents, financing statements and things as the Debtor has agreed to execute, deliver and do hereunder, under any Offer of Finance or otherwise, or as may be required by MZG or any receiver to give effect to this Security Agreement or in the exercise of any rights, powers or remedies hereby conferred on MZG or any receiver, and generally to use the name of the Debtor in the exercise of all or any of the rights, powers or remedies hereby conferred on MZG or any receiver. This appointment, being coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Debtor or for any other reason.

22. **Severability.** Each of the provisions contained in this Security 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 Security Agreement.

23. **Notices.** Any notice required or desired to be given hereunder or under any Offer of Finance or under any instrument supplemental hereto shall be in writing and may be given by personal delivery, by facsimile or other means of electronic communication or by sending the same by registered mail, postage prepaid, to MZG or to the Debtor at their respective addresses set out above and, in the case of electronic communication, to the facsimile numbers set out above. Any notice so delivered shall be conclusively deemed given when personally delivered and any notice sent by facsimile or other means of electronic transmission shall be deemed to have been delivered on the Business Day following the sending of the notice, and any notice so mailed shall be conclusively deemed given on the third Business Day following the day of mailing, provided that in the event of a known disruption of postal service, notice shall not be given by mail. Any address for notice or payments herein referred to may be changed by notice in writing given pursuant hereto.

Notwithstanding the foregoing, if the Personal Property Security Act requires that notice be given in a special manner, then such notice or communication shall be given in such manner.

24. **General.**

- (i) The Debtor authorizes MZG to file such financing statements, notices of security interest, caveats and other documents and do such acts and things as MZG may consider appropriate to perfect its security in the Collateral, to protect and preserve its interest in the Collateral and to realize upon the Collateral.
- (ii) Nothing in this Security Agreement will in any way obligate MZG to advance any funds, or otherwise make or cause to make credit available to the Debtor, nor will MZG have any liability for any failure or delay in its part to exercise any rights hereunder.
- (iii) If more than one Debtor executes this Security Agreement, the obligations of such Debtors hereunder shall be joint and several.
- (iv) The division of this Security Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Security Agreement.
- (v) When the context so requires, the singular shall include the plural and vice versa and words importing gender include all genders; all rights, advantages, privileges, immunities, powers and things hereby secured to the Debtor shall be equally secured to and exercised by its successors and assigns.
- (vi) Time is of the essence in this Security Agreement.
- (vii) The Debtor, if a corporation, waives the rights, benefits and protection given by and agrees that The Limitation of Civil Rights Act and The Land Contracts (Actions) Act, both of Saskatchewan, shall not apply to this Security Agreement or to any agreement renewing or extending this Security Agreement or to the rights, powers or remedies of MZG under this Security Agreement or under any agreement renewing or extending this Security Agreement.

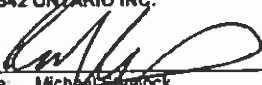
- (viii) Without limiting any other right of MZG, whenever the security granted hereunder becomes enforceable or MZG has the right to declare the security granted hereunder to be immediately due and payable (whether or not it has so declared), MZG may, in its sole discretion, set off against the Obligations any and all amounts then owed to Debtor by MZG in any capacity, whether or not due, and MZG shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on MZG's records subsequent thereto.
- (ix) MZG may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as MZG may see fit without prejudice to the liability of Debtor or MZG's right to hold and realize the security granted hereunder. Furthermore, MZG may demand, collect and sue on Collateral in either Debtor's or MZG's name, at MZG's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments (as defined in the Personal Property Security Act) pertaining to or constituting Collateral.
- (x) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the security interest granted hereunder, or any part thereof, to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against MZG.
- (xi) MZG may provide any financial and other information it has about Debtor, the security interest granted hereunder and the Collateral to anyone acquiring or who may acquire an interest in the security interest granted hereunder or the Collateral from MZG or anyone acting on behalf of MZG.

25. **Receipts.** The Debtor acknowledges that it has received an executed copy of this Security Agreement and, to the extent permitted by law, waives all rights to receive from MZG a copy of any financing statement or financing change statement filed, or any verification statement received, at any time in respect of this Security Agreement or any supplemental or collateral security granted to MZG.

26. **Governing Law.** This Security Agreement or any amendment or renewal thereof will be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein and the Debtor hereby irrevocably attorns to the jurisdiction of the courts of such province.

The Debtor has duly executed this Security Agreement on the 18 day of November, 2020.

2174542 ONTARIO INC.

Per: 
Name: Michael Stepien
Title: President
I have authority to bind the Corporation.

Schedule "A"
See Property List attached

Schedule "B"

PERMITTED ENCUMBRANCES

- (i) liens for taxes, assessments, governmental charges or levies not at the time due;
- (ii) easements, rights of way or other similar rights in land which in the aggregate do not materially impair the usefulness in the business of the Debtor of the property subject thereto;
- (iii) rights reserved to or vested in any municipal, governmental or other public authority by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same or to require annual or other periodic payments as a condition to the continuance thereof;
- (iv) any charge, lien, security interest or encumbrance the validity of which is being contested by the Debtor in good faith and in respect of which either there shall have been deposited with MZG cash in an amount sufficient to satisfy the same or MZG shall be otherwise satisfied that its interests are not prejudiced thereby;
- (v) validly perfected security given by the Debtor to its bankers on its Inventory or under assignments of its accounts receivable, except to the extent that such accounts receivable represent proceeds of the sale or disposition of Equipment or Real Property; and
- (vi) purchase money security interests consisting of any validly perfected charge, lien, security interest or other encumbrance, created, assumed or arising by operation of law after the date hereof, to provide or secure the whole or any part of the consideration for the acquisition of tangible personal property other than Inventory, where
 - (A) the principal amount secured thereby does not exceed the cost to the Debtor of such property,
 - (B) the Debtor's obligation to repay is secured only by the property so acquired by the Debtor,
 - (C) the property is not being acquired as a replacement or substitution for property and assets which are specifically charged hereby, and
 - (D) such security includes the renewal or refinancing of any such purchase money security interest on the same property provided that the indebtedness secured and the security therefor is not increased and remains validly perfected.
- (vii) PPSA registrations

File No.	Enquiry Page No.	Reg. No.	Debitors	Secured Party	Collateral Class					
					CG	FE	AN	INV		
1 700725051 PPSA	1	20141016 1047 1862 3004 Reg. 3 year(s) Expires 16OCT 2024	2174542 ONTARIO INC.	MARSHALLZEHR GROUP INC.	X	X	X	X	X	X
		No Fixed Maturity Date								
	2	20170428 1456 1862 1253	2174542 ONTARIO INC.							
SUBORDINATION/POSTPONEMENT										
Reason for Amendment: THE SECURITY INTEREST REPRESENTED BY THIS REFERENCE FILE NUMBER 700725051 IS POSTPONED IN FAVOUR OF THE SECURITY INTEREST REPRESENTED BY REFERENCE FILE NUMBERS 705219462 AND 705219453										

a

			3	20190906 0932 1862 7425 B RENEWAL Renew 5 year(s)	2174542 ONTARIO INC.													
2.	705219453 PPSA	4	20150417 1449 1862 6050 Reg. 5 year(s) Expires 17APR 2028	2174542 ONTARIO INC. SAFE HARBOUR RETIREMENT HOMES INC. SAFE HARBOUR LAKEFIELD INC. SAFE HARBOUR DEVELOPMENTS INC.	MARSHALLZEHR GROUP INC.													X X X X X
No Fixed Maturity Date																		
			6	20170428 1435 1862 3252 B RENEWAL Renew 5 year(s)	2174542 ONTARIO INC.													
			7	20200227 0925 1862 9403 B RENEWAL Renew 3 year(s)	2174542 ONTARIO INC.													
3.	705219462 PPSA	8	20150417 1449 1862 6051 Reg. 5 year(s) Expires 17APR 2028	2174542 ONTARIO INC.	MARSHALLZEHR GROUP INC.													X X
No Fixed Maturity Date																		
General Collateral Description GENERAL ASSIGNMENT OF LEASES AND RENTS COVERING THE PROPERTY MUNICIPALLY KNOWN AS TELEVISION ROAD, PETERBOROUGH, ONTARIO PART LOT 30, CONC 11, TWSHIP OTONABEE-SOUTH MONAGHAN																		
			9	20170428 1535 1862 3269 B RENEWAL Renew 5 year(s)	2174542 ONTARIO INC.													
			10	20200227 0924 1862 9402 B RENEWAL Renew 3 year(s)	2174542 ONTARIO INC.													
4.	722292426 PPSA	11	20161107 1605 2560 0127 Reg. 05 year(s) Expires 07NOV 2021	2174542 ONTARIO INC.	FRASER BERRILL PHILIP HAMPSON													X

Amount Secured:
\$500000

No Fixed Maturity Date

General Collateral Description:
ASSIGNMENT OF RENTS - TELEVISION RD., PT, LOT 30, CONC, 11, PT, 1 ON 45R15402, SAVE AND EXCEPT 45M241. TWP. OTONABEE-SOUTH MONAGHAN

File No.	Inquire Page No.	Reg. No.	Debit(s)	Secured Party	Collateral Class.												
					CC	CD	FD	FD	FD	FD	FD	FD					
5. 748337139 PPSA	13	20190214 0945 1590 0078 Reg. 2 year(s) Expires 14FEB 2022	2174542 ONTARIO INC	DARMARCHER ENTERPRISES LTD., NICK MARINELLI AND FIORELLA MARINELLI, ANTONIO COLELLA, MARIA COLELLA AND CARMELA COLELLA								X	X				
General Collateral Description: GENERAL ASSIGNMENT OF RENTS																	
	15	20200306 1452 1590 \$797 B RENEWAL Renew 1 year(s)	2174542 ONTARIO INC.														
6. 748337166 PPSA	16	20190214 0946 1590 0079 Reg. 2 year(s) Expires 14FEB 2022	2174542 ONTARIO INC	DARMARCHER ENTERPRISES LTD., NICK MARINELLI AND FIORELLA MARINELLI, ANTONIO COLELLA, MARIA COLELLA AND CARMELA COLELLA								X	X	X	X		
General Collateral Description: GENERAL SECURITY AGREEMENT																	
	18	20200306 1452 1590 \$798 B RENEWAL Renew 1 year(s)	2174542 ONTARIO INC.														

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***THIS IS EXHIBIT "M" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

AMENDED AND RESTATED GUARANTEE

THIS GUARANTEE dated of as October 31, 2022

TO: **MARSHALLZEHR GROUP INC.** (the "Lender")

WHEREAS:

- A. The Lender has agreed to extend credit facilities (collectively, the "**Loan**") in favour of *inter alios* 2174542 Ontario Inc. (the "**Borrower**") on the terms and subject to the conditions as set out in a commitment letter dated as of October 23, 2020, as amended by an amending letter dated as of February 16, 2022, and as may be subsequently renewed and amended from time to time (collectively, the "**Commitment**"); and
- B. The Loan is being advanced to the Borrower by the Lender on the condition that the undersigned (collectively, the "**Covenantor**") executes and delivers this Guarantee.

NOW THEREFORE in consideration of the Lender making the advance of the Loan and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto), the Covenantor hereby acknowledges and agrees as follows:

- 1. The Covenantor hereby guarantees as if the Covenantor was a principal debtor and not merely a surety, the due and punctual payment to the Lender of the Loan including, without limitation, all present and future indebtedness and liability owing by the Borrower to the Lender on account of the Loan whether direct or indirect, absolute or contingent, matured or not including, without limitation:
 - (a) all amounts expressed to be owing to the Lender pursuant to the Commitment and all agreements, instruments and other documents, whether referred to in the Commitment or otherwise, that are now or may hereafter be delivered or assigned to the Lender in connection with or as security for the Loan (the Commitment and any such instrument and other documents are sometimes hereinafter collectively called the "**Loan Documents**");
 - (b) all commissions, costs, charges, fees and other expenses (including legal fees and disbursements on a substantial indemnity basis) arising out of or incurred by the Lender in connection with any one or more of the following:
 - (i) the collection of the amounts owing by the Borrower to the Lender on account of the Loan;
 - (ii) the enforcement of this Guarantee; and
 - (iii) any action or other proceeding instituted by the Lender, the Borrower, the Covenantor or any other person in any way relating to this Guarantee, the Loan, the Loan Documents or any part thereof,
- 2. This Guarantee is a specific guarantee of the Loan and shall only apply to and secure the amounts referred to in paragraph 1 hereof (hereinafter collectively called the "**Liabilities**") and any ultimate balance due or remaining unpaid to the Lender thereunder. This Guarantee is irrevocable, absolute and unconditional and the obligation of the Covenantor hereunder is not cancellable or terminable by the Covenantor (whether or not the entire Loan has been advanced).
- 3. All indebtedness and liability, present and future, of the Borrower to the Covenantor are hereby assigned to the Lender and postponed to the Liabilities, and all moneys received by the Covenantor in respect thereof shall be received in trust for the Lender and forthwith upon receipt shall be paid over to the Lender, the whole without in any way limiting or lessening the liability of the Covenantor under this Guarantee; and this assignment and postponement is independent of this Guarantee

and shall remain in full effect notwithstanding that the liability of the Covenantor under this Guarantee may be extinct.

4. The Covenantor's liability to make payment under this Guarantee shall arise forthwith after demand for payment has been given to the Covenantor. Such demand may be given by personal delivery to the Covenantor or by sending such demand to the Covenantor by telecopier or by prepaid registered mail to the last address of the Covenantor known to the Lender. If mailed, such demand shall be deemed to have been effectually made on the fourth day after an envelope containing such demand addressed to the Covenantor is mailed.
5. The Covenantor expressly waives notice of the acceptance of this Guarantee and notice of non-performance, non-payment or non-observance on the part of the Borrower under the Loan or under the Loan Documents or any part thereof.
6. This Guarantee and the rights of the Lender hereunder shall not be released, discharged, mitigated, impaired or affected by:
 - (a) any grant of time, renewals, extensions, compromises, indulgences or modifications to; extending or failing to extend credit to; making or failing to make Loans or advances to; taking or failing to take securities from; releasing or discharging any securities to; failing to perfect or keep perfected or otherwise taking advantage of any securities received from; accepting compositions from; and releasing, discharging or otherwise dealing with; the Borrower, the Covenantor or any other person whatsoever;
 - (b) any failure of the Lender to prove a claim against the estate of the Borrower or any waiver or failure to enforce any of the terms, conditions or other provisions of, or any loss, diminution of value or unenforceability of, any of the Loan Documents;
 - (c) the application by the Lender of any monies received from the Borrower, the Covenantor or any other person or from securities on account of such part or parts of the Liabilities in such manner as the Lender deems best and the changing of such application in whole or in part at any time or from time to time;
 - (d) the death, incapacity, receivership, bankruptcy, insolvency, winding-up, dissolution or the loss of corporate existence of the Borrower or the Covenantor, the release or discharge of the Borrower or the Covenantor by operation of law or otherwise, any change in the name, objects, capital structure or constitution of the Borrower or any transfer of the assets or businesses of the Borrower to a partnership or to a corporation or any incorporation, amalgamation, continuance, arrangement or reorganization of the Borrower or the Covenantor; and/or
 - (e) the distribution of the assets of the Borrower (whether voluntary or compulsory) or upon the occurrence of a bulk sale of any of the Borrower's assets or any composition with the Lender or any scheme of arrangement; and in any such event the Lender shall have the right to rank in all respects in priority to the Covenantor for its full claim against the Borrower and to receive all dividends or other payments in respect thereof until the Lender's claim and all Liabilities have been paid in full; and the retention by the Lender of all or any part or parts of the Loan Documents shall not, as between the Lender and the Covenantor, be considered a purchase of such securities, or payment, satisfaction or reduction of the Liabilities or any part thereof.
7. Without prejudice to any of the rights or recourses which the Lender may have against the Borrower, the Covenantor expressly waives any right to require the Lender to initiate or exhaust any rights, remedies or recourses against the Borrower, the Covenantor or any other person, value, realize upon or dispose of any of the Loan Documents; or initiate or exhaust any other remedy which the Lender may have at law or in equity before requiring or becoming entitled to demand and enforce payment from the Covenantor under this Guarantee; and the Covenantor renounces all benefits of discussion and division.

8. If for any reason the Borrower has no legal existence, or if the Borrower is or becomes under no legal obligation to discharge the Liabilities or if any of the Liabilities becomes statute barred or otherwise irrecoverable from the Borrower whether by operation of law or for any reason whatsoever including, without limitation, as a result of any lack or limitation of power, capacity or disability of the Borrower or its directors, partners, officers or agents or as a result of any irregularity, fraud, defect or informality in the obtaining of any advances, credits or renewals from the Lender (whether or not the Lender should have had knowledge thereof), this Guarantee and the covenants, agreements and obligations of the Covenantor set out herein shall nevertheless be binding upon the Covenantor as principal debtor until such time as such monies have been paid in full to the Lender and all Liabilities have been discharged and the Covenantor shall be responsible for the payment thereof to the Lender upon demand.
9. The Covenantor hereby agrees on a joint and several basis, to indemnify, save, hold and keep the Lender harmless from any and all claims, losses, damages, costs and expenses resulting from the non-payment to the Lender of all monies herein secured, and the liability of the Covenantor shall not be released, discharged, extinguished or diminished by any act whatsoever of the Borrower or any loss, avoidance, termination by operation of law or otherwise of the obligations of the Borrower or any other person, including, without limitation, any act of bankruptcy or insolvency, or any other act, matter or thing whatsoever, save only full payment in cash of all monies herein secured and full performance and observance of all covenants, terms and obligations pursuant to this Guarantee and all Loan and security documents related thereto.
10. The Covenantor agrees to file all claims against the Borrower in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law with respect to any indebtedness owing by the Borrower to the Covenantor and will assign to the Lender all of the Covenantor's rights thereunder on demand. If the Covenantor does not file any such claim, the Lender, as attorney in fact of the Covenantor, is authorized to do so in the name of the Covenantor or in the Lender's discretion to assign the claim to and cause proof of claim to be filed in the name of the Lender's nominee. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to the Lender the full amount of such claim in the proceeding before making any payment to any of the Covenantor, and to the full extent necessary for that purpose the Covenantor agrees to assign to the Lender on demand all of the Covenantor's right to any payments or distributions to which the Covenantor otherwise would be entitled. If the amount so paid is greater than the guaranteed obligations then outstanding, the Lender will pay the amount of the excess to the party entitled thereto.
11. All compositions and payments received by the Lender from the Borrower or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the Covenantor to claim the benefit thereof in reduction of the Liabilities. The Covenantor shall not have any right to be subrogated to any rights of the Lender until all Liabilities have been discharged to the satisfaction of the Lender.
12. Upon this Guarantee bearing the signature of the Covenantor and being received by the Lender or any officer, agent or employee thereof, this Guarantee shall be deemed to be a deed signed and delivered by the Covenantor under seal and shall not be subject to or affected by any promise or condition affecting or limiting the Covenantor's liability hereunder except as may be expressly provided for herein. No statement, representation, warranty, agreement or promise on the part of any officer, employee or agent of the Lender, unless expressly set out herein, forms any part of this Guarantee or has induced the entering into or execution of this Guarantee or shall be deemed in any way to affect the Covenantor's liability hereunder.
13. The Lender may, without notice of any kind, sell, assign or transfer all or any part of the Liabilities and, in such event, each and every immediate and successive assignee, transferee or holder of all or any part of the Liabilities shall have the right to enforce this Guarantee as fully and effectively as if such assignee, transferee or holder were specifically named herein in place of or together with the Lender.



14. No action or proceeding brought or instituted under this Guarantee and no recovery or judgment in pursuance thereof shall be a bar or defence to any further action or proceeding which may be brought under this Guarantee by reason of any further default or defaults under this Guarantee or in the payment of the Liabilities.
15. No failure to exercise and no delay in exercising, on the part of the Lender, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other rights, powers or privileges. The rights and remedies herein provided for are cumulative and not exclusive of any rights or remedies provided at law or in equity.
16. This Guarantee shall be in addition to and not in substitution for the Loan Documents and any other guarantees which the Lender may now or hereafter hold in respect of the Liabilities and the Lender shall be under no obligation to marshal in favour of the Covenantor any other guarantees or other securities or any moneys or other assets which the Lender may be entitled to receive or may have a claim upon.
17. Any term, condition or provision of this Guarantee which is held or deemed to be void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severable herefrom and be ineffective to the extent of such avoidance, prohibition or unenforceability without invalidating the remaining terms, conditions and provisions hereof and any such avoidance, prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such term, condition or provision in any other jurisdiction.
18. This Guarantee shall be exclusively governed by and construed in accordance with the laws of the Province of Ontario.
19. No modification of this Guarantee shall be effective unless it is in writing and signed by the Covenantor and the Lender.
20. The Lender shall not be concerned to see or inquire into the existence, powers or capacities of the Borrower, the Covenantor or their respective officers, directors or agents, acting or purporting to act on their respective behalf.
21. All terms, agreements and conditions of this Guarantee shall extend to and be binding upon the Covenantor and the Borrower and their respective successors and permitted assigns and shall enure to the benefit of and may be enforced by the Lender and its successors and assigns. Notwithstanding the foregoing and/or anything contained herein to the contrary, this Guarantee amends and restates the guarantee dated as of November 18, 2020, which shall be deemed null and void and of no further force and effect.
22. All nouns and personal pronouns herein including the defined terms "Covenantor" and "Borrower" shall be read and construed as the number and gender may require in each case and the verb shall be read and construed as agreeing with such noun or pronoun. The words "herein", "hereof", "hereunder", "herefrom", "the Guarantee" and "this Guarantee" refer to this entire agreement and not to any particular paragraph or subparagraph unless the context so requires.
24. The Covenantor acknowledges receipt of a copy of this Guarantee.
25. This Guarantee may be executed and transmitted by electronic transmission, which electronic copy shall constitute an original and legally binding instrument.



DATED as of the date first written above.

SAFE HARBOUR HOMES INC.

Per: 
Name: Michael Steplock
Title: President

I have authority to bind the Corporation.

SAFE HARBOUR DEVELOPMENTS INC.

Per: 
Name: Michael Steplock
Title: President

I have authority to bind the Corporation.

Witness:


Name:

Witness:


Name:

Witness:

Name:


Michael Steplock


Edward Holko


Christopher Geddes

***THIS IS EXHIBIT "N" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

**MARSHALLZEHR GROUP INC.
SECURITY AGREEMENT**

To: MarshallZehr Group Inc. ("MZG")
465 Phillip Street, Suite 206
Waterloo, Ontario, N2L 6C7
Facsimile No. (519-342-0851)

From: SAFE HARBOUR HOMES INC. ("Debtor")
200- 113 Park Street
Peterborough, ON, K9J 3R8
Fax: _____

1. **General Security Interest.** As security for the payment and performance of all present and future indebtedness, liabilities and obligations of the Debtor to MZG, whether direct or indirect, absolute or contingent, liquidated or unliquidated, as principal or as surety, alone or with others, of whatsoever nature or kind, in any currency or otherwise, under or in respect of agreements or dealings between the Debtor and MZG or agreements or dealings between the Debtor and others by which MZG may be or become in any manner whatsoever a creditor of the Debtor including, without limitation, Obligations under (i) any and all letter agreements and offers to finance/or offers to lease (the "Offers of Finance") entered into by the Debtor and MZG from time to time, (ii) any promissory notes, guarantees or indemnities executed by the Debtor in favour of MZG, and (iii) this Security Agreement (all such indebtedness, liabilities, obligations, expenditures, costs and expenses are hereinafter collectively referred to as the "Obligations"), the Debtor hereby assigns, charges, pledges, mortgages and grants to MZG a security interest in all of the undertaking, property and assets of the Debtor, both real and personal, immovable and moveable, tangible and intangible, legal and equitable, of whatsoever nature and kind, now owned or hereafter acquired by or on behalf of the Debtor or in respect of which the Debtor now or hereafter has any right, title or interest (all of which is hereinafter called the "Collateral"), including without limitation:

- (a) **Intangibles** - all intangible property including without limitation book debts and accounts, all contractual rights and insurance claims, licences, computer software, warranties, ownership certificates, patents, trademarks, trade names, goodwill, copyrights and other industrial property of the Debtor;
- (b) **Books & Records** - all of the Debtor's, manuals, publications, letters, deeds, documents, writings, papers, invoices, books of account and other books relating to or being records of debts, chattel paper or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (c) **Equipment** - all of the Debtor's tools, machinery, equipment, apparatus, furniture, plants, fixtures, vehicles and other tangible personal property, other than Inventory (as defined below), (collectively, the "Equipment");
- (d) **Inventory** - all of the Debtor's tangible personal property held for sale or lease or that have been leased or that are to be furnished or have been furnished under a contract of service, or that are raw materials, work in process, or materials used or consumed in a business or profession (collectively, the "Inventory");
- (e) **Real Property** - all of the Debtor's real and immovable property, both freehold and leasehold, now or hereafter owned, acquired or occupied by the Debtor, together with all buildings, erections, improvements and fixtures situate upon or used in connection therewith, including any lease, verbal or written or any agreement therefor, (collectively, the "Real Property") provided, however, the last day of any term of any such lease, verbal or written, or any agreement therefor now held or hereafter held by the Debtor, is excepted out of the Real Property charged by this Security Agreement, but should such charge become enforceable the Debtor shall thereafter stand possessed of the last day of such leasehold interest upon trust to assign and dispose thereof as MZG may direct;
- (f) **Other Property** - the Debtor's undertaking and all of the Debtor's other property and assets including, without limitation, uncalled capital, judgments, rights, franchises, chattel paper, documents of title, goods, instruments, money and securities (as those terms are defined in the Personal Property Security Act governing this Security Agreement); and

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- (g) **Proceeds** - all of the Debtor's property in any form derived directly or indirectly from any use or dealing with the Collateral or that indemnifies or compensates for loss of or damage to the Collateral (collectively, the "Proceeds");

but excepting that no interest is taken in any goods constituting "consumer goods" under the *Personal Property Security Act*, R.S.O. 1990, c. P.10.

2. **Attachment.** The security interest given hereunder will attach immediately upon the execution of this Security Agreement. The security interest granted hereby has not been postponed and will attach to any particular Collateral as soon as the Debtor has rights in such Collateral.

3. **Representations and Warranties of the Debtor.** The Debtor represents and warrants to MZG as follows:

- (a) The Debtor now owns or will own the Collateral, as the case may be, free and clear of any prior lien, security interest or encumbrance save and except for the security interest granted hereby and for those encumbrances as shown in Schedule "B" which have been validly perfected ("Permitted Encumbrances");
- (b) This Security Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Debtor;
- (c) The authorization, creation, execution and delivery of this Security Agreement and compliance with its terms
- (i) does not and shall not contravene any applicable law, regulation, rule, order, judgment or injunction or the charter documents, by-laws or any unanimous shareholders' agreement of the Debtor; and
- (ii) does not and shall not result in a breach of or a default under any indenture, instrument, lease, agreement or undertaking to which the Debtor is a party or by which it or the Collateral is or may become bound.

4. **General Covenants.** The Debtor hereby declares, covenants and agrees that it:

- (a) **Pay Costs** - shall pay all costs and expenses (including legal fees and disbursements on a solicitor and own client basis) of MZG incidental to or which in any way relates to this Security Agreement or its enforcement, including (i) the preparation, execution and filing of this Security Agreement and any instruments postponing, discharging, amending, extending or supplemental to this Security Agreement or any security required by any Offer of Finance ("MZG's Security"); (ii) perfecting and keeping perfected MZG's Security; (iii) maintaining the intended priority of MZG's Security on all or any part of the Collateral; (iv) taking, recovering or possessing the Collateral; (v) taking any actions or other proceedings to enforce the remedies provided herein or otherwise in relation to this Security Agreement or the Collateral, or by reason of a default under MZG's Security or the Offer of Finance or the non-payment of the moneys hereby secured; (vi) taking proceedings, giving notices and giving responses required under any applicable law concerning or relating to MZG's Security, including compliance with the provisions of applicable bankruptcy, insolvency, personal property security and mortgage enforcement legislation; (vii) responding to or participating in proceedings in the nature of those described in Sections 14(d), (e) and (f) hereof; and (viii) obtaining the advice of counsel and other advisors in relation to the foregoing;

all such costs and expenses and other monies payable hereunder, together with interest at the highest rate chargeable by MZG from time to time on the Obligations, shall form part of the Obligations, shall be payable by the Debtor on demand and shall be secured hereby;

- (b) **To Pay Rents and Taxes** - shall pay all rents, taxes and assessments lawfully imposed upon the Real Property where the Collateral is located or any part thereof when the same become due and payable, and shall show to MZG on request receipts for such payment;
- (c) **To Maintain Corporate Existence and Security** - shall maintain its corporate existence, shall maintain the security hereby created as valid, effective and perfected security at all times, shall observe and perform all of its obligations under leases, licences and other agreements to which it is a party so as to preserve and protect the Collateral and its value;

- (d) **Not to Sell** - shall not, except for inventory sold in the ordinary course of business and except as otherwise permitted hereunder, remove, destroy, lease, sell or otherwise dispose or part with possession of any of the Collateral; provided that the Debtor may sell or otherwise dispose of furniture, machinery, equipment, vehicles and accessories which have become worn out or damaged or otherwise unsuitable for their purposes on condition that it shall substitute therefor, subject to the lien hereof and free from prior liens, security interests or encumbrances, property of equal value so that the security hereby constituted shall not thereby be in any way reduced or impaired;
- (e) **No Other Liens** - shall not create, assume or suffer to exist any charge, lien, federal or provincial government priority claim arising pursuant to statute including any deemed trust, security interest or encumbrance upon any Collateral other than Permitted Encumbrances. No provision hereof shall be construed as a subordination or postponement of the security interest created hereunder to or in favour of any other charge, lien, security interest or encumbrance, whether or not it is a Permitted Encumbrance, except that the Debtor may give security to its bankers on its inventory or under assignments of its accounts receivable (except to the extent that such accounts receivable represent proceeds of the sale or disposition of Equipment or Real Property) and such security, if validly perfected, shall rank prior to the interest granted hereby on such Inventory and accounts receivable without further action by MZG;
- (f) **To Hold Proceeds of Unauthorized Sale in Trust** - in the event the Collateral or any part thereof is sold or disposed of prior to the full discharge of this Security Agreement by MZG, in any manner not authorized by this Security Agreement, shall hold all proceeds of such sale or disposition received by the Debtor as trustee for MZG until the Debtor has been fully released from this Security Agreement by MZG;
- (g) **To Insure** - shall keep insured the Collateral to its full insurable value or in such amounts as MZG may reasonably require against all risks, with insurers approved by MZG and will pay all premiums necessary for such purposes as the same shall become due; the proceeds under all policies of insurance are hereby assigned to MZG subject to Permitted Encumbrances as further security hereunder and shall be payable to MZG as its interest may appear and contain such mortgage clauses as MZG may require; such policies or contracts shall be in terms reasonably satisfactory to MZG and at the request of MZG shall be delivered to and held by MZG subject to the rights of the holders of Permitted Encumbrances;
- (h) **To Furnish Proofs** - shall forthwith on the happening of any loss or damage furnish at its expense all necessary proofs and do all necessary acts to enable MZG to obtain payment of the insurance moneys subject to the rights of the holders of Permitted Encumbrances;
- (i) **Inspection by MZG** - shall allow any employees or third parties retained by MZG at any reasonable time to enter the premises of the Debtor or others to inspect the Collateral and to inspect the books and records of the Debtor relating to the Collateral and make extracts therefrom, and shall permit MZG prompt access to such other persons, as MZG may deem necessary or desirable for the purposes of inspecting or verifying any matters relating to any part of the Collateral or the books and records of the Debtor relating to the Collateral, provided that any information so obtained shall be kept confidential, save as required by MZG in exercising its rights hereunder or pursuant to any applicable law or court order. The Debtor shall pay all costs and expenses of third parties (including legal fees and disbursements on a solicitor and own client basis) retained by MZG for purposes of inspection under this Section 4(i);
- (j) **Use and Maintenance** - shall cause the Equipment and Inventory to be operated in accordance with any applicable manufacturer's manuals or instructions, by competent and duly qualified personnel. Any and all additions and accessions to and parts and replacements for the Equipment or Inventory shall immediately become subject to the security interest created hereby. The Debtor shall not change the intended use of the Collateral without the prior written consent of MZG which will not be unreasonably withheld or delayed;
- (k) **Location of Collateral** - shall keep the Collateral at the locations set forth in Schedule "A" hereto, except for goods in transit to such locations, or inventory on lease or consignment, or with the prior written consent of MZG;

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- (l) **No Affixation** - shall not permit the Collateral to be attached to or affixed to real or other personal property without the prior written consent of MZG which will not be unreasonably withheld or delayed. The Debtor shall obtain and deliver to MZG such waivers as MZG may reasonably request from any owner, landlord or mortgagee of premises on which the Collateral is located or to which the Collateral may become affixed or attached. The Debtor shall promptly do, execute and deliver all such further acts, documents, agreements or assurances as MZG may reasonably require for giving effect to the intent of this Security Agreement and shall register such notice or documents against the title to such premises as MZG may reasonably request to protect its interests hereunder and shall maintain plates or marks showing the name of MZG upon the Collateral as requested;
- (m) **Not to Remove** - prior to moving any of the Collateral from any location indicated in Schedule "A" hereto, or to leasehold property, the Debtor shall effect such further registrations and obtain such other consents and give such other security, at the sole cost and expense of the Debtor, as may be required or desirable to protect or preserve the security hereby created and to maintain the priority intended to be granted to MZG hereunder as against all others including landlords, and the Debtor shall forthwith notify MZG of the intended removal and the action proposed to be taken;
- (n) **Compliance with Environmental Laws**
- (i) shall conduct and maintain its business, operations, Real Property and the Collateral so as to comply in all respects with all applicable Environmental Laws, including obtaining all necessary licenses, permits, consents and approvals required to own or operate the Collateral and the business carried out on, at or from the Real Property;
- (ii) except as specifically permitted by MZG in writing, it shall not permit or suffer to exist, Contaminants or dangerous or potentially dangerous conditions in, on or below the Real Property including, without limitation, any polychlorinated biphenyls, radio-active substances, underground storage tanks, asbestos or urea formaldehyde foam insulation;
- (iii) has no knowledge of the existence of Contaminants or dangerous or potentially dangerous conditions at, on or under the Real Property or any properties in the vicinity of the Real Property which could affect the Real Property or the market value thereof or in levels that exceed the standards in Environmental Laws;
- (iv) has no knowledge of the Real Property, or any portion thereof, having been used for the disposal of waste;
- (v) has not given or received, nor does it have an obligation to give, any notice, claim, communication or information regarding any past, present, planned or threatened treatment, storage, disposal, presence, release or spill of any Contaminant at, on, under or from the Real Property or any property in the vicinity of the Real Property, including any notice pursuant to any Environmental Laws or any environmental report or audit. The Debtor shall notify MZG promptly and in reasonable detail upon receipt of any such claim, notice, communication or information or if the Debtor becomes aware of any violation or potential violation of the Debtor of any Environmental Laws and shall describe therein the action which the Debtor intends to take with respect to such matter;
- (vi) shall at the Debtor's expense establish and maintain a system to assure and monitor continued compliance with, and to prevent the contravention of, Environmental Laws, which system shall include periodic reviews of such compliance system and the Debtor shall provide an annual report to MZG regarding the Debtor's environmental performance, and the effectiveness of such system;
- (vii) shall promptly advise MZG in writing of any material adverse change in the environmental or other legal requirements affecting the Debtor or the Collateral or the Real Property upon the Debtor becoming aware of any such change, and the Debtor shall provide MZG with a copy of any of the orders, by-laws,

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agreements or other documents pursuant to which any such change is effected or documented;

- (viii) shall at the Debtor's expense promptly take or cause to be taken any and all necessary remedial or clean-up action in response to the presence, storage, use, disposal, transportation, release or discharge of any Contaminant in, on, under or about any of the Real Property, or used by the Debtor, in compliance with all material laws including, without limitation, Environmental Laws, and in accordance with the orders and directions of all applicable federal, state, provincial, municipal and local governmental authorities;
- (ix) shall deliver to MZG a true and complete copy of all environmental audits, evaluations, assessments, studies or tests relating to the Real Property, the Collateral or the Debtor now in its possession or control or forthwith after the completion thereof, or upon such materials coming into the Debtor's possession or control;
- (x) shall at the Debtor's expense, if reasonably requested by MZG in writing, retain an environmental consultant acceptable to MZG, acting reasonably, to undertake environmental tests and to prepare a report or audit with respect to the Real Property and deliver same to MZG for its review; and
- (xi) shall indemnify and save harmless MZG, its officers, directors, employees, agents and shareholders from and against all losses, liabilities, damages or costs (including legal fees and disbursement on a solicitor and own client basis) suffered including, without limitation, the cost or expense of any environmental investigation, the preparation of any environmental or similar report, and the costs of any remediation arising from or relating to any breach of the foregoing covenants of this Section 4(n), any breach by the Debtor or any other person now or hereafter having an interest in the Collateral or the Real Property which is asserted or claimed against MZG; the presence, in any form, of any Contaminant on or under the Real Property, or the discharge, release, spill or disposal of any contaminant by the Debtor, which is asserted or claimed against any of these indemnified persons. This indemnity shall survive the payment in full of all amounts secured hereby and the discharge of this Security Agreement. MZG shall hold the benefit of this indemnity in trust for those indemnified persons who are not parties to this Security Agreement.
- (xii) For the purposes hereof:
 - a. "Contaminant" means any solid, liquid, gas, odour, heat, sound, smoke, waste, vibration, radiation or combination of any of them resulting directly or indirectly from human activities that may cause: (i) impairment of the quality of the natural environment for any use that can be made of it, (ii) injury or damage to property or to plant or animal life, (iii) harm or material discomfort to any person, (iv) an adverse affect on the health of any person, (v) impairment of the safety of any person, (vi) rendering any property or plant or animal life unfit for use by man, (vii) loss of enjoyment of normal use of property, or (viii) interference with the normal conduct of business, and includes any pollutant or contaminant as defined in any applicable Environmental Laws and any biological, chemical or physical agent which is regulated, prohibited, restricted or controlled; and
 - b. "Environmental Laws" means the common law and all applicable federal, provincial, local, municipal, governmental or quasi-governmental laws, rules, regulations, policies, guidelines, licences, orders, permits, decisions or requirements concerning Contaminants, occupational or public health and safety or the environment and any other order, injunction, judgment, declaration, notice or demand issued thereunder.
- (o) **Financial Statements** - shall deliver to MZG, in accordance with the terms of any Offers of Finance, its interim and annual financial statements, all of which financial statements shall be signed by an authorized officer of the Debtor and prepared in accordance with generally accepted accounting principles. The Debtor shall at the same

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time deliver to MZG copies of all management reports prepared by the accountants or auditors of the Debtor together with any other statements stipulated in any Offer of Finance;

- (p) **Offers of Finance** - shall comply with all provisions of the Offers of Finance, including executing and delivering all such documents as may be necessary to maintain in force the pre-authorized payment system specified in any Offer of Finance.

5. **Collection of Debts.** Upon the occurrence of an event of default hereunder, MZG may, without exercising any of its other rights or remedies hereunder, give notice of the security interest in, and the assignment to, MZG of any debt or liability forming part of the Collateral and may direct such person to make all payments on account of any such debt or liability to MZG.

6. **Waiver of Covenants.** MZG may waive in writing any breach by the Debtor of any of the provisions contained in this Security 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, provided that no such waiver or any other act, failure to act or omission by MZG shall extend to or be taken in any manner to affect any subsequent breach or default or the rights of MZG resulting therefrom. All rights and remedies of MZG granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

7. **Performance of Covenants by MZG.** If the Debtor shall fail to perform any covenant on its part herein contained, MZG may in its absolute discretion perform any such covenant capable of being performed by it, but MZG shall be under no obligation to do so. If any such covenant requires the payment of money or if the Collateral or any part thereof shall become subject to any charge, lien, security interest or encumbrance ranking in priority to the security interest created hereby, MZG may in its absolute discretion make such payment and/or pay or discharge such charge, lien, security interest or encumbrance, but MZG shall be under no obligation to do so. All sums so paid by MZG, together with interest at the highest rate chargeable by MZG from time to time on the Obligations, shall be payable by the Debtor on demand and shall constitute a charge upon the Collateral. No such performance or payment shall relieve the Debtor from any default hereunder or any consequences of such default.

8. **Appointment of Monitor.** If in the opinion of MZG, acting reasonably, a material adverse change has occurred in the financial condition of the Debtor, or if MZG in good faith believes that the ability of the Debtor to pay any of its obligations to MZG or to perform any other covenant contained herein has become impaired or if an event of default has occurred, MZG may by written notice to the Debtor, appoint a monitor (the "Monitor") to investigate any or a particular aspect of the Collateral, the Debtor or its business and affairs for the purpose of reporting to MZG. The Debtor shall give the Monitor its full co-operation, including full access to facilities, assets and records of the Debtor and to its creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall have no responsibility for the affairs of the Debtor nor shall it participate in the management of the Debtor's affairs and shall incur no liability in respect thereof or otherwise in connection with the Debtor, its business and affairs or the Collateral. The Monitor shall act solely on behalf of MZG and shall have no contractual relationship with the Debtor as a consultant or otherwise. The appointment of a Monitor shall not be regarded as an act of enforcement of this Security Agreement. All reasonable fees and expenses of the Monitor (including legal fees and disbursements on a solicitor and own client basis) shall be paid by the Debtor upon submission to it of a written invoice therefor. MZG may at its option upon the occurrence of an event of default appoint or seek to have appointed the Monitor as receiver, receiver and manager, liquidator, or trustee in bankruptcy of the Debtor or the Collateral or any part thereof.

9. **Application of Insurance Proceeds.** Any insurance moneys received by MZG may at the option of MZG be applied to rebuilding or repairing the Collateral, or be paid to the Debtor, or any such moneys may be applied in the sole discretion of MZG, in whole or in part, to the repayment of the Obligations or any part thereof whether then due or not, with any partial payments to be credited against principal instalments payable thereunder in inverse order of their maturity dates.

10. **No Merger or Novation.** The taking of any judgment or the exercise of any power of seizure or sale shall not operate to extinguish the liability of the Debtor to perform its obligations hereunder or to pay the Obligations hereby secured, shall not operate as a merger of any covenant herein contained or affect the right of MZG to interest in effect from time to time hereunder and the acceptance of any payment or other security shall not constitute or create any novation. The execution and delivery of this Security Agreement or of any instruments or documents supplemental hereto shall not operate as a merger of any representation, warranty, term, condition or other provision contained in any other obligation or indebtedness of the Debtor to MZG or under any Offer of Finance.

11. **Security in Addition.** The security hereby constituted is in addition to any other security now or hereafter held by MZG. The taking of any action or proceedings or refraining from so doing, or any other dealings with any other security for the moneys secured hereby, shall not release or affect the security created hereby.

12. **Partial Discharges.** MZG may in its sole discretion grant partial discharges or releases of security in respect of any of the Collateral on such terms and conditions as it shall deem fit and no such partial discharges or releases shall affect the remainder of the security created hereby nor shall it alter the obligations of the Debtor under the Obligations or hereunder.

13. **Notice of Change.** The Debtor shall immediately notify MZG in writing of any proposed change and any actual change in the Debtor's name or address, the location of, and details of any loss or damage to, the Collateral, and the details of any claims or litigation affecting the Debtor or Collateral. The Debtor agrees to execute at the Debtor's expense, any instruments, notices or other documents required to effect any registration which MZG deems necessary to protect its interest in the Collateral in any jurisdiction.

14. **Events of Default.** Each of the following events shall constitute an "event of default":

- (a) the Debtor does not pay any of the Obligations when due;
- (b) the Debtor ceases or threatens to cease to carry on its business or defaults in the performance or observance of any of the covenants in Sections 4(d), (e), (i) or (m) or Section 8 hereof;
- (c) if the Debtor defaults in the performance or observance of any condition or covenant contained in this Security Agreement, other than as referred to elsewhere in this Section 14, in any other security previously, now or hereafter granted to MZG by the Debtor or in any other instrument or agreement (including any offer of finance) which the Debtor and MZG are parties to (whether alone or with others) or issued by either the Debtor or MZG to the other, and such default continues for ten (10) days after written notice thereof to the Debtor by MZG;
- (d) the Debtor becomes bankrupt or insolvent or commits an act of bankruptcy, or any proceeding is commenced against, by or affecting the Debtor:
 - (i) seeking to adjudicate it a bankrupt or insolvent;
 - (ii) seeking liquidation, dissolution, winding up, restructuring, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation or organization); or
 - (iii) seeking appointment of a receiver, receiver and manager, liquidator, trustee, agent, custodian or other similar official for it or for any part of its properties and assets, including the Collateral or any part thereof;
- (e) any order or judgment is issued by a court granting any of the relief referred to in Section 14(d) hereof;
- (f) if an encumbrancer or secured creditor shall appoint a receiver or agent or other similar official over any part of the Collateral, or take possession of any part of the Collateral or if any execution, distress or other process of any court becomes enforceable against any Collateral, or a distress or like process is levied upon any of such Collateral;
- (g) if the Debtor takes any proceedings for its dissolution, liquidation or amalgamation with another company or if the legal or corporate existence of the Debtor shall be terminated by expiration, forfeiture or otherwise;
- (h) if there is any material misrepresentation or misstatement contained in any certificate or document delivered by an officer or director of the Debtor in connection with any financing provided by MZG;

- (i) if any representation, warranty or statement made on behalf of the Debtor in any Offer of Finance or any instrument made pursuant thereto is or becomes untrue in any material respect;
- (j) if any guarantor of the obligations of the Debtor to MZG defaults in the performance of any condition or covenant in favour of MZG or if any party to an instrument or agreement supplemental or collateral to this Security Agreement or the financing provided for herein defaults thereunder, and such default continues for ten (10) days after written notice thereof to the Debtor by MZG;
- (k) if MZG, in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of any of the Obligations is or is about to be impaired or that the Collateral or any part thereof is or is about to be placed in jeopardy;
- (l) if voting control of the Debtor as provided for in any Offer of Finance or as subsequently effected with MZG's prior written consent, shall change without the prior written consent of MZG; or
- (m) if a default occurs under any agreement, promissory note, debt obligation, guarantee or otherwise now or hereafter granted to any other bank or financial institution by the Debtor.

15. **Enforcement.** Upon the happening of any event of default, the security granted herein shall become immediately enforceable and MZG may at its option declare this Security Agreement to be in default and may exercise any rights, powers or remedies available to MZG at law or in equity or under the Personal Property Security Act or other applicable legislation and, in addition, may exercise one or more of the following rights, powers or remedies, which rights, powers and remedies are cumulative:

- (a) to declare the full amount of the Obligations to be immediately due and payable;
- (b) to terminate the Debtor's right to possession of the Collateral, cause the Debtor to immediately assemble and deliver the Collateral at such place or places as may be specified by MZG, and enter upon the premises where the Collateral is located and take immediate possession thereof, whether it is affixed to the realty or not, and remove the Collateral without liability to MZG for or by reason of such entry or taking of possession, whether for damage to property caused by taking such or otherwise;
- (c) to enter upon and hold, possess, use, repair, preserve and maintain all or any part of the Collateral and make such replacements thereof and additions thereto as MZG shall deem advisable;
- (d) to sell, for cash or credit or part cash and part credit, lease or dispose of or otherwise realize upon the whole of any part of the Collateral whether by public or private sale as MZG in its absolute discretion may determine without notice to the Debtor or advertisement and after deducting from the proceeds of sale (including legal fees and disbursements on a solicitor and his own client basis) incurred in the repossession, sale, lease or other disposition of the Collateral apply the proceeds thereof to the Obligations in the manner and order to be determined by MZG, provided however that MZG shall only be liable to account to the Debtor, any subsequent encumbrancers and others for money actually received by MZG and provided that the Debtor shall pay any deficiency forthwith;
- (e) to appoint by instrument in writing any person or persons to be a receiver or receiver and manager of all or any portion of the Collateral, to fix the receiver's remuneration and to remove any receiver so appointed and appoint another or others in its stead;
- (f) to apply to any court of competent jurisdiction for the appointment of a receiver or receiver and manager for all or any portion of the Collateral; and
- (g) to retain the Collateral in satisfaction of the Obligations.

16. **Powers of Receiver.**

- (a) Any receiver (which term includes a receiver and manager) shall have all of the powers of MZG set forth in this Security Agreement and, in addition, shall have the following powers:

- (i) to lease all or any portion of the Collateral and for this purpose execute contracts in the name of the Debtor, which contracts shall be binding upon the Debtor and the Debtor hereby irrevocably constitutes such receiver as its attorney for such purposes;
 - (ii) to take possession of the Collateral, collect all rents, issues, incomes and profits derived therefrom and realize upon any additional or collateral security granted by the Debtor to MZG and for that purpose may take any proceedings in the name of the Debtor or otherwise; and
 - (iii) to carry on or concur in carrying on the business which the Debtor is conducting and for that purpose the receiver may borrow money on the security of the Collateral in priority to this Security Agreement;
- (b) Any receiver appointed pursuant to the provisions hereof shall be deemed to be the agent of the Debtor for the purposes of:
- (i) carrying on and managing the business and affairs of the Debtor, and
 - (ii) establishing liability for all of the acts or omissions of the receiver while acting in any capacity hereunder and MZG shall not be liable for such acts or omissions,

provided that, without restricting the generality of the foregoing, the Debtor irrevocably authorizes MZG to give instructions to the receiver relating to the performance of its duties as set out herein.

17. **Application of Moneys.** All moneys actually received by MZG or by the receiver pursuant to Sections 15 and 16 of this Security Agreement shall be applied:

- (a) first, in payment of those claims, if any, of secured creditors of the Debtor (including any claims of the receiver pursuant to Section 16(a), ranking in priority to the charges created by this Security Agreement as directed by MZG or the receiver;
- (b) second, in payment of all costs, charges and expenses of and incidental to the appointment of the receiver (including legal fees and disbursements on a solicitor and own client basis) and the exercise by the receiver or MZG of all or any of the powers granted to them under this Security Agreement, including the reasonable remuneration of the Receiver or any agent or employee of the receiver or any agent of MZG and all outgoings properly paid by the receiver or MZG in exercising their powers as aforesaid;
- (c) third, in or towards the payment to MZG of all other obligations due to it by the Debtor in such order as MZG in its sole discretion may determine;
- (d) fourth, in or towards the payment of the obligation of the Debtor to persons if any, with security interests against Collateral ranking subsequent to those in favour of MZG; and
- (e) fifth, subject to applicable law any surplus shall be paid to the Debtor.

18. **Possession of Collateral.** The Debtor acknowledges that MZG or any receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from MZG or any such Receiver to assemble and deliver possession of the Collateral at such place or places as directed.

19. **Deficiency.** The Debtor shall remain liable to MZG for any deficiency after the proceeds of any sale, lease or disposition of Collateral are received by MZG and applied in accordance with the provisions of Section 17(c) hereof.

20. **Assignment.** This Security Agreement may be assigned by MZG to any other person and, if so assigned, the assignee shall have and be entitled to exercise any and all discretions, rights and powers of MZG hereunder, and all references herein to MZG shall include such assignee. The Debtor may not assign this Security Agreement or any of its rights or obligations hereunder. This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. In any action brought by an assignee of this Security Agreement and the security interest or any part thereof to enforce any rights hereunder, the Debtor shall

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not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against MZG.

21. **Limited Power of Attorney.** The Debtor hereby appoints MZG as the Debtor's attorney, with full power of substitution, in the name and on behalf of the Debtor, to execute, deliver and do all such acts, deeds, leases, documents, transfers, demands, conveyances, assignments, contracts, assurances, consents, financing statements and things as the Debtor has agreed to execute, deliver and do hereunder, under any Offer of Finance or otherwise, or as may be required by MZG or any receiver to give effect to this Security Agreement or in the exercise of any rights, powers or remedies hereby conferred on MZG or any receiver, and generally to use the name of the Debtor in the exercise of all or any of the rights, powers or remedies hereby conferred on MZG or any receiver. This appointment, being coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Debtor or for any other reason.

22. **Severability.** Each of the provisions contained in this Security 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 Security Agreement.

23. **Notices.** Any notice required or desired to be given hereunder or under any Offer of Finance or under any instrument supplemental hereto shall be in writing and may be given by personal delivery, by facsimile or other means of electronic communication or by sending the same by registered mail, postage prepaid, to MZG or to the Debtor at their respective addresses set out above and, in the case of electronic communication, to the facsimile numbers set out above. Any notice so delivered shall be conclusively deemed given when personally delivered and any notice sent by facsimile or other means of electronic transmission shall be deemed to have been delivered on the Business Day following the sending of the notice, and any notice so mailed shall be conclusively deemed given on the third Business Day following the day of mailing, provided that in the event of a known disruption of postal service, notice shall not be given by mail. Any address for notice or payments herein referred to may be changed by notice in writing given pursuant hereto.

Notwithstanding the foregoing, if the Personal Property Security Act requires that notice be given in a special manner, then such notice or communication shall be given in such manner.

24. **General.**

- (i) The Debtor authorizes MZG to file such financing statements, notices of security interest, caveats and other documents and do such acts and things as MZG may consider appropriate to perfect its security in the Collateral, to protect and preserve its interest in the Collateral and to realize upon the Collateral.
- (ii) Nothing in this Security Agreement will in any way obligate MZG to advance any funds, or otherwise make or cause to make credit available to the Debtor, nor will MZG have any liability for any failure or delay in its part to exercise any rights hereunder.
- (iii) If more than one Debtor executes this Security Agreement, the obligations of such Debtors hereunder shall be joint and several.
- (iv) The division of this Security Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Security Agreement.
- (v) When the context so requires, the singular shall include the plural and vice versa and words importing gender include all genders; all rights, advantages, privileges, immunities, powers and things hereby secured to the Debtor shall be equally secured to and exercised by its successors and assigns.
- (vi) Time is of the essence in this Security Agreement.
- (vii) The Debtor, if a corporation, waives the rights, benefits and protection given by and agrees that The Limitation of Civil Rights Act and The Land Contracts (Actions) Act, both of Saskatchewan, shall not apply to this Security Agreement or to any agreement renewing or extending this Security Agreement or to the rights, powers or remedies of MZG under this Security Agreement or under any agreement renewing or extending this Security Agreement.

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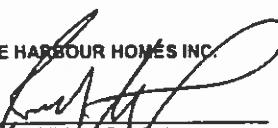
- (viii) Without limiting any other right of MZG, whenever the security granted hereunder becomes enforceable or MZG has the right to declare the security granted hereunder to be immediately due and payable (whether or not it has so declared), MZG may, in its sole discretion, set off against the Obligations any and all amounts then owed to Debtor by MZG in any capacity, whether or not due, and MZG shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on MZG's records subsequent thereto.
- (ix) MZG may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as MZG may see fit without prejudice to the liability of Debtor or MZG's right to hold and realize the security granted hereunder. Furthermore, MZG may demand, collect and sue on Collateral in either Debtor's or MZG's name, at MZG's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments (as defined in the Personal Property Security Act) pertaining to or constituting Collateral.
- (x) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the security interest granted hereunder, or any part thereof, to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against MZG.
- (xi) MZG may provide any financial and other information it has about Debtor, the security interest granted hereunder and the Collateral to anyone acquiring or who may acquire an interest in the security interest granted hereunder or the Collateral from MZG or anyone acting on behalf of MZG.

25. **Receipt.** The Debtor acknowledges that it has received an executed copy of this Security Agreement and, to the extent permitted by law, waives all rights to receive from MZG a copy of any financing statement or financing change statement filed, or any verification statement received, at any time in respect of this Security Agreement or any supplemental or collateral security granted to MZG.

26. **Governing Law.** This Security Agreement or any amendment or renewal thereof will be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein and the Debtor hereby irrevocably attorns to the jurisdiction of the courts of such province.

The Debtor has duly executed this Security Agreement on the 18 day of November, 2020.

SAFE HARBOUR HOMES INC.

Per: 
Name: Michael Stepien
Title: President
I have authority to bind the Corporation.

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Schedule "A"
See Property List attached

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Schedule "B"

PERMITTED ENCUMBRANCES

- (i) liens for taxes, assessments, governmental charges or levies not at the time due;
- (ii) easements, rights of way or other similar rights in land which in the aggregate do not materially impair the usefulness in the business of the Debtor of the property subject thereto;
- (iii) rights reserved to or vested in any municipal, governmental or other public authority by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same or to require annual or other periodic payments as a condition to the continuance thereof;
- (iv) any charge, lien, security interest or encumbrance the validity of which is being contested by the Debtor in good faith and in respect of which either there shall have been deposited with MZG cash in an amount sufficient to satisfy the same or MZG shall be otherwise satisfied that its interests are not prejudiced thereby;
- (v) validly perfected security given by the Debtor to its bankers on its Inventory or under assignments of its accounts receivable, except to the extent that such accounts receivable represent proceeds of the sale or disposition of Equipment or Real Property; and
- (vi) purchase money security interests consisting of any validly perfected charge, lien, security interest or other encumbrance, created, assumed or arising by operation of law after the date hereof, to provide or secure the whole or any part of the consideration for the acquisition of tangible personal property other than Inventory, where
 - (A) the principal amount secured thereby does not exceed the cost to the Debtor of such property,
 - (B) the Debtor's obligation to repay is secured only by the property so acquired by the Debtor,
 - (C) the property is not being acquired as a replacement or substitution for property and assets which are specifically charged hereby, and
 - (D) such security includes the renewal or refinancing of any such purchase money security interest on the same property provided that the indebtedness secured and the security therefor is not increased and remains validly perfected.
- (vii) PPSA registrations

File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class			
					U	G	A	MV
1. 745991514 PPSA	1	20181119 1636 1902 P449 Reg. 06 year(s) Expires 19NOV 2024	SAFE HARBOUR HOMES INC. SAFE HARBOUR LAKEFIELD INC	MERIDIAN ONECAP CREDIT CORP.			X	X
2018 BOXX CUSTOM (VIN: OSW-01017)								
General Collateral Description: TRAILER(S), VEHICLE(S) TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL								

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***THIS IS EXHIBIT "O" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

**MARSHALLZEHR GROUP INC.
SECURITY AGREEMENT**

To: MarshallZehr Group Inc. ("MZG")
465 Phillip Street, Suite 206
Waterloo, Ontario, N2L 6C7
Facsimile No. (519-342-0851)

From: SAFE HARBOUR DEVELOPMENTS INC. ("Debtor")
200- 113 Park Street
Peterborough, ON, K9J 3R8
Fax: _____

1. **General Security Interest.** As security for the payment and performance of all present and future indebtedness, liabilities and obligations of the Debtor to MZG, whether direct or indirect, absolute or contingent, liquidated or unliquidated, as principal or as surety, alone or with others, of whatsoever nature or kind, in any currency or otherwise, under or in respect of agreements or dealings between the Debtor and MZG or agreements or dealings between the Debtor and others by which MZG may be or become in any manner whatsoever a creditor of the Debtor including, without limitation, Obligations under (i) any and all letter agreements and offers to finance/or offers to lease (the "Offers of Finance") entered into by the Debtor and MZG from time to time, (ii) any promissory notes, guarantees or indemnities executed by the Debtor in favour of MZG, and (iii) this Security Agreement (all such indebtedness, liabilities, obligations, expenditures, costs and expenses are hereinafter collectively referred to as the "Obligations"), the Debtor hereby assigns, charges, pledges, mortgages and grants to MZG a security interest in all of the undertaking, property and assets of the Debtor, both real and personal, immovable and moveable, tangible and intangible, legal and equitable, of whatsoever nature and kind, now owned or hereafter acquired by or on behalf of the Debtor or in respect of which the Debtor now or hereafter has any right, title or interest (all of which is hereinafter called the "Collateral"), including without limitation:

- (a) **Intangibles** - all intangible property including without limitation book debts and accounts, all contractual rights and insurance claims, licences, computer software, warranties, ownership certificates, patents, trademarks, trade names, goodwill, copyrights and other industrial property of the Debtor;
- (b) **Books & Records** - all of the Debtor's, manuals, publications, letters, deeds, documents, writings, papers, invoices, books of account and other books relating to or being records of debts, chattel paper or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (c) **Equipment** - all of the Debtor's tools, machinery, equipment, apparatus, furniture, plants, fixtures, vehicles and other tangible personal property, other than Inventory (as defined below), (collectively, the "Equipment");
- (d) **Inventory** - all of the Debtor's tangible personal property held for sale or lease or that have been leased or that are to be furnished or have been furnished under a contract of service, or that are raw materials, work in process, or materials used or consumed in a business or profession (collectively, the "Inventory");
- (e) **Real Property** - all of the Debtor's real and immovable property, both freehold and leasehold, now or hereafter owned, acquired or occupied by the Debtor, together with all buildings, erections, improvements and fixtures situate upon or used in connection therewith, including any lease, verbal or written or any agreement therefor, (collectively, the "Real Property") provided, however, the last day of any term of any such lease, verbal or written, or any agreement therefor now held or hereafter held by the Debtor, is excepted out of the Real Property charged by this Security Agreement, but should such charge become enforceable the Debtor shall thereafter stand possessed of the last day of such leasehold interest upon trust to assign and dispose thereof as MZG may direct;
- (f) **Other Property** - the Debtor's undertaking and all of the Debtor's other property and assets including, without limitation, uncalled capital, judgments, rights, franchises, chattel paper, documents of title, goods, instruments, money and securities (as those terms are defined in the Personal Property Security Act governing this Security Agreement); and

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- (g) **Proceeds** - all of the Debtor's property in any form derived directly or indirectly from any use or dealing with the Collateral or that indemnifies or compensates for loss of or damage to the Collateral (collectively, the "Proceeds");

but excepting that no interest is taken in any goods constituting "consumer goods" under the *Personal Property Security Act*, R.S.O. 1990, c. P.10.

2. **Attachment.** The security interest given hereunder will attach immediately upon the execution of this Security Agreement. The security interest granted hereby has not been postponed and will attach to any particular Collateral as soon as the Debtor has rights in such Collateral.

3. **Representations and Warranties of the Debtor.** The Debtor represents and warrants to MZG as follows:

- (a) The Debtor now owns or will own the Collateral, as the case may be, free and clear of any prior lien, security interest or encumbrance save and except for the security interest granted hereby and for those encumbrances as shown in Schedule "B" which have been validly perfected ("Permitted Encumbrances");
- (b) This Security Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Debtor;
- (c) The authorization, creation, execution and delivery of this Security Agreement and compliance with its terms
- (i) does not and shall not contravene any applicable law, regulation, rule, order, judgment or injunction or the charter documents, by-laws or any unanimous shareholders' agreement of the Debtor; and
- (ii) does not and shall not result in a breach of or a default under any indenture, instrument, lease, agreement or undertaking to which the Debtor is a party or by which it or the Collateral is or may become bound.

4. **General Covenants.** The Debtor hereby declares, covenants and agrees that it:

- (a) **Pay Costs** - shall pay all costs and expenses (including legal fees and disbursements on a solicitor and own client basis) of MZG incidental to or which in any way relates to this Security Agreement or its enforcement, including (i) the preparation, execution and filing of this Security Agreement and any instruments postponing, discharging, amending, extending or supplemental to this Security Agreement or any security required by any Offer of Finance ("MZG's Security"); (ii) perfecting and keeping perfected MZG's Security; (iii) maintaining the intended priority of MZG's Security on all or any part of the Collateral; (iv) taking, recovering or possessing the Collateral; (v) taking any actions or other proceedings to enforce the remedies provided herein or otherwise in relation to this Security Agreement or the Collateral, or by reason of a default under MZG's Security or the Offer of Finance or the non-payment of the moneys hereby secured; (vi) taking proceedings, giving notices and giving responses required under any applicable law concerning or relating to MZG's Security, including compliance with the provisions of applicable bankruptcy, insolvency, personal property security and mortgage enforcement legislation; (vii) responding to or participating in proceedings in the nature of those described in Sections 14(d), (e) and (f) hereof; and (viii) obtaining the advice of counsel and other advisors in relation to the foregoing;

all such costs and expenses and other monies payable hereunder, together with interest at the highest rate chargeable by MZG from time to time on the Obligations, shall form part of the Obligations, shall be payable by the Debtor on demand and shall be secured hereby;

- (b) **To Pay Rents and Taxes** - shall pay all rents, taxes and assessments lawfully imposed upon the Real Property where the Collateral is located or any part thereof when the same become due and payable, and shall show to MZG on request receipts for such payment;
- (c) **To Maintain Corporate Existence and Security** - shall maintain its corporate existence, shall maintain the security hereby created as valid, effective and perfected security at all times, shall observe and perform all of its obligations under leases, licences and other agreements to which it is a party so as to preserve and protect the Collateral and its value;

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- (d) **Not to Sell** - shall not, except for inventory sold in the ordinary course of business and except as otherwise permitted hereunder, remove, destroy, lease, sell or otherwise dispose or part with possession of any of the Collateral; provided that the Debtor may sell or otherwise dispose of furniture, machinery, equipment, vehicles and accessories which have become worn out or damaged or otherwise unsuitable for their purposes on condition that it shall substitute therefor, subject to the lien hereof and free from prior liens, security interests or encumbrances, property of equal value so that the security hereby constituted shall not thereby be in any way reduced or impaired;
- (e) **No Other Liens** - shall not create, assume or suffer to exist any charge, lien, federal or provincial government priority claim arising pursuant to statute including any deemed trust, security interest or encumbrance upon any Collateral other than Permitted Encumbrances. No provision hereof shall be construed as a subordination or postponement of the security interest created hereunder to or in favour of any other charge, lien, security interest or encumbrance, whether or not it is a Permitted Encumbrance, except that the Debtor may give security to its bankers on its Inventory or under assignments of its accounts receivable (except to the extent that such accounts receivable represent proceeds of the sale or disposition of Equipment or Real Property) and such security, if validly perfected, shall rank prior to the interest granted hereby on such Inventory and accounts receivable without further action by MZG;
- (f) **To Hold Proceeds of Unauthorized Sale in Trust** - in the event the Collateral or any part thereof is sold or disposed of prior to the full discharge of this Security Agreement by MZG, in any manner not authorized by this Security Agreement, shall hold all proceeds of such sale or disposition received by the Debtor as trustee for MZG until the Debtor has been fully released from this Security Agreement by MZG;
- (g) **To Insure** - shall keep insured the Collateral to its full insurable value or in such amounts as MZG may reasonably require against all risks, with insurers approved by MZG and will pay all premiums necessary for such purposes as the same shall become due; the proceeds under all policies of insurance are hereby assigned to MZG subject to Permitted Encumbrances as further security hereunder and shall be payable to MZG as its interest may appear and contain such mortgage clauses as MZG may require; such policies or contracts shall be in terms reasonably satisfactory to MZG and at the request of MZG shall be delivered to and held by MZG subject to the rights of the holders of Permitted Encumbrances;
- (h) **To Furnish Proofs** - shall forthwith on the happening of any loss or damage furnish at its expense all necessary proofs and do all necessary acts to enable MZG to obtain payment of the insurance moneys subject to the rights of the holders of Permitted Encumbrances;
- (i) **Inspection by MZG** - shall allow any employees or third parties retained by MZG at any reasonable time to enter the premises of the Debtor or others to inspect the Collateral and to inspect the books and records of the Debtor relating to the Collateral and make extracts therefrom, and shall permit MZG prompt access to such other persons, as MZG may deem necessary or desirable for the purposes of inspecting or verifying any matters relating to any part of the Collateral or the books and records of the Debtor relating to the Collateral, provided that any information so obtained shall be kept confidential, save as required by MZG in exercising its rights hereunder or pursuant to any applicable law or court order. The Debtor shall pay all costs and expenses of third parties (including legal fees and disbursements on a solicitor and own client basis) retained by MZG for purposes of inspection under this Section 4(i);
- (j) **Use and Maintenance** - shall cause the Equipment and Inventory to be operated in accordance with any applicable manufacturer's manuals or instructions, by competent and duly qualified personnel. Any and all additions and accessions to and parts and replacements for the Equipment or Inventory shall immediately become subject to the security interest created hereby. The Debtor shall not change the intended use of the Collateral without the prior written consent of MZG which will not be unreasonably withheld or delayed;
- (k) **Location of Collateral** - shall keep the Collateral at the locations set forth in Schedule "A" hereto, except for goods in transit to such locations, or Inventory on lease or consignment, or with the prior written consent of MZG;

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- (l) **No Affixation** - shall not permit the Collateral to be attached to or affixed to real or other personal property without the prior written consent of MZG which will not be unreasonably withheld or delayed. The Debtor shall obtain and deliver to MZG such waivers as MZG may reasonably request from any owner, landlord or mortgagee of premises on which the Collateral is located or to which the Collateral may become affixed or attached. The Debtor shall promptly do, execute and deliver all such further acts, documents, agreements or assurances as MZG may reasonably require for giving effect to the intent of this Security Agreement and shall register such notice or documents against the title to such premises as MZG may reasonably request to protect its interests hereunder and shall maintain plates or marks showing the name of MZG upon the Collateral as requested;
- (m) **Not to Remove** - prior to moving any of the Collateral from any location indicated in Schedule "A" hereto, or to leasehold property, the Debtor shall effect such further registrations and obtain such other consents and give such other security, at the sole cost and expense of the Debtor, as may be required or desirable to protect or preserve the security hereby created and to maintain the priority intended to be granted to MZG hereunder as against all others including landlords, and the Debtor shall forthwith notify MZG of the intended removal and the action proposed to be taken;
- (n) **Compliance with Environmental Laws**
- (i) shall conduct and maintain its business, operations, Real Property and the Collateral so as to comply in all respects with all applicable Environmental Laws, including obtaining all necessary licenses, permits, consents and approvals required to own or operate the Collateral and the business carried out on, at or from the Real Property;
 - (ii) except as specifically permitted by MZG in writing, it shall not permit or suffer to exist, Contaminants or dangerous or potentially dangerous conditions in, on or below the Real Property including, without limitation, any polychlorinated biphenyls, radio-active substances, underground storage tanks, asbestos or urea formaldehyde foam insulation;
 - (iii) has no knowledge of the existence of Contaminants or dangerous or potentially dangerous conditions at, on or under the Real Property or any properties in the vicinity of the Real Property which could affect the Real Property or the market value thereof or in levels that exceed the standards in Environmental Laws;
 - (iv) has no knowledge of the Real Property, or any portion thereof, having been used for the disposal of waste;
 - (v) has not given or received, nor does it have an obligation to give, any notice, claim, communication or information regarding any past, present, planned or threatened treatment, storage, disposal, presence, release or spill of any Contaminant at, on, under or from the Real Property or any property in the vicinity of the Real Property, including any notice pursuant to any Environmental Laws or any environmental report or audit. The Debtor shall notify MZG promptly and in reasonable detail upon receipt of any such claim, notice, communication or information or if the Debtor becomes aware of any violation or potential violation of the Debtor of any Environmental Laws and shall describe therein the action which the Debtor intends to take with respect to such matter;
 - (vi) shall at the Debtor's expense establish and maintain a system to assure and monitor continued compliance with, and to prevent the contravention of, Environmental Laws, which system shall include periodic reviews of such compliance system and the Debtor shall provide an annual report to MZG regarding the Debtor's environmental performance, and the effectiveness of such system;
 - (vii) shall promptly advise MZG in writing of any material adverse change in the environmental or other legal requirements affecting the Debtor or the Collateral or the Real Property upon the Debtor becoming aware of any such change, and the Debtor shall provide MZG with a copy of any of the orders, by-laws,

agreements or other documents pursuant to which any such change is effected or documented;

- (viii) shall at the Debtor's expense promptly take or cause to be taken any and all necessary remedial or clean-up action in response to the presence, storage, use, disposal, transportation, release or discharge of any Contaminant in, on, under or about any of the Real Property, or used by the Debtor, in compliance with all material laws including, without limitation, Environmental Laws, and in accordance with the orders and directions of all applicable federal, state, provincial, municipal and local governmental authorities;
- (ix) shall deliver to MZG a true and complete copy of all environmental audits, evaluations, assessments, studies or tests relating to the Real Property, the Collateral or the Debtor now in its possession or control or forthwith after the completion thereof, or upon such materials coming into the Debtor's possession or control;
- (x) shall at the Debtor's expense, if reasonably requested by MZG in writing, retain an environmental consultant acceptable to MZG, acting reasonably, to undertake environmental tests and to prepare a report or audit with respect to the Real Property and deliver same to MZG for its review; and
- (xi) shall indemnify and save harmless MZG, its officers, directors, employees, agents and shareholders from and against all losses, liabilities, damages or costs (including legal fees and disbursement on a solicitor and own client basis) suffered including, without limitation, the cost or expense of any environmental investigation, the preparation of any environmental or similar report, and the costs of any remediation arising from or relating to any breach of the foregoing covenants of this Section 4(n), any breach by the Debtor or any other person now or hereafter having an interest in the Collateral or the Real Property which is asserted or claimed against MZG; the presence, in any form, of any Contaminant on or under the Real Property, or the discharge, release, spill or disposal of any contaminant by the Debtor, which is asserted or claimed against any of these indemnified persons. This indemnity shall survive the payment in full of all amounts secured hereby and the discharge of this Security Agreement. MZG shall hold the benefit of this indemnity in trust for those indemnified persons who are not parties to this Security Agreement.
- (xii) For the purposes hereof:
 - a. "Contaminant" means any solid, liquid, gas, odour, heat, sound, smoke, waste, vibration, radiation or combination of any of them resulting directly or indirectly from human activities that may cause: (i) impairment of the quality of the natural environment for any use that can be made of it, (ii) injury or damage to property or to plant or animal life, (iii) harm or material discomfort to any person, (iv) an adverse affect on the health of any person, (v) impairment of the safety of any person, (vi) rendering any property or plant or animal life unfit for use by man, (vii) loss of enjoyment of normal use of property, or (viii) interference with the normal conduct of business, and includes any pollutant or contaminant as defined in any applicable Environmental Laws and any biological, chemical or physical agent which is regulated, prohibited, restricted or controlled; and
 - b. "Environmental Laws" means the common law and all applicable federal, provincial, local, municipal, governmental or quasi-governmental laws, rules, regulations, policies, guidelines, licences, orders, permits, decisions or requirements concerning Contaminants, occupational or public health and safety or the environment and any other order, injunction, judgment, declaration, notice or demand issued thereunder.
- (o) **Financial Statements** - shall deliver to MZG, in accordance with the terms of any Offers of Finance, its interim and annual financial statements, all of which financial statements shall be signed by an authorized officer of the Debtor and prepared in accordance with generally accepted accounting principles. The Debtor shall at the same

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time deliver to MZG copies of all management reports prepared by the accountants or auditors of the Debtor together with any other statements stipulated in any Offer of Finance;

- (p) Offers of Finance - shall comply with all provisions of the Offers of Finance, including executing and delivering all such documents as may be necessary to maintain in force the pre-authorized payment system specified in any Offer of Finance.

5. **Collection of Debts.** Upon the occurrence of an event of default hereunder, MZG may, without exercising any of its other rights or remedies hereunder, give notice of the security interest in, and the assignment to, MZG of any debt or liability forming part of the Collateral and may direct such person to make all payments on account of any such debt or liability to MZG.

6. **Waiver of Covenants.** MZG may waive in writing any breach by the Debtor of any of the provisions contained in this Security 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, provided that no such waiver or any other act, failure to act or omission by MZG shall extend to or be taken in any manner to affect any subsequent breach or default or the rights of MZG resulting therefrom. All rights and remedies of MZG granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

7. **Performance of Covenants by MZG.** If the Debtor shall fail to perform any covenant on its part herein contained, MZG may in its absolute discretion perform any such covenant capable of being performed by it, but MZG shall be under no obligation to do so. If any such covenant requires the payment of money or if the Collateral or any part thereof shall become subject to any charge, lien, security interest or encumbrance ranking in priority to the security interest created hereby, MZG may in its absolute discretion make such payment and/or pay or discharge such charge, lien, security interest or encumbrance, but MZG shall be under no obligation to do so. All sums so paid by MZG, together with interest at the highest rate chargeable by MZG from time to time on the Obligations, shall be payable by the Debtor on demand and shall constitute a charge upon the Collateral. No such performance or payment shall relieve the Debtor from any default hereunder or any consequences of such default.

8. **Appointment of Monitor.** If in the opinion of MZG, acting reasonably, a material adverse change has occurred in the financial condition of the Debtor, or if MZG in good faith believes that the ability of the Debtor to pay any of its obligations to MZG or to perform any other covenant contained herein has become impaired or if an event of default has occurred, MZG may by written notice to the Debtor, appoint a monitor (the "Monitor") to investigate any or a particular aspect of the Collateral, the Debtor or its business and affairs for the purpose of reporting to MZG. The Debtor shall give the Monitor its full co-operation, including full access to facilities, assets and records of the Debtor and to its creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall have no responsibility for the affairs of the Debtor nor shall it participate in the management of the Debtor's affairs and shall incur no liability in respect thereof or otherwise in connection with the Debtor, its business and affairs or the Collateral. The Monitor shall act solely on behalf of MZG and shall have no contractual relationship with the Debtor as a consultant or otherwise. The appointment of a Monitor shall not be regarded as an act of enforcement of this Security Agreement. All reasonable fees and expenses of the Monitor (including legal fees and disbursements on a solicitor and own client basis) shall be paid by the Debtor upon submission to it of a written invoice therefor. MZG may at its option upon the occurrence of an event of default appoint or seek to have appointed the Monitor as receiver, receiver and manager, liquidator, or trustee in bankruptcy of the Debtor or the Collateral or any part thereof.

9. **Application of Insurance Proceeds.** Any insurance moneys received by MZG may at the option of MZG be applied to rebuilding or repairing the Collateral, or be paid to the Debtor, or any such moneys may be applied in the sole discretion of MZG, in whole or in part, to the repayment of the Obligations or any part thereof whether then due or not, with any partial payments to be credited against principal instalments payable thereunder in inverse order of their maturity dates.

10. **No Merger or Novation.** The taking of any judgment or the exercise of any power of seizure or sale shall not operate to extinguish the liability of the Debtor to perform its obligations hereunder or to pay the Obligations hereby secured, shall not operate as a merger of any covenant herein contained or affect the right of MZG to interest in effect from time to time hereunder and the acceptance of any payment or other security shall not constitute or create any novation. The execution and delivery of this Security Agreement or of any instruments or documents supplemental hereto shall not operate as a merger of any representation, warranty, term, condition or other provision contained in any other obligation or indebtedness of the Debtor to MZG or under any Offer of Finance.

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11. **Security in Addition.** The security hereby constituted is in addition to any other security now or hereafter held by MZG. The taking of any action or proceedings or refraining from so doing, or any other dealings with any other security for the moneys secured hereby, shall not release or affect the security created hereby.

12. **Partial Discharges.** MZG may in its sole discretion grant partial discharges or releases of security in respect of any of the Collateral on such terms and conditions as it shall deem fit and no such partial discharges or releases shall affect the remainder of the security created hereby nor shall it alter the obligations of the Debtor under the Obligations or hereunder.

13. **Notice of Change.** The Debtor shall immediately notify MZG in writing of any proposed change and any actual change in the Debtor's name or address, the location of, and details of any loss or damage to, the Collateral, and the details of any claims or litigation affecting the Debtor or Collateral. The Debtor agrees to execute at the Debtor's expense, any instruments, notices or other documents required to effect any registration which MZG deems necessary to protect its interest in the Collateral in any jurisdiction.

14. **Events of Default.** Each of the following events shall constitute an "event of default":

- (a) the Debtor does not pay any of the Obligations when due;
- (b) the Debtor ceases or threatens to cease to carry on its business or defaults in the performance or observance of any of the covenants in Sections 4(d), (e), (i) or (m) or Section 8 hereof;
- (c) if the Debtor defaults in the performance or observance of any condition or covenant contained in this Security Agreement, other than as referred to elsewhere in this Section 14, in any other security previously, now or hereafter granted to MZG by the Debtor or in any other instrument or agreement (including any offer of finance) which the Debtor and MZG are parties to (whether alone or with others) or issued by either the Debtor or MZG to the other, and such default continues for ten (10) days after written notice thereof to the Debtor by MZG;
- (d) the Debtor becomes bankrupt or insolvent or commits an act of bankruptcy, or any proceeding is commenced against, by or affecting the Debtor:
 - (i) seeking to adjudicate it a bankrupt or insolvent;
 - (ii) seeking liquidation, dissolution, winding up, restructuring, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation or organization); or
 - (iii) seeking appointment of a receiver, receiver and manager, liquidator, trustee, agent, custodian or other similar official for it or for any part of its properties and assets, including the Collateral or any part thereof;
- (e) any order or judgment is issued by a court granting any of the relief referred to in Section 14(d) hereof;
- (f) if an encumbrancer or secured creditor shall appoint a receiver or agent or other similar official over any part of the Collateral, or take possession of any part of the Collateral or if any execution, distress or other process of any court becomes enforceable against any Collateral, or a distress or like process is levied upon any of such Collateral;
- (g) if the Debtor takes any proceedings for its dissolution, liquidation or amalgamation with another company or if the legal or corporate existence of the Debtor shall be terminated by expiration, forfeiture or otherwise;
- (h) if there is any material misrepresentation or misstatement contained in any certificate or document delivered by an officer or director of the Debtor in connection with any financing provided by MZG;

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- (i) if any representation, warranty or statement made on behalf of the Debtor in any Offer of Finance or any instrument made pursuant thereto is or becomes untrue in any material respect;
- (j) if any guarantor of the obligations of the Debtor to MZG defaults in the performance of any condition or covenant in favour of MZG or if any party to an instrument or agreement supplemental or collateral to this Security Agreement or the financing provided for herein defaults thereunder, and such default continues for ten (10) days after written notice thereof to the Debtor by MZG;
- (k) if MZG, in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of any of the Obligations is or is about to be impaired or that the Collateral or any part thereof is or is about to be placed in jeopardy;
- (l) if voting control of the Debtor as provided for in any Offer of Finance or as subsequently effected with MZG's prior written consent, shall change without the prior written consent of MZG; or
- (m) if a default occurs under any agreement, promissory note, debt obligation, guarantee or otherwise now or hereafter granted to any other bank or financial institution by the Debtor.

15. **Enforcement.** Upon the happening of any event of default, the security granted herein shall become immediately enforceable and MZG may at its option declare this Security Agreement to be in default and may exercise any rights, powers or remedies available to MZG at law or in equity or under the Personal Property Security Act or other applicable legislation and, in addition, may exercise one or more of the following rights, powers or remedies, which rights, powers and remedies are cumulative:

- (a) to declare the full amount of the Obligations to be immediately due and payable;
- (b) to terminate the Debtor's right to possession of the Collateral, cause the Debtor to immediately assemble and deliver the Collateral at such place or places as may be specified by MZG, and enter upon the premises where the Collateral is located and take immediate possession thereof, whether it is affixed to the realty or not, and remove the Collateral without liability to MZG for or by reason of such entry or taking of possession, whether for damage to property caused by taking such or otherwise;
- (c) to enter upon and hold, possess, use, repair, preserve and maintain all or any part of the Collateral and make such replacements thereof and additions thereto as MZG shall deem advisable;
- (d) to sell, for cash or credit or part cash and part credit, lease or dispose of or otherwise realize upon the whole of any part of the Collateral whether by public or private sale as MZG in its absolute discretion may determine without notice to the Debtor or advertisement and after deducting from the proceeds of sale (including legal fees and disbursements on a solicitor and his own client basis) incurred in the repossession, sale, lease or other disposition of the Collateral apply the proceeds thereof to the Obligations in the manner and order to be determined by MZG, provided however that MZG shall only be liable to account to the Debtor, any subsequent encumbrancers and others for money actually received by MZG and provided that the Debtor shall pay any deficiency forthwith;
- (e) to appoint by instrument in writing any person or persons to be a receiver or receiver and manager of all or any portion of the Collateral, to fix the receiver's remuneration and to remove any receiver so appointed and appoint another or others in its stead;
- (f) to apply to any court of competent jurisdiction for the appointment of a receiver or receiver and manager for all or any portion of the Collateral; and
- (g) to retain the Collateral in satisfaction of the Obligations.

16. **Powers of Receiver.**

- (a) Any receiver (which term includes a receiver and manager) shall have all of the powers of MZG set forth in this Security Agreement and, in addition, shall have the following powers:

- (i) to lease all or any portion of the Collateral and for this purpose execute contracts in the name of the Debtor, which contracts shall be binding upon the Debtor and the Debtor hereby irrevocably constitutes such receiver as its attorney for such purposes;
 - (ii) to take possession of the Collateral, collect all rents, issues, incomes and profits derived therefrom and realize upon any additional or collateral security granted by the Debtor to MZG and for that purpose may take any proceedings in the name of the Debtor or otherwise; and
 - (iii) to carry on or concur in carrying on the business which the Debtor is conducting and for that purpose the receiver may borrow money on the security of the Collateral in priority to this Security Agreement;
- (b) Any receiver appointed pursuant to the provisions hereof shall be deemed to be the agent of the Debtor for the purposes of:
- (i) carrying on and managing the business and affairs of the Debtor, and
 - (ii) establishing liability for all of the acts or omissions of the receiver while acting in any capacity hereunder and MZG shall not be liable for such acts or omissions,

provided that, without restricting the generality of the foregoing, the Debtor irrevocably authorizes MZG to give instructions to the receiver relating to the performance of its duties as set out herein.

17. **Application of Moneys.** All moneys actually received by MZG or by the receiver pursuant to Sections 15 and 16 of this Security Agreement shall be applied:

- (a) first, in payment of those claims, if any, of secured creditors of the Debtor (including any claims of the receiver pursuant to Section 16(a), ranking in priority to the charges created by this Security Agreement as directed by MZG or the receiver;
- (b) second, in payment of all costs, charges and expenses of and incidental to the appointment of the receiver (including legal fees and disbursements on a solicitor and own client basis) and the exercise by the receiver or MZG of all or any of the powers granted to them under this Security Agreement, including the reasonable remuneration of the Receiver or any agent or employee of the receiver or any agent of MZG and all outgoings properly paid by the receiver or MZG in exercising their powers as aforesaid;
- (c) third, in or towards the payment to MZG of all other obligations due to it by the Debtor in such order as MZG in its sole discretion may determine;
- (d) fourth, in or towards the payment of the obligation of the Debtor to persons if any, with security interests against Collateral ranking subsequent to those in favour of MZG; and
- (e) fifth, subject to applicable law any surplus shall be paid to the Debtor.

18. **Possession of Collateral.** The Debtor acknowledges that MZG or any receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from MZG or any such Receiver to assemble and deliver possession of the Collateral at such place or places as directed.

19. **Deficiency.** The Debtor shall remain liable to MZG for any deficiency after the proceeds of any sale, lease or disposition of Collateral are received by MZG and applied in accordance with the provisions of Section 17(c) hereof.

20. **Assignment.** This Security Agreement may be assigned by MZG to any other person and, if so assigned, the assignee shall have and be entitled to exercise any and all discretions, rights and powers of MZG hereunder, and all references herein to MZG shall include such assignee. The Debtor may not assign this Security Agreement or any of its rights or obligations hereunder. This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. In any action brought by an assignee of this Security Agreement and the security interest or any part thereof to enforce any rights hereunder, the Debtor shall

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not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against MZG.

21. **Limited Power of Attorney.** The Debtor hereby appoints MZG as the Debtor's attorney, with full power of substitution, in the name and on behalf of the Debtor, to execute, deliver and do all such acts, deeds, leases, documents, transfers, demands, conveyances, assignments, contracts, assurances, consents, financing statements and things as the Debtor has agreed to execute, deliver and do hereunder, under any Offer of Finance or otherwise, or as may be required by MZG or any receiver to give effect to this Security Agreement or in the exercise of any rights, powers or remedies hereby conferred on MZG or any receiver, and generally to use the name of the Debtor in the exercise of all or any of the rights, powers or remedies hereby conferred on MZG or any receiver. This appointment, being coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Debtor or for any other reason.

22. **Severability.** Each of the provisions contained in this Security 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 Security Agreement.

23. **Notices.** Any notice required or desired to be given hereunder or under any Offer of Finance or under any instrument supplemental hereto shall be in writing and may be given by personal delivery, by facsimile or other means of electronic communication or by sending the same by registered mail, postage prepaid, to MZG or to the Debtor at their respective addresses set out above and, in the case of electronic communication, to the facsimile numbers set out above. Any notice so delivered shall be conclusively deemed given when personally delivered and any notice sent by facsimile or other means of electronic transmission shall be deemed to have been delivered on the Business Day following the sending of the notice, and any notice so mailed shall be conclusively deemed given on the third Business Day following the day of mailing, provided that in the event of a known disruption of postal service, notice shall not be given by mail. Any address for notice or payments herein referred to may be changed by notice in writing given pursuant hereto.

Notwithstanding the foregoing, if the Personal Property Security Act requires that notice be given in a special manner, then such notice or communication shall be given in such manner.

24. **General.**

- (i) The Debtor authorizes MZG to file such financing statements, notices of security interest, caveats and other documents and do such acts and things as MZG may consider appropriate to perfect its security in the Collateral, to protect and preserve its interest in the Collateral and to realize upon the Collateral.
- (ii) Nothing in this Security Agreement will in any way obligate MZG to advance any funds, or otherwise make or cause to make credit available to the Debtor, nor will MZG have any liability for any failure or delay in its part to exercise any rights hereunder.
- (iii) If more than one Debtor executes this Security Agreement, the obligations of such Debtors hereunder shall be joint and several.
- (iv) The division of this Security Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Security Agreement.
- (v) When the context so requires, the singular shall include the plural and vice versa and words importing gender include all genders; all rights, advantages, privileges, immunities, powers and things hereby secured to the Debtor shall be equally secured to and exercised by its successors and assigns.
- (vi) Time is of the essence in this Security Agreement.
- (vii) The Debtor, if a corporation, waives the rights, benefits and protection given by and agrees that The Limitation of Civil Rights Act and The Land Contracts (Actions) Act, both of Saskatchewan, shall not apply to this Security Agreement or to any agreement renewing or extending this Security Agreement or to the rights, powers or remedies of MZG under this Security Agreement or under any agreement renewing or extending this Security Agreement.

9

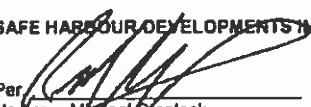
- (viii) Without limiting any other right of MZG, whenever the security granted hereunder becomes enforceable or MZG has the right to declare the security granted hereunder to be immediately due and payable (whether or not it has so declared), MZG may, in its sole discretion, set off against the Obligations any and all amounts then owed to Debtor by MZG in any capacity, whether or not due, and MZG shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on MZG's records subsequent thereto
- (ix) MZG may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as MZG may see fit without prejudice to the liability of Debtor or MZG's right to hold and realize the security granted hereunder. Furthermore, MZG may demand, collect and sue on Collateral in either Debtor's or MZG's name, at MZG's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments (as defined in the Personal Property Security Act) pertaining to or constituting Collateral.
- (x) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the security interest granted hereunder, or any part thereof, to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against MZG.
- (xi) MZG may provide any financial and other information it has about Debtor, the security interest granted hereunder and the Collateral to anyone acquiring or who may acquire an interest in the security interest granted hereunder or the Collateral from MZG or anyone acting on behalf of MZG.

25. **Receipt.** The Debtor acknowledges that it has received an executed copy of this Security Agreement and, to the extent permitted by law, waives all rights to receive from MZG a copy of any financing statement or financing change statement filed, or any verification statement received, at any time in respect of this Security Agreement or any supplemental or collateral security granted to MZG.

26. **Governing Law.** This Security Agreement or any amendment or renewal thereof will be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein and the Debtor hereby irrevocably attorns to the jurisdiction of the courts of such province.

The Debtor has duly executed this Security Agreement on the 17 day of November, 2020.

SAFE HARBOUR DEVELOPMENTS INC.

Per 
Name: Michael Sheplock
Title: President
I have authority to bind the Corporation.

8

Schedule "A"
See Property List attached

9

Schedule "B"

PERMITTED ENCUMBRANCES

- (i) liens for taxes, assessments, governmental charges or levies not at the time due;
- (ii) easements, rights of way or other similar rights in land which in the aggregate do not materially impair the usefulness in the business of the Debtor of the property subject thereto;
- (iii) rights reserved to or vested in any municipal, governmental or other public authority by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same or to require annual or other periodic payments as a condition to the continuance thereof;
- (iv) any charge, lien, security interest or encumbrance the validity of which is being contested by the Debtor in good faith and in respect of which either there shall have been deposited with MZG cash in an amount sufficient to satisfy the same or MZG shall be otherwise satisfied that its interests are not prejudiced thereby;
- (v) validly perfected security given by the Debtor to its bankers on its Inventory or under assignments of its accounts receivable, except to the extent that such accounts receivable represent proceeds of the sale or disposition of Equipment or Real Property; and
- (vi) purchase money security interests consisting of any validly perfected charge, lien, security interest or other encumbrance, created, assumed or arising by operation of law after the date hereof, to provide or secure the whole or any part of the consideration for the acquisition of tangible personal property other than Inventory, where
 - (A) the principal amount secured thereby does not exceed the cost to the Debtor of such property,
 - (B) the Debtor's obligation to repay is secured only by the property so acquired by the Debtor,
 - (C) the property is not being acquired as a replacement or substitution for property and assets which are specifically charged hereby, and
 - (D) such security includes the renewal or refinancing of any such purchase money security interest on the same property provided that the indebtedness secured and the security therefor is not increased and remains validly perfected.
- (vii) PPSA registrations

File No.	Enquiry Page No.	Reg. No.	Debitors	Secured Party	Collateral Class					
					CC	I	E	A	Q	M
1. 700723069 PPSA	1	20141016 1047 1862 3005 Reg. 5 year(s) Expires 16OCT 2025	SAFE HARBOUR DEVELOPMENTS INC.	MARSHALLZEHR GROUP INC.		X	X	X	X	X
	No Fixed Maturity Date									
	2	20190906 0923 1862 7424 B RENEWAL Renew 5 year(s)	SAFE HARBOUR DEVELOPMENTS INC.							
	3	20200227 0926 1862 9404 B RENEWAL Renew 1 year(s)	SAFE HARBOUR DEVELOPMENTS INC.							

File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class. CG F E A O M V
2. 785219453 PPSA	4	20150417 1449 1862 6050 Reg. 5 year(s) Expires 17APR 2028	2174542 ONTARIO INC. SAFE HARBOUR RETIREMENT HOMES INC SAFE HARBOUR LAKEFIELD INC. SAFE HARBOUR DEVELOPMENTS INC.	MARSHALLZEHR GROUP INC.	X X X X X
No Fixed Maturity Date					
	6	20170428 1455 1862 3152 B RENEWAL Renew 5 year(s)	2174542 ONTARIO INC.		
	7	20200227 0925 1862 9403 B RENEWAL Renew 3 year(s)	2174542 ONTARIO INC.		
File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class. CG F E A O M V
3. 718414767 PPSA	8	20160707 1708 1462 0707 Reg. 6 year(s) Expires 07JUL 2022	THE REGENCY OF LAKEFIELD INC. SAFE HARBOUR DEVELOPMENT INC.	XEROX CANADA LTD	X X
No Fixed Maturity Date					
File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class. CG F E A O M V
4. 720238194 PPSA	9	20160902 1017 1462 9699 Reg. 6 year(s) Expires 02SEP 2022	THE REGENCY OF LAKEFIELD INC SAFE HARBOUR DEVELOPMENTS INC.	ADDISON LEASING OF CANADA LTD	X X
Amount Secured: \$47492					
No Fixed Maturity Date					
2015 FORD TRANSIT-350 XLT (VIN: 1FBZX2CG5FKB14567)					
File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class. CG F E A O M V
5. 724608666 PPSA	10	20170203 1410 6005 2848 Reg. 06 year(s) Expires 03FEB 2023	THE REGENCY OF LAKEFIELD INC SAFE HARBOUR DEVELOPMENTS INC.	NATIONAL LEASING GROUP INC	X
General Collateral Description ALL COMMERCIAL CLEANING EQUIPMENT-WASHER EXTRACTOR, STEEL BASE, DRYING TUMBLER OF EVERY NATURE OR KIND DESCRIBED IN AGREEMENT NUMBER 2791857.					

BETWEEN THE SECURED PARTY AND THE DEBTOR, AS AMENDED FROM TIME TO TIME,
TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS

***THIS IS EXHIBIT "P" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

TITLE SUMMARY

Date: February 16, 2024

Legal Description: Lots 1-30, Plan 45M260; Township of Otonabee-South Monaghan
 PINs 28158-0200 (LT) to 28158-0229 (LT)
Registered Owner: 2174542 Ontario Inc. (the "Owner")

Instrument Number and Date Registered	Instrument Type	Instrument Details
R129315 1936/01/24	By-Law	N/A
PE214289 2014/10/17	Charge	Granted by the Owner in favour of MarshallZehr Group Inc. (" MZGI ") in the principal amount of \$12,000,000.00
PE225968 2015/06/09	Charge	Granted by the Owner in favour of MZGI in the principal amount of \$16,000,000.00
PE225969 2015/06/09	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968
PE225979 2015/06/09	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE225968)
PE267145 2017/05/04	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968
PE267146 2017/05/04	Application (General)	Application from the Owner and MZGI regarding an amendment to PE225968 - deleted by ddean on November 7/23.
PE267156 2017/05/04	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968 and PE267146 (not currently registered)
PE267165 2017/05/04	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE267146)
PE287361 2018/03/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE225968
PE327751 2020/02/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE225968
PE327760 2020/02/28	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE327751)
PE384795 2022/08/08	Notice of Subdivision Agreement	Notice of Subdivision Agreement between The Corporation of the Township of Otonabee-South Monaghan (the " Town "), the Owner and Safe Harbour Development Inc.
PE384796 2022/08/08	Postponement	Postponement of Interest by MZGI (PE225968) to the Town (PE384795)

PE384797 2022/08/08	Postponement	Postponement of Interest by MZGI (PE214289) to the Town (PE384795)
45M260 2022/09/06	Plan of Subdivision	N/A
PE387857 2022/09/26	Notice of Change of Address for Service – Instrument	Change in MZGI Address
PE388769 2022/10/12	Charge	Granted by the Owner in favour of MZGI in the principal amount of \$8,000,000.00
PE388770 2022/10/12	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE388769
PE388771 2022/10/12	Postponement	Postponement of Interest by MZGI (PE225968) to MZGI (PE388769)
PE388772 2022/10/12	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE388769)
PE388778 2022/10/12	Restriction – Land	No further charge of such lands without the consent of MZGI
PE389208 2022/10/19	Plan Correction	Order from Assistant Examiner of Surveys to amend 45M260
PE390890 2022/11/18	Charge	Granted by the Owner in favour of Fraser Berrill in the principal amount of \$1,350,000.00

***THIS IS EXHIBIT "Q" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

Properties			
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<i>PIN</i>	28158 - 0200	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 1, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0201	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 2, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0202	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 3, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0203	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 4, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0204	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 5, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0205	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 6, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0206	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 7, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0207	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 8, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0208	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 9, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0209	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 10, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0210	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 11, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0211	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 12, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0212	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 13, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0213	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 14, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0214	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 15, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0215	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 16, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0216	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 17, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0217	LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LOT 18, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN			
<i>Address</i>	PETERBOROUGH			
<i>PIN</i>	28158 - 0218	LT	<i>Interest/Estate</i>	Fee Simple

Properties

<i>Description</i>	LOT 19, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0219	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 20, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0220	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 21, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0221	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 22, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0222	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 23, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0223	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 24, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0224	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 25, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0225	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 26, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0226	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 27, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0227	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 28, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0228	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 29, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0229	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 30, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0244	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 45, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0245	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 46, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0246	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 47, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0247	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 48, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0248	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 49, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0249	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 50, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
<i>Address</i>	PETERBOROUGH		
<i>PIN</i>	28158 - 0250	LT	<i>Interest/Estate</i> Fee Simple
<i>Description</i>	LOT 51, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		

Properties

Address	PETERBOROUGH		
PIN	28158 - 0251	LT	Interest/Estate Fee Simple
Description	LOT 52, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0252	LT	Interest/Estate Fee Simple
Description	LOT 53, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0253	LT	Interest/Estate Fee Simple
Description	LOT 54, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0254	LT	Interest/Estate Fee Simple
Description	LOT 55, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0255	LT	Interest/Estate Fee Simple
Description	LOT 56, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0256	LT	Interest/Estate Fee Simple
Description	LOT 57, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0257	LT	Interest/Estate Fee Simple
Description	LOT 58, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0258	LT	Interest/Estate Fee Simple
Description	LOT 59, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0259	LT	Interest/Estate Fee Simple
Description	LOT 60, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0260	LT	Interest/Estate Fee Simple
Description	LOT 61, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0261	LT	Interest/Estate Fee Simple
Description	LOT 62, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0287	LT	Interest/Estate Fee Simple
Description	LOT 88, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0288	LT	Interest/Estate Fee Simple
Description	LOT 89, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0289	LT	Interest/Estate Fee Simple
Description	LOT 90, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0296	LT	Interest/Estate Fee Simple
Description	BLOCK 97, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0298	LT	Interest/Estate Fee Simple
Description	BLOCK 99, PLAN 45M260; SUBJECT TO AN EASEMENT IN GROSS AS IN PE214873; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0299	LT	Interest/Estate Fee Simple
Description	BLOCK 100, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN		
Address	PETERBOROUGH		
PIN	28158 - 0300	LT	Interest/Estate Fee Simple
Description	BLOCK 101, PLAN 45M260; SUBJECT TO AN EASEMENT IN GROSS AS IN PE214873;		

Properties

TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

Address PETERBOROUGH

PIN 28158 - 0303 LT Interest/Estate Fee Simple

Description BLOCK 104, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

Address PETERBOROUGH

PIN 28158 - 0312 LT Interest/Estate Fee Simple

Description PART LOT 30 CONCESSION 11 OTONABEE; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

Address PETERBOROUGH

Chargor(s)

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

Name 2174542 ONTARIO INC.

Address for Service 202-113 Park Street, Peterborough,
Ontario, L9J 3R8

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

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

Chargee(s)

Capacity

Share

Name BERRILL, FRASER

Address for Service 1402-30 Wellington St. E.
Toronto, Ontario, M5E 1S3**Statements**

In accordance with registration PE388778 registered on 2022/10/12, the consent of MarshallZehr Group Inc. has been obtained for the registration of this document.

Provisions

Principal	\$1,350,000.00	Currency	CDN
Calculation Period	Monthly, not in advance		
Balance Due Date	2023/04/07		
Interest Rate	12.00 % per annum (interest only)		
Payments			
Interest Adjustment Date	2022 10 07		
Payment Date			
First Payment Date			
Last Payment Date	2023 04 07		
Standard Charge Terms	200033		
Insurance Amount	Full insurable value		
Guarantor	Michael Steplock, Chris Geddes, Edward Holko, Safe Harbour Retirement Homes Inc. & The Regency of Lakefield Inc.		

Additional Provisions

See Schedules

Signed By

Jeffery Howard Frymer

#1300-5255 Yonge Street
Toronto
M2N 6P4acting for
Chargor(s)

Signed 2022 11 18

Tel 416-446-1230

Fax 416-446-1201

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

Submitted By

JACK FRYMER PROFESSIONAL CORPORATION #1300-5255 Yonge Street 2022 11 18
Toronto
M2N 6P4

Tel 416-446-1230
Fax 416-446-1201

Fees/Taxes/Payment

Statutory Registration Fee \$69.00
Total Paid \$69.00

File Number

Chargee Client File Number : 220296

ADDITIONAL PROVISIONS

PROVIDED and it is hereby agreed by and between the Chargor and the Chargee that the Charge/Mortgage is closed for the entire term.

PROVIDED further that six (6) months prepaid interest to be deducted from the advance, which prepaid interest shall be fully earned.

The Chargor and the Chargee hereby agree that unless the mortgage has been completely re-paid within eight (8) weeks, commencing November 10, 2022, the interest rate applicable to any balance outstanding at that time will increase to fifteen per cent (15%) (which additional amount of interest shall be payable monthly).

Payment must be received by no later than 2:00 p.m. on the requested payout date. If funds are not received by 2:00 p.m., per diem interest must be added, for each additional day, including the payout date.

PROVIDED further that the Mortgagor shall pay an administration fee of \$500.00 to the Mortgagee on each occurrence of the following events:

1. Late payment of any monthly payment
2. If any cheque is dishonoured for any reason
3. Failure to provide post dated cheques when and if required

PROVIDED that in the event the Chargor sells, transfers or otherwise disposes of the charged property or any portion thereof or any interest therein, the principal sum hereby secured shall immediately become due and payable.

GUARANTOR -

IN CONSIDERATION of the Chargee entering into the within Charge, the Guarantor unconditionally guarantees all payments required to be made by the Chargor, pursuant to the provisions of this Charge as well as the full, prompt and complete performance by the Chargor of each and every of the covenants, conditions and provisions to be observed and performed by the Chargor. This guarantee is given by the Guarantor as principal debtor and not as surety and it is the express condition of the parties hereto that the Guarantor shall be liable to the Chargee in the same manner and to the same extent as if the said Guarantor had executed this mortgage as Chargor.

The Guarantor further agrees that this guarantee shall not be deemed to have been waived, released, discharged, impaired or affected by reason of the assignment and/or re-assignment of this Charge at any time and from time to time nor by reason of any extensions of time, indulgences or modifications granted by the Chargee, nor by reason of the release or discharge of the Chargor nor in any creditor, receivership, bankruptcy or other proceedings.

In the event of any default under this mortgage, the Guarantor hereby waives any right to require the Chargee to proceed against the Chargor or to exhaust its rights and remedies against the Chargor. Upon breach or default by the Chargor, this guarantee shall be deemed to have been breached.

The Guarantor hereby expressly waives all notices of non-performance, non-payment and non-observance on the part of the Chargor of the terms, covenants and provisions contained in this Charge.

The Guarantor acknowledges that this mortgage would not have been entered into by the Chargee without this guarantee.

***THIS IS EXHIBIT "R" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

TITLE SUMMARY

Date: February 16, 2024

Legal Description: Lots 45-62 and 88-90, Plan 45M260; Township of Otonabee-South Monaghan
PINs 28158-0244 (LT) to 28158-0261 (LT); and 28158-0287 (LT) to 28158-0289 (LT)

Registered Owner: 2174542 Ontario Inc. (the "**Owner**")

Instrument Number and Date Registered	Instrument Type	Instrument Details
R129315 1936/01/24	By-Law	N/A
PE214289 2014/10/17	Charge	Granted by the Owner in favour of MarshallZehr Group Inc. (" MZGI ") in the principal amount of \$12,000,000.00
PE225968 2015/06/09	Charge	Granted by the Owner in favour of MZGI in the principal amount of \$16,000,000.00
PE225969 2015/06/09	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968
PE225979 2015/06/09	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE225968)
PE267145 2017/05/04	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968
PE267146 2017/05/04	Application (General)	Application from the Owner and MZGI regarding an amendment to PE225968 - deleted by ddean on November 7/23.
PE267156 2017/05/04	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968 and PE267146 (not currently registered)
PE267165 2017/05/04	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE267146)
PE287361 2018/03/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE225968
PE327751 2020/02/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE225968
PE327760 2020/02/28	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE327751)
PE384795 2022/08/08	Notice of Subdivision Agreement	Notice of Subdivision Agreement between The Corporation of the Township of Otonabee-South Monaghan (the " Town "), the Owner and Safe Harbour Development Inc.
PE384796 2022/08/08	Postponement	Postponement of Interest by MZGI (PE225968) to the Town (PE384795)

PE384797 2022/08/08	Postponement	Postponement of Interest by MZGI (PE214289) to the Town (PE384795)
45M260 2022/09/06	Plan of Subdivision	N/A
PE387857 2022/09/26	Notice of Change of Address for Service – Instrument	Change in MZGI Address
PE388778 2022/10/12	Restriction – Land	No further charge of such lands without the consent of MZGI
PE389208 2022/10/19	Plan Correction	Order from Assistant Examiner of Surveys to amend 45M260
PE390890 2022/11/18	Charge	Granted by the Owner in favour of Fraser Berrill in the principal amount of \$1,350,000.00

***THIS IS EXHIBIT "S" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

TITLE SUMMARY

Date: February 16, 2024

Legal Description: Blocks 97, 100 and 104, Plan 45M260; Township of Otonabee-South Monaghan
PIN 28158-0296 (LT), 28158-0299 (LT) and 28158-0303 (LT)
Registered Owner: 2174542 Ontario Inc. (the "Owner")

Instrument Number and Date Registered	Instrument Type	Instrument Details
R129315 1936/01/24	By-Law	N/A
PE214289 2014/10/17	Charge	Granted by the Owner in favour of MarshallZehr Group Inc. ("MZGI") in the principal amount of \$12,000,000.00
PE225968 2015/06/09	Charge	Granted by the Owner in favour of MZGI in the principal amount of \$16,000,000.00
PE225969 2015/06/09	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968
PE225979 2015/06/09	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE225968)
PE267145 2017/05/04	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968
PE267146 2017/05/04	Application (General)	Application from the Owner and MZGI regarding an amendment to PE225968 - deleted by ddean on November 7/23.
PE267156 2017/05/04	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968 and PE267146 (not currently registered)
PE267165 2017/05/04	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE267146)
PE287361 2018/03/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE225968
PE296858 2018/09/11	Notice of Subdivision Agreement	Notice of Subdivision Agreement between The Corporation of the Township of Otonabee-South Monaghan (the "Town"), the Owner and Safe Harbour Development Inc.
PE296875 2018/09/11	Postponement	Postponement of Interest by MZGI (PE214289) to the Town (PE296858)
PE296876 2018/09/11	Postponement	Postponement of Interest by MZGI (PE225968) to the Town (PE296858)
PE327751 2020/02/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE225968

PE327760 2020/02/28	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE327751)
PE384795 2022/08/08	Notice of Subdivision Agreement	Notice of Subdivision Agreement between The Corporation of the Township of Otonabee-South Monaghan (the "Town"), the Owner and Safe Harbour Development Inc.
PE384796 2022/08/08	Postponement	Postponement of Interest by MZGI (PE225968) to the Town (PE384795)
PE384797 2022/08/08	Postponement	Postponement of Interest by MZGI (PE214289) to the Town (PE384795)
45M260 2022/09/06	Plan of Subdivision	N/A
PE387857 2022/09/26	Notice of Change of Address for Service – Instrument	Change in MZGI Address
PE388778 2022/10/12	Restriction – Land	No further charge of such lands without the consent of MZGI
PE389208 2022/10/19	Plan Correction	Order from Assistant Examiner of Surveys to amend 45M260
PE390890 2022/11/18	Charge	Granted by the Owner in favour of Fraser Berrill in the principal amount of \$1,350,000.00

***THIS IS EXHIBIT "T" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

Date: February 16, 2024

TITLE SUMMARY

Legal Description: Blocks 99 and 101, Plan 45M260; Township of Otonabee-South Monaghan
PINs 28158-0298 (LT) and 28158-0300 (LT)

Registered Owner: 2174542 Ontario Inc. (the "Owner")

Instrument Number and Date Registered	Instrument Type	Instrument Details
R129315 1936/01/24	By-Law	N/A
PE214289 2014/10/17	Charge	Granted by the Owner in favour of MarshallZehr Group Inc. ("MZGI") in the principal amount of \$12,000,000.00
PE214873 2014/10/30	Transfer Easement	From the Owner to The Corporation of the Township of Otonabee-South Monaghan (the "Town")
PE225968 2015/06/09	Charge	Granted by the Owner in favour of MZGI in the principal amount of \$16,000,000.00
PE225969 2015/06/09	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968
PE225979 2015/06/09	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE225968)
PE267145 2017/05/04	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968
PE267146 2017/05/04	Application (General)	Application from the Owner and MZGI regarding an amendment to PE225968 - deleted by ddean on November 7/23.
PE267156 2017/05/04	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968 and PE267146 (not currently registered)
PE267165 2017/05/04	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE267146)
PE287361 2018/03/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE225968
PE296858 2018/09/11	Notice of Subdivision Agreement	Notice of Subdivision Agreement between The Corporation of the Township of Otonabee-South Monaghan (the "Town"), the Owner and Safe Harbour Development Inc.
PE296875 2018/09/11	Postponement	Postponement of Interest by MZGI (PE214289) to the Town (PE296858)

PE296876 2018/09/11	Postponement	Postponement of Interest by MZGI (PE225968) to the Town (PE296858)
PE327751 2020/02/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE225968
PE327760 2020/02/28	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE327751)
PE384795 2022/08/08	Notice of Subdivision Agreement	Notice of Subdivision Agreement between The Corporation of the Township of Otonabee-South Monaghan (the " Town "), the Owner and Safe Harbour Development Inc.
PE384796 2022/08/08	Postponement	Postponement of Interest by MZGI (PE225968) to the Town (PE384795)
PE384797 2022/08/08	Postponement	Postponement of Interest by MZGI (PE214289) to the Town (PE384795)
45M260 2022/09/06	Plan of Subdivision	N/A
PE387857 2022/09/26	Notice of Change of Address for Service – Instrument	Change in MZGI Address
PE388778 2022/10/12	Restriction – Land	No further charge of such lands without the consent of MZGI
PE389208 2022/10/19	Plan Correction	Order from Assistant Examiner of Surveys to amend 45M260
PE390890 2022/11/18	Charge	Granted by the Owner in favour of Fraser Berrill in the principal amount of \$1,350,000.00

***THIS IS EXHIBIT "U" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

TITLE SUMMARY

Date: February 16, 2024

Legal Description: Block 59, Plan 45M241; Township of Otonabee-South Monaghan
PIN 28158-0108 (LT)

Registered Owner: 2174542 Ontario Inc. (the "Owner")

Instrument Number and Date Registered	Instrument Type	Instrument Details
R129315 1936/01/24	By-Law	N/A
PE204297 2014/04/22	Notice of Subdivision Agreement	Notice of Subdivision Agreement between the Corporation of the Township of Otonabee South Monaghan (the "Town") and the Owner
PE204298 2014/04/22	Notice	Site Plan Agreement between the Town and the Owner
PE204299 2014/04/22	Notice	Conditional Building Permit Agreement Between the Town and the Owner
PE214289 2014/10/17	Charge	Granted by the Owner in favour of MarshallZehr Group Inc. ("MZGI") in the principal amount of \$12,000,000.00
45M241 2014/10/21	Plan of Subdivision	N/A
PE267147 2017/05/04	Charge	Granted by the Owner in favour of MZGI in the principal amount of \$30,000,000.00
PE267157 2017/05/04	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE267147
PE267164 2017/05/04	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE267147)
PE287362 2018/02/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE267147.
PE327752 2020/02/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE267147.
PE327760 2020/02/28	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE327751)
PE387857 2022/09/26	Notice of Change of Address for Service Instrument	Change in MZGI Address

***THIS IS EXHIBIT "V" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

TITLE SUMMARY

Date: February 16, 2024

Legal Description: Lot 9, Plan 45M253; Township of Otonabee-South Monaghan
PIN 28158-0133 (LT)

Registered Owner: 2174542 Ontario Inc. (the "Owner")

Instrument Number and Date Registered	Instrument Type	Instrument Details
R129315 1936/01/24	By-Law	N/A
PE214289 2014/10/17	Charge	Granted by the Owner in favour of MarshallZehr Group Inc. ("MZGI") in the principal amount of \$12,000,000.00
PE225968 2015/06/09	Charge	Granted by the Owner in favour of MZGI in the principal amount of \$16,000,000.00
PE225969 2015/06/09	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968
PE225979 2015/06/09	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE225968)
PE267145 2017/05/04	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968
PE267146 2017/05/04	Application (General)	Application from the Owner and MZGI regarding an amendment to PE225968 - deleted by ddean on November 7/23.
PE267156 2017/05/04	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968 and PE267146 (not currently registered)
PE267165 2017/05/04	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE267146)
PE287361 2018/03/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE225968
PE296858 2018/09/11	Notice of Subdivision Agreement	Notice of Subdivision Agreement between The Corporation of the Township of Otonabee-South Monaghan (the "Town") and the Owner
PE296875 2018/09/11	Postponement	Postponement of Interest by MZGI (PE214289) to the Town (PE296858)
PE296876 2018/09/11	Postponement	Postponement of Interest by MZGI (PE225968) to the Town (PE296858)
PE327751 2020/02/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE225968
PE327760 2020/02/28	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE327751)
PE388769 2022/10/12	Charge	Granted by the Owner in favour of MZGI in the principal amount of \$8,000,000.00

PE388770 2022/10/12	Notice of Assignment of Rents - General	Granted by the Owner in favour of MZGI regarding PE388769
PE388778 2022/10/12	Restriction-Land	No further charge of such lands without the consent of MZGI
PE408438 2023/11/23	Construction Lien	From the King-Con Corporation in the principal amount of \$13,442.00

***THIS IS EXHIBIT "W" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.



Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
IN THE MATTER OF the *Construction Act*, RSO 1990, c.C-30

BETWEEN:

(Court Seal)

THE KING-CON CORPORATION

Plaintiff

- and -

**SAFE HARBOUR DEVELOPMENTS INC., 2174542 ONTARIO INC. AND
MARSHALLZEHR GROUP INC.**

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff.
The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside of Canada and the United States of America, the period is sixty days.

- 2 -

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date _____ Issued by _____
Local Registrar

Address of court office: 470 Water Street
Peterborough, ON K9H 3M3

TO: SAFE HARBOUR DEVELOPMENTS INC.
113 Park Street, Suite 202
Peterborough, ON K9J 3R8

AND TO: 2174542 ONTARIO INC.
113 Park Street, Suite 202
Peterborough, ON K9J 3R8

AND TO: MARSHALLZEHR GROUP INC.
412 Albert Street, Suite 100,
Waterloo, ON N2L 3V3

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CLAIM

1. The plaintiff, the King-Con Corporation (“**King-Con**”) claims:
 - (a) the sum of \$13,442.37;
 - (b) pre-judgment and post-judgment interest on the sum of \$13,442.37 from and including August 4, 2023 to the date of payment or judgment in accordance with the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
 - (c) in default of payment of King-Con’s claim, an order that the sum set forth in paragraph 1(a) be ordered payable from any security which has been or may be posted as security for King-Con’s lien and to the credit of this action, and that said security be applied toward payment of King-Con’s claim as set out above pursuant to the provisions of the *Construction Act*, R.S.O. 1990, c.C.30, as amended (the “**Act**”);
 - (d) in the alternative, that in default of payment of King-Con’s claim, an order that all the estate and interest of the defendants in the lands and premises hereinafter set forth in King-Con’s Claim for Lien attached hereto as Schedule “A” be sold and the proceeds applied toward payment of King-Con’s claim as aforesaid pursuant to the Act;
 - (e) full priority over the mortgages of the defendant Marshallzehr Group Inc. (“**Group**”) referred to in paragraph 13 hereof (the “**Group Mortgages**”), or alternatively, priority over the Group Mortgages to the extent of any deficiency in

- 4 -

the holdbacks required to be retained by the defendant, 2174542 Ontario Inc. (“217”), and in addition or in the alternative, to the extent that the Group Mortgages may be prior mortgages under the Act, priority over same to the extent that any portion advanced exceeded the actual value of the premises at the time when the first lien arose, or in the further alternative, priority over the Group Mortgages to the extent of any unadvanced portions thereof;

- (f) to the extent that the Group Mortgages may be subsequent mortgages under the Act, full priority over the Group Mortgages, or alternatively, priority over same to the extent of any deficiency in the holdbacks required to be retained by Group, and in addition or in the alternative, priority over the Group Mortgages to the extent of any unadvanced portions thereof, and/or to the extent of any advance made at a time when there was a preserved or perfected lien against the Property (defined below);
- (g) for the purposes of aforesaid, all proper directions be given, inquiries made and accounts taken;
- (h) the costs of this proceeding, plus all applicable taxes; and
- (i) such further and other relief as to this Honourable Court may seem just.

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The Parties

2. The plaintiff, King-Con, is incorporated pursuant to the laws of the Province of Ontario and carries on business as a general contractor, providing various construction services (the “**Services**”).
3. The defendant, 217, is the owner of the property municipally known as Lot 9, Plan 45M253, Township of Otonabee-South Monaghan, and legally described as 28158-0133 (LT) in LRO #45 (the “**Property**”).
4. The defendant, Safe Harbour Developments Inc. (“**Safe Harbour**”), is incorporated pursuant to the laws of Ontario, and at all material times carried on business as a general contractor, developer and homebuilder with its head office located at the same head office of 217, in Peterborough, Ontario.
5. The defendant, Group, is incorporated pursuant to the laws of Ontario, with its head office located in Waterloo, Ontario.

The Contract and Default

6. On a date that is known to the defendants, but not known to King-Con, 217 retained Safe Harbour, either directly or indirectly through a general contractor, with respect to, at least, the supply, forming and pouring of concrete at the Property (the “**Project**”).
7. On or about November 25, 2022, Safe Harbour retained King-Con to supply the Services to the Project at the Property (the “**Contract**”).

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8. King-Con states that the total Contract price for the supply of the Services was \$16,883.33, inclusive of HST.

9. King-Con received \$3,440.96 on account of the Contract.

10. King-Con states that it completed its obligations under the Contract, but that Safe Harbour has refused and/or neglected to pay to King-Con the outstanding sum of \$13,442.37.

11. King-Con states that by reason of supplying the Services to the Project as aforesaid, it became entitled to a lien upon the interest of 217 in the Property in the amount of \$13,442.37, plus interest charges and costs of this action, pursuant to the provisions of the Act.

12. King-Con states that on November 23, 2023, it caused to be registered a Claim for Lien in the amount of \$13,442.37 against title to the Property in the Land Titles Division of the Land Registry Office of Peterborough (No. 45) as Instrument No. PE408438. A copy of the Claim for Lien is attached as Schedule "A" hereto.

The Group Mortgages

13. King-Con states that the Group Mortgages were registered against title to the Property as follows:

- (a) On October 17, 2014, as Instrument No. PE214289;
- (b) On June 9, 2015, as Instrument No. PE225968; and
- (c) On October 12, 2022, as Instrument No. PE388769.

- 7 -

14. King-Con states that no monies were advanced on account of the Group Mortgages, and King-Con therefore claims full priority in respect thereof. In addition, or in the alternative, King-Con states that the Group Mortgages were taken by Group with the intention of securing the financing for the Project, and King-Con therefore states that its lien has priority over the Group Mortgages to the extent of any deficiency in the holdbacks required to be retained by 217.

15. King-Con states that in addition, or in the alternative, its lien has priority over the Group Mortgages to the extent that any portion of the amount advanced exceeded the actual value of the Property at the time when the first lien arose, or alternatively, priority to the extent of any unadvanced portions thereof.

16. King-Con states that in addition, or in the further alternative, its lien has priority over the Group Mortgages to the extent of any advance made at a time when there was a preserved or perfected lien against the Property.

17. King-Con states that to the extent that the Group Mortgages may be a subsequent mortgage under the Act, its lien has priority over the Group Mortgages to the extent of any deficiency in the holdbacks required to be retained by 217, as the Group Mortgages were registered after the time when the lien arose in respect of the Project.

18. In addition, or in the further alternative, King-Con states that its lien has priority over the Group Mortgages to the extent of any unadvanced portions thereof and/or to the extent of any advance made at a time when there was a preserved or perfected lien against the Property.

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Unjust Enrichment

19. King-Con states that by reason of supplying the Services to the Property, it has enhanced the value of the Property and 217 has received the benefit of same and has been unjustly enriched in the amount of \$13,442.37 at the expense, and to the detriment, of King-Con. King-Con pleads and relies upon the doctrine of unjust enrichment.

The plaintiff proposes that this action be tried at Peterborough.

March 6, 2024

BLANEY McMURTRY LLP
Barristers & Solicitors
2 Queen Street East, Suite 1500
Toronto ON M5C 3G5

Chad Kopach (LSO #48084G)
Tel: (416) 593-2985
ckopach@blaney.com

Lawyers for the plaintiff

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

yyyy mm dd Page 1 of 1

Properties

PIN 28158 - 0133 LT
Description LOT 9, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN
Address PETERBOROUGH

Consideration

Consideration \$13,442.37

Claimant(s)

Name THE KING-CON CORPORATION
Address for Service c/o Blaney McMurtry LLP
Suite 1500 - 2 Queen Street East
Toronto, Ontario
M5C 3G5
Attention: Chad Kopach

I, Carlos Da Rocha, am the agent of the lien claimant and have informed myself of the facts stated in the claim for lien and believe them to be true.

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

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

Statements

Name and Address of Owner 2174542 Ontario Inc., 113 Park Street, Suite 202, Peterborough, Ontario, K9J 3R8 Name and address of person to whom lien claimant supplied services or materials Safe Harbour Developments Inc., 113 Park Street, Suite 202, Peterborough, Ontario, K9J 3R8 Time within which services or materials were supplied from 2020/08/07 to 2023/10/23 Short description of services or materials that have been supplied Supply, form and pour concrete. Contract price or subcontract price \$16,883.33 (inclusive of HST) Amount claimed as owing in respect of services or materials that have been supplied \$13,442.37 (inclusive of HST)

The lien claimant claims a lien against the interest of every person identified as an owner of the premises described in said PIN to this lien

Signed By

Hiu Yung Chan 2 Queen Street East Suite 1500 acting for Signed 2023 11 23
Toronto Applicant(s)
M5C 3G5

Tel 416-593-1221

Fax 416-593-5437

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

Submitted By

BLANEY MCMURTRY LLP 2 Queen Street East Suite 1500 2023 11 23
Toronto
M5C 3G5

Tel 416-593-1221

Fax 416-593-5437

Fees/Taxes/Payment

Statutory Registration Fee \$69.95
Total Paid \$69.95

File Number

Claimant Client File Number : 205303-0002

***THIS IS EXHIBIT "X" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

TITLE SUMMARY

Date: February 16, 2024

Legal Description: Part Lot 30 Concession 11 Otonabee; Township of Otonabee-South Monaghan
PIN 28158-0312 (LT)

Registered Owner: 2174542 Ontario Inc. (the "Owner")

Instrument Number and Date Registered	Instrument Type	Instrument Details
R129315 1936/01/24	By-Law	N/A
PE81779 2008/06/27	Transfer	Transfer from Plager, Donna Marie & Plage, William in favour of the Owner for consideration in the amount of \$800,000
45R15402 2012/04/13	Reference Plan	N/A
PE214289 2014/10/17	Charge	Granted by the Owner in favour of MarshallZehr Group Inc. (" MZGI ") in the principal amount of \$12,000,000.00
PE2255968 2015/06/09	Charge	Granted by the Owner in favour of MZGI in the principal amount of \$16,000,000.00
PE225969 2015/06/09	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968
PE225979 2015/06/09	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE225968)
PE267145 2017/05/04	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968
PE267146 2017/05/04	Application (General)	Application from the Owner and MZGI regarding an amendment to PE225968 - deleted by ddean on November 7/23.
PE267156 2017/05/04	Notice of Assignment of Rents – General	Granted by the Owner in favour of MZGI regarding PE225968 and PE267146 (not currently registered)
PE267165 2017/05/04	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE267146)
PE287361 2018/03/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE225968
PE296858 2018/09/11	Notice of Subdivision Agreement	Notice of Subdivision Agreement between The Corporation of the Township of Otonabee-South Monaghan (the " Town "), the Owner and Safe Harbour Development Inc. (" SH ")
PE296875 2018/09/11	Postponement	Postponement of Interest by MZGI (PE225968) to the Town (PE296858)

PE296876 2018/09/11	Postponement	Postponement of Interest by MZGI (PE214289) to the Town (PE296858)
PE327751 2020/02/28	Notice	Notice of Charge Amending Agreement between the Owner and MZGI regarding PE225968
PE327760 2020/02/28	Postponement	Postponement of Interest by MZGI (PE214289) to MZGI (PE327751)
PE384795 2022/08/08	Notice of Subdivision Agreement	Notice of Subdivision Agreement between the Town, the Owner and SH
PE384796 2022/08/08	Postponement	Postponement of Interest by MZGI (PE225968) to the Town (PE384795)
PE384797 2022/08/08	Postponement	Postponement of Interest by MZGI (PE214289) to the Town (PE384795)
PE387857 2022/09/26	Notice of Change of Address for Service – Instrument	Change in MZGI Address
PE390890 2022/11/18	Charge	Granted by the Owner in favour of Fraser Berrill in the principal amount of \$1,350,000.00

***THIS IS EXHIBIT "Y" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.



PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for : Chaitons LLP - Lynda Christodoulou
Reference : 74673
Search ID : 958710
Date Processed : 1/31/2024 3:04:42 PM
Report Type : PPSA Electronic Response
Search Conducted on : 2174542 ONTARIO INC.
Search Type : Business Debtor

DISCLAIMER :

This report has been generated using data provided by the Personal Property Registration Branch, Ministry of Government Services, Government of Ontario. No liability is undertaken regarding its correctness, completeness, or the interpretation and use that are made of it.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

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

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

RESPONSE CONTAINS: APPROXIMATELY 5 FAMILIES and 13 PAGES.

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.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 5 ENQUIRY PAGE : 1 OF 13

SEARCH : BD : 2174542 ONTARIO INC.

00 FILE NUMBER : 700725051 EXPIRY DATE : 16OCT 2024 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20141016 1047 1862 3004 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: 2174542 ONTARIO INC.
OCN :
04 ADDRESS : 113 PARK STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: K9J 3R8
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
MARSHALLZEHR GROUP INC.
09 ADDRESS : 465 PHILLIP STREET, SUITE 206
CITY : WATERLOO PROV: ON POSTAL CODE: N2L 6C7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

16 AGENT: SORBARA, SCHUMACHER, MCCANN LLP
17 ADDRESS : 31 UNION STREET EAST
CITY : WATERLOO PROV: ON POSTAL CODE: N2J 1B8

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 5 ENQUIRY PAGE : 2 OF 13

SEARCH : BD : 2174542 ONTARIO INC.

FILE NUMBER 700725051

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20170428 1456 1862 3253

21 REFERENCE FILE NUMBER : 700725051

22 AMEND PAGE: NO PAGE: X CHANGE: J OTHER REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: 2174542 ONTARIO INC.

25 OTHER CHANGE: SUBORDINATION/POSTPONEMENT

26 REASON: THE SECURITY INTEREST REPRESENTED BY THIS REFERENCE FILE NUMBER

27 /DESCR: 700725051 IS POSTPONED IN FAVOUR OF THE SECURITY INTEREST

28 : REPRESENTED BY REFERENCE FILE NUMBERS 705219462 AND 705219453

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : SORBARA, SCHUMACHER, MCCANN LLP (MWS.KL)

17 ADDRESS : 31 UNION STREET EAST

CITY : WATERLOO PROV : ON POSTAL CODE : N2J 1B8

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 5 ENQUIRY PAGE : 3 OF 13

SEARCH : BD : 2174542 ONTARIO INC.

FILE NUMBER 700725051

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20190906 0932 1862 7425

21 REFERENCE FILE NUMBER : 700725051

22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: 2174542 ONTARIO INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : SORBARA, SCHUMACHER, MCCANN LLP (MWS/EF)

17 ADDRESS : 31 UNION STREET EAST

CITY : WATERLOO PROV : ON POSTAL CODE : N2J 1B8

END OF FAMILY

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 5 ENQUIRY PAGE : 4 OF 13

SEARCH : BD : 2174542 ONTARIO INC.

00 FILE NUMBER : 705219453 EXPIRY DATE : 17APR 2028 STATUS :
01 CAUTION FILING : PAGE : 001 OF 002 MV SCHEDULE ATTACHED :
REG NUM : 20150417 1449 1862 6050 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: 2174542 ONTARIO INC.
OCN :
04 ADDRESS : 113 PART STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: L9J 3R8
05 IND DOB : IND NAME:
06 BUS NAME: SAFE HARBOUR RETIREMENT HOMES INC.
OCN :
07 ADDRESS : 113 PARK STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: L9J 3R8

08 SECURED PARTY/LIEN CLAIMANT :
MARSHALLZEHR GROUP INC.
09 ADDRESS : 465 PHILLIP STREET, SUITE 206
CITY : WATERLOO PROV: ON POSTAL CODE: N2L 6C7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
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YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

16 AGENT: SORBARA, SCHUMACHER, MCCANN LLP
17 ADDRESS : 31 UNION STREET EAST
CITY : WATERLOO PROV: ON POSTAL CODE: N2J 1B8

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 5 ENQUIRY PAGE : 5 OF 13

SEARCH : BD : 2174542 ONTARIO INC.

00 FILE NUMBER : 705219453 EXPIRY DATE : 17APR 2028 STATUS :
01 CAUTION FILING : PAGE : 002 OF 002 MV SCHEDULE ATTACHED :
REG NUM : 20150417 1449 1862 6050 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME: SAFE HARBOUR LAKEFIELD INC.
OCN :
04 ADDRESS : 113 PARK STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: L9J 3R8
05 IND DOB : IND NAME:
06 BUS NAME: SAFE HARBOUR DEVELOPMENTS INC.
OCN :
07 ADDRESS : 113 PARK STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: L9J 3R8

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
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YEAR MAKE MODEL V.I.N.
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GENERAL COLLATERAL DESCRIPTION
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16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 2 OF 5 ENQUIRY PAGE : 6 OF 13

SEARCH : BD : 2174542 ONTARIO INC.

FILE NUMBER 705219453

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20170428 1455 1862 3252

21 REFERENCE FILE NUMBER : 705219453

22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: 2174542 ONTARIO INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

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02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : SORBARA, SCHUMACHER, MCCANN LLP (ML.KL)

17 ADDRESS : 31 UNION STREET EAST

CITY : WATERLOO PROV : ON POSTAL CODE : N2J 1B8

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 2 OF 5 ENQUIRY PAGE : 7 OF 13

SEARCH : BD : 2174542 ONTARIO INC.

FILE NUMBER 705219453

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20200227 0925 1862 9403

21 REFERENCE FILE NUMBER : 705219453

22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 3 CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: 2174542 ONTARIO INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : SORBARA, SCHUMACHER, MCCANN LLP (KH.KL)

17 ADDRESS : 31 UNION STREET EAST

CITY : WATERLOO PROV : ON POSTAL CODE : N2J 1B8

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 2 OF 5 ENQUIRY PAGE : 8 OF 13

SEARCH : BD : 2174542 ONTARIO INC.

FILE NUMBER 705219453

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20201118 1747 1862 5259

21 REFERENCE FILE NUMBER : 705219453

22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: 2174542 ONTARIO INC.

25 OTHER CHANGE:

26 REASON: TO REMOVE SAFE HARBOUR RETIREMENT HOMES INC. AND SAFE HARBOUR

27 /DESCR: LAKEFIELD INC. AS DEBTORS

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : SORBARA, SCHUMACHER, MCCANN LLP (KH.KL)

17 ADDRESS : 31 UNION STREET EAST

CITY : WATERLOO PROV : ON POSTAL CODE : N2J 1B8

END OF FAMILY

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 3 OF 5 ENQUIRY PAGE : 9 OF 13

SEARCH : BD : 2174542 ONTARIO INC.

00 FILE NUMBER : 705219462 EXPIRY DATE : 17APR 2028 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20150417 1449 1862 6051 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: 2174542 ONTARIO INC.
OCN :
04 ADDRESS : 113 PARK STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: L9J 3R8
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
MARSHALLZEHR GROUP INC.
09 ADDRESS : 465 PHILLIP STREET, SUITE 206
CITY : WATERLOO PROV: ON POSTAL CODE: N2L 6C7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X
YEAR MAKE MODEL V.I.N.
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GENERAL COLLATERAL DESCRIPTION

13 GENERAL ASSIGNMENT OF LEASES AND RENTS COVERING THE PROPERTY
14 MUNICIPALLY KNOWN AS TELEVISION ROAD, PETERBOROUGH, ONTARIO PART LOT
15 30, CONC 11, TWNSHP OTONABEE-SOUTH MONAGHAN
16 AGENT: SORBARA, SCHUMACHER, MCCANN LLP
17 ADDRESS : 31 UNION STREET EAST
CITY : WATERLOO PROV: ON POSTAL CODE: N2J 1B8

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 3 OF 5 ENQUIRY PAGE : 10 OF 13

SEARCH : BD : 2174542 ONTARIO INC.

FILE NUMBER 705219462

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20170428 1535 1862 3269

21 REFERENCE FILE NUMBER : 705219462

22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: 2174542 ONTARIO INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : SORBARA, SCHUMACHER, MCCANN LLP (ML.KL)

17 ADDRESS : 31 UNION STREET EAST

CITY : WATERLOO PROV : ON POSTAL CODE : N2J 1B8

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 3 OF 5 ENQUIRY PAGE : 11 OF 13

SEARCH : BD : 2174542 ONTARIO INC.

FILE NUMBER 705219462

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20200227 0924 1862 9402

21 REFERENCE FILE NUMBER : 705219462

22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 3 CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: 2174542 ONTARIO INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : SORBARA, SCHUMACHER, MCCANN LLP (KH.KL)

17 ADDRESS : 31 UNION STREET EAST

CITY : WATERLOO PROV : ON POSTAL CODE : N2J 1B8

END OF FAMILY

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 4 OF 5 ENQUIRY PAGE : 12 OF 13

SEARCH : BD : 2174542 ONTARIO INC.

00 FILE NUMBER : 767408706 EXPIRY DATE : 04NOV 2025 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20201104 1552 1862 4393 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: 2174542 ONTARIO INC.
OCN :
04 ADDRESS : 113 PARK STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: L9J 3R8
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
MARSHALLZEHR GROUP INC.
09 ADDRESS : 465 PHILLIP STREET, SUITE 206
CITY : WATERLOO PROV: ON POSTAL CODE: N2L 6C7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

13 GENERAL ASSIGNMENT OF RENTS AND LEASES SECURED OVER 20 LOTS VETERANS
14 ROAD, PETERBOROUGH, ON

15

16 AGENT: SORBARA, SCHUMACHER, MCCANN LLP (KH.KL)

17 ADDRESS : 31 UNION STREET EAST

CITY : WATERLOO PROV: ON POSTAL CODE: N2J 1B8

END OF FAMILY

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: 2174542 ONTARIO INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 5 OF 5 ENQUIRY PAGE : 13 OF 13

SEARCH : BD : 2174542 ONTARIO INC.

00 FILE NUMBER : 767408751 EXPIRY DATE : 04NOV 2025 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20201104 1552 1862 4396 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: 2174542 ONTARIO INC.
OCN :
04 ADDRESS : 113 PARK STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: L9J 3R8
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
MARSHALLZEHR GROUP INC.
09 ADDRESS : 465 PHILLIP STREET, SUITE 206
CITY : WATERLOO PROV: ON POSTAL CODE: N2L 6C7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

16 AGENT: SORBARA, SCHUMACHER, MCCANN LLP (KH.KL)
17 ADDRESS : 31 UNION STREET EAST
CITY : WATERLOO PROV: ON POSTAL CODE: N2J 1B8
LAST SCREEN

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

SEPARATOR PAGE



PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for : Chaitons LLP - Lynda Christodoulou
Reference : 74673
Search ID : 958709
Date Processed : 1/31/2024 3:04:38 PM
Report Type : PPSA Electronic Response
Search Conducted on : SAFE HARBOUR DEVELOPMENTS INC.
Search Type : Business Debtor

DISCLAIMER :

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MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

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

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR DEVELOPMENTS INC.

FILE CURRENCY: January 30, 2024

RESPONSE CONTAINS: APPROXIMATELY 3 FAMILIES and 9 PAGES.

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.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR DEVELOPMENTS INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 3 ENQUIRY PAGE : 1 OF 9

SEARCH : BD : SAFE HARBOUR DEVELOPMENTS INC.

00 FILE NUMBER : 700725069 EXPIRY DATE : 16OCT 2025 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20141016 1047 1862 3005 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: SAFE HARBOUR DEVELOPMENTS INC.
OCN :
04 ADDRESS : 113 PARK STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: K9J 3R8
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
MARSHALLZEHR GROUP INC.
09 ADDRESS : 465 PHILLIP STREET, SUITE 206
CITY : WATERLOO PROV: ON POSTAL CODE: N2L 6C7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X X X
YEAR MAKE MODEL V.I.N.

11
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GENERAL COLLATERAL DESCRIPTION

16 AGENT: SORBARA, SCHUMACHER, MCCANN LLP
17 ADDRESS : 31 UNION STREET EAST
CITY : WATERLOO PROV: ON POSTAL CODE: N2J 1B8

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR DEVELOPMENTS INC.

FILE CURRENCY: January 30, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 3 ENQUIRY PAGE : 2 OF 9

SEARCH : BD : SAFE HARBOUR DEVELOPMENTS INC.

FILE NUMBER 700725069

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20190906 0923 1862 7424

21 REFERENCE FILE NUMBER : 700725069

22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: SAFE HARBOUR DEVELOPMENTS INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : SORBARA, SCHUMACHER, MCCANN LLP (MWS/EF)

17 ADDRESS : 31 UNION STREET EAST

CITY : WATERLOO PROV : ON POSTAL CODE : N2J 1B8

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR DEVELOPMENTS INC.

FILE CURRENCY: January 30, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 3 ENQUIRY PAGE : 3 OF 9

SEARCH : BD : SAFE HARBOUR DEVELOPMENTS INC.

FILE NUMBER 700725069

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20200227 0926 1862 9404

21 REFERENCE FILE NUMBER : 700725069

22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 1 CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: SAFE HARBOUR DEVELOPMENTS INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10

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16 NAME : SORBARA, SCHUMACHER, MCCANN LLP (KH.KL)

17 ADDRESS : 31 UNION STREET EAST

CITY : WATERLOO PROV : ON POSTAL CODE : N2J 1B8

END OF FAMILY

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR DEVELOPMENTS INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 3 ENQUIRY PAGE : 4 OF 9

SEARCH : BD : SAFE HARBOUR DEVELOPMENTS INC.

00 FILE NUMBER : 705219453 EXPIRY DATE : 17APR 2028 STATUS :
01 CAUTION FILING : PAGE : 001 OF 002 MV SCHEDULE ATTACHED :
REG NUM : 20150417 1449 1862 6050 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: 2174542 ONTARIO INC.
OCN :
04 ADDRESS : 113 PART STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: L9J 3R8
05 IND DOB : IND NAME:
06 BUS NAME: SAFE HARBOUR RETIREMENT HOMES INC.
OCN :
07 ADDRESS : 113 PARK STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: L9J 3R8

08 SECURED PARTY/LIEN CLAIMANT :
MARSHALLZEHR GROUP INC.
09 ADDRESS : 465 PHILLIP STREET, SUITE 206
CITY : WATERLOO PROV: ON POSTAL CODE: N2L 6C7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X AMOUNT MATURITY MAT DATE
YEAR MAKE MODEL V.I.N.
11
12

GENERAL COLLATERAL DESCRIPTION

13
14
15

16 AGENT: SORBARA, SCHUMACHER, MCCANN LLP
17 ADDRESS : 31 UNION STREET EAST
CITY : WATERLOO PROV: ON POSTAL CODE: N2J 1B8

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR DEVELOPMENTS INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 3 ENQUIRY PAGE : 5 OF 9

SEARCH : BD : SAFE HARBOUR DEVELOPMENTS INC.

00 FILE NUMBER : 705219453 EXPIRY DATE : 17APR 2028 STATUS :
01 CAUTION FILING : PAGE : 002 OF 002 MV SCHEDULE ATTACHED :
REG NUM : 20150417 1449 1862 6050 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME: SAFE HARBOUR LAKEFIELD INC.
OCN :
04 ADDRESS : 113 PARK STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: L9J 3R8
05 IND DOB : IND NAME:
06 BUS NAME: SAFE HARBOUR DEVELOPMENTS INC.
OCN :
07 ADDRESS : 113 PARK STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: L9J 3R8

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
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16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR DEVELOPMENTS INC.

FILE CURRENCY: January 30, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 2 OF 3 ENQUIRY PAGE : 6 OF 9

SEARCH : BD : SAFE HARBOUR DEVELOPMENTS INC.

FILE NUMBER 705219453

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20170428 1455 1862 3252

21 REFERENCE FILE NUMBER : 705219453

22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: 2174542 ONTARIO INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : SORBARA, SCHUMACHER, MCCANN LLP (ML.KL)

17 ADDRESS : 31 UNION STREET EAST

CITY : WATERLOO PROV : ON POSTAL CODE : N2J 1B8

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR DEVELOPMENTS INC.

FILE CURRENCY: January 30, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 2 OF 3 ENQUIRY PAGE : 7 OF 9

SEARCH : BD : SAFE HARBOUR DEVELOPMENTS INC.

FILE NUMBER 705219453

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20200227 0925 1862 9403

21 REFERENCE FILE NUMBER : 705219453

22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 3 CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: 2174542 ONTARIO INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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15

16 NAME : SORBARA, SCHUMACHER, MCCANN LLP (KH.KL)

17 ADDRESS : 31 UNION STREET EAST

CITY : WATERLOO PROV : ON POSTAL CODE : N2J 1B8

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR DEVELOPMENTS INC.

FILE CURRENCY: January 30, 2024

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 2 OF 3 ENQUIRY PAGE : 8 OF 9

SEARCH : BD : SAFE HARBOUR DEVELOPMENTS INC.

FILE NUMBER 705219453

PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 001 MV SCHED: 20201118 1747 1862 5259

21 REFERENCE FILE NUMBER : 705219453

22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: 2174542 ONTARIO INC.

25 OTHER CHANGE:

26 REASON: TO REMOVE SAFE HARBOUR RETIREMENT HOMES INC. AND SAFE HARBOUR

27 /DESCR: LAKEFIELD INC. AS DEBTORS

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY : PROV : POSTAL CODE :

CONS. MV DATE OF NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : SORBARA, SCHUMACHER, MCCANN LLP (KH.KL)

17 ADDRESS : 31 UNION STREET EAST

CITY : WATERLOO PROV : ON POSTAL CODE : N2J 1B8

END OF FAMILY

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR DEVELOPMENTS INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 3 OF 3 ENQUIRY PAGE : 9 OF 9

SEARCH : BD : SAFE HARBOUR DEVELOPMENTS INC.

00 FILE NUMBER : 767408688 EXPIRY DATE : 04NOV 2025 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20201104 1551 1862 4392 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: SAFE HARBOUR DEVELOPMENTS INC.
OCN :
04 ADDRESS : 113 PARK STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: L9J 3R8
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
MARSHALLZEHR GROUP INC.
09 ADDRESS : 465 PHILLIP STREET, SUITE 206
CITY : WATERLOO PROV: ON POSTAL CODE: N2L 6C7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

16 AGENT: SORBARA, SCHUMACHER, MCCANN LLP (KH.KL)
17 ADDRESS : 31 UNION STREET EAST
CITY : WATERLOO PROV: ON POSTAL CODE: N2J 1B8
LAST SCREEN

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

***THIS IS EXHIBIT "Z" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.



PERSONAL PROPERTY SECURITY REGISTRATION
SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for : Chaitons LLP - Lynda Christodoulou
Reference : 74673
Search ID : 958711
Date Processed : 1/31/2024 3:04:47 PM
Report Type : PPSA Electronic Response
Search Conducted on : SAFE HARBOUR HOMES INC.
Search Type : Business Debtor

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MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

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

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR HOMES INC.

FILE CURRENCY: January 30, 2024

RESPONSE CONTAINS: APPROXIMATELY 3 FAMILIES and 4 PAGES.

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.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR HOMES INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 3 ENQUIRY PAGE : 1 OF 4

SEARCH : BD : SAFE HARBOUR HOMES INC.

00 FILE NUMBER : 745991514 EXPIRY DATE : 19NOV 2024 STATUS :
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20181119 1656 1902 9449 REG TYP: P PPSA REG PERIOD: 06
02 IND DOB : IND NAME:
03 BUS NAME: SAFE HARBOUR HOMES INC.
OCN :
04 ADDRESS : 202 - 113 PARK ST
CITY : PETERBOROUGH PROV: ON POSTAL CODE: K9J 3R8
05 IND DOB : IND NAME:
06 BUS NAME: SAFE HARBOUR LAKEFIELD INC
OCN :
07 ADDRESS : 91 CONCESSION STREET
CITY : LAKEFIELD PROV: ON POSTAL CODE: K0L 2H0

08 SECURED PARTY/LIEN CLAIMANT :
MERIDIAN ONECAP CREDIT CORP.
09 ADDRESS : SUITE 1500, 4710 KINGSWAY
CITY : BURNABY PROV: BC POSTAL CODE: V5H 4M2
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X
YEAR MAKE MODEL V.I.N.
11 2018 BOXX CUSTOM OSW-01017
12

GENERAL COLLATERAL DESCRIPTION

13 TRAILER(S), VEHICLE(S) TOGETHER WITH ALL ATTACHMENTS ACCESSORIES
14 ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS
15 THERETO AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY
16 AGENT: AVS SYSTEMS INC.
17 ADDRESS : 201 - 1325 POLSON DR.
CITY : VERNON PROV: BC POSTAL CODE: V1T 8H2

CONTINUED

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR HOMES INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 3 ENQUIRY PAGE : 2 OF 4

SEARCH : BD : SAFE HARBOUR HOMES INC.

00 FILE NUMBER : 745991514 EXPIRY DATE : 19NOV 2024 STATUS :
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20181119 1656 1902 9449 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
11
12

GENERAL COLLATERAL DESCRIPTION

13 FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN
14 INSURANCE PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES
15 FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL

16 AGENT:

17 ADDRESS :

CITY : PROV: POSTAL CODE:

END OF FAMILY

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR HOMES INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 3 ENQUIRY PAGE : 3 OF 4

SEARCH : BD : SAFE HARBOUR HOMES INC.

00 FILE NUMBER : 767408823 EXPIRY DATE : 04NOV 2025 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20201104 1553 1862 4399 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: SAFE HARBOUR HOMES INC.
OCN :
04 ADDRESS : 113 PARK STREET, SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: L9J 3R8
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
MARSHALLZEHR GROUP INC.
09 ADDRESS : 465 PHILLIP STREET, SUITE 206
CITY : WATERLOO PROV: ON POSTAL CODE: N2L 6C7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11
12
13
14
15

GENERAL COLLATERAL DESCRIPTION

16 AGENT: SORBARA, SCHUMACHER, MCCANN LLP (KH.KL)
17 ADDRESS : 31 UNION STREET EAST
CITY : WATERLOO PROV: ON POSTAL CODE: N2J 1B8

END OF FAMILY

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

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: SAFE HARBOUR HOMES INC.

FILE CURRENCY: January 30, 2024

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 3 OF 3 ENQUIRY PAGE : 4 OF 4

SEARCH : BD : SAFE HARBOUR HOMES INC.

00 FILE NUMBER : 768351924 EXPIRY DATE : 07DEC 2025 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20201207 1415 1532 7960 REG TYP: P PPSA REG PERIOD: 05
02 IND DOB : IND NAME:
03 BUS NAME: SAFE HARBOUR HOMES INC.
OCN :
04 ADDRESS : 113 PARK STREET SUITE 202
CITY : PETERBOROUGH PROV: ON POSTAL CODE: K9J3R8
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
FORD CREDIT CANADA COMPANY
09 ADDRESS : PO BOX 2400
CITY : EDMONTON PROV: AB POSTAL CODE: T5J 5C7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.
11 2020 FORD F150 1FTEW1E57LKF48052
12

GENERAL COLLATERAL DESCRIPTION

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16 AGENT: D + H LIMITED PARTNERSHIP
17 ADDRESS : 2 ROBERT SPECK PARKWAY, 15TH FLOOR
CITY : MISSISSAUGA PROV: ON POSTAL CODE: L4Z 1H8
LAST SCREEN

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

***THIS IS EXHIBIT "AA" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

PRIVATE & CONFIDENTIAL

November 23, 2023

VIA EMAIL, REGISTERED AND REGULAR MAIL

2174542 Ontario Inc.
113 Park Street, 202
Peterborough, Ontario
L9J 3R8

Safe Harbour Homes Inc.
113 Park Street, 202
Peterborough, Ontario
L9J 3R8

Attention: Mike Steplock
(msteplock@shdi.ca)

Re: *Indebtedness of 2174542 Ontario Inc. and Safe Harbour Homes Inc. (collectively, the "Borrowers") to MarshallZehr Group Inc. (the "Lender")*

Dear Sir,

We are the lawyers for the Lender.

Pursuant to the Commitment Letter January 9, 2020, as amended by mortgage amending agreements dated February 27, 2020 and February 28, 2020 (the "**Servicing Commitment Letter**"), the Lender made available to 2174542 Ontario Inc. ("**217**") a loan in the maximum principal amount of \$45,000,000 (the "**Servicing Loan**").

Pursuant to the Commitment Letter dated October 23, 2020, as amended by the first amendment to the Commitment Letter dated February 16, 2022 (the "**Construction Commitment Letter**", together with the Servicing Commitment Letter, the "**Commitment Letters**"), the Lender agreed to provide a loan in the maximum amount of \$5,879,000 to 217 and Safe Harbour Homes Inc., ("**Safe Harbour**") advanced through two facilities, one for land in the amount of \$1,379,000 and one for construction in the amount of \$4,500,000 (the "**Construction Loan**", together with the Servicing Loan, the "**Loans**").

We are advised by the Lender that as at November 23, 2023, 217 is indebted to the Lender under the Servicing Commitment Letter in the amount of **\$54,526,750.52**, for principal, interest and fees, excluding legal costs, as detailed in the discharge statement enclosed herewith.

We are advised by the Lender that as at November 23, 2023, the Borrowers are indebted to the Lender under the Construction Commitment Letter in the amount of **\$6,614,214.20**, for principal, interest and fees, excluding legal costs, as detailed in the discharge statement enclosed herewith.

The Borrowers have executed and delivered to the Lender the agreements described in **Schedule "A"** to this demand as security for the Loans and other obligations and liabilities owed by the Borrowers to the Lender.

The Borrowers defaulted on their obligations to the Lender under the Commitment Letters as a result of, among other things: (i) failing to make interest payments when due; and (ii) failing to repay the Loans on or before the applicable maturity date. As a result, the Lender is entitled to declare all obligations under the Commitment Letters to be immediately due and payable.

On behalf of the Lender, we hereby demand payment of the Borrowers indebtedness to the Lender. Unless payment of the amounts set out above, together with additional interest accrued and fees and costs (including legal costs) incurred to the date of payment are paid forthwith, the Lender shall take such steps as it deems necessary to recover payment of the Borrowers' indebtedness in full, without further demand upon or notice to you.

Enclosed please find the Lender's Notices of Intention to Enforce Security, which are served upon each of the Borrowers pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Govern yourselves accordingly.

Yours truly,
CHAITONS LLP



Maya Poliak
PARTNER
ENCL.

Cc: MarshallZehr Group Inc.
Steven Gray, Dickinson Wright LLP

Schedule "A"

Servicing Loan Security

1. Charge/Mortgage registered on October 17, 2014 as instrument number PE214289;
2. Charge/Mortgage registered on June 9, 2015 as instrument number PE225968:
 - (a) Notice of Charge Amending Agreement registered on May 4, 2017 as instrument number PE267146;
 - (b) Notice of Charge Amending Agreement registered on March 28, 2018 as instrument number PE287361;
 - (c) Notice of Charge Amending Agreement registered on February 28, 2020 as instrument number PE327751 increasing the principal amount of the registered mortgage to \$45,000,000;
3. Charge/Mortgage in the principal amount of registered on May 4, 2017 as instrument no. PE267147 (Block 59 Charge):
 - (1) Notice of Charge Amending Agreement registered on March 28, 2018 as instrument number PE287362;
 - (2) Notice of Charge Amending Agreement registered on February 28, 2020 as instrument number PE327752, increasing the principal amount of the registered mortgage to \$45,000,000; and
4. General Security Agreements from 2174542 Ontario Inc. dated April 30, 2015

Construction Loan Security

5. Charge/Mortgage in the principal amount of \$8 million registered on October 12, 2022 as instrument number PE388769.
6. Application to Annex Restrictive Covenant under Section 118 of the *Land Titles Act* (Ontario) registered on October 12, 2022 as instrument number PE388778;
7. General Security Agreement dated November 18, 2020 executed by 2174542 Ontario Inc.; and
8. General Security Agreement dated November 18, 2020 executed by Safe Harbour Homes Inc.



DISCHARGE STATEMENT AS AT: November 23, 2023

Prepared on November 22, 2023

ID#: DS202311221MZGI342

Terms: \$5,879,000 2nd mortgage for the purpose of land and construction maturing July 1st, 2023.

Facility 1 (Land): \$1,379,000 - Interest at Prime + 9.55% per annum
Facility 2 (Construction): \$4,500,000 - Interest at Prime + 9.55% per annum

Interest shall accrue commencing on the date of the Initial Advance, calculated daily (365 days/year), compounded and payable monthly, with interest only payments made from the Borrower Draws up to the budgeted amount, after which all payments shall be made from the Borrower's own resources.

Burnham Meadows - MZGI 342

Television Road, Peterborough

	Total
Principal Amount Outstanding	\$ 5,205,000.00
Unpaid Interest Outstanding	\$ 1,477,090.41
Cost Recovery	\$ 25,949.06
Unpaid Lender Fees	\$ -
Default Administration Fee (Jul-23 to Nov-23)	\$ 25,000.00
Final Discharge Admin Fee	\$ 500.00
Less: Cash held in Trust	\$ 119,325.27
Total Payable on Thursday, November 23, 2023	\$ 6,614,214.20
Per Diem	\$ 6,011.50

NOTE: Payment must be received by 1:00 p.m. or per diem interest will be added up to the next business day

NOTE: Additional legal fees, enforcement costs and disbursements incurred by MarshallZehr Group inc. may not be reflected on this statement and will be confirmed prior to the date of discharge.

This discharge statement is valid until Thursday, November 30, 2023

You are authorized and directed to make the balance due payable to our solicitor: **Chaitons LLP "In Trust"**, OR as they may further direct.

MARSHALLZEHR GROUP INC.

Per: _____
Murray Snedden, COO & Principal Broker
Mortgage Administrator #: 11955

Per: _____
Jesse Kirby, Director - Mortgage Operations

E. & O. E.

If Total Payable is not received by the date of this Discharge Statement, then a per diem in the rate set out above will be charged. This Discharge Statement is only valid until the date specified above. Please confirm the Total Payable prior to remitting funds. Balances are projected and are based on the assumption that all outstanding amounts/payments due up to the date of this Discharge Statement are paid as set out therein. MarshallZehr Group Inc. will not provide a discharge of the mortgage until the entire outstanding balance, including interest and costs have been paid and honored.



DISCHARGE STATEMENT AS AT: November 23, 2023

Prepared on November 22, 2023

ID#: DS202311221MZGI241

Terms:

\$38,600,000 1st mortgage for land refinancing and servicing maturing August 1st, 2022.
Interest at Prime + 8.05% per annum

Interest shall accrue commencing on the date of the Initial Advance, calculated daily (365 days/year), compounded and payable monthly, with interest only payments made from the Borrower's own resources.

Burnham Meadows - MZGI 241

Television Road, Peterborough

	Total
Principal Amount Outstanding	\$ 35,933,518.77
Unpaid Interest Outstanding	\$ 16,314,237.73
Cost Recovery	\$ 1,161.02
Unpaid Lender Fees	\$ 2,182,333.00
Default Administration Fee (May-22 to Nov-23)	\$ 95,000.00
Final Discharge Admin Fee	\$ 500.00
Less: Cash held in Trust	\$ -
Total Payable on Thursday, November 23, 2023	\$ 54,526,750.52

Per Diem \$ 42,870.95

NOTE: Payment must be received by 1:00 p.m. or per diem interest will be added up to the next business day

NOTE: Additional legal fees, enforcement costs and disbursements incurred by MarshallZehr Group inc. may not be reflected on this statement and will be confirmed prior to the date of discharge.

This discharge statement is valid until Thursday, November 30, 2023

You are authorized and directed to make the balance due payable to our solicitor: **Chaitons LLP "In Trust"**, OR as they may further direct.

MARSHALLZEHR GROUP INC.

Per: _____
Murray Snedden, COO & Principal Broker
Mortgage Administrator #: 11955

Per: _____
Jesse Kirby, Director - Mortgage Operations

E. & O. E.

If Total Payable is not received by the date of this Discharge Statement, then a per diem in the rate set out above will be charged. This Discharge Statement is only valid until the date specified above. Please confirm the Total Payable prior to remitting funds. Balances are projected and are based on the assumption that all outstanding amounts/payments due up to the date of this Discharge Statement are paid as set out therein. MarshallZehr Group Inc. will not provide a discharge of the mortgage until the entire outstanding balance, including interest and costs have been paid and honored.

NOTICE OF INTENTION TO ENFORCE A SECURITY
(given pursuant to section 244 of the *Bankruptcy and Insolvency Act*)

To: **2174542 ONTARIO INC.**, an insolvent person

Take notice that:


1. **MarshallZehr Group Inc.**, a secured creditor, intends to enforce its security on all of the present and after-acquired property of 2174542 Ontario Inc..
2. The security that is to be enforced includes:
 - (a) Charge/Mortgage registered with the land registry of Peterborough on October 17, 2014 as instrument number PE214289 against the properties bearing legal descriptions set out in **Schedule A** to this Notice;
 - (b) Charge/Mortgage registered with the land registry of Peterborough on June 9, 2015 as instrument number PE225968 against the properties bearing legal descriptions set out in **Schedule A** to this Notice, as amended by Notice of Charge Amending Agreement registered on May 4, 2017 as instrument number PE267146, Notice of Charge Amending Agreement registered on March 28, 2018 as instrument number PE287361 and Notice of Charge Amending Agreement registered on February 28, 2020 as instrument number PE327751 increasing the principal amount of the registered mortgage to \$45,000,000;
 - (c) Charge/Mortgage registered with the land registry of Peterborough on May 4, 2017 as instrument no. PE267147 (Block 59 Charge) against the properties bearing legal descriptions set out in **Schedule A**, as amended by Notice of Charge Amending Agreement registered on March 28, 2018 as instrument number PE287362 and Notice of Charge Amending Agreement registered on February 28, 2020 as instrument number PE327752, increasing the principal amount of the registered mortgage to \$45,000,000;
 - (d) Charge/Mortgage in the principal amount of \$8 million registered with the land registry of Peterborough on October 12, 2022 as instrument number PE388769 against the properties bearing legal descriptions set out in **Schedule A**.
 - (e) Application to Annex Restrictive Covenant under Section 118 of the Land Titles Act (Ontario) registered on October 12, 2022 as instrument number PE388778;
 - (f) General Security Agreements dated April 30, 2015; and
 - (g) General Security Agreement dated November 18, 2020.

3. The total amount of indebtedness secured by the Security as at the close of business on November 23, 2023 is **\$61,140,964.72**, inclusive of principal, interest, and fees (excluding costs).
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, this 23rd day of November, 2023.

MARSHALLZEHR GROUP INC.,
by its lawyers, Chaitons LLP

Per:



Maya Poliak

SCHEDULE "A"

Charge/Mortgage PE214289

Charged properties:

PIN 28158 - 0108 LT

Description BLOCK 59, PLAN 45M241; TOWNSHIP OF OTONABEE-SOUTH
MONAGHAN

PIN 28158 - 0133 LT

Description LOT 9, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0200 LT

Description LOT 1, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0201 LT

Description LOT 2, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0202 LT

Description LOT 3, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0203 LT

Description LOT 4, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0204 LT

Description LOT 5, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0205 LT

Description LOT 6, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0206 LT

Description LOT 7, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0207 LT

Description LOT 8, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0208 LT

Description LOT 9, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0209 LT

Description LOT 10, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0210 LT

Description LOT 11, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0211 LT

Description LOT 12, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0212 LT

Description LOT 13, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0213 LT

Description LOT 14, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0214 LT

Description LOT 15, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0215 LT

Description LOT 16, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0216 LT

Description LOT 17, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0217 LT

Description LOT 18, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0218 LT

Description LOT 19, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0219 LT

Description LOT 20, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0220 LT

Description LOT 21, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0221 LT

Description LOT 22, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0222 LT

Description LOT 23, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0223 LT

Description LOT 24, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0224 LT

Description LOT 25, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0225 LT

Description LOT 26, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0226 LT

Description LOT 27, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0227 LT
Description LOT 28, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0228 LT
Description LOT 29, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0229 LT
Description LOT 30, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0244 LT
Description LOT 45, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0245 LT
Description LOT 46, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0246 LT
Description LOT 47, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0247 LT
Description LOT 48, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0248 LT
Description LOT 49, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0249 LT
Description LOT 50, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0250 LT
Description LOT 51, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0251 LT
Description LOT 52, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0252 LT
Description LOT 53, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0253 LT
Description LOT 54, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0254 LT
Description LOT 55, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0255 LT
Description LOT 56, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0256 LT

Description LOT 57, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0257 LT

Description LOT 58, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0258 LT

Description LOT 59, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0259 LT

Description LOT 60, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0260 LT

Description LOT 61, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0261 LT

Description LOT 62, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0287 LT

Description LOT 88, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0288 LT

Description LOT 89, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0289 LT

Description LOT 90, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0296 LT

Description BLOCK 97, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH
MONAGHAN

PIN 28158 - 0298 LT

Description BLOCK 99, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH
MONAGHAN

PIN 28158 - 0299 LT

Description BLOCK 100, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH
MONAGHAN

PIN 28158 - 0300 LT

Description BLOCK 101, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH
MONAGHAN

PIN 28158 - 0303 LT

Description BLOCK 104, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH
MONAGHAN

PIN 28158 - 0312 LT

Description PART LOT 30 CONCESSION 11 OTONABEE; TOWNSHIP OF OTONABEE-SOUTH
MONAGHAN

Charge/Mortgage PE225968
Charging Properties

PIN 28158 - 0227 LT

Description LOT 28, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0228 LT

Description LOT 29, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0229 LT

Description LOT 30, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0244 LT

Description LOT 45, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0245 LT

Description LOT 46, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0246 LT

Description LOT 47, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0247 LT

Description LOT 48, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

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PIN 28158 - 0250 LT

Description LOT 51, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0251 LT

Description LOT 52, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0252 LT

Description LOT 53, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0253 LT

Description LOT 54, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0254 LT

Description LOT 55, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0255 LT

Description LOT 56, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0256 LT

Description LOT 57, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0257 LT

Description LOT 58, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

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Description LOT 88, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

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PIN 28158 - 0296 LT

Description BLOCK 97, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH
MONAGHAN

PIN 28158 - 0298 LT

Description BLOCK 99, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH
MONAGHAN

PIN 28158 - 0299 LT

Description BLOCK 100, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH
MONAGHAN

PIN 28158 - 0300 LT

Description BLOCK 101, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH
MONAGHAN

PIN 28158 - 0303 LT
Description BLOCK 104, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH
MONAGHAN

PIN 28158 - 0312 LT
Description PART LOT 30 CONCESSION 11 OTONABEE; TOWNSHIP OF OTONABEE-
SOUTH
MONAGHAN

Charge/Mortgage PE267147
Charging Properties

PIN 28158 - 0108 LT Description BLOCK 59, PLAN 45M241; TOWNSHIP OF OTONABEE-
SOUTH MONAGHAN

Charge/Mortgage PE388769
Charging Properties

PIN 28158 - 0133 LT
Description LOT 9, PLAN 45M253; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0200 LT
Description LOT 1, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0201 LT
Description LOT 2, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0202 LT
Description LOT 3, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0203 LT
Description LOT 4, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0204 LT
Description LOT 5, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0205 LT
Description LOT 6, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0206 LT
Description LOT 7, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0207 LT
Description LOT 8, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0208 LT

Description LOT 9, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0209 LT

Description LOT 10, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0210 LT

Description LOT 11, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0211 LT

Description LOT 12, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0212 LT

Description LOT 13, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0213 LT

Description LOT 14, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0214 LT

Description LOT 15, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0215 LT

Description LOT 16, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0216 LT

Description LOT 17, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0217 LT

Description LOT 18, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0218 LT

Description LOT 19, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0219 LT

Description LOT 20, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0220 LT

Description LOT 21, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0221 LT

Description LOT 22, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0222 LT

Description LOT 23, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0223 LT

Description LOT 24, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0224 LT

Description LOT 25, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0225 LT

Description LOT 26, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0226 LT

Description LOT 27, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0227 LT

Description LOT 28, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0228 LT

Description LOT 29, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

PIN 28158 - 0229 LT

Description LOT 30, PLAN 45M260; TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTICE OF INTENTION TO ENFORCE A SECURITY
(given pursuant to section 244 of the *Bankruptcy and Insolvency Act*)

To: **SAFE HARBOUR HOMES INC.**, an insolvent person

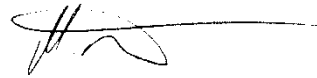
Take notice that:

1. **MarshallZehr Group Inc.**, a secured creditor, intends to enforce its security on all of the present and after-acquired property of Safe Harbour Homes Inc.
2. The security that is to be enforced includes a General Security Agreement dated November 18, 2020.
3. The total amount of indebtedness secured by the Security as at the close of business on November 23, 2023 is **\$6,614,214.20**, inclusive of principal, interest, and fees (excluding costs).
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, this 23rd day of November, 2023.

MARSHALLZEHR GROUP INC.,
by its lawyers, Chaitons LLP

Per:



Maya Poliak

SEPARATOR PAGE

PRIVATE & CONFIDENTIAL

November 24, 2023

VIA EMAIL, REGULAR MAIL AND REGISTERED MAIL

Safe Harbour Developments Inc.
113 Park Street, Unit 202
Peterborough, ON, L9J 3R8

Michael Steplock: msteplock@shdi.ca
11-35 Champlain Crescent
Peterborough, ON K9L 1T1

Edward Holko: eholko@shdi.ca
2010 Scenic Point
Burlington, ON L7P 4W2

Christopher Geddes: cgeddes@shdi.ca
53 Paul Rexe Boulevard
Otonabee, ON K9J 0G4

Re: *Indebtedness of 2174542 Ontario Inc. ("217") and Safe Harbour Homes Inc. (collectively, the "Borrowers") to MarshallZehr Group Inc. (the "Lender")*

Dear Sirs,

We are lawyers for the Lender.

Please find enclosed a copy of our letter to the Borrowers dated November 24, 2023 demanding payment of their indebtedness and liabilities to the Lender pursuant to:

- 1) the Commitment Letter January 9, 2020, as amended by amendments dated October 6, 2021 and February 16, 2022 (the "**Servicing Commitment Letter**"); and
- 2) the Commitment Letter dated October 23, 2020, as amended by the first amendment to the Commitment Letter dated February 16, 2022 (the "**Construction Commitment Letter**", together with the Servicing Commitment Letter, the "**Commitment Letters**").

The total amount owing by 217 to the Lender under the Servicing Commitment Letter as at November 23, 2023 is **\$54,526,750.52**, for principal, interest and fees, excluding legal costs, as detailed in the discharge statement enclosed with the Borrowers' demand.

The total amount owing by the Borrowers to the Lender under the Construction Commitment Letter as at November 23, 2023 is **\$6,614,214.20**, for principal, interest and fees, excluding legal costs, as detailed in the discharge statement enclosed with the Borrowers' demand.

We refer to a written Amended and Restated Guarantee dated February 27, 2020 granted by Safe Harbour Developments Inc. ("**Developments**"), Michael Steplock ("**Steplock**"), Edward Holko ("**Holko**") and Christopher Geddes ("**Geddes**", collectively, the "**Guarantors**") in favour of the Lender (the "**Servicing Guarantee**"). Pursuant to the Servicing Guarantee, the Guarantors guaranteed, without limitation, all present and future indebtedness and liability owed by 217 to the Lender under the Servicing Commitment Letter.

We also refer to a written Amended and Restated Guarantee dated October 31, 2022 granted by the Guarantors in favour of the Lender (the "**Construction Guarantee**", and together with the Servicing Guarantee, the "**Guarantees**"). Pursuant to the Construction Guarantee, the Guarantors guaranteed, without limitation, all present and future indebtedness and liability owed by the Borrowers to the Lender under the Construction Commitment Letter.


Your obligations to the Lender under the Guarantees are secured by, *inter alia*, the following (collectively, the "**Security**"):

- (i) General Security Agreement dated April 30, 2015 executed by Developments;
- (ii) General Security Agreement dated November 18, 2020 executed by Developments;
- (iii) General Security Agreement dated November 18, 2020 executed by Steplock;
- (iv) General Security Agreement dated November 18, 2020 executed by Holko; and
- (v) General Security Agreement dated November 18, 2020 executed by Geddes.

Your indebtedness and liabilities to the Lender under the Guarantees are payable on demand. On behalf of the Lender, we hereby demand immediate payment of your indebtedness and liabilities to the Lender under the Guarantees in the amounts set out above. Unless payment of the amounts set out above, together with additional interest accrued and fees and costs incurred to the date of payment are paid forthwith, the Lender shall take such steps as it deems necessary to recover payment of your indebtedness in full, which may include enforcement of the Security.

Enclosed please find the Lenders' Notice of Intention to Enforce Security, which is served upon you pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Yours truly,
CHAITONS LLP



Maya Poliak
PARTNER
Encl.

Cc: MarshallZehr Group Inc.
Steven Gray, Dickinson Wright LLP

PRIVATE & CONFIDENTIAL

November 23, 2023

VIA EMAIL, REGISTERED AND REGULAR MAIL

2174542 Ontario Inc.
113 Park Street, 202
Peterborough, Ontario
L9J 3R8

Safe Harbour Homes Inc.
113 Park Street, 202
Peterborough, Ontario
L9J 3R8

Attention: Mike Steplock
(msteplock@shdi.ca)

Re: *Indebtedness of 2174542 Ontario Inc. and Safe Harbour Homes Inc. (collectively, the "Borrowers") to MarshallZehr Group Inc. (the "Lender")*

Dear Sir,

We are the lawyers for the Lender.

Pursuant to the Commitment Letter January 9, 2020, as amended by mortgage amending agreements dated February 27, 2020 and February 28, 2020 (the "**Servicing Commitment Letter**"), the Lender made available to 2174542 Ontario Inc. ("**217**") a loan in the maximum principal amount of \$45,000,000 (the "**Servicing Loan**").

Pursuant to the Commitment Letter dated October 23, 2020, as amended by the first amendment to the Commitment Letter dated February 16, 2022 (the "**Construction Commitment Letter**", together with the Servicing Commitment Letter, the "**Commitment Letters**"), the Lender agreed to provide a loan in the maximum amount of \$5,879,000 to 217 and Safe Harbour Homes Inc., ("**Safe Harbour**") advanced through two facilities, one for land in the amount of \$1,379,000 and one for construction in the amount of \$4,500,000 (the "**Construction Loan**", together with the Servicing Loan, the "**Loans**").

We are advised by the Lender that as at November 23, 2023, 217 is indebted to the Lender under the Servicing Commitment Letter in the amount of **\$54,526,750.52**, for principal, interest and fees, excluding legal costs, as detailed in the discharge statement enclosed herewith.

We are advised by the Lender that as at November 23, 2023, the Borrowers are indebted to the Lender under the Construction Commitment Letter in the amount of **\$6,614,214.20**, for principal, interest and fees, excluding legal costs, as detailed in the discharge statement enclosed herewith.

The Borrowers have executed and delivered to the Lender the agreements described in **Schedule "A"** to this demand as security for the Loans and other obligations and liabilities owed by the Borrowers to the Lender.


The Borrowers defaulted on their obligations to the Lender under the Commitment Letters as a result of, among other things: (i) failing to make interest payments when due; and (ii) failing to repay the Loans on or before the applicable maturity date. As a result, the Lender is entitled to declare all obligations under the Commitment Letters to be immediately due and payable.

On behalf of the Lender, we hereby demand payment of the Borrowers indebtedness to the Lender. Unless payment of the amounts set out above, together with additional interest accrued and fees and costs (including legal costs) incurred to the date of payment are paid forthwith, the Lender shall take such steps as it deems necessary to recover payment of the Borrowers' indebtedness in full, without further demand upon or notice to you.

Enclosed please find the Lender's Notices of Intention to Enforce Security, which are served upon each of the Borrowers pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Govern yourselves accordingly.

Yours truly,
CHAITONS LLP



Maya Poliak
PARTNER
ENCL.

Cc: MarshallZehr Group Inc.
Steven Gray, Dickinson Wright LLP

Schedule "A"

Servicing Loan Security

1. Charge/Mortgage registered on October 17, 2014 as instrument number PE214289;
2. Charge/Mortgage registered on June 9, 2015 as instrument number PE225968:
 - (a) Notice of Charge Amending Agreement registered on May 4, 2017 as instrument number PE267146;
 - (b) Notice of Charge Amending Agreement registered on March 28, 2018 as instrument number PE287361;
 - (c) Notice of Charge Amending Agreement registered on February 28, 2020 as instrument number PE327751 increasing the principal amount of the registered mortgage to \$45,000,000;
3. Charge/Mortgage in the principal amount of registered on May 4, 2017 as instrument no. PE267147 (Block 59 Charge):
 - (1) Notice of Charge Amending Agreement registered on March 28, 2018 as instrument number PE287362;
 - (2) Notice of Charge Amending Agreement registered on February 28, 2020 as instrument number PE327752, increasing the principal amount of the registered mortgage to \$45,000,000; and
4. General Security Agreements from 2174542 Ontario Inc. dated April 30, 2015

Construction Loan Security

5. Charge/Mortgage in the principal amount of \$8 million registered on October 12, 2022 as instrument number PE388769.
6. Application to Annex Restrictive Covenant under Section 118 of the *Land Titles Act* (Ontario) registered on October 12, 2022 as instrument number PE388778;
7. General Security Agreement dated November 18, 2020 executed by 2174542 Ontario Inc.; and
8. General Security Agreement dated November 18, 2020 executed by Safe Harbour Homes Inc.



DISCHARGE STATEMENT AS AT: November 23, 2023

Prepared on November 22, 2023

ID#: DS202311221MZGI342

Terms: \$5,879,000 2nd mortgage for the purpose of land and construction maturing July 1st, 2023.

Facility 1 (Land): \$1,379,000 - Interest at Prime + 9.55% per annum
Facility 2 (Construction): \$4,500,000 - Interest at Prime + 9.55% per annum

Interest shall accrue commencing on the date of the Initial Advance, calculated daily (365 days/year), compounded and payable monthly, with interest only payments made from the Borrower Draws up to the budgeted amount, after which all payments shall be made from the Borrower's own resources.

Burnham Meadows - MZGI 342

Television Road, Peterborough

	Total
Principal Amount Outstanding	\$ 5,205,000.00
Unpaid Interest Outstanding	\$ 1,477,090.41
Cost Recovery	\$ 25,949.06
Unpaid Lender Fees	\$ -
Default Administration Fee (Jul-23 to Nov-23)	\$ 25,000.00
Final Discharge Admin Fee	\$ 500.00
Less: Cash held in Trust	\$ 119,325.27
Total Payable on Thursday, November 23, 2023	\$ 6,614,214.20
Per Diem	\$ 6,011.50

NOTE: Payment must be received by 1:00 p.m. or per diem interest will be added up to the next business day

NOTE: Additional legal fees, enforcement costs and disbursements incurred by MarshallZehr Group inc. may not be reflected on this statement and will be confirmed prior to the date of discharge.

This discharge statement is valid until Thursday, November 30, 2023

You are authorized and directed to make the balance due payable to our solicitor: **Chaitons LLP "In Trust"**, OR as they may further direct.

MARSHALLZEHR GROUP INC.

Per: _____
Murray Snedden, COO & Principal Broker
Mortgage Administrator #: 11955

Per: _____
Jesse Kirby, Director - Mortgage Operations

E. & O. E.

If Total Payable is not received by the date of this Discharge Statement, then a per diem in the rate set out above will be charged. This Discharge Statement is only valid until the date specified above. Please confirm the Total Payable prior to remitting funds. Balances are projected and are based on the assumption that all outstanding amounts/payments due up to the date of this Discharge Statement are paid as set out therein. MarshallZehr Group Inc. will not provide a discharge of the mortgage until the entire outstanding balance, including interest and costs have been paid and honored.



DISCHARGE STATEMENT AS AT: November 23, 2023

Prepared on November 22, 2023

ID#: DS202311221MZGI241

Terms:

\$38,600,000 1st mortgage for land refinancing and servicing maturing August 1st, 2022.
Interest at Prime + 8.05% per annum

Interest shall accrue commencing on the date of the Initial Advance, calculated daily (365 days/year), compounded and payable monthly, with interest only payments made from the Borrower's own resources.

Burnham Meadows - MZGI 241

Television Road, Peterborough

	Total
Principal Amount Outstanding	\$ 35,933,518.77
Unpaid Interest Outstanding	\$ 16,314,237.73
Cost Recovery	\$ 1,161.02
Unpaid Lender Fees	\$ 2,182,333.00
Default Administration Fee (May-22 to Nov-23)	\$ 95,000.00
Final Discharge Admin Fee	\$ 500.00
Less: Cash held in Trust	\$ -
Total Payable on Thursday, November 23, 2023	\$ 54,526,750.52

Per Diem \$ 42,870.95

NOTE: Payment must be received by 1:00 p.m. or per diem interest will be added up to the next business day

NOTE: Additional legal fees, enforcement costs and disbursements incurred by MarshallZehr Group inc. may not be reflected on this statement and will be confirmed prior to the date of discharge.

This discharge statement is valid until Thursday, November 30, 2023

You are authorized and directed to make the balance due payable to our solicitor: **Chaitons LLP "In Trust"**, OR as they may further direct.

MARSHALLZEHR GROUP INC.

Per: _____
Murray Snedden, COO & Principal Broker
Mortgage Administrator #: 11955

Per: _____
Jesse Kirby, Director - Mortgage Operations

E. & O. E.

If Total Payable is not received by the date of this Discharge Statement, then a per diem in the rate set out above will be charged. This Discharge Statement is only valid until the date specified above. Please confirm the Total Payable prior to remitting funds. Balances are projected and are based on the assumption that all outstanding amounts/payments due up to the date of this Discharge Statement are paid as set out therein. MarshallZehr Group Inc. will not provide a discharge of the mortgage until the entire outstanding balance, including interest and costs have been paid and honored.

NOTICE OF INTENTION TO ENFORCE A SECURITY
(given pursuant to section 244 of the *Bankruptcy and Insolvency Act*)

To: **Safe Harbour Developments Inc.**, an insolvent person

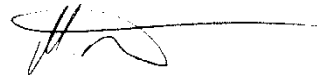
Take notice that:

1. **MarshallZehr Group Inc.**, a secured creditor, intends to enforce its security on all of the present and after-acquired property of Safe Harbour Developments Inc.
2. The security that is to be enforced includes:
 - (a) General Security Agreement dated April 30, 2015; and
 - (b) General Security Agreement dated November 18, 2020 (the “**Security**”).
3. The total amount of indebtedness secured by the Security as at the close of business on November 23, 2023 is **\$61,140,964.72**, inclusive of principal, interest, and fees (excluding costs).
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, this 24th day of November 2023.

MARSHALLZEHR GROUP INC.,
by its lawyers, Chaitons LLP

Per:



Maya Poliak

NOTICE OF INTENTION TO ENFORCE A SECURITY
(given pursuant to section 244 of the *Bankruptcy and Insolvency Act*)

To: **Michael Steplock**, an insolvent person

Take notice that:

1. **MarshallZehr Group Inc.**, a secured creditor, intends to enforce its security on all of the present and after-acquired property of Michael Steplock
2. The security that is to be enforced includes a General Security Agreement dated November 18, 2020 (the “**Security**”).
3. The total amount of indebtedness secured by the Security as at the close of business on November 23, 2023 is **\$61,140,964.72**, inclusive of principal, interest, and fees (excluding costs).
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, this 23rd day of November, 2023.

MARSHALLZEHR GROUP INC.,
by its lawyers, Chaitons LLP

Per:



Maya Poliak

NOTICE OF INTENTION TO ENFORCE A SECURITY
(given pursuant to section 244 of the *Bankruptcy and Insolvency Act*)

To: **Edward Holko**, an insolvent person

Take notice that:

1. **MarshallZehr Group Inc.**, a secured creditor, intends to enforce its security on all of the present and after-acquired property of Edward Holko.
2. The security that is to be enforced includes a General Security Agreement dated November 18, 2020 (the “**Security**”).
3. The total amount of indebtedness secured by the Security as at the close of business on November 23, 2023 is **\$61,140,964.72**, inclusive of principal, interest, and fees (excluding costs).
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, this 23rd day of November, 2023.

MARSHALLZEHR GROUP INC.,
by its lawyers, Chaitons LLP

Per:



Maya Poliak

NOTICE OF INTENTION TO ENFORCE A SECURITY
(given pursuant to section 244 of the *Bankruptcy and Insolvency Act*)

To: **Christopher Geddes**, an insolvent person

Take notice that:

1. **MarshallZehr Group Inc.**, a secured creditor, intends to enforce its security on all of the present and after-acquired property of Christopher Geddes.
2. The security that is to be enforced includes a General Security Agreement dated November 18, 2020 (the “**Security**”).
3. The total amount of indebtedness secured by the Security as at the close of business on November 23, 2023 is **\$61,140,964.72**, inclusive of principal, interest, and fees (excluding costs).
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, this 23rd day of November, 2023.

MARSHALLZEHR GROUP INC.,
by its lawyers, Chaitons LLP

Per:



Maya Poliak

***THIS IS EXHIBIT "BB" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.



DISCHARGE STATEMENT AT: March 11th, 2024

Prepared on March 8th, 2024

ID#:

DS202403111MZGI241

Terms: \$38,600,000 1st mortgage at Prime + 8.05% (floor rate 12%)

Interest shall accrue commencing on the date of the Initial Advance, calculated daily (365 days/year), compounded and payable monthly with interest only payments made from the interest reserve. Once the interest reserve has been fully utilized, interest payments will be made by way of Borrower Draws up to the budgeted amount, after which payments shall be made from the Borrower and/or the

Burnham Meadows - MZGI 241

	Total
Principal Amount Outstanding	\$ 35,933,518.77
Unpaid Monthly Interest	\$ 8,881,107.27
Discharge Fee	\$ 500.00
Deferred Fees	\$ 2,182,333.00
Default Administration Fees (Apr.22 - Mar.2024)	\$ 120,000.00
Recoverable Expenses	\$ 1,161.02
Outstanding Legal Fees	\$ 33,000.61
Less: Cash held in Trust	\$ -
Total Balance on March 11th, 2024	\$ 47,151,620.67
Per Diem	\$ 18,646.01

Payment must be received by 1:00 p.m. or per diem interest will be added up to the next business day.

Additional legal fees, enforcement costs and disbursements incurred by MarshallZehr Group Inc. may not be reflected on this statement and will be confirmed prior to the date of discharge.

You are authorized and directed to make the balance due payable to our solicitor; **Chaitons LLP "In Trust"**, OR as they may further direct.

MARSHALLZEHR GROUP INC.

Murray Snedden
boxSIGN 4697JLW-467PL2L9

Murray Snedden, Principal Broker

Mortgage Administrator #: 11955

Jesse Kirby
boxSIGN 4WL677K5-467PL2L9

Jesse Kirby, Director - Mortgage Operations

E. & O. E.

If Total Payable is not received by the Proposed Settlement Date, then a per diem rate set out above will be charged. This Statement is only valid for a period of 30 days from the Proposed Settlement Date. Please confirm the Total Payable prior to remitting funds. Balances are projected and are based on the assumption that all outstanding amounts/payments due up to the Proposed Settlement Date are paid as set out therein. MarshallZehr Group Inc. will not provide a discharge of the mortgage until the entire outstanding balance, including interest and costs have been paid and honored.

MarshallZehr Group Inc.

FSRA Mortgage Brokerage #12453 | FSRA Mortgage Administrator #11955 | BCFS Mortgage Broker #MB600627

412 Albert Street, Suite 100, Waterloo ON, N2L 3V3

SEPARATOR PAGE



DISCHARGE STATEMENT AT: March 11th, 2024

Prepared on March 8th, 2024

ID#: DS202403111MZGI342

Terms: \$5,879,000 1st mortgage at Prime + 9.55% (floor rate 12%)
Facility 1 (Land): \$1,379,000
Facility 2 (Construction): \$4,500,000

Interest shall accrue commencing on the date of the Initial Advance, calculated daily (365 days/year), compounded and payable monthly with interest only payments made from the interest reserve. Once the interest reserve has been fully utilized, payments shall be made from the Borrower and/or the Guarantor's own resources.

Burnham Meadows - MZGI 342

	Total
Principal Amount Outstanding	\$ 5,205,000.00
Unpaid Monthly Interest	\$ 122,767.25
Discharge Fee	\$ 500.00
Default Administration Fees (Feb.2024 - Mar.2024)	\$ 10,000.00
Deferred Fees	\$ -
Less: Cash held in Trust	\$ -
Total Balance on March 11th, 2024	\$ 5,338,267.25
Per Diem	\$ 2,433.75

Payment must be received by 1:00 p.m. or per diem interest will be added up to the next business day.
Additional legal fees, enforcement costs and disbursements incurred by MarshallZehr Group Inc. may not be reflected on this statement and will be confirmed prior to the date of discharge.

You are authorized and directed to make the balance due payable to our solicitor; **Chaitons LLP "In Trust"**, OR as they may further direct.

MARSHALLZEHR GROUP INC.

Murray Snedden, *Principal Broker*
Mortgage Administrator #: 11955

Jesse Kirby, *Director - Mortgage Operations*

E. & O. E.

If Total Payable is not received by the Proposed Settlement Date, then a per diem rate set out above will be charged. This Statement is only valid for a period of 30 days from the Proposed Settlement Date. Please confirm the Total Payable prior to remitting funds. Balances are projected and are based on the assumption that all outstanding amounts/payments due up to the Proposed Settlement Date are paid as set out therein. MarshallZehr Group Inc. will not provide a discharge of the mortgage until the entire outstanding balance, including interest and costs have been paid and honored.

MarshallZehr Group Inc.

FSRA Mortgage Brokerage #12453 | FSRA Mortgage Administrator #11955 | BCFS Mortgage Broker #MB600627

412 Albert Street, Suite 100, Waterloo ON, N2L 3V3

***THIS IS EXHIBIT "CC" TO THE
AFFIDAVIT OF CECIL HAYES
SWORN BEFORE ME THIS 15TH
DAY OF MARCH, 2024***



A Commissioner Etc.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

MARSHALLZEHR GROUP INC.

Applicant

and

**2174542 ONTARIO INC., SAFE HARBOUR HOMES INC. and SAFE
HARBOUR DEVELOPMENTS INC.**

Respondents

CONSENT

TDB RESTRUCTURING LIMITED hereby consents to being appointed as receiver over the property, assets and undertaking of the respondents, 2174542 Ontario Inc., Safe Harbour Homes Inc., and Safe Harbour Developments Inc.

Dated this 11th day of March 2024.

TDB RESTRUCTURING LIMITED

By:

Bryan A. Tannenbaum

Name: Bryan A. Tannenbaum

I have authority to bind the corporation

MARSHALLZEHR GROUP INC.

Applicant

-and-

2174542 ONTARIO INC., SAFE HARBOUR HOMES INC. and
SAFE HARBOUR DEVELOPMENTS INC.

Respondents

Court File No. CV-24-00716277-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
PROCEEDING COMMENCED AT
TORONTO**

APPLICATION RECORD

CHAITONS LLP

5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Maya Poliak (LSO No. 54100A)

Tel: (416) 218-1161

E-mail: maya@chaitons.com

Harvey Chaiton (LSO No. 21592F)

Tel: (416) 218-1129

Email : harvey@chaitons.com

Laura Culleton (LSO No. 82428R)

Tel (416) 218-1128

Email: LauraC@chaitons.com

Lawyers for the Applicant